ArdaghGroup

Annual Report

For the year ended
31 December 2015

Ardagh Packaging Holdings Limited

TABLE OF CONTENTS

ArdaghGroup

Presentation of Financial and Other information

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Ardagh Packaging Holdings Limited ("APHL" or the "Company", and collectively with its subsidiaries the "Group") was incorporated and registered in the Republic of Ireland as a private company on 5 August 2005. APHL is the immediate parent of Ardagh Packaging Finance plc. ("APF"), and an indirect parent of Ardagh Holdings USA Inc. ("AHU") and Ardagh Packaging Finance S.A. ("APFSA"). Therefore, APHL is the reporting entity to present non-statutory consolidated financial statements to satisfy the reporting requirements of the indentures for the Group's notes and under the Senior Secured Term Loan B Facility ("Term Loan B Facility").

As used herein, "we", "our", "us" and the "Group" refer to APHL and its consolidated subsidiaries, unless the context requires otherwise.

GROUP FINANCIAL STATEMENTS – BASIS OF PREPARATION

The non-statutory consolidated financial statements of the Group have been prepared in accordance with, and are in compliance with, International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU") and related interpretations. IFRS is comprised of standards and interpretations approved by the International Accounting Standards Board ("IASB") and International Accounting Standards ("IAS") and interpretations approved by the predecessor International Accounting Standards Committee that have been subsequently approved by the IASB and remain in effect. IFRS, as adopted by the EU, differ in certain respects from IFRS as issued by the IASB. References to IFRS hereafter should be construed as references to IFRS as adopted by the EU.

The non-statutory consolidated financial statements, which are presented in euro rounded to the nearest million, have been prepared under the historical cost convention except for the following:

- derivative financial instruments are stated at fair value; and
- employee benefit obligations are measured at the present value of the future estimated cash flows related to benefits earned and pension assets are valued at fair value.

The preparation of non-statutory consolidated financial information in accordance with IFRS requires the use of critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and income and expenses. It also requires management to exercise judgement in the process of applying Group accounting policies. These estimates, assumptions and judgements are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances and are subject to continual re-evaluation. However, actual outcomes may differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the non-statutory consolidated financial statements, are discussed in the critical accounting estimates and judgements.

The non-statutory consolidated financial statements for the Group were authorised for issue by the Board of Directors of APHL on 29 February 2016.

FORWARD LOOKING STATEMENTS

Certain of the statements contained in this Annual Report that are not statements of historical facts, including, without limitation, certain statements made in “Selected Financial Information”, “Operating and Financial Review” and “Risk Factors” are statements of future expectations and other forward looking statements. Forward looking statements can be identified by the use of forward looking terminology such as “believes”, “expects”, “may”, “is expected to”, “will”, “will continue”, “should”, “would be”, “seeks”, “intends”, “plans”, “estimates” or “anticipates”, or similar expressions or the negatives thereof, or other variations thereof, or comparable terminology, or by discussions of strategy, plans or intentions. These statements are based on management’s current views and assumptions, and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those anticipated by such statements. Factors that could cause such differences in actual results include:

- our ability to integrate the business and operations of any businesses acquired, or to be acquired in the future, and to achieve expected operating efficiencies and cost savings;
- our substantial debt;
- our ability to generate cash;
- failure to comply with financial covenants;
- the effects of the global economic crisis;
- fluctuations in demand for our products;
- general political, economic and competitive conditions in markets and countries where the Group has operations, including disruptions in the supply chain, supply and demand for glass or metal packaging manufacturing capacity, competitive pricing pressures, inflation or deflation, and changes in tax rates and laws;
- fluctuations in raw material and labour costs;
- labour strikes or work stoppages;
- the availability of raw materials;
- the costs and availability of energy;
- foreign currency fluctuations;
- dependence on certain major customers and suppliers;
- changes in capital availability or cost, including interest rate fluctuations;
- risks relating to our expansion strategy;
- consolidation among competitors and customers;
- unanticipated expenditures with respect to environmental, health and safety laws;
- operating hazards at our manufacturing facilities;
- the performance by customers of their obligations under purchase agreements;
- consumer preferences for alternative forms of packaging;
- our ability to comply with existing and future regulations relating to materials used in the packaging of goods and beverages;
- the timing and occurrence of events that are beyond the control of the Group and its affiliates;
- failure to retain senior management and qualified staff; and
- control exerted by a significant shareholder.

We undertake no obligations to update publicly or release any revisions to these forward looking statements to reflect events or circumstances after the date of this Annual Report or to reflect the occurrence of unanticipated events, other than as required by law.

ArdaghGroup

Selected Financial Information

SELECTED FINANCIAL INFORMATION

The following discussion should be read in conjunction with, and is qualified in its entirety by, reference to the audited non-statutory consolidated financial statements ("financial statements") thereto included in this document.

The following table sets forth summary consolidated financial information for the Group for the three months and year ended 31 December 2015 and 2014 and at 31 December 2015.

	Reported (in € millions, except ratios and percentages)			
	Three months ended (unaudited)		Year ended (audited)	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
Income statement data				
Revenue	1,228	1,173	5,199	4,733
EBITDA[1]	204	180	934	792
Depreciation and amortisation[2]	(117)	(109)	(403)	(363)
Exceptional items[3]	(40)	(113)	(94)	(475)
Finance expense[4]	(87)	(83)	(353)	(348)
(Loss)/profit before tax	(40)	(125)	84	(394)
Income tax credit/(charge)	7	(19)	(43)	3
(Loss)/profit for the period	(33)	(144)	41	(391)
Cash flow data				
Operating cash flow[5]	310	173	700	462
Free cash flow[6]	197	91	318	148
Other data				
EBITDA margin[1]	16.6%	15.3%	18.0%	16.7%
Debt service costs[7]	81	77	324	330
Capital expenditure[8]	83	84	304	314
Ratio of EBITDA to debt service costs[1] [7]	2.5x	2.3x	2.9x	2.4x

	Reported (in € millions)		
	31 December 2015 (audited)	30 September 2015 (unaudited)	31 December 2014 (audited)
Balance sheet data			
Cash[9]	550	295	412
Total assets	6,335	6,360	6,095
Total borrowings[10]	5,440	5,334	5,245
Total equity	(1,360)	(1,332)	(1,308)
Net debt[11]	4,842	4,911	4,733

All footnotes are on page 14 of this document.

ArdaghGroup

Operating and Financial Review

OPERATING AND FINANCIAL REVIEW

Pro Forma Operating Results

The consolidated results for the three months and year ended 31 December 2015 and 2014 are presented in this review on a pro forma basis, based on unaudited financial information.

Transactions which occurred in the year ended 2014 are as follows:

- The acquisition of Verallia North America ("VNA") closed on 11 April 2014.
- The divestment of six former Anchor Glass plants and related assets closed on 30 June 2014.
- The divestment of a small business in the Metal Packaging division closed on 31 October 2014.
- The divestment of the Group's Metal Packaging operations in Australia and New Zealand closed on 31 December 2014.

We believe it is more useful to review revenue and EBITDA on a pro forma basis, as if each of these transactions had occurred on 1 January 2014.

	Unaudited – Pro Forma (in € millions, except ratios and percentages)			
	Three months ended		Year ended	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
Revenue				
Glass Packaging North America	405	370	1,707	1,462
Glass Packaging Europe	356	349	1,452	1,406
Metal Packaging	467	425	2,040	1,816
Total Revenue	**1,228**	**1,144**	**5,199**	**4,684**
EBITDA[(1)]				
Glass Packaging North America	85	67	346	270
Glass Packaging Europe	59	58	284	277
Metal Packaging	60	51	304	235
Total EBITDA	**204**	**176**	**934**	**782**
EBITDA Margin[(1)]				
Glass Packaging North America	21.0%	18.1%	20.3%	18.5%
Glass Packaging Europe	16.6%	16.6%	19.6%	19.7%
Metal Packaging	12.8%	12.0%	14.9%	12.9%
Group	**16.6%**	**15.4%**	**18.0%**	**16.7%**
Capital expenditure	83	83	304	324
Ratio of net debt to EBITDA[(1) (11)]			5.2x	6.1x

All footnotes are on page 14 of this document.

Financial Review

Three month period and year ended 31 December 2015

Revenue

Bridge of 2014 Revenue to 2015 Revenue

	Three months ended 31 December				
	Glass Packaging North America	Glass Packaging Europe	Glass Packaging Total	Metal Packaging	Group
	€m	€m	€m	€m	€m
Reported revenue 2014	**370**	**349**	**719**	**454**	**1,173**
Disposals	-	-	-	(29)	(29)
Pro forma revenue 2014	**370**	**349**	**719**	**425**	**1,144**
Organic	(19)	(2)	(21)	34	13
FX translation	54	9	63	8	71
Reported revenue 2015	**405**	**356**	**761**	**467**	**1,228**

EBITDA

Bridge of 2014 EBITDA to 2015 EBITDA

	Three months ended 31 December				
	Glass Packaging North America	Glass Packaging Europe	Glass Packaging Total	Metal Packaging	Group
	€m	€m	€m	€m	€m
Reported EBITDA 2014	**67**	**58**	**125**	**55**	**180**
Disposals	-	-	-	(4)	(4)
Pro forma EBITDA 2014	**67**	**58**	**125**	**51**	**176**
Organic	9	-	9	8	17
FX translation	9	1	10	1	11
Reported EBITDA 2015	**85**	**59**	**144**	**60**	**204**
Reported EBITDA 2015 margin	**21.0%**	**16.6%**	**18.9%**	**12.8%**	**16.6%**
Pro forma EBITDA 2014 margin	**18.1%**	**16.6%**	**17.4%**	**12.0%**	**15.4%**

Bridge of 2014 Revenue to 2015 Revenue

	Glass Packaging North America €m	Glass Packaging Europe €m	Glass Packaging Total €m	Metal Packaging €m	Group €m
					Year ended 31 December
Reported revenue 2014	**1,353**	**1,406**	**2,759**	**1,974**	**4,733**
Acquisitions	314	-	314	-	314
Disposals	(205)	-	(205)	(158)	(363)
Pro forma revenue 2014	**1,462**	**1,406**	**2,868**	**1,816**	**4,684**
Organic	(44)	5	(39)	187	148
FX translation	289	41	330	37	367
Reported revenue 2015	**1,707**	**1,452**	**3,159**	**2,040**	**5,199**

Bridge of 2014 EBITDA to 2015 EBITDA

	Glass Packaging North America €m	Glass Packaging Europe €m	Glass Packaging Total €m	Metal Packaging €m	Group €m
					Year ended 31 December
Reported EBITDA 2014	**265**	**277**	**542**	**250**	**792**
Acquisitions	45	-	45	-	45
Disposals	(40)	-	(40)	(15)	(55)
Pro forma EBITDA 2014	**270**	**277**	**547**	**235**	**782**
Organic	23	(1)	22	65	87
FX translation	53	8	61	4	65
Reported EBITDA 2015	**346**	**284**	**630**	**304**	**934**
Reported EBITDA 2015 margin	**20.3%**	**19.6%**	**19.9%**	**14.9%**	**18.0%**
Pro forma EBITDA 2014 margin	**18.5%**	**19.7%**	**19.1%**	**12.9%**	**16.7%**

Operating and Free Cash Flow

	Three months ended		Year ended	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
	€m	€m	€m	€m
Reported EBITDA	**204**	**180**	**934**	**792**
Movement in working capital	187	87	90	6
Capital expenditure[(8)]	(83)	(84)	(304)	(314)
Exceptional restructuring	2	(10)	(20)	(22)
Operating Cash Flow	**310**	**173**	**700**	**462**
Cash interest*	(89)	(82)	(323)	(296)
Income tax**	(24)	-	(59)	(18)
Free Cash Flow	**197**	**91**	**318**	**148**

*No exceptional interest was paid in the year ended 31 December 2015 (2014: €20 million).

**No exceptional income tax was paid in the year ended 31 December 2015 (2014: €17 million).

The non-GAAP information in the above table has been extracted from the Consolidated Statement of Cash Flows and related notes in the F-pages.

Review of the Quarter and Year

Fourth Quarter

Fourth quarter revenue of €1,228 million represented an increase of 5% over the same period in 2014. Revenue increased by 7% at actual exchange rates and by 1% at constant currency rates, compared with pro forma revenue in the same period of 2014.

Revenue in Glass Packaging of €761 million in the quarter increased by 6% compared with the same period in 2014 and was 3% lower at constant currency.

Glass Packaging North America revenue of €405 million was 9% higher than the same period last year. Revenue was 4% lower at constant exchange rates, principally due to a footprint change in late 2014. Revenue in Glass Packaging Europe increased by 2% to €356 million compared with the same period in 2014 and was in line at constant exchange rates.

Metal Packaging revenue of €467 million in the quarter increased by 3% compared with the same period last year. Revenue increased by 10% at actual exchange rates and by 8% at constant exchange rates, over pro forma revenue for the fourth quarter of 2014. The increase reflected the Group's expansion in North America.

EBITDA for the fourth quarter of €204 million represented an increase of 13% over the same period in 2014. Growth in EBITDA compared with pro forma EBITDA in 2014 was 16% at actual exchange rates and 9% on a constant currency basis. EBITDA margin of 16.6% for the fourth quarter was 120 basis points higher than the pro forma margin in the same period last year.

Glass Packaging EBITDA of €144 million in the fourth quarter increased by 15% over the same period last year and was 7% higher at constant currency. Glass Packaging North America EBITDA for the quarter of €85 million increased by 27% over the same period in the prior year and by 12% at constant exchange rates. Glass Packaging Europe EBITDA for the quarter of €59 million represented an increase of 2% over the same period last year and was in line at constant exchange rates.

Metal Packaging EBITDA of €60 million in the fourth quarter increased by 9% over the same period last year. EBITDA increased by 18% over pro forma EBITDA for the same period last year at actual currency rates and by 15% at constant currency. EBITDA growth for the quarter reflected an increased contribution from the Group's new North American plants, with further operating efficiencies delivered in Europe.

Operating cash flow in the fourth quarter increased by 79%, or €137 million, to €310 million, compared with the same period last year. This increase primarily reflected EBITDA growth of €24 million, compared with the same period last year, combined with a €100 million improvement in working capital inflow for the quarter to €187 million. Free cash flow before exceptional items was €197 million in the fourth quarter, an increase of €106 million compared with the same period last year. The Group ended the quarter with cash and available liquidity of €823 million, an increase of €238 million since 30 September 2015.

Full Year

Revenue in 2015 of €5,199 million represented an increase of 10% over the prior year. Revenue increased by 11% at actual exchange rates and by 3% at constant currency, compared with the 2014 pro forma result.

Revenue in Glass Packaging of €3,159 million increased by 14% compared with 2014 at actual exchange rates. Compared with pro forma 2014, revenue in 2015 increased by 10% at actual exchange rates and was 1% lower at constant exchange rates.

Glass Packaging North America revenue of €1,707 million was 26% higher than the same period last year. Revenue increased by 17% over pro forma 2014 revenue at actual exchange rates and was 3% lower at constant exchange rates. Adjusted for a late 2014 footprint change, revenues were marginally higher in 2015 compared with 2014. Glass Packaging Europe revenue increased by 3% to €1,452 million at actual exchange rates and was in line with 2014 at constant exchange rates.

Metal Packaging revenue of €2,040 million in 2015 represented an increase of 3% over the prior year. Revenue increased by 12% over pro forma 2014 levels at actual exchange rates, and by 10% at constant exchange rates, reflecting the Group's expansion in North America.

EBITDA for the year of €934 million represented an increase of 18% over 2014. EBITDA increased by 19% compared with pro forma 2014 EBITDA at actual exchange rates and by 10% at constant exchange rates. EBITDA margin of 18.0% for the year represented an increase of 130 basis points, compared with the pro forma margin in 2014.

Glass Packaging EBITDA of €630 million in 2015 increased by 15% at actual exchange rates and by 4% at constant exchange rates, compared with the pro forma 2014 performance. Glass Packaging North America EBITDA of €346 million in 2015 increased by 28% at actual exchange rates and by 7% at constant currency, compared with pro forma 2014 EBITDA. Glass Packaging Europe EBITDA of €284 million in 2015 increased by 3% at actual exchange rates and was in line with 2014 at constant exchange rates.

Metal Packaging EBITDA of €304 million in 2015 increased by 29% at actual exchange rates and 27% at constant exchange rates, compared with the pro forma 2014 performance. Growth resulted from the Group's new North American plants and the continued delivery of operating efficiencies in Europe.

Operating cash flow in 2015 of €700 million represented an increase of 52%, or €238 million, compared with 2014. This principally reflected EBITDA growth of €142 million and an improvement in the working capital inflow, compared with 2014. Free cash flow before exceptional items was €318 million in 2015, an increase of 115%, or €170 million, on the prior year. Cash and available liquidity of €823 million at 31 December 2015 increased by €132 million compared with the prior year.

Financing and Investment Activity

On 12 February 2015, the Group repaid in full the principal amount outstanding of its €180 million 8¾% Senior Notes due 2020 at a redemption price of 104.375% plus accrued and unpaid interest.

On 1 September 2015, the Group repaid €11 million in full settlement of the amounts drawn under the US Equipment and Real Estate Financing Facilities.

These repayments were funded from the Group's internal resources.

Footnotes to the Selected Financial Information

(1) EBITDA is operating profit before depreciation, amortisation, non-exceptional impairment and exceptional operating items. EBITDA margin is calculated as EBITDA divided by revenue. EBITDA and EBITDA margin are presented because we believe that they are frequently used by securities analysts, investors and other interested parties in evaluating companies in the packaging industry. However, other companies may calculate EBITDA and EBITDA margin in a manner different from ours. EBITDA and EBITDA margin are not measurements of financial performance under IFRS and should not be considered an alternative to cash flow from operating activities or as a measure of liquidity or an alternative to profit/(loss) as indicators of operating performance or any other measures of performance derived in accordance with IFRS.

(2) Depreciation, amortisation, and non-exceptional impairment, less capital grant amortisation.

(3) Exceptional items are shown on a number of different lines in the Consolidated Income Statement presented in subsequent pages in this report.

(4) Excludes exceptional interest expense.

(5) Operating cash flow reflects reported EBITDA adjusted for working capital, capital expenditure (see footnote 8 below) and exceptional restructuring costs paid. Working capital is comprised of inventories, trade and other receivables, trade and other payables, provisions and other movements.

(6) Free cash flow is defined as operating cash flow less interest and tax paid, adjusted for exceptional interest and tax paid.

(7) Debt service costs represent net finance expense excluding exceptional finance expense, net pension interest costs, foreign currency translation gains and losses, and other finance expenses.

(8) Capital expenditure is the sum of purchase of property, plant and equipment and software and other intangibles, net of proceeds from disposal of property, plant and equipment, as per the Consolidated Statement of Cash Flows on page F-9.

(9) Cash includes restricted cash.

(10) Total borrowings include all bank borrowings, term loan, senior secured and senior notes, before deduction of any unamortised debt issuance costs or premium on debt issuance above par.

(11) Net debt equals total borrowings and premium on debt issuance above par, less cash, deferred debt issuance costs and the fair value of associated derivative financial instruments.

ArdaghGroup

Directors, Senior Management and Employees

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

Board of Directors

Ardagh Packaging Holdings Limited is an indirect subsidiary of Ardagh Group S.A.. To give a more meaningful overview of the ownership and governance of the Group, in this section of the Annual Report, the term Group has been extended to include Ardagh Group S.A.. In particular, the sections dealing with Board of Directors, Board practices, Board Committees and share ownership deal exclusively with Ardagh Group S.A..

Ardagh Group S.A. is the ultimate parent company of AGF, APF, AHU and APFSA.

The following table sets forth certain information with respect to members of the Board of Directors of Ardagh Group S.A. as of 29 February 2016, the approval date of this Annual Report. In this section, "Group" refers to Ardagh Group S.A. and its predecessors.

Name	Age	Position
Paul Coulson	63	Chairman
Niall Wall	53	Group Chief Executive Officer
David Matthews	52	Group Chief Financial Officer
John Riordan	57	President, Glass North America
David Wall	46	Chief Executive Officer, Metal
Brendan Dowling	68	Director, Executive Committee
Houghton Fry	70	Director, Executive Committee
Wolfgang Baertz	75	Non-Executive Director
Edward Kilty	67	Non-Executive Director
Herman Troskie	45	Non-Executive Director

Paul Coulson graduated from Trinity College Dublin with a business degree in 1973. He spent five years with Price Waterhouse in London and Dublin, and qualified as a Chartered Accountant in 1978. He then established his own accounting firm before setting up Yeoman International in 1980 and developing it into a significant leasing and structured finance business. In 1998 he became Chairman of the Group and initiated the transformation of Ardagh from a small, single plant operation into a leading global packaging company. Over the last 30 years he has been involved in the creation and development of a number of businesses apart from Yeoman and Ardagh. These include Fanad Fisheries, a leading Irish salmon farming company, and Sterile Technologies. Prior to its sale to Stericycle Inc. in 2006, Sterile Technologies had been developed into the leading medical waste management company in the United Kingdom and Ireland.

Niall Wall was appointed Chief Executive Officer ("CEO") of the Group in April 2007. Prior to joining Ardagh, Mr. Wall was CEO of a number of diverse businesses, the most recent being Sterile Technologies, which was successfully sold in 2006. Mr. Wall is the current Vice-President of FEVE, the European Container Glass Federation and is also a member of the Institute of Directors.

David Matthews joined the Group in March 2014 as Chief Financial Officer. Prior to joining Ardagh, Mr. Matthews held various senior finance positions at DS Smith plc. and Bunzl plc.. Mr. Matthews qualified as a Chartered Accountant in 1989 with Price Waterhouse in London and holds an Engineering degree from the University of Southampton.

John Riordan was appointed President, Glass North America, in March 2014 having previously been Chief Finance Officer of the Group since 1999. He holds a Bachelor of Commerce degree from University College Cork and is a Fellow of The Institute of Chartered Accountants in Ireland. He qualified as a Chartered Accountant in 1985, having completed a training contract with Price Waterhouse. He held a number of financial management roles in the engineering, pharmaceutical and medical devices industries before joining Ardagh.

David Wall was appointed CEO of the Metal Packaging division in April 2011. Mr. Wall joined Ardagh in November 2008 as CEO of the Engineering division. Since then, he has also held the role of Group Head of Integration. Mr. Wall qualified as a Chartered Accountant with Price Waterhouse and also holds an MBS from UCD Smurfit Business School, Dublin, Ireland and a BA in Economics from University College Dublin. Mr. Wall is a board member of EMPAC, the European Metal Packaging Association.

Brendan Dowling has been a director of the Group since 1998. He holds graduate degrees in economics from University College Dublin and Yale University. He was economic advisor to the Minister for Foreign Affairs in Dublin before joining Davy Stockbrokers in 1979 as Chief Economist and later partner. He is a former member of the Committee of the Irish Stock Exchange and the Industrial Development Authority of Ireland. Prior to joining Yeoman International Group in 1995, he was Executive Chairman of Protos Stockbrokers in Helsinki, Finland.

Houghton Fry qualified as a solicitor in 1967 with William Fry, Solicitors in Dublin, Ireland having obtained an LLB law degree from Trinity College, Dublin University, Ireland. He became a Partner in the firm in 1970 and, in 1986, Chairman and Senior Partner. He specialised in international corporate and financial law and had extensive transaction experience in many different jurisdictions. He retired from legal practice in 2004 and has been an executive director of the Group since that time.

Wolfgang Baertz was President of the Executive Committee of Dresdner Bank Luxembourg from 1997 until his retirement in 2003, having been Managing Director from 1982 to 1997. Mr. Baertz has completed over two years of formal banking training at Commerzbank AG Düsseldorf and three years in the practical trainee scheme in London, Paris and Barcelona. He has been a director of the Group since December 2002.

Edward Kilty joined the Group as management accountant in December 1972, having previously worked with United Glass (now Owens-Illinois (“O-I”), UK). He went on to serve in various senior management positions including Finance Director and Finance and Operations Director before his appointment as Chief Executive of the Group in 1992. He retired from his executive role in March 2007 but remained as a non-executive Director. He is past President of FEVE and the British Glass Manufacturers’ Confederation.

Herman Troskie is the Managing Partner of M Partners, a Luxembourg law firm forming part of the Maitland network of law firms. He has extensive experience in international corporate structuring, with a particular focus on European cross border investment and financing structures. His practice also includes advising on the listing of companies and investment funds on different European stock exchanges. Mr. Troskie is a director of companies with the Yeoman group of companies, and other private and public companies. He qualified as a South African Attorney in 1997 and as a Solicitor of the Supreme Court of England and Wales in 2001. Mr. Troskie is also a member of the Luxembourg Bar.

Change in Board Membership

Gerald Moloney (58) will be proposed for membership of the Board of Directors of Ardagh Group S.A. at its next Annual General Meeting in May 2016. Mr. Moloney has for many years been on the boards of Yeoman International Group Limited and Yeoman Capital S.A.. He holds a law degree from University College Cork and qualified as a solicitor in 1981. He worked for a period in European law in Brussels and has many years’ experience working in the areas of commercial law and commercial litigation. He is managing partner of the commercial and litigation law firm, G.J. Moloney, with offices in Dublin and Cork, Ireland.

Senior Management

The following table sets forth, as of 29 February 2016, the approval date of this Annual Report, certain information with respect to members of the Global Leadership Team of Ardagh Group S.A. who are not also members of the Board of Directors of Ardagh Group S.A..

Name	Age	Position
Reiner Brand	57	Chief Commercial Officer, Glass Europe
Johan Gorter	56	Chief Executive Officer and Chief Operating Officer, Glass Europe
John Hampson	46	Chief Information Officer
Alex Jonker	58	Chief Operating Officer, Metal Europe
Woep Möller	59	Chief Commercial Officer, Metal Europe
Alex Robertson	55	Chief Commercial Officer, Glass Americas
John Sadlier	48	Chief Procurement Officer
John Vissers	55	Chief Human Resources Officer

Reiner Brand joined the Group in 2007 as the Sales Director Glass for Europe. Prior to joining the Group, he held a number of positions in sales and marketing with Rexam plc. and PLM AB from 1995 until 2007. He is a member of the board of the German Glass industry. Before he joined the packaging industry in 1995, he held a number of marketing and sales positions in the consumer goods industry, with Eckes Granini GmbH from 1991 until 1995 and as product manager at Bahlsen KG starting in 1984. He holds a Diploma of Economics from the University of Hannover.

Johan Gorter joined the Group in 2007. Prior to joining the Group, he joined PLM in 1998 as a Plant Director for the Dongen glass plant. He was then appointed Managing Director Benelux in 2001 (Rexam), Divisional Operations Director in 2005 (Rexam) and Group Director Continuous Improvement in 2007 (Ardagh). His previous background was in aluminium production process and assembly, where he held several management positions with three companies and his last position before joining the glass industry was as General Manager in the Czech Republic. Mr. Gorter holds a Masters in Industrial Engineering from the University of Eindhoven.

John Hampson joined Ardagh as Group IT Director in 2009. Prior to joining the Group, Mr. Hampson held a number of senior IT management positions in the financial services sector in Ireland, including roles as Chief Technical Architect in a major Irish bank and as Chief Technical Officer of Altamedius, a mobile payments start-up company. Previously, Mr. Hampson worked in a variety of senior application development roles for organisations such as Motorola, IBM, and Amdahl. Mr. Hampson holds a Bachelor of Engineering (Hons) degree in Electronic Systems from the University of Ulster.

Alex Jonker was appointed Managing Director Operations, Metal Europe in 2011. Prior to this he was Managing Director Processed Food for Impress. Mr. Jonker has been with the company for 26 years. Starting in 1985 at Thomassen & Drijver, he was plant manager of the Deventer production site from 1998 to 2009, and before that of the plants in Hoogeveen (from 1994 until 1998), Doesburg and Oss. Mr. Jonker holds a degree in mechanical engineering from the Institute of Technology in Arnhem.

Woep Möller was appointed Managing Director of the Personal and Home Care Division of Metal Packaging in 1997 and of the enlarged Specialties business in October 2000. In October 2003 he also assumed responsibility for the former Decorative and Protective Finishes Division. He was appointed Group Commercial Director in 2011. Mr. Möller started his career with Arthur Young and joined the packaging industry in 1983, working for the predecessor companies of Impress. Mr. Möller studied Finance and Economics at the IHBO “De Moere” in Enschede/NL and specialised in Marketing at the NIMA (A, B, C) Institute in Amsterdam.

Alex Robertson joined Ardagh in 1989 and has held various roles in sales, customer services, production, business development and lastly as Sales Director Glass UK prior to taking up his role as Chief Commercial Officer, Glass Americas. Mr. Robertson has a BA Hons degree in economic and social history from York University and a certificate in management.

John Sadlier joined the Group as Procurement Director in 2007. He is responsible for all procurement activities. Mr. Sadlier joined from Microsoft Ireland Ltd, where he worked in a Global Procurement function. Prior to Microsoft, Mr. Sadlier worked for Dell from 1999 to 2006, where he held numerous senior manager roles in the procurement and product development groups, based at the company headquarters in Austin, Texas. Prior to Dell, Mr. Sadlier worked as Sales Manager for an Irish subsidiary of the Munekata Company, a leading Japanese manufacturer of moulds and precision plastic enclosures for the consumer electronics industry. Prior to Munekata, Mr. Sadlier spent two years in Japan with the Ricoh Corporation, as a graduate engineer. Mr. Sadlier graduated from University College Dublin with both a Bachelors and Masters in Mechanical Engineering.

John Vissers joined the Group as Regional Operations Director for the Netherlands in 2007. Prior to joining the Group he held a number of senior management positions in the Netherlands for Rexam Glass and PLM Glass, including Regional Operations Director and Finance Director. Mr. Vissers has a qualification for higher financial management and has completed advanced management programs, across several international universities, during his career with Rexam and PLM. Mr. Vissers has been a member of the board of FEVE, the European Container Glass Federation, since 2009.

Board Committees

The Board of Directors of Ardagh Group S.A. has established an Executive Committee, an Audit Committee and a Remuneration Committee to carry out certain functions as described below.

Executive Committee

The Executive Committee oversees the management of the business and affairs of the subsidiaries of Ardagh Group S.A.. The Executive Committee is comprised of Messrs. Paul Coulson, Niall Wall, David Matthews, David Wall, Brendan Dowling and Houghton Fry.

Audit Committee

The Audit Committee reviews the accounting principles, policies and practices adopted in the preparation of interim and annual financial statements, discusses with our auditor the scope and results of the audit and reviews the scope and performance of internal control functions. The Audit Committee is comprised of Messrs. Coulson, Dowling and Kilty.

Remuneration Committee

The Remuneration Committee determines the basic salaries, bonus payment parameters and other terms and conditions of executive directors and advises on the remuneration of senior management. The Remuneration Committee is comprised of Messrs. Coulson, Baertz and Troskie. As with all employees, the objective is to ensure that individuals are rewarded relative to their responsibility, experience and value to the Group. In framing its remuneration policy, the Remuneration Committee is mindful of the need to ensure that, in a competitive environment, we attract, retain and motivate executives who can perform to the highest level of expectation.

Internal Control and Risk Management

The Directors of Ardagh Group S.A. are responsible for the Group's systems of internal control and for reviewing their effectiveness. The risk management process and systems of internal control are designed to manage rather than eliminate the risk of failure to achieve Group strategic objectives. These systems can only provide reasonable not absolute assurance against misstatement or loss. Risk assessment and evaluation take place as an integral part of the annual planning and budgeting process, the results of which are reviewed by senior management and the Board of Directors. There is also an on-going program of operational reviews and audits and a coordinated self-assessment of financial controls. The results of these reviews are reported to the Audit Committee, which undertakes, on behalf of the Board of Directors of the Group, an annual assessment of the effectiveness of internal control and risk management.

ArdaghGroup

Major Shareholders and Related Party Transactions

MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

Ardagh Packaging Holdings Limited

APHL is an indirect subsidiary of Ardagh Group S.A..

As of 29 February 2016, the approval date of this Annual Report, a company owned by Paul Coulson, the current Chairman of the Board of Directors of Ardagh Group S.A., owned approximately 21% of the issued share capital of Ardagh Group S.A. and, through its investment in the Yeoman group of companies, had an interest in a further approximate 39% of the issued share capital of Ardagh Group S.A.. Ardagh's directors and senior management (including directors of Ardagh Group S.A., other than Paul Coulson) collectively own approximately 20% of the total share capital of Ardagh Group S.A., of which approximately 9.5% was owned by a company owned by Niall Wall, Group Chief Executive. In addition, members of the senior management team of Ardagh, through their involvement in a number of intermediate investment vehicles controlled by Ardagh Group S.A., have invested to participate in up to 5% of any growth in value, after their investment, of the shares in ARD Finance S.A. (a direct subsidiary of Ardagh Group S.A. and the holder, indirectly, of 100% of the share capital of APHL). Ardagh Group S.A. retains ultimate voting control of the shares in ARD Finance S.A..

Related Party Transactions

Common Directorships

Three of the Ardagh Packaging Holdings Limited existing directors, Messrs. Paul Coulson, Niall Wall and David Matthews are also members of the Board of Directors of Ardagh Group S.A., the ultimate parent company. Four of the Ardagh Group S.A. directors, Messrs. Coulson, Dowling, Baertz and Troskie, also serve as directors in the Yeoman group of companies. Further information in respect of related parties is included in Note 23 of the F-pages.

ArdaghGroup

Quantitative and Qualitative Disclosures of Market Risk

QUANTITATIVE AND QUALITATIVE DISCLOSURES OF MARKET RISK

Capital Structure and Risk

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and provide returns to the Group's stakeholders. The Group funds its operations primarily from the following sources of capital: borrowings, cash flow and shareholders' equity. The Group aims to achieve a capital structure that results in an appropriate cost of capital to accommodate material investments or acquisitions, while providing flexibility in short and medium term funding. The Group also aims to maintain a strong balance sheet and to provide continuity of financing by having a range of maturities and borrowing from a variety of sources. The Group's overall treasury objectives are to ensure sufficient funds are available for the Group to carry out its strategy and to manage certain financial risks to which the Group is exposed, details of which are provided below.

Financial risks are managed on the advice of Group Treasury and senior management. The Group does not permit the use of treasury instruments for speculative purposes, under any circumstances. Group Treasury regularly reviews the level of cash and debt facilities required to fund the Group's activities, plans for repayments and refinancing of debt, and identifies an appropriate amount of headroom to provide a reserve against unexpected funding requirements.

One of the Group's key metrics is the ratio of consolidated net debt as a multiple of EBITDA. EBITDA is operating profit before depreciation, amortisation, non-exceptional impairment, and exceptional operating items. At 31 December 2015, the ratio for the Group was 5.2 times (2014: 6.1 times).

The Group's activities expose it to a variety of financial risks: interest rate risk, currency exchange risk, commodity price risk, credit risk, liquidity risk and capital risk.

Interest Rate Risk

The Executive Committee's policy, in the management of interest rate risk, is to strike the right balance between the Group's fixed and floating rate financial instruments. The balance struck by the Executive Committee is dependent on prevailing interest rate markets at any point in time.

At 31 December 2015, the Group's borrowings were 69.5% (2014: 71.7%) fixed with a weighted average interest rate of 5.8% (2014: 5.9%).

Holding all other variables constant, including levels of indebtedness, at 31 December 2015 a one percentage point increase in variable interest rates would increase interest payable by approximately €12 million (2014: €12 million).

Currency Exchange Risk

The Group operates in twenty countries, across four continents. The Group's main currency exposure in the year to 31 December 2015 was in relation to US dollar, British pounds, Swedish krona, Polish zloty and Danish krone. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities, and net investments in foreign operations.

The Group has a limited level of transactional currency exposure arising from sales or purchases by operating units in currencies other than their functional currencies.

The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. Currency exposure arising from the net assets of the Group's foreign operations is managed primarily through borrowings denominated in the relevant foreign currencies.

Fluctuations in the value of these currencies with respect to the euro may have a significant impact on the Group's financial condition and results of operations as reported in euro. The Group believes that a strengthening of the euro exchange rate by 1% against all other foreign currencies from the 31 December 2015 rate would increase shareholders' equity by approximately €11 million (2014: €7 million).

Commodity Price Risk

The Group is exposed to changes in prices of its main raw materials, primarily steel and aluminium. Commodity price risk has been managed by Group Treasury. Furthermore, the relative price of oil and its related products may materially impact our business, affecting our production, transport, lacquer and ink costs. Steel has generally been obtained under one year contracts with prices that are usually fixed in advance. When such contracts are renewed in the future, our steel costs under such contracts will be subject to prevailing global steel and/or tinplate prices at the time of renewal, which may be different from historical prices. Unlike steel, where there is no functioning hedging market, aluminium is traded daily as a commodity (priced in US dollars) on the London Metal Exchange ("LME"). The price and foreign currency risk on these aluminium purchases is hedged by entering into swaps under which the Group pays a fixed euro price.

The Group's main energy exposure is to the cost of gas and electricity. As a result of the volatility of gas and electricity prices the Group has either included energy pass through clauses in sales contracts, or developed an active hedging strategy to fix a significant proportion of its energy costs through contractual arrangements directly with its suppliers, where there is no energy clause in the sales contract.

Group policy is to purchase natural gas and electricity by entering into forward price fixing arrangements with suppliers for the bulk of its anticipated requirements for the year ahead. Such contracts are used exclusively to obtain delivery of our anticipated energy supplies. We do not net settle, nor do we sell within a short period of time after taking delivery. As a result these contracts are treated as executory contracts under IAS 39. The Group typically builds up these contractual positions in tranches of approximately 10% of the anticipated volumes. Any natural gas and electricity which is not purchased under forward price fixing arrangements is purchased under index tracking contracts or at spot prices. We have 73% of our energy risk for 2016 covered, 60% for 2017, and 52% for 2018.

Credit Risk

Credit risk is managed on a Group basis. Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Group's customers, including outstanding receivables. Group policy is to place excess liquidity on deposit, only with recognised and reputable financial institutions. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' from at least two credit rating agencies are accepted, where possible.

The credit ratings of banks and financial institutions are monitored to ensure compliance with Group policy. Group policy is to extend credit to customers of good credit standing. Credit risk is managed, on an on-going basis by dedicated people within the Group. The Group's policy for the management of credit risk in relation to trade receivables involves periodically assessing the financial reliability of customers, taking into account their financial position, past experience and other factors. Provisions are made, where deemed necessary, and the utilisation of credit limits is regularly monitored. Management does not expect any significant counterparty to fail to meets its obligations. The maximum exposure to credit risk is represented by the carrying amount of each asset. For the year ended 31 December 2015, the Group's ten largest customers accounted for approximately 32% of total revenues (2014: 29%). There is no recent history of default with these customers.

Liquidity Risk

The Group is exposed to liquidity risk which arises primarily from the maturing of short term and long term debt obligations. The Group's policy is to ensure that sufficient resources are available either from cash balances, cash flows or undrawn committed bank facilities, to ensure all obligations can be met as they fall due.

To effectively manage liquidity risk, the Group:

- has committed borrowing facilities that it can access to meet liquidity needs;
- maintains cash balances and liquid investments with highly-rated counterparties;
- limits the maturity of cash balances;
- borrows the bulk of its debt needs under long term fixed rate debt securities; and
- has internal control processes and contingency plans for managing liquidity risk.

Cash flow forecasting is performed in the operating entities of the Group and is aggregated by Group Treasury. Group Treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants on any of its borrowing facilities. Such forecasting takes into consideration the Group's debt financing plans, covenant compliance and internal balance sheet ratios.

The following table provides information relating to our material operating subsidiaries as of 31 December 2015:

Company	Country of incorporation	Activity	Portion of shares held %
Ardagh Metal Packaging Czech Republic s.r.o. ……….....	Czech Republic	Metal Packaging	100
Ardagh Glass Holmegaard A/S	Denmark	Glass Packaging	100
Ardagh Aluminium Packaging France SAS	France	Metal Packaging	100
Ardagh MP West France SAS	France	Metal Packaging	100
Ardagh Metal Packaging France SAS	France	Metal Packaging	100
Ardagh Glass GmbH	Germany	Glass Packaging	100
Heye International GmbH	Germany	Glass Engineering	100
Ardagh Metal Packaging Germany GmbH	Germany	Metal Packaging	100
Ardagh Germany MP GmbH	Germany	Metal Packaging	100
Ardagh Glass Sales Limited	Ireland	Glass Packaging	100
Ardagh Group Italy S.r.l.	Italy	Glass and Metal Packaging	100
Ardagh Aluminium Packaging Netherlands B.V.	Netherlands	Metal Packaging	100
Ardagh Glass Dongen B.V.	Netherlands	Glass Packaging	100
Ardagh Glass Moerdijk B.V. …….	Netherlands	Glass Packaging	100
Ardagh Metal Packaging Netherlands B.V.	Netherlands	Metal Packaging	100
Ardagh Glass S.A.	Poland	Glass Packaging	100
Ardagh Metal Packaging Poland Sp.Z.o.o.	Poland	Metal Packaging	100
Ardagh Glass Limmared AB	Sweden	Glass Packaging	100
Ardagh Glass Limited	United Kingdom	Glass Packaging	100
Ardagh Metal Packaging UK Limited	United Kingdom	Metal Packaging	100
Ardagh Metal Packaging USA Inc.	United States	Metal Packaging	100
Ardagh Glass Inc.	United States	Glass Packaging	100

ArdaghGroup

Risk Factors

RISK FACTORS

Risks Relating to Our Debt

Our substantial debt could adversely affect our financial health and prevent us from fulfilling our debt obligations.

We have a substantial amount of debt and significant debt service obligations. As of 31 December 2015 we had total borrowings of €5,440 million and had additional availability under our main credit facilities of up to €273 million.

Our substantial debt could have important negative consequences for us and for our investors. For example, our substantial debt could:

- require us to dedicate a large portion of our cash flow from operations to service debt and fund repayments on our debt, thereby reducing the availability of our cash flow to fund working capital, capital expenditures and other general corporate purposes;
- increase our vulnerability to adverse general economic or industry conditions;
- limit our flexibility in planning for, or reacting to, changes in our business or the industry in which we operate;
- limit our ability to raise additional debt or equity capital in the future;
- restrict us from making strategic acquisitions or exploiting business opportunities;
- make it difficult for us to satisfy our obligations with respect to the notes and our other debt; and
- place us at a competitive disadvantage compared to our competitors that have less debt.

In addition, a portion of our debt bears interest at variable rates that are linked to changing market interest rates. Although we may hedge a portion of our exposure to variable interest rates by entering into interest rate swaps, there can be no assurances that we will do so in the future. As a result, an increase in market interest rates would increase our interest expense and our debt service obligations, which would exacerbate the risks associated with our leveraged capital structure.

Certain of our credit facilities contain financial covenants which we could fail to meet.

Certain of our existing credit facilities require, and our future credit facilities may require APHL and certain of its subsidiaries to satisfy specified financial tests and maintain specified financial ratios and covenants regarding a minimum level of EBITDA to net interest expense, a minimum level of EBITDA to total debt, and a maximum amount of capital expenditure, all as defined in such credit facilities.

The ability of APHL and its subsidiaries to comply with these ratios and to meet these tests may be affected by events beyond their control, and there can be no assurances that they will continue to meet these tests. The failure of APHL and its subsidiaries to comply with these obligations could lead to a default under these credit facilities unless we can obtain waivers or consents in respect of any breaches of these obligations under these credit facilities. There can be no assurances that these waivers or consents will be granted. A breach of any of these covenants or the inability to comply with the required financial ratios could result in a default under these credit facilities. In the event of any default under these credit facilities, the lenders under these facilities will not be required to lend any additional amounts to us, or our operating subsidiaries and could elect to declare all outstanding borrowings, together with accrued interest, fees and other amounts due thereunder, to be immediately due and payable. In the event of a default, the relevant lenders (and potentially the trustee under any of the Group's notes) could also require us to apply all available cash to repay the borrowings or prevent us from making debt service payments on the Group's notes and loans, any of which would be an event of default under these notes and loans. If the debt under our credit facilities or the Group's notes or loans were to be accelerated, there can be no assurances that our assets would be sufficient to repay such debt in full.

We and our subsidiaries may be able to incur substantially more debt.

Subject to the restrictions in our credit facilities, the existing indentures and other outstanding debt, we may be able to incur substantial additional debt in the future, which could also be secured.

As of 31 December 2015 our main credit facilities permitted additional borrowings of up to €273 million and all of these borrowings could be secured, and would effectively rank senior to the guarantees. Although the terms of these credit facilities, the indentures and other outstanding debt contain restrictions on the incurrence of additional debt, these restrictions are subject to a number of significant qualifications and exceptions, and debt incurred in compliance with these restrictions could be substantial. To the extent new debt is added to our currently anticipated debt levels, the substantial leverage related risks described above would increase.

Our ability to generate cash depends on many factors beyond our control, and we may not be able to generate cash required to service our debt.

Our ability to make scheduled payments on the Group's notes and to meet our other debt service obligations or refinance our debt depends on our future operating and financial performance and ability to generate cash. This will be affected by our ability to successfully implement our business strategy, as well as general economic, financial, competitive, regulatory, technical and other factors beyond our control. If we cannot generate sufficient cash to meet our debt service obligations or fund our other business needs, we may, among other things, need to refinance all or a portion of our debt, obtain additional financing, delay planned acquisitions or capital expenditures or sell assets. There can be no assurances that we will be able to generate sufficient cash through any of the foregoing. 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 obligations with respect to our debt.

We expect to be able to repay or refinance the principal amounts outstanding under our outstanding notes upon maturity of each such series of notes between 2019 and 2022, and the principal amounts outstanding under our Term Loan Facilities Credit Agreement upon maturity of the loans thereunder in 2019. If we are unable to do so, we expect to refinance such principal amounts with new debt. We may, however, be unable to refinance such principal amounts on terms satisfactory to us, or at all.

Some of our debt bears interest at a floating rate that could rise significantly, increasing our interest cost and debt and reducing our cash flow.

The floating rate secured notes and Term Loan B facility bear interest at floating rates of interest per annum equal to LIBOR, adjusted quarterly, plus a spread. LIBOR could rise significantly in the future. Although we may enter into and maintain certain hedging arrangements designed to fix a portion of these rates, there can be no assurance that hedging will continue to be available on commercially reasonable terms. Hedging itself carries certain risks, including that we may need to pay a significant amount (including costs) to terminate any hedging arrangements. To the extent interest rates were to rise significantly our interest expense associated with the floating rate secured notes and the Term Loan B facility and the carrying cost of our debt load would correspondingly increase, thus reducing cash flow.

The manner of calculating LIBOR has been in the past, and may be in the future, subject to regulatory review. There can be no assurance that LIBOR will continue to be calculated as it has historically, if at all.

Restrictions imposed by the Group's indentures, the Term Loan Facility, the securitisation programme and certain of our other credit facilities limit our ability to take certain actions.

The Group's indentures, the Term Loan Facility, the securitisation programme, and certain of our other credit facilities limit our flexibility in operating our business. For example, these agreements restrict or limit the ability of APHL and certain of its subsidiaries to, among other things:

- borrow money;
- pay dividends or make other distributions;
- create certain liens;
- make certain asset dispositions;
- make certain loans or investments;
- issue or sell share capital of our subsidiaries;
- guarantee indebtedness;
- enter into transactions with affiliates; or
- merge, consolidate or sell, lease or transfer all or substantially all of our assets.

There can be no assurances that the operating and financial restrictions and covenants in the indentures, the Term Loan B facility, the securitisation programme, and certain of our other credit facilities will not adversely affect our ability to finance our future operations or capital needs, or engage in other business activities that may be in our interest. Any future indebtedness may include similar or other restrictive terms. In addition, the management believes that the future expansion of our packaging business is likely to require participation in the consolidation of the packaging industry by the further acquisition of existing businesses. We cannot guarantee that we will be able to participate in such consolidation or that the operating and financial restrictions and covenants in the Group's indentures, the Term Loan B facility, the securitisation programme and certain of our other credit facilities will permit us to do so.

In addition to limiting our flexibility in operating our business, a breach of the covenants in the indentures could cause a default under the terms of our other financing agreements, including the Term Loan Facility and the securitisation programme, causing all the debt under those agreements to be accelerated. If this were to occur, there can be no assurances that we would have sufficient assets to repay our debt.

We may be unable to repurchase the Group's notes as required upon a change of control.

If we experience a change of control, we would be required to make an offer to repurchase all outstanding notes at 101% of their principal amount plus accrued and unpaid interest, if any, to the date of repurchase. However, we may be unable to do so because we might not have enough available funds, particularly since a change of control could in certain circumstances cause part or all of our other debt to become due and payable.

The insolvency laws of Ireland and other local insolvency laws may not be as favourable as US bankruptcy laws or those of another jurisdiction.

APHL is incorporated in Ireland and each of the subsidiary guarantors are incorporated under the laws of one of Canada, Denmark, France, Germany, Guernsey, Hungary, Ireland, Italy, Luxembourg, the Netherlands, Poland, Spain, the State of Delaware (United States), Sweden and England and Wales. The insolvency laws of foreign jurisdictions may not be as favourable as the laws of the United States or other jurisdictions. In the event that any one or more of APHL's subsidiaries experienced 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.

The ability of the issuers of the Group's notes to pay principal and interest on the outstanding notes may be affected by our organisational structure. The issuers are dependent upon payments from other members of our corporate group to fund payments on the notes, and such other members might not be able to make such payments in some circumstances.

The issuers do not themselves conduct any business operations and do not have any assets or sources of income of their own, other than the intercompany notes made to on-lend the net proceeds from the offering of the outstanding notes. As a result, the issuers' ability to make payments on the notes is dependent directly upon interest or other payments they receive from other members of our corporate group. Initially, the proceeds of the notes are loaned to other members of our corporate group pursuant to intercompany notes. These intercompany notes may be subordinated to senior debt of the relevant intercompany borrowers. The Group's indentures do not require the maintenance of these intercompany notes. The ability of other members of our corporate group to make payments to the issuers will depend upon their cash flows and earnings which, in turn, will be affected by all of the factors discussed in these "Risk Factors".

Furthermore, some of our credit facilities contain certain restrictions on the borrowers thereunder from making certain distributions or payments of capital or income to their members. As a result, the amounts that the issuers expect to receive from other members of our corporate group may not be forthcoming or sufficient to enable the issuers to service their obligations on its notes.

APHL and its guarantor subsidiaries guarantee the notes. APHL is a holding company with no assets or sources of income of its own and thus is dependent on dividends and other distributions from its subsidiaries. The guarantor subsidiaries are either intermediate holding companies or operating subsidiaries of APHL.

Certain of the Group's notes and the associated guarantees are unsecured and the claims of secured creditors will have priority.

Certain of our notes and the associated guarantees are unsecured obligations of the issuers and the guarantors, respectively. Debt under the notes, the securitisation programme and several of our other facilities are secured by liens on the property and assets of material operating subsidiaries of APHL, as well as shares held by APHL in its material operating subsidiaries. In addition, subject to the restrictions in our senior secured credit facilities, in the indentures and in other outstanding debt, we may be able to incur substantial additional secured debt. The secured creditors of the issuers and the guarantors will have priority over the assets securing their debt. In the event that any of such secured debt becomes due or a secured lender proceeds against the assets that secure the debt, the assets would be available to satisfy obligations under the secured debt before any payment would be made on the notes, or under any of the guarantees. Any assets remaining after repayment of our secured debt may not be sufficient to repay all amounts owing under the Group's outstanding notes.

Enforcing rights as a holder of the notes or under the guarantees or the security interests across multiple jurisdictions may prove difficult.

APHL is incorporated in Ireland and each of the subsidiary guarantors are incorporated in one of Canada, Denmark, France, Germany, Guernsey, Hungary, Ireland, Italy, Luxembourg, the Netherlands, Poland, Spain, the State of Delaware (United States), Sweden and England and Wales. In the event of a bankruptcy, insolvency or similar event, proceedings could be initiated in any of these countries. Such multi-jurisdictional proceedings are likely to be complex and costly for creditors and otherwise may result in greater uncertainty and delay regarding the enforcement of rights. The rights of our creditors will be subject to the insolvency and administrative laws of several jurisdictions and there can be no assurance that they will be able to effectively enforce rights in such complex, multiple bankruptcy, insolvency or similar proceedings.

In addition, the bankruptcy, insolvency, administrative and other laws of the issuers' and the guarantors' jurisdictions of organisation may be materially different from, or in conflict with, each other and those of the United States, including in the areas of rights of creditors, priority of governmental and other creditors, the ability to obtain post-petition interest and the duration of the proceeding. The application of these laws, or any conflict among them, could call into question whether any particular jurisdiction's law should apply, adversely affect our creditors' ability to enforce rights under the notes and the guarantees in these jurisdictions or limit any amounts that they may receive.

The laws of certain of the jurisdictions in which the subsidiary guarantors are organised limit the ability of these subsidiaries to guarantee debt of a sister company.

Investors in the Group's notes may have limited recourse against the independent auditor.

The independent auditor's report states that it has been prepared solely for the directors, as a body of APHL, and the independent auditor neither accepts or assumes responsibility to anyone other than the directors, as a body of APHL, for its audit work, for their report or for the conclusions or opinions it has formed. The independent auditor's report on the non-statutory consolidated financial statements of APHL, for the years ended 31 December 2015 was unqualified and is included on page F-2 of this Report.

Investors in the Group's notes should understand that in making these statements, the respective independent auditor confirmed that it does not accept or assume any responsibility to parties (such as the purchasers of the Group's notes) other than to the directors, as a body of Ardagh, with respect to their reports and to the independent auditor's audit work, conclusions and opinions. The Securities and Exchange Commission would not permit such limiting language to be included in a registration statement or a prospectus used in connection with an offering of securities registered under the US Securities Act or in a report filed under the Exchange Act. If a US court (or any other court) were to give effect to such limiting language, the recourse that investors in the Group's notes may have against the independent auditor based on its report or the consolidated financial statements to which it relates could be limited.

An active trading market may not exist for the Group's notes.

There can be no assurances as to the liquidity of any market for the Group's notes, the ability of holders of the notes to sell them or the price at which the holders of the notes may be able to sell them. The liquidity of any market for the Group's notes depends on the number of holders of the notes, prevailing interest rates, the market for similar securities and other factors, including general economic conditions and our own financial condition, performance and prospects, as well as recommendations by securities analysts. Historically, the market for non-investment grade debt, such as the Group's notes, has been subject to disruptions that have caused substantial price volatility. There can be no assurances that if a market for the notes were to develop, such a market would not be subject to similar disruptions.

The Group's notes are subject to restrictions on transfer.

The Group's notes have not been and will not be registered under the US Securities Act or any US state securities laws. Holders of the Group's notes may not offer the notes in the United States except pursuant to an exemption from, or a transaction not subject to, the registration requirements of the US Securities Act and applicable state securities laws, or pursuant to an effective registration statement. We have not undertaken to register the notes or to affect any exchange offer for the notes in the future. Furthermore, we have not registered the notes under any other country's securities laws.

Creditors may be unable to serve process on us or our directors and officers in the United States and enforce US judgements based on the Group's notes.

APHL is incorporated in Ireland and each of the subsidiary guarantors of the Group's notes are incorporated under the laws of one of Canada, Denmark, France, Germany, Guernsey, Hungary, Ireland, Italy, Luxembourg, the Netherlands, Poland, Spain, the State of Delaware (United States), Sweden and England and Wales. Furthermore, most of the directors and executive officers of the issuers and such guarantors live outside the United States. Substantially all of the assets of APHL and the guarantors (other than the subsidiary guarantors in Delaware (United States)), and substantially all of the assets of their directors and executive officers, are located outside the United States. As a result, it may not be possible for creditors to serve process on such persons in the United States or to enforce judgements obtained in US courts against them based on the civil liability provisions of the securities laws of the United States. In addition, Canadian, Danish, Dutch, English, French, German, Guernsey, Hungarian, Irish, Italian, Luxembourg, Polish, Spanish, and Swedish counsel have informed us that it is questionable whether a Canadian, Danish, Dutch, English, French, German, Guernsey, Hungarian, Irish, Italian, Luxembourg, Polish, Spanish, or Swedish court would accept jurisdiction and impose civil liability if proceedings were commenced in Canada, Denmark, France, Germany, Guernsey, Hungary, Ireland, Italy, Luxembourg, the Netherlands, Poland, Spain, Sweden, or the United Kingdom predicated solely upon US federal securities laws.

Corporate benefit, capital maintenance laws and other limitations on the guarantees and the security interests may adversely affect the validity and enforceability of the guarantees of the senior notes and the security interests.

The laws of certain of the jurisdictions in which the subsidiary guarantors are organised limit the ability of these subsidiaries to guarantee debt of a related company or grant security on account of a related company's debts. These limitations arise under various provisions or principles of corporate law which include rules governing capital maintenance, under which, among others, the risks associated with a guarantee or grant of security on account of a parent company's debt need to be reasonable and economically and operationally justified from the guarantor's or grantor's perspective, as well as thin capitalisation, unfair consideration, financial assistance, corporate purpose or similar law affecting the rights of creditors generally, and fraudulent transfer principles. If these limitations were not observed, the guarantees and the grant of security interests by these subsidiary guarantors could be subject to legal challenge. In some jurisdictions, the guarantees contain language limiting the amount of debt guaranteed or secured. Accordingly, if our creditors were to enforce the guarantees by a subsidiary guarantor in one of these jurisdictions or seek to enforce a security interest in collateral granted by a subsidiary guarantor in one of these jurisdictions, claims are likely to be limited. In some cases, where the amount that can be guaranteed or secured is limited by reference to the net assets and legal capital of the subsidiary guarantor or by reference to the outstanding debt owed by the relevant subsidiary guarantor to the issuers under intercompany loans that amount might have reached zero or close to zero at the time of any insolvency or enforcement. Furthermore, although we believe that the guarantees by these subsidiary guarantors and the security interests granted by these subsidiary guarantors have been validly given in accordance with local law restrictions, there can be no assurance that a third-party creditor would not challenge these guarantees and the security interests and prevail in court.

Upon any payment or distribution to creditors of a subsidiary guarantor in respect of an insolvency event, the holders of senior debt of such subsidiary guarantor will be entitled to be paid in full from the assets of such subsidiary guarantor before any payment may be made pursuant to such subsidiary guarantee. Until the senior debt of a subsidiary guarantor is paid in full, any distribution to which holders of the Group's notes would be entitled but for the subordination provisions shall instead be made to holders of senior debt of such subsidiary guarantor as their interests may appear. As a result, in the event of insolvency of a subsidiary guarantor, holders of senior debt of such subsidiary guarantor may recover more, ratably, than the holders of notes, in respect of the subsidiary guarantor's subsidiary guarantee in respect thereof.

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

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

The indentures governing the Group's notes provide that except under very limited circumstances, only the trustee or the security agent, as applicable, will have standing to bring an enforcement action in respect of the notes, the guarantees and the security interests. Moreover, the intercreditor agreement, and the indentures restrict the rights of holders of the notes to initiate insolvency proceedings or take other legal actions against the subsidiary guarantors. As a result of these restrictions, holders of the notes will have limited remedies and recourse under the guarantees and the security interests in the event of a default by the issuers or a subsidiary guarantor.

The Group's notes are structurally subordinated to the liabilities of non-guarantor subsidiaries.

Some, but not all, of our subsidiaries guarantee the Group's notes. 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 any guarantor, as direct or indirect shareholders.

Accordingly, in the event that any of the non-guarantor subsidiaries becomes insolvent, liquidates or otherwise reorganises:

- the creditors of the guarantors (including the holders of the notes) will have no right to proceed against such subsidiary's assets; and
- 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 any guarantor, as direct or indirect shareholder, will be entitled to receive any distributions from such subsidiary.

Insolvency laws and other limitations on the guarantees and the security interests, including fraudulent conveyance statutes, may adversely affect their validity and enforceability.

Our obligations under the Group's notes are guaranteed by the guarantors. The subsidiary guarantors of the notes are incorporated under the laws of one of Canada, Denmark, France, Germany, Guernsey, Hungary, Ireland, Italy, Luxembourg, the Netherlands, Poland, Spain, the State of Delaware (United States), Sweden and England and Wales.

Although laws differ among these jurisdictions, in general, applicable fraudulent transfer and conveyance and equitable principles, insolvency laws and, in the case of the guarantees and the security interests, limitations on the enforceability of judgments obtained in courts in such jurisdictions could limit the enforceability of the guarantee against a guarantor and the enforceability of the security interests. The court or an insolvency administrator may also in certain circumstances avoid the security interest or the guarantee where the company is close to or in the vicinity of 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 the security interests, 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 or the security interests;
- 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 or security interest is found to be a fraudulent transfer or conveyance or is otherwise set aside, there can be no assurances that we can ever repay in full any amounts outstanding under the notes. In addition, the liability of each guarantor under its guarantee or the security interests will be limited to the amount that will result in such guarantee or security interests not constituting a fraudulent conveyance or improper corporate distribution or otherwise being set aside. The amount recoverable from the guarantors under the security documents will also be limited. However, there can be no assurance as to what standard a court would apply in making a determination of the maximum liability of each. Also, there is a possibility that the guarantees or security interests 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 need to find that, at the time the guarantees were issued or the security interests created, the relevant guarantor:

- issued such guarantee or created such security interest with the intent of hindering, delaying or defrauding current or future creditors or with a desire to prefer some creditors over others, or created such security after its insolvency;
- issued such guarantee or created such security interest in a situation where a prudent businessman as a shareholder of such guarantor would have contributed equity to such guarantor; or
- received less than reasonably equivalent value for incurring the debt represented by the guarantee or security interest on the basis that the guarantee or security interest were 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 the creation of the security interest, 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.

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 or created any security interest if:

- its liabilities exceed the fair market value of its assets;
- it cannot pay its debts as and when they become due; and/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.

Although we believe that we are solvent, 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 the security interests were created 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 or security interests were created, that payments to holders of the notes constituted fraudulent transfers on other grounds.

We do not present separate financial statements for each subsidiary guarantor.

We have not presented in this Annual Report separate financial statements for each subsidiary guarantor, and we are not required to do so in the future under the indentures.

Risks Relating to Our Business

Our primary direct customers sell to consumers of food & beverages, pharmaceuticals, personal care and household products. If economic conditions affect consumer demand, our customers may be affected and so reduce the demand for our products.

The global financial crisis adversely impacted consumer confidence and led to declines in income and asset values in many areas. This resulted, and may continue to result, in reduced spending on our customers' products and, thereby, reduced or postponed demand for our products.

The global financial crisis and its aftermath also led to more limited availability of credit, which may have a negative impact on the financial condition, particularly on the purchasing ability, of some of our customers and distributors and may also result in requests for extended payment terms, and result in credit losses, insolvencies and diminished sales channels available to us. Our suppliers may have difficulties obtaining necessary credit, which could jeopardise their ability to provide timely deliveries of raw materials and other essentials to us. The current credit environment may also lead to suppliers requesting credit support or otherwise reducing credit, which may have a negative effect on our cash flows and working capital.

The volatility in exchange rates may also increase the costs of our products that we may not be able to pass on to our customers; impair the purchasing power of our customers in different markets; result in significant competitive benefit to certain of our competitors who incur a material part of their costs in other currencies than we do; hamper our pricing; and increase our hedging costs and limit our ability to hedge our exchange rate exposure.

Changes in global economic conditions may reduce our ability to forecast developments in our industry and plan our operations and costs, accordingly resulting in operational inefficiencies. Negative developments in our business, results of operations and financial condition due to changes in global economic conditions or other factors could cause the ratings agencies to lower the credit ratings, or ratings outlook, of our short and long term debt and, consequently, impair our ability to raise new financing or refinance our current borrowings and increase our costs of issuing any new debt instruments.

Furthermore, the economic outlook could be adversely affected by the risk that one or more eurozone countries could come under increasing pressure to leave the European Monetary Union, or the euro as the single currency of the eurozone could cease to exist. Any of these developments, or the perception that any of these developments are likely to occur, could have a material adverse effect on the economic development of the affected countries and could lead to severe economic recession or depression, and a general anticipation that such risks will materialize in the future could jeopardize the stability of financial markets or the overall financial and monetary system. This, in turn, would have a material adverse effect on our business, financial position, liquidity and results of operations. A significant portion of our debt is denominated in euro and, to the extent that Ireland, the jurisdiction of formation of the co-issuer of most of such debt, were to leave the European Monetary Union, the consequences to us and to this debt are uncertain.

In addition, some segments of the Group's markets are more cyclical than others. Our sales in the paints and coatings markets depend mainly on the building and construction industries and the do-it-yourself home decorating market. Demand in these markets is cyclical, as to a lesser extent is demand for products such as aerosols. Variations in the demand for packaging products in these market segments could have a material adverse effect on our business, financial condition and results of operations.

We face intense competition from other glass container and metal packaging producers, as well as from manufacturers of alternative forms of packaging.

Glass Packaging

Our Glass Packaging business is subject to intense competition from other glass container producers, as well as from producers of other forms of rigid and non-rigid packaging, against whom we compete on the basis of price, product characteristics, quality, customer service, reliability of delivery and marketing. Advantages or disadvantages in any of these competitive factors may be sufficient to cause customers to consider changing suppliers or to use an alternative form of packaging. In some instances, we also face the threat of vertical integration by our customers into the manufacture of their own packaging materials.

Our principal glass container competitors in Europe are O-I and Verallia, while our principal glass container competitors in North America are O-I and Anchor Glass, along with Fevisa, a glass container producers based in Mexico that exports to the US market. Additionally, we face competition from firms that carry out specific export operations at low prices when their domestic markets are at overcapacity or when foreign exchange rates or economic conditions (particularly transport costs) allow this. Despite the generally regional nature of the glass packaging markets, these export operations could have a material negative impact on our business, financial condition and results of operations. Other glass container competitors in Europe are Vidrala, Vetropack, Wiegand Glas and Warta Glass Group.

In addition to competing with other large, well-established manufacturers in the glass container industry, we also compete with manufacturers of other forms of rigid packaging, principally plastic containers and aluminium cans, on the basis of quality, price, and service and consumer preference. We also compete with manufacturers of non-rigid packaging alternatives, including flexible pouches and aseptic cartons, particularly in serving the packaging needs of non-alcoholic beverage customers, including juice customers. We believe that the use of glass containers for alcoholic and non-alcoholic beverages is subject to consumer taste. In addition, the association of glass containers with premium items in certain product categories exposes glass containers to economic variations. Therefore, if economic conditions are poor, we believe that consumers may be less likely to prefer glass containers over other forms of packaging. We cannot ensure that our products will continue to be preferred by our customers' end-users and that consumer preference will not shift from glass containers to non-glass containers. A material shift in consumer preference away from glass containers, or competitive pressures from our various competitors could result in a decline in sales volume or pricing pressure that would have a material adverse effect on our business, financial condition and results of operations. Furthermore, new threats from container and production innovations in all forms of packaging could disadvantage our existing business. If we are unable to respond to competitive technological advances, our future performance could be materially adversely affected.

Some customers may decide to develop their own glass packaging production activity to serve their packaging needs and to reduce their purchases of glass containers. In North America for example, Gallo, AB InBev (Longhorn Glass) and Constellation Brands in Mexico, self-manufacture some of their glass containers. The potential vertical integration of our customers could introduce new production capacity in the market, which may create an imbalance between the supply and demand for glass packaging. The growth of vertically integrated operations could have a material negative impact on our future performance.

Metal Packaging

The metal packaging sectors in which Metal Packaging operates are mature, experiencing limited growth in demand in recent years, and competitive. The most competitive part of the metal packaging market is the sale of undifferentiated, standardised cans and containers. Prices for these products are primarily driven by raw materials costs and seasonal overcapacity, and price competition is sometimes fierce. Competition in the market for customised, differentiated packaging is based on price and, increasingly, on innovation, design, quality and service. Our principal competitors include Crown Holdings and Silgan Holdings in Europe, Silgan Holdings, Crown Holdings and Ball Corporation in North America. To the extent that any one or more of our competitors become more successful with respect to any key competitive factor, our ability to attract and retain customers could be materially and adversely affected, which could have a material adverse effect on our business.

Metal Packaging is subject to substantial competition from producers of packaging made from plastic, carton and composites, particularly from producers of plastic containers and flexible packaging. Changes in consumer preferences in terms of food processing (e.g. fresh or frozen food content and dry versus wet pet food) or in terms of packaging materials, style and product presentation can significantly influence sales. An increase in Metal Packaging's costs of production or a decrease in the costs of, or a further increase in consumer demand for, alternative packaging could have a material adverse effect on our business, financial condition and results of operations.

An increase in glass or metal container manufacturing capacity without a corresponding increase in demand for glass or metal containers could cause prices to decline, which could have a material adverse effect on our business, financial condition and results of operations.

The profitability of glass or metal packaging companies is heavily influenced by the supply of, and demand for, glass containers or metal cans, respectively.

There can be no assurances that the glass or metal container manufacturing capacity in any of our markets will not increase further in the future, nor can there be any assurances that demand for glass or metal containers will meet or exceed supply. If glass or metal container manufacturing capacity increases and there is no corresponding increase in demand, 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.

Because our customers are concentrated, our business could be adversely affected if we were unable to maintain relationships with our largest customers.

For the year ended 31 December 2015, Glass Packaging's ten largest customers accounted for approximately 43% of Glass Packaging's glass container revenues and Metal Packaging's ten largest customers accounted for approximately 38% of its consolidated revenues.

We believe our relationships with these customers are good, but there can be no assurances that we will be able to maintain these relationships. For Metal Packaging, we manage our relationship with the majority of our customers by entering into one-year agreements, with approximately 40% of revenues for the year ended 31 December 2015 under multi-year supply agreements of varying terms between two and ten years. For Glass Packaging, we also typically sell most of our glass containers directly to customers under one to five year arrangements. Although these arrangements have provided, and we expect they will continue to provide, the basis for long term partnerships with our customers, there can be no assurance that our customers will not cease purchasing our products. If our customers unexpectedly reduce the amount of glass containers and/or metal cans they purchase from us or cease purchasing our glass containers and/or metal cans altogether, our revenues could decrease and our inventory levels could increase, both of which could have an adverse effect on our business, financial condition and results of operations. In addition, while we believe that the arrangements that we have with our customers will be renewed, there can be no assurance that such arrangements will be renewed upon their expiration or that the terms of any renewal will be as favourable to us as the terms of the current arrangements. There is also the risk that our customers may shift their filling operations to locations in which we do not operate. The loss of one or more of these customers, a significant reduction in sales to these customers or a significant change in the commercial terms of our relationship with these customers could have a material adverse effect on our business.

The continuing consolidation of our customer base may intensify pricing pressures or result in the loss of customers, either of which could have a material adverse effect on our business, financial condition and results of operations.

Many of our largest customers have acquired companies with similar or complementary product lines. This consolidation has increased the concentration of our net sales with our largest customers. In many cases, such consolidation may be accompanied by pressure from customers for lower prices. Increased pricing pressures from our customers may have a material adverse effect on our business, financial condition and results of operations. In addition, this consolidation may lead manufacturers to rely on a reduced number of suppliers. If, following the consolidation of one of our customers with another company, a competitor was to be the main supplier to the consolidated companies, this could have a material adverse effect on our business, financial condition or results of operations.

Our profitability could be affected by varied seasonal demands.

Demand for the products of both Glass Packaging and Metal Packaging is seasonal. Demand for our glass packaging products is typically strongest during the summer months and in the period prior to the holidays in December because of the seasonal nature of the consumption of beer and other beverages. Unseasonably cool weather during the summer months can reduce demand for certain beverages packaged in our glass containers, which could have an adverse effect on our business, financial condition and results of operations for that year. In addition, we generally schedule shutdowns of our furnaces for rebuilding and repairs of machinery in the first quarter in Europe and around year end and the first quarter in North America. If demand for glass containers should unexpectedly rise during such a shutdown, we would not have the ability to fulfil such demand and may lose potential revenues. These shutdowns and seasonal sales patterns could adversely affect profitability during the first quarter.

Metal Packaging's sales are typically greater in the second and third quarters of the year, with generally lower sales in the first and fourth quarters. Weather conditions can reduce crop yields and adversely affect customer demand for fruit and vegetable cans. Metal Packaging's worldwide seafood canning activities are also affected by variations in local fish catches. The variable nature of the food and seafood packaging businesses and Metal Packaging's vulnerability to natural conditions could have a material adverse effect on our business, financial condition and results of operations.

Our profitability could be affected by the availability and cost of raw materials.

The raw materials that we use have historically been available in adequate supply from multiple sources. For certain raw materials, however, there may be temporary shortages due to weather, transportation, production delays or other factors. In such an event, no assurance can be given that we would be able to secure our raw materials from sources other than our current suppliers on terms as favourable as our current terms, or at all. Any such shortages, as well as material increases in the cost of any of the principal raw materials that we use, including the cost to transport materials to our production facilities, could have a material adverse effect on our business, financial condition and results of operations. Furthermore, the relative price of oil and its products may impact Metal Packaging, affecting transport, lacquer and ink costs.

The primary raw materials that we use for Metal Packaging are steel (both in tinplate and tin-free forms) and aluminium ingot. Steel is generally obtained under one contracts with prices that are usually fixed in advance. When such contracts are renewed in the future, our steel costs under such contracts will be subject to prevailing global steel and/or tinplate prices at the time of renewal, which may be different from historical prices.

Unlike steel, where there is no functioning hedging market, aluminium ingot is traded daily as a commodity (priced in US dollars) on the London Metal Exchange, which has historically been subject to significant price volatility. Because aluminium is priced in US dollars, fluctuations in the US dollar/euro rate also affect the euro cost of aluminium ingot.

We may not be able to pass on all or substantially all raw material price increases, now or in the future. In addition, we may not be able to hedge successfully against raw material cost increases. Further, steel and aluminium prices are subject to considerable volatility in price and demand. While in the past sufficient quantities of steel and aluminium have been generally available for purchase, these quantities may not be available in the future, and, even if available, we may not be able to continue to purchase them at current prices. Further increases in the cost of these raw materials could adversely affect our operating margins and cash flows.

Our glass packaging activities also consume significant amounts of raw materials to manufacture glass, particularly glass sand, limestone and soda ash (natural or synthetic), as well as cullet (recycled glass) in variable percentages depending on the products manufactured. The soda ash market has experienced an imbalance between supply and demand over the last few years that contributed to a significant increase in its price. Increases in the price of raw materials could also result from a concentration of their suppliers, a phenomenon noted in the soda ash market and that could intensify in the future and develop for other raw materials that we use. The price of cullet varies widely from one region to another due to regulatory and financial disparities concerning the collection and recycling of used glass, as well as the distance of cullet procurement centres from production sites. For example, in Germany, following the liberalisation of the recycling sector, the price of cullet increased significantly beginning in 2008 then declined in 2010, but once again increased significantly during the 2012 and 2013 contracting periods. Thus, changes in the regulations related to glass collection and recycling can have a significant impact on the availability of cullet and on its cost price. Any significant increase in the price of the raw materials we use to manufacture glass or cullet could have a material negative impact on our business, financial condition and results of operations.

The supplier industries from which Metal Packaging receives its raw materials are relatively concentrated, and this concentration can impact raw material costs. Over the last ten years, the number of major tinplate and aluminium suppliers has decreased. Further consolidation could occur both among tinplate and aluminium suppliers, and such consolidation could hinder our ability to obtain adequate supplies of these raw materials and could lead to higher prices for tinplate and aluminium. The failure to obtain adequate supplies of raw materials or future price increases could have a material adverse effect on our business, financial condition and results of operations.

Currency, interest rate fluctuations and commodity prices may have a material impact on our business.

Our reporting currency is the euro. Insofar as possible, we intend to actively manage this exposure through the deployment of assets and liabilities throughout the Group and, when necessary and economically justified, enter into currency hedging arrangements, to manage our exposure to foreign currency fluctuations by hedging against rate changes with respect to the euro. However, we may not be successful in limiting such exposure, which could adversely affect our business, financial condition and results of operations.

A substantial portion of the assets, liabilities, revenues and expenses of Glass Packaging is denominated in pounds, US dollars, Swedish krona, Danish krone and Polish zloty. Fluctuations in the value of these currencies with respect to the euro have had, and may continue to have, a significant impact on our financial condition and results of operations as reported in euro. For the year ended 31 December 2015, 77% of Glass Packaging's revenues were denominated in currencies other than the euro.

In addition to currency translation risk, we are subject to currency transaction risk. Our policy is, where practical, to match net investments in foreign currencies with borrowings in the same currency. The debt and interest payments relating to our Swedish, Danish and Polish operations are all denominated in euro. Fluctuations in the value of these currencies with respect to the euro may have a significant impact on our financial condition and results of operations as reported in euro.

Metal Packaging has production facilities in a number of different countries worldwide. It also sells products to, and obtains raw materials from, companies located in these and different regions and countries globally. As a consequence, a significant portion of consolidated revenue, costs, assets and liabilities of Metal Packaging are denominated in currencies other than the euro, particularly the pound, and the US dollar. The exchange rates between some of these currencies, such as the euro, the pound and the US dollar, have fluctuated significantly in the past and may continue to do so in the future.

Metal Packaging incurs currency transaction risks primarily on aluminium purchases (or the hedging of those purchases), as aluminium ingot prices are denominated in US dollars, and on revenue denominated in currencies other than the euro fulfilled from euro-participant territories (or the hedging of those sales).

Changes in exchange rates can affect the Group's ability to purchase raw materials and sell products at profitable prices, reduce the value of the Group's assets and revenues, and increase liabilities and costs.

We are also exposed to interest rate risk. Fluctuations in interest rates may affect our interest expense on existing debt and the cost of new financing. We occasionally use swaps to manage this risk, but sustained increases in interest rates could nevertheless materially adversely affect our business, financial condition and results of operations.

In addition, we are exposed to movements in the price of natural gas. We try to ensure that natural gas prices are fixed for future periods but do not always do so because the future prices can be far in excess of the spot price. We do not use commodity futures contracts to limit the fluctuations in prices paid and the potential volatility in earnings and cash flows from future market price movements.

It is difficult to compare our results of operations from period to period.

It is difficult to make period-to-period comparisons of our results of operations. The Group has been created as a result of a series of acquisitions and other corporate transactions over a number of years. These acquisitions have had and are expected to continue to have a positive effect on our results of operations in subsequent periods following their completion and integration. Furthermore, our sales and, therefore, our net operating income are variable within the fiscal year due to the seasonality described above. Thus, for all of these reasons, a period-to-period comparison of our results of operations may not be meaningful.

Interrupted energy supplies and higher energy costs may have a material adverse effect on our business.

We use natural gas, electrical power, oil, oxygen and, in limited circumstances, liquefied petroleum gas to manufacture our products. These energy sources are vital to our operations and we rely on a continuous power supply to conduct our business. Energy prices are subject to considerable volatility. We are not able to predict to what extent energy prices will vary in the future. If energy costs increase further in the future, we could experience a significant increase in operating costs, which could, if we are not able to recover these costs increases from our customers through selling price increases, have a material adverse effect on our business, financial condition or resulting operations.

Our manufacturing facilities are subject to operating hazards.

Our manufacturing processes involve heating glass to extremely high temperatures as well as operating heavy machinery and equipment, which entail a number of risks and hazards, including industrial accidents, leaks and ruptures, explosions, fires, mechanical failures and environmental hazards, such as spills, storage tank leaks, discharges or releases of hot glass or toxic or hazardous substances and gases, all with potential requirements for environmental remediation and civil, criminal and administrative sanctions and liabilities. These hazards may cause unplanned business interruptions, unscheduled downtime, transportation interruptions, personal injury and loss of life, severe damage to or the destruction of property and equipment, environmental contamination and other environmental damage, civil, criminal and administrative sanctions and liabilities, and third-party claims, any of which may have a material adverse effect on our business, financial condition and results of operations.

We are involved in a continuous manufacturing process with a high degree of fixed costs. Any interruption in the operations of our manufacturing facilities may adversely affect our business, financial condition and results of operations.

All of the Group's manufacturing activities take place at facilities we own or that are leased by the Group. We conduct regular maintenance on all of our operating equipment. However, due to the extreme operating conditions inherent in some of our manufacturing processes, there can be no assurances that we will not incur unplanned business interruptions due to furnace breakdowns or similar manufacturing problems or that such interruptions will not have an adverse impact on our business, financial condition and results of operations. There can be no assurance that alternative production capacity would be available in the future if a major disruption were to occur or, if it were available, that it could be obtained on favourable terms. A disruption in such circumstances could have a material adverse effect on our business, financial condition and results of operations.

To the extent that we experience any furnace breakdowns or similar manufacturing problems, we will be required to make capital expenditures even though we may not have available resources at such time and we may not be able to meet customer demand, which would result in a loss of revenues. As a result, our liquidity may be impaired as a result of such expenditures and loss of revenues.

A mechanical failure or disruption affecting any major operating line may result in a disruption to our ability to supply customers, and standby capacity may not be available. The potential impact of any disruption would depend on the nature and extent of the damage caused to such facility. Further, the Group's facilities in geographically vulnerable areas such as California and Italy may be disrupted by the occurrence of natural phenomena, such as earthquakes, tsunamis and hurricanes.

Our business requires relatively high levels of capital investments, which we may be unable to fund.

Our business requires relatively high levels of capital investments, including maintenance and expansionary expenditures. We may not be able to make such capital expenditures if we do not generate sufficient cash flow from operations, have funds available for future borrowing under our existing credit facilities to cover these capital expenditure requirements, or if we were restricted from incurring additional debt to cover such expenditures or as a result of a combination of these factors. If we are unable to meet our capital expenditure plans, we may not be able to maintain our manufacturing capacity, which may negatively impact our competitive position and ultimately, our revenues and profitability. If we are unable to meet our maintenance capital expenditure plans, our manufacturing capacity may decrease, which may have a material adverse effect on our profitability.

Our expansion strategy may adversely affect our business.

We aim over the longer term to continue to capitalise on strategic opportunities to expand our glass packaging and metal packaging activities. We believe that such future expansion is likely to require the further acquisition of existing businesses. Because we believe that such businesses may be acquired with modest equity and relatively high levels of financial leverage given the cash-generating capabilities of both our business streams, our leverage may increase in the future in connection with any acquisitions. This could have an adverse effect on our business, financial condition and results of operations. In addition, any future expansion is subject to various risks and uncertainties, including the inability to integrate effectively the operations, personnel or products of acquired companies and the potential disruption of existing businesses and diversion of management's attention from our existing businesses. Furthermore, there can be no assurances that any future expansions will achieve positive results.

We are subject to various environmental and other legal requirements and may be subject to new requirements of this kind in the future that could impose substantial costs upon us.

Our operations and properties are subject to extensive international, EU, US, national, provincial, regional and local laws, ordinances, regulations and other legal requirements relating to environmental protection. Such laws and regulations which may affect our operations include requirements regarding remediation of contaminated soil, groundwater and buildings, water supply and use, natural resources, water discharges, air emissions, waste management, noise pollution, asbestos and other deleterious materials, the generation, storage, handling, transportation and disposal of regulated materials, product safety, and workplace health and safety.

The scope of such laws and regulations varies across the different jurisdictions in which we operate. Our operations and properties in the Member States of the European Union must comply with the legal requirements of the relevant Member State, as well as EU and international legal requirements. Similarly, our operations and properties in the United States must comply with federal, state and local requirements. These requirements may have a material adverse effect on our business, financial condition and results of operations.

We have incurred, and expect to continue to incur, costs to comply with such legal requirements, and these costs could increase in the future. Environmental laws and regulations and their enforcement are and continue to become increasingly stringent. We require a variety of permits to conduct our operations, including operating permits such as those required under various US laws, including the federal Clean Air Act, and the EU Directive on Integrated Pollution Prevention and Control, water and trade effluent discharge permits, water abstraction permits and waste permits. We are in the process of applying for, or renewing, permits at a number of our sites. Failure to obtain and maintain the relevant permits, as well as noncompliance with such permits, could have a material adverse effect on our business, financial condition and results of operations. If we were to violate or fail to comply with these laws and regulations or our permits, we could be subject to criminal, civil and administrative sanctions and liabilities, including substantial fines and orders, or a partial or total shutdown of our operations.

Moreover, our business is energy intensive, which results in the emission of products of combustion and the high temperature oxidation of atmospheric nitrogen (i.e. sulfur dioxide, carbon dioxide and nitrogen oxides). We are also subject to laws and regulations which restrict air emissions. In order to comply with air emission restrictions, significant capital investments may be necessary at some sites.

For example, in order to comply with US environmental regulations and the demands of the US Environmental Protection Agency (the “EPA”), VNA agreed to make sizable investments to replace or install new electrostatic precipitators and other equipment in order to control the air emissions at its sites located in the United States. In 2010, after many years of negotiations between VNA, the US Department of Justice and the EPA, VNA and the EPA signed a global consent decree in order to bring the business into compliance with required practices concerning nitrogen oxide, sulfur oxide and dust emissions. To comply with this agreement, which was approved by the courts on 7 May, 2010, VNA has made and will continue to make investments estimated at up to an aggregate of $112 million over a ten-year period, excluding operating costs of the systems installed. In addition, VNA paid a penalty amounting to $2.5 million excluding interest pursuant to this consent decree.

The EPA has more broadly targeted the glass container, flat glass, mineral wool and fiber sectors as part of an enforcement initiative involving high fuel combustion sources. As a result of such enforcement efforts, the EPA has required, among other things, some companies to implement enhanced emission controls meeting Best Available Control Technology (BACT) standards. We have also received notices of violation from the EPA for alleged violations under the Clean Air Act’s Prevention of Significant Deterioration, New Source Performance Standards and Title V provisions stemming from past furnace-related projects at certain of our facilities, including furnace-related projects conducted by third parties who owned the facilities before us. Moreover, the EPA has sent information requests to each of our other facilities concerning furnace-related projects, which could culminate in notices of violation or other enforcement.

The EPA has identified projects of concern with respect to certain of our US plants. We are at present in discussions with the EPA about these projects of concern and, to date, the EPA has not initiated formal penalty proceedings or litigation against us. Nevertheless, these information requests and notices of violation could result in the imposition of stricter emissions standards for these facilities and the need to incur significant capital expenditure. In addition, they could result in the imposition of significant fines or penalties and possibly a total or partial shutdown of our operations.

In Germany, technical guidelines, TA Luft, set forth emission thresholds which could potentially result in stricter limits in the future and require additional investment in our operations in Germany in order to meet them. Our business is also affected by the EU Emissions Trading Scheme which limits emissions of greenhouse gases. This scheme, any future changes to it and any additional measures required to control the emission of greenhouse gases that may apply to our operations could have a material adverse effect on our business, financial condition and results of operations. Recently the EPA has also begun to regulate certain greenhouse gas emissions under the Clean Air Act, although this regulation has been challenged in court.

Similarly, the transposition and implementation of the proposed directive on industrial emissions called the “IED Directive”, which effectively replaces the EU Directive on Integrated Pollution Prevention and Control, could lead to a strengthening of the use of “best available techniques” to control or reduce the environmental impact of our operations.

Concerning the example of nitrogen oxide emissions, this could result in the installation of catalytic systems at some of our sites. In the United States, we believe that it is likely that regulatory measures similar to those under the IED Directive could also be adopted in the short or medium term; nevertheless we cannot foresee at this stage the impact that such measures would likely have on our business, financial condition and results of operations. If such measures are adopted, we will have to proceed with the necessary investments to reduce and control our own consumption and emissions in order to comply with the new applicable standards.

Changes to the laws and regulations governing the materials that are used in our manufacturing operations may impact the price of such materials or result in such materials no longer being available, which could have a material adverse effect on our business, financial condition and results of operations. The European Union passed regulations concerning the Registration, Evaluation, Authorisation and Restriction of Chemicals (“REACH”), which place onerous obligations on the manufacturers and importers of substances, preparations and articles containing substances, and which may have a material adverse effect on our business. Furthermore, substances we use may have to be removed from the market (under REACH’s authorisation and restriction provisions) or need to be substituted for alternative chemicals which may also adversely impact upon our operations.

Sites at which we operate often have a long history of industrial activities and may be, or have been in the past, engaged in activities involving the use of materials and processes that could give rise to contamination and result in potential liability to investigate or remediate, as well as claims for alleged damage to persons, property or natural resources. Liability may be imposed on us as owners, occupiers or operators of contaminated facilities. These legal requirements may apply to contamination at sites that we currently or formerly owned, occupied or operated, or that were formerly, owned, occupied or operated by companies we acquired or at sites where we have sent waste offsite for treatment or disposal. Regarding companies acquired by us, there can be no assurances that our due diligence investigations identified or accurately quantified all material environmental matters related to the acquired facilities. Furthermore, from time to time our group of companies closes manufacturing or other industrial sites. The closure of a site may accelerate the need to investigate and remediate any contamination at the site.

Soil and groundwater contamination has been identified at a number of our current and former sites and other sites have been identified as sites that have potential for contamination. At certain sites, remediation work has already been, or is currently being, undertaken, in consultation with regulatory authorities where necessary. Should our operations cause environmental damage in the future or currently unknown conditions are discovered, we may be required to undertake additional remedial measures or face related claims or enforcement proceedings. The costs associated with remediation works or related proceedings can be substantial and could have a material adverse effect on our business, financial condition and results of operations.

Changes in product requirements and their enforcement may have a material impact on our operations.

Changes in laws and regulations relating to deposits on, and the recycling of, glass or metal containers could adversely affect our business if implemented on a large scale in the major markets in which we operate. Changes in laws and regulations laying down restrictions on, and conditions for use of, food contact materials or on the use of materials and agents in the production of our products could likewise adversely affect our business. Changes to health and food safety regulations could increase costs and also might have a material adverse effect on revenues if, as a result, the public attitude toward end-products, for which we provide packaging, were substantially affected.

Additionally, the effectiveness of new standards such as the ones related to recycling or deposits on different packaging materials could result in excess costs or logistical constraints for some of our customers who could choose to reduce their consumption and even terminate the use of glass packaging for their products. We could thus be forced to reduce, suspend or even stop the production of certain types of products. The regulatory changes could also affect our prices, margins, investments and activities, particularly if these changes resulted in significant or structural changes in the market for food packaging that might affect the market shares for glass, the volumes produced or production costs.

Environmental concerns could lead United States or EU bodies to implement other regulations that are likely to be restrictive for us and have a material negative impact on our or its business, financial condition and results of operations. In the European Union, each bottle cannot, in principle, contain more than 100 parts per million (“ppm”) of heavy metals pursuant to Directive 94/62/CE on Packaging and Packaging Waste. As an exception, bottles manufactured from recycled glass may contain more than 100 ppm of heavy metals. However, this exception is not acceptable for bottles decorated with enamels containing heavy metals even at miniscule levels. Given the difficulty that compliance with the 100 ppm per bottle limit may represent, some bottles produced by us from recycled glass may no longer be eligible for the subsequent addition of decoration containing heavy metals in order not to lose the benefit of the above-mentioned exception.

Similarly, in the United States, some state regulations set the concentration of certain heavy metals in packaging at 100 ppm and provide for an exception to this rule in the event of additions of recycled packaging. Because this exemption has expired in certain states, the bottles manufactured from recycled glass that have a heavy metals concentration higher than 100 ppm could be noncompliant, which could have a negative impact on our earnings, financial situation, assets or image.

Other changes, such as restrictions on bisphenol A in coatings for some of our products, which have been proposed or adopted in the European Union and some of its Member States, have required us to develop substitute materials for our production.

We could incur significant costs in relation to claims of injury and illness resulting from materials present or used at our production sites or from our use of these sites or from our products.

As is the case in a number of other industrial processes that deal with high temperatures, asbestos was once present in the glass-making industry, primarily in safety equipment, until measures were taken to substitute this material for other materials made possible through technological advances. Since the 1990s, items made of asbestos have gradually been removed at our sites in Western Europe and the United States. Because of the age of some of our sites, however, asbestos-cement may have been used in construction and may still be present at these sites. When these buildings are modernised or repaired, the cost of upgrades is higher because of the restrictions associated with removing asbestos-containing materials.

We are exposed to claims alleging injury or illness associated with asbestos and related compensation over and above the support that may be offered through various existing social security systems in countries where we operate.

Claims associated with our glass-making activity exist and may arise for reasons associated with the work environment unrelated to the presence of asbestos. For example, claims have arisen and could further arise associated with the acoustic environment generated by forming machines, the use of glass sand in making glass and products likely to contain heavy metals or solvents for decoration. We may also face the risk of work-related health claims owing to materials present or used at our production sites such as silicosis, and, under certain conditions, Legionnaires’ disease. In September 2013 the US Occupational Safety and Health Administration proposed rulemaking that would, if adopted, decrease by 50% the permissible exposure limit to crystalline silica and require engineering controls to safeguard employees from such exposure. The proposed ruling is currently scheduled to become final in early 2016. Silica is a significant component of the raw material for glass containers and is also contained in refractories, or bricks, used in glass container manufacturing operations.

We are also exposed to claims alleging musculoskeletal disorders caused by performing certain repetitive operations or motions. We could also face claims alleging illness or injury from use of the products that we manufacture or sell. If these claims succeed, they could have a material adverse impact on our business, financial situation, assets and earnings.

We have potential indemnification obligations relating to divestments.

We have disposed of a number of businesses. Pursuant to these agreements, we may be required to provide indemnifications to the acquirers for damages resulting from a breach of any representation, warranty or covenants contained therein. The indemnification obligations under these agreements are subject to certain monetary and other limitations. To the extent that we are required to make any significant payments under these indemnification provisions, these payments could adversely impact our business, financial condition and results of operations.

We could incur significant costs due to the location of some of our industrial sites in urban areas.

Obtaining, renewing or maintaining permits and authorisations issued by administrative authorities necessary to operate our production plants could be made more difficult due to the increasing urbanisation of the sites where some of our manufacturing plants are located. Some of our old sites are located in urban areas such as Seattle. Urbanisation could lead to more stringent operating conditions (by imposing traffic restrictions for example), conditions for obtaining or renewing the necessary authorisations, the refusal to grant or renew these authorisations, or expropriations of these sites in order to allow urban planning projects to proceed.

The occurrence of such events could result in us incurring significant costs. There can be no assurance that the occurrence of such events would entitle us to partial or full compensation.

Changes in consumer lifestyle, nutritional preferences and health-related concerns could adversely affect our business.

Certain end products represent a significant proportion of our packaging market. In the past, the occurrence of diseases such as bovine spongiform encephalopathy and swine fever have sometimes led to reduced demand for associated canned products, such as sauces, soups and ready meals, and publicity about the supposed carcinogenic effect of coatings used on some cans may have affected sales of canned products. Any decline in the popularity of these product types as a result of lifestyle, nutrition and health considerations could have a significant impact on our customers and could have a material adverse impact on our business, financial condition and results of operations.

Organised strikes or work stoppages by unionised employees may have a material adverse effect on our business.

Many of our operating companies are party to collective bargaining agreements with trade unions. These agreements cover the majority of our employees. Upon the expiration of any collective bargaining agreement, our operating companies' inability to negotiate acceptable contracts with trade unions could result in strikes by the affected workers and increased operating costs as a result of higher wages or benefits paid to union members. If the unionised workers were to engage in a strike or other work stoppage, we could experience a significant disruption of operations and/or higher on-going labour costs, which may have a material adverse effect on our business, financial condition and results of operations.

Failure of control measures and systems resulting in faulty or contaminated product could have a material adverse effect on our business.

We have strict control measures and systems in place to ensure that the maximum safety and quality of our products is maintained. The consequences of a product not meeting these rigorous standards, due to, among other things, accidental or malicious raw materials contamination or due to supply chain contamination caused by human error or equipment fault could be severe. Such consequences might include adverse effects on consumer health, litigation exposures, loss of market share, financial costs and loss of revenues.

In addition, if our products fail to meet our usual rigorous standards, we may be required to incur substantial costs in taking appropriate corrective action (up to and including recalling products from consumers) and to reimburse customers and/or end consumers for losses that they suffer as a result of this failure. Customers and end consumers may seek to recover these losses through litigation and, under applicable legal rules, may succeed in any such claim despite there being no negligence or other fault on our part. Placing an unsafe product on the market, failing to notify the regulatory authorities of a safety issue, failing to take appropriate corrective action and failing to meet other regulatory requirements relating to product safety could lead to regulatory investigation, enforcement action and/or prosecution. Any product quality or safety issue may also result in adverse publicity, which may damage our reputation. This could in turn have a material adverse effect on our business, financial condition and results of operations. Although we have not had material claims for damages for defective products in the past, and have not conducted any substantial product recalls or other material corrective action, these events may occur in the future.

In certain contracts, we provide warranties in respect of the proper functioning of our products and the conformity of a product to the specific use defined by the customer.

In addition, if the product contained in packaging manufactured by us is faulty or contaminated, it is possible that the manufacturer of the product in question may allege that the packaging provided by the Group is the cause of the fault or contamination, even if the packaging complies with contractual specifications. Furthermore, in certain countries, certain players of the distribution chain market refill bottles even though they may not be designed for this purpose.

In case of the failure of packaging produced by us to open properly or to preserve the integrity of its contents, we could face liability to our customers and to third parties for bodily injury or other tangible or intangible damages suffered as a result. Such liability, if it were to be established in relation to a sufficient volume of claims or to claims for sufficiently large amounts, could have a material adverse effect on our business, financial condition and results of operations.

Our existing insurance coverage may be insufficient and future coverage may be difficult or expensive to obtain.

Although we believe that our insurance policies provide adequate coverage for the risks inherent in our business, these insurance policies typically exclude certain risks and are subject to certain thresholds and limits. There can be no assurances that our property, plant and equipment and inventories will not suffer damages due to unforeseen events or that the proceeds available from our insurance policies will be sufficient to protect us from all possible loss or damage resulting from such events. As a result, our insurance coverage may prove to be inadequate for events that may cause significant disruption to our operations, which may have a material adverse effect on our business, financial condition and results of operations.

We may suffer indirect losses, such as the disruption of our business or third-party claims of damages, as a result of an insured risk event. While we carry business interruption insurance and general liability insurance, they are subject to certain limitations, thresholds and limits, and may not fully cover all indirect losses.

We renew our insurance policies on an annual basis. The cost of coverage may increase to an extent that we may choose to reduce our policy limits or agree to certain exclusions from our coverage. Among other factors, adverse political developments, security concerns and natural disasters in any country in which we operate may materially adversely affect available insurance coverage and result in increased premiums for available coverage and additional exclusions from coverage.

The Group’s food packaging sales could be affected adversely by changes in EU agricultural subsidy rules.

Certain subsidies are provided to agricultural producers under EU rules governing the production of various fruit, vegetable and dairy products. The availability of these subsidies may affect levels of production for certain agricultural products. Any reduction in existing subsidy levels could lead to a reduction in harvest or canning operations and therefore could have a material adverse effect on our business, financial condition and results of operations.

Our business may suffer if we do not retain our senior management and qualified staff.

We depend on our senior management. Although we do not anticipate that we will have to replace any of our senior management team in the near future, the loss of services of any of the members of our senior management could adversely affect our business until a suitable replacement can be found. There may be a limited number of persons with the requisite skills to serve in these positions and there can be no assurances that we would be able to locate or employ such qualified personnel on terms acceptable to us or at all.

One of Ardagh’s existing shareholders can exert considerable control over Ardagh.

The interests of some controlling shareholders may not be entirely consistent with our interests or those of other shareholders or our debt holders. It is possible that the controlling shareholders may take actions in relation to our business that are not entirely in our best interests or the best interests of the shareholders of Ardagh Group S.A., our ultimate parent company, or our debt holders. Paul Coulson is Chairman of the Board of Directors of Ardagh Group S.A.. A company owned by him owns approximately 21% of the issued share capital of Ardagh Group S.A., and through its investment in the Yeoman group of companies he has an interest in a further approximately 39% of the issued share capital of Ardagh Group S.A.. He is also a member of the board of directors of various Yeoman group companies.

Ardagh’s directors and senior management team (including directors of Ardagh Group S.A. other than Paul Coulson), collectively own approximately 20% of the total share capital of Ardagh Group S.A. of which approximately 9.5% is owned by a company owned by Niall Wall, Group Chief Executive Officer.

Paul Coulson, Wolfgang Baertz, Brendan Dowling and Herman Troskie also serve as directors in the Yeoman group of companies. As a result of their ownership and positions, Yeoman and Messrs. Coulson, Baertz, Dowling and Troskie are each able to significantly influence, through Yeoman, all matters requiring shareholder approval, including the election of directors and approval of significant corporate transactions. See “Board of Directors, Senior Management and employees”, and “Major Shareholders and Related Party Transactions”.

We have established several committees, including an audit committee and a remuneration committee, in order to ensure that the control exercised by our major shareholders is exercised through appropriate corporate governance structures.

ArdaghGroup

Financial Statements

INDEX TO THE FINANCIAL STATEMENTS

Non-statutory consolidated financial statements of Ardagh Packaging Holdings Limited for the year ended 31 December 2015

Non-statutory parent company financial statements of Ardagh Finance Holdings S.A. for the year ended 31 December 2015

INDEPENDENT AUDITOR'S REPORT TO THE DIRECTORS OF ARDAGH PACKAGING HOLDINGS LIMITED

Report on the non–statutory consolidated financial statements

Our opinion

In our opinion, APHL's non-statutory consolidated financial statements:

- give a true and fair view of the Group's assets, liabilities and financial position as at 31 December 2015 and of its profit and cash flows for the year then ended; and
- have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union.

What we have audited

The financial statements comprise:

- the Consolidated Statement of Financial Position at 31 December 2015;
- the Consolidated Income Statement and Consolidated Statement of Comprehensive Income for the year then ended;
- the Consolidated Statement of Changes in Equity for the year then ended;
- the Consolidated Statement of Cash Flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is International Financial Reporting Standards as adopted by the European Union.

In applying the financial reporting framework, the Directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the Directors

As explained more fully in the Statement of Directors' Responsibilities for Financial Statements set out on page F-4, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinion, has been prepared for and only for the Company's Directors, as a body, in accordance with our engagement letter dated 16 November 2015 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come, including without limitation under any contractual obligations of the company, save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the Group's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the Directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the Directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Other matter

We draw attention to the fact that these financial statements have not been prepared under section 293 of the Companies Act 2014 and are not the company's statutory consolidated financial statements.

PricewaterhouseCoopers
Chartered Accountants
Dublin

29 February 2016

STATEMENT OF DIRECTORS' RESPONSIBILITIES FOR FINANCIAL STATEMENTS

The Directors are responsible for preparing the non-statutory financial statements in accordance with IFRS as adopted by the EU and for being satisfied that they give a true and fair view of the Group's assets, liabilities, and financial position at 31 December 2015 and of its profit and cash flows for the year then ended. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state that the financial statements comply with IFRS as adopted by the EU; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Directors confirm that they have complied with the above requirements in preparing the financial statements.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website at www.ardaghgroup.com.

These financial statements have been authorised for issue by the Directors on 29 February 2016.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2015

	Note	2015 €m	2014 €m
Non-current assets			
Intangible assets	3	1,810	1,762
Property, plant and equipment	4	2,307	2,223
Derivative financial instruments	12	-	40
Deferred tax assets	6	178	184
Other non-current assets	5	14	10
		4,309	**4,219**
Current assets			
Inventories	7	825	770
Trade and other receivables	8	651	692
Derivative financial instruments	12	-	2
Cash and cash equivalents	9	539	403
Restricted cash	9	11	9
		2,026	**1,876**
TOTAL ASSETS		**6,335**	**6,095**
Equity attributable to owners of the parent			
Ordinary shares	10	-	-
Capital contribution		101	101
Other reserves		(243)	(105)
Retained earnings		(1,220)	(1,306)
		(1,362)	**(1,310)**
Non-controlling interests		2	2
Total equity		**(1,360)**	**(1,308)**
Non-current liabilities			
Borrowings	12	5,385	5,181
Employee benefit obligations	13	720	723
Deferred tax liabilities	6	451	455
Provisions	15	48	33
		6,604	**6,392**
Current liabilities			
Borrowings	12	7	4
Interest payable		75	80
Derivative financial instruments	12	7	7
Trade and other payables	14	878	803
Income tax payable		76	67
Provisions	15	48	50
		1,091	**1,011**
Total liabilities		**7,695**	**7,403**
TOTAL EQUITY and LIABILITIES		**6,335**	**6,095**

The notes to the non-statutory consolidated financial statements are an integral part of these consolidated financial statements.

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2015

		2015			2014		
	Note	Before exceptional items €m	Exceptional items €m	Total €m	Before exceptional items €m	Exceptional items €m	Total €m
			Note 18			Note 18	
Revenue	16	5,199	-	5,199	4,733	-	4,733
Cost of sales		(4,285)	(37)	(4,322)	(3,970)	(122)	(4,092)
Gross profit/(loss)		**914**	**(37)**	**877**	**763**	**(122)**	**641**
Sales, general and administration expenses		(274)	(44)	(318)	(246)	(35)	(281)
Intangible amortisation	3	(109)	-	(109)	(88)	(33)	(121)
Loss on disposal of businesses		-	-	-	-	(159)	(159)
Operating profit/(loss)		**531**	**(81)**	**450**	**429**	**(349)**	**80**
Finance expense	19	(353)	(13)	(366)	(348)	(126)	(474)
Profit/(loss) before tax		**178**	**(94)**	**84**	**81**	**(475)**	**(394)**
Income tax (charge)/credit	20			(43)			3
Profit/(loss) for the year				**41**			**(391)**
Profit/(loss) attributable to:							
Owners of the parent				41			(391)
Non-controlling interests				-			-
Profit/(loss) for the year				**41**			**(391)**

The notes to the non-statutory consolidated financial statements are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	2015 €m	2014 €m
Profit/(loss) for the year		**41**	**(391)**
Other comprehensive income			
Items that may subsequently be reclassified to profit or loss			
Foreign currency translation adjustments:			
-Arising in the year		(139)	(148)
-Reclassification to income statement on disposal of businesses		-	(1)
		(139)	**(149)**
Effective portion of changes in fair value of cash flow hedges			
-New fair value adjustments into reserve		44	36
-Movement out of reserve		(43)	(34)
		1	**2**
Items that will not be reclassified to profit or loss			
-Re-measurements of employee benefit obligations	13	72	(123)
-Deferred tax movement on employee benefit obligations	6	(27)	31
		45	**(92)**
Other comprehensive expense for the year		**(93)**	**(239)**
Total comprehensive expense for the year		**(52)**	**(630)**
Attributable to:			
Owners of the parent		(52)	(630)
Non-controlling interests		-	-
Total comprehensive expense for the year		**(52)**	**(630)**

The notes to the non-statutory consolidated financial statements are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2015

	Attributable to owners of the parent						
	Capital contribution €m	Retained earnings €m	Foreign currency translation adjustment €m	Cash flow hedges €m	**Total €m**	Non-controlling interests €m	**Total equity €m**
1 January 2015	101	(1,306)	(102)	(3)	**(1,310)**	2	**(1,308)**
Profit for the year	-	41	-	-	**41**	**-**	**41**
Other comprehensive income/(expense)	-	45	(139)	1	**(93)**	**-**	**(93)**
31 December 2015	**101**	**(1,220)**	**(241)**	**(2)**	**(1,362)**	**2**	**(1,360)**

	Attributable to owners of the parent						
	Capital contribution €m	Retained earnings €m	Foreign currency translation adjustment €m	Cash flow hedges €m	**Total €m**	Non-controlling interests €m	**Total equity €m**
1 January 2014	101	(823)	47	(5)	**(680)**	2	**(678)**
Loss for the year	-	(391)	-	-	**(391)**	-	**(391)**
Other comprehensive (expense)/income	-	(92)	(149)	2	**(239)**	-	**(239)**
31 December 2014	**101**	**(1,306)**	**(102)**	**(3)**	**(1,310)**	**2**	**(1,308)**

The notes to the non-statutory consolidated financial statements are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	2015 €m	2014 €m
Cash flows from operating activities			
Cash generated from operations	21	950	701
Interest paid		(323)	(316)
Income tax paid		(59)	(35)
Net cash from operating activities		**568**	**350**
Cash flows from investing activities			
Purchase of business net of cash acquired		-	(1,038)
Proceeds received from disposal of businesses		-	397
Purchase of property, plant and equipment		(304)	(321)
Purchase of software and other intangibles		(8)	(10)
Proceeds from disposal of property, plant and equipment		8	17
Net cash used in investing activities		**(304)**	**(955)**
Cash flows from financing activities			
Repayment of borrowings		(198)	(2,591)
Proceeds from the termination of derivative financial instruments	12	81	-
Early redemption premium costs paid		(8)	(97)
Deferred debt issue costs paid		(1)	(56)
Proceeds from borrowings		-	3,469
Net (outflow)/inflow from financing activities		**(126)**	**725**
Net increase in cash and cash equivalents		**138**	**120**
Cash and cash equivalents at the beginning of the year	9	412	294
Exchange losses on cash and cash equivalents		-	(2)
Cash and cash equivalents at the end of the year	9	**550**	**412**

The notes to the non-statutory consolidated financial statements are an integral part of these consolidated financial statements.

NOTES TO THE NON-STATUTORY CONSOLIDATED FINANCIAL STATEMENTS

1. General information

APHL was incorporated and registered in the Republic of Ireland as a private company on 5 August 2005. Its ultimate parent company is Ardagh Group S.A..

The Company's Registered Office is:
4 Richview Office Park
Clonskeagh
Dublin 14
Ireland

These consolidated financial statements do not represent statutory financial statements as defined in Section 274 of the Irish Companies Act, 2014. Statutory financial statements for APHL for the year ended 31 December 2014, upon which the auditor has given an unqualified audit report, have been filed with the Irish Registrar of Companies. Statutory accounts for APHL for the year ended 31 December 2015 will be filed in due course.

2. Summary of significant accounting policies

Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with, and are in compliance with, IFRS as adopted by the EU and related interpretations. IFRS is comprised of standards and interpretations approved by the IASB and IAS and interpretations approved by the predecessor International Accounting Standards Committee that have been subsequently approved by the IASB and remain in effect. IFRS as adopted by the EU differ in certain respects from IFRS as issued by the IASB. References to IFRS hereafter should be construed as references to IFRS as adopted by the EU.

The consolidated financial statements, which are presented in euro rounded to the nearest million, have been prepared under the historical cost convention except for the following:

- derivative financial instruments are stated at fair value; and
- employee benefit obligations are measured at the present value of the future estimated cash flows related to benefits earned and pension assets valued at fair value.

The preparation of consolidated financial information in accordance with IFRS requires the use of critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and income and expenses. It also requires management to exercise judgement in the process of applying Group accounting policies. These estimates, assumptions and judgements are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances and are subject to continual re-evaluation. However, actual outcomes may differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are discussed in the critical accounting estimates and judgements.

The consolidated financial statements for the Group were authorised for issue by the Board of Directors of APHL on 29 February 2016.

Reclassification of prior year comparative figures

Certain reclassifications of prior year amounts have been made to conform with the current year presentation, none of which are considered material to the financial statements taken as a whole.

Changes in accounting policy and disclosures

Adoption of International Financial Reporting Interpretations Committee (IFRIC) interpretations

IFRIC 21, 'Levies' sets out the accounting for an obligation to pay a levy if that liability is within the scope of IAS 37, 'Provisions'. The interpretation addresses what the obligating event is that gives rise to pay a levy and when a liability should be recognised. This standard is effective since 1 January 2015. The Group has noted no material impact on the results or the net assets of the Group.

Applicable accounting standards issued but not yet effective

The following standards and amendments to existing standards have been published and are mandatory, subject to EU endorsement, for the Group's accounting periods beginning on or after 1 January 2017 or later periods:

IFRS 15, 'Revenue from contracts with customers' deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18, 'Revenue' and IAS 11, 'Construction contracts' and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2018 and earlier application is permitted. The Group is assessing the impact of IFRS 15, but it is not expected to be material. The Group will apply IFRS 15 subject to EU endorsement.

IFRS 9, 'Financial instruments'. IFRS 9 is the first standard issued as part of a wider project to replace IAS 39. IFRS 9 has been completed in a number of phases and includes requirements on the classification and measurement of financial assets and liabilities. It also includes an expected credit loss model that replaces the incurred loss impairment model currently used as well as hedge accounting amendments. The Group is assessing the impact of IFRS 9, but it is not expected to be material. This standard becomes effective for annual periods commencing on or after 1 January 2018 however is subject to endorsement by the EU. The Group will apply IFRS 9 subject to EU endorsement.

IFRS 16, 'Leases', sets out the principles for the recognition, measurement, presentation and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of the entity. IFRS 16 replaces IAS 17, 'Leases', and later interpretations and will result in most operating leases being recorded on the Conslidated Statement of Financial Position. The Group is assessing the impact of IFRS 16, but it is not expected to be material. IFRS 16 is effective for annual periods beginning on or after 1 January 2019, subject to EU endorsement. The Group will apply IFRS 16 subject to EU endorsement.

There are no other accounting standards or IFRIC guidance that are not yet effective that would be expected to have a material impact on the Group.

Basis of consolidation

(i) Subsidiaries

Subsidiaries are fully consolidated from the date on which control is transferred to the Group and are de-consolidated from the date on which control ceases. Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is the consideration given in exchange for control of the identifiable assets, liabilities and contingent liabilities of the acquired legal entities. Directly attributable transaction costs are expensed and included as exceptional items within sales, general and administration expenses. The acquired net assets are initially measured at fair value. The excess of the cost of acquisition over the fair value of the identifiable net assets acquired is recorded as goodwill. Any goodwill and fair value adjustments are recorded as assets and liabilities of the acquired legal entity in the currency of the primary economic environment in which the legal entity operates (the "functional currency"). If the cost of acquisition is less than the fair value of the Group's share of the net assets of the legal entity acquired, the difference is recognised directly in the Consolidated Income Statement. The Group considers obligations of the acquiree in a business combination that arise as a result of the change in control, to be cash flows arising from obtaining control of the controlled company, and classifies these obligations as investing activities in the Consolidated Statement of Cash Flows.

(ii) Transactions eliminated on consolidation

Transactions, balances and unrealised gains or losses on transactions between Group companies are eliminated. Subsidiaries' accounting policies have been changed where necessary to ensure consistency with the policies adopted by the Group.

Foreign currency

Items included in the financial statements of each of the Group's entities are measured using the functional currency of that entity.

Transactions in foreign currencies are translated into the functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement, except: (i) differences on foreign currency borrowings that provide an effective hedge against a net investment in a foreign entity ("net investment hedges"), which are taken to other comprehensive income until the disposal of the net investment, at which time they are recognised in the income statement; and (ii) differences on certain derivative financial instruments discussed under "Derivative financial instruments" below. Net investment hedges are accounted for in a similar manner to cash flow hedges. The gain or loss relating to the ineffective portion of a net investment hedge is recognised immediately in the income statement within finance income or expense.

The assets and liabilities of foreign operations are translated into euro at foreign exchange rates ruling at the reporting date. The revenues and expenses of foreign operations are translated to euro at average exchange rates for the year. Foreign exchange differences arising on retranslation and settlement of such transactions are recognised in other comprehensive income. Gains and losses accumulated in other comprehensive income are recycled to the income statement when the foreign operation is sold.

Non-monetary items measured at fair value in foreign currency are translated using the exchange rates as at the date when the fair value is determined.

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the net identifiable assets of the acquired subsidiary at the date of acquisition.

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to those groups of cash-generating units ("CGUs") that are expected to benefit from the business combination in which the goodwill arose for the purpose of assessing impairment. Goodwill is tested annually for impairment.

Intangible assets

Intangible assets are initially recognised at cost.

Intangible assets acquired as part of a business combination are capitalised separately from goodwill if the intangible asset is separable or arises from contractual or other legal rights. They are initially recognised at cost which, for intangible assets arising in a business combination, is their fair value at the date of acquisition.

Subsequent to initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. The carrying values of intangible assets with finite useful economic lives are reviewed for indicators of impairment at each reporting date and are subject to impairment testing when events or changes in circumstances indicate that the carrying values may not be recoverable.

The amortisation of intangible assets is calculated to write off the book value of finite lived intangible assets over their estimated useful economic lives on a straight-line basis on the assumption of zero residual value as follows:

Computer software	2 - 7 years
Customer relationships	5 - 15 years
Technology	8 - 15 years

(i) Computer software

Computer software development costs are recognised as assets. Costs associated with maintaining computer software programmes are recognised as an expense as incurred.

(ii) Customer relationships

Customer relationships acquired in a business combination are recognised at fair value at the acquisition date. The customer relationships have a finite useful economic life and are carried at cost less accumulated amortisation.

(iii) Technology

Technology based intangibles acquired in a business combination are recognised at fair value at the acquisition date and reflect the Group's ability to add value through accumulated technological expertise surrounding product and process development.

(iv) Research and development costs

Research costs are expensed as incurred. Development costs relating to new products are capitalised if the new product is technically and commercially feasible. All other development costs are expensed as incurred.

Property, plant and equipment

(i) Owned assets

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, except for land which is shown at cost less impairment. Spare parts which form an integral part of plant and machinery and which have an estimated useful economic life greater than one year are capitalised. Spare parts which do not form an integral part of plant and machinery and which have an estimated useful economic life less than one year are included as consumables within inventory and expensed when utilised.

Where items of property, plant and equipment have different useful economic lives, they are accounted for as separate items of property, plant and equipment.

(ii) Leased assets

The determination of whether an arrangement is, or contains a lease, is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets, and the arrangement conveys a right to use the asset.

Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership, are classified as finance leases.

Leases where the lessor retains substantially all the risks and rewards of ownership are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

(iii) Subsequent costs

The Group recognises in the carrying amount of an item of property, plant and equipment, the cost of replacing the component of such an item when that cost is incurred, if it is probable that the future economic benefits embodied with the item will flow to the Group and the cost of the item can be measured reliably. When a component is replaced the old component is de-recognised in the period. All other costs are recognised in the income statement as an expense as incurred. When a major overhaul is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria above are met.

(iv) Depreciation

Depreciation is charged to the income statement on a straight-line basis over the estimated useful economic lives of each part of an item of property, plant and equipment. Land is not depreciated. The estimated useful economic lives are as follows:

Buildings	30 - 40 years
Plant and machinery	3 - 40 years
Moulds	2 - 3 years
Office equipment and vehicles	3 - 10 years

Assets' useful economic lives and residual values are adjusted if appropriate, at each balance sheet date.

Discontinued operations

A discontinued operation is a component of an entity that either has been disposed of, or that is classified as held for sale and (i) represents a separate major line of business or geographical area of operations; (ii) is a part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or (iii) is a subsidiary acquired exclusively with a view to resale.

Impairment of non-financial assets

Assets that have an indefinite useful economic life are not subject to amortisation and are tested annually for impairment or whenever indicators suggest that impairment may have occurred. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

For the purposes of assessing impairment, assets excluding goodwill and long lived intangible assets, are grouped at the lowest levels at which cash flows are separately identifiable. Goodwill and long lived intangible assets are allocated to groups of CGUs. The groupings represent the lowest level at which the related assets are monitored for internal management purposes.

Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

The recoverable amount of other assets is the greater of their value in use and fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value, using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the CGU to which the asset belongs.

Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in, first-out basis and includes expenditure incurred in acquiring the inventories and bringing them to their current location and condition. In the case of finished goods and work-in-progress, cost includes direct materials, direct labour and attributable overheads based on normal operating capacity.

Net realisable value is the estimated proceeds of sale less all further costs to completion, and less all costs to be incurred in marketing, selling and distribution.

Spare parts, including mould parts, which are deemed to be of a consumable nature, are included within inventories and expensed when utilised.

Non-derivative financial instruments

Non-derivative financial instruments comprise trade and other receivables, cash and cash equivalents, restricted cash, borrowings and trade and other payables. Non-derivative financial instruments are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, non-derivative financial instruments are measured as described below.

(i) Trade and other receivables

Trade and other receivables are recognised initially at fair value and are thereafter measured at amortised cost using the effective interest rate method less any provision for impairment. A provision for impairment of trade receivables is recognised when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables.

(ii) Securitised assets

The Group entered into a series of securitisation transactions involving certain of its trade receivables. The securitised assets are recognised on the Consolidated Statement of Financial Position, until all of the rights to the cash flows from those assets have expired or have been fully transferred outside the Group, or until substantially all of the related risks, rewards and control of the related assets have been transferred to a third party. No trade receivables were securitised at 31 December 2015 (2014: €nil).

(iii) Cash and cash equivalents

Cash and cash equivalents include cash in hand and call deposits held with banks. Cash and cash equivalents are carried at amortised cost.

Short term bank deposits of greater than three months maturity which do not meet the definition of cash and cash equivalents are classified as financial assets within current assets and stated at amortised cost.

(iv) Restricted Cash

Restricted cash comprises cash held by the Group but which is ring-fenced or used as security for specific financing arrangements, and to which the Group does not have unfettered access. Restricted cash is measured at amortised cost.

(v) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the Group's income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

(vi) Trade and other payables

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method.

Derivative financial instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument and, if so, the nature of the item being hedged.

(i) Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in other comprehensive income.

Amounts accumulated in other comprehensive income are recycled from equity to the income statement in the period during which the hedged item will affect the income statement. The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the income statement. When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing at that time remains in equity and is recognised when the forecast cash flow arises. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

(ii) Fair value hedges

Derivative financial instruments are classified as fair value hedges when they hedge the Group's exposure to changes in the fair value of a recognised asset or liability. Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the Group income statement, together with any changes in the fair value of the hedged item that is attributable to the hedged risk.

Employee benefits

(i) Defined benefit pension plans

Typically, defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the Consolidated Statement of Financial Position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the reporting date less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

Past service costs are recognised immediately in the income statement.

(ii) Multi-employer pension plans

Multi-employer craft or industry based pension schemes ("multi-employer schemes") have arrangements similar to those of defined benefit schemes. In each case it is not possible to identify the Group's share of the underlying assets and liabilities of the multi-employer schemes and therefore in accordance with IAS 19 (revised), the Group has taken the exemption for multi-employer pension schemes to account for them as defined contribution schemes recognising the contributions payable in each period in the Consolidated Income Statement.

(iii) Other end of service employee benefits

In a number of countries, the Group pays lump sums to employees leaving service. These arrangements are accounted in the same manner as defined benefit pension plans.

(iv) Other long term employee benefits

The Group's obligation in respect of other long term employee benefits plans represents the amount of future benefit that employees have earned in return for service in the current and prior periods and are included in the category of employee benefit obligations on the Consolidated Statement of Financial Position. The obligation is computed on the basis of the projected unit credit method and is discounted to present value using a discount rate equating to the market yield at the reporting date on high quality corporate bonds of a currency and term consistent with the currency and estimated term of the obligations. Actuarial gains and losses are recognised in full in the Group's Consolidated Statement of Comprehensive Income in the period in which they arise.

(v) Defined contribution plans

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The contributions are recognised as employee benefit expense when they are due.

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and the amount can be reliably estimated.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

Revenue recognition

Revenue from the sale of goods is recognised in the income statement when the significant risks and rewards of ownership have been transferred to the buyer, primarily on despatch of the goods. Revenue from services rendered is recognised in the income statement in proportion to the stage of completion of the transaction at the reporting date.

Allowances for customer rebates are provided for in the same period as the related revenues are recorded. Revenue is included net of cash discounts and value added tax.

Exceptional items

The Group's income statement, cash flow and segmental analysis separately identify results before specific items. Specific items are those that in management's judgement need to be disclosed by virtue of their size, nature or incidence to provide additional information. Such items include, where significant, restructuring, redundancy and other costs relating to permanent capacity realignment or footprint reorganisation, directly attributable acquisition costs, profit or loss on disposal or termination of operations, start-up costs incurred in relation to new furnace or plant builds, major litigation costs and settlements and impairment of non-current assets. In this regard the determination of 'significant' as included in our definition uses qualitative and quantitative factors. Judgement is used by the Group in assessing the particular items, which by virtue of their scale and nature, are disclosed in the Group income statement, and related notes as exceptional items. We consider columnar presentation to be appropriate in our income statement as it improves the clarity of the presentation, and is consistent with the way that financial performance is measured by management and presented to the Board of Directors of Ardagh Group S.A. (the "Board") and the Executive Committee of the Board of Directors of Ardagh Group S.A. (the "Executive Committee"). Exceptional restructuring costs are classified as restructuring provisions and all other exceptional costs when outstanding at the balance sheet date are classified as exceptional items payable.

Finance income and expense

Finance income comprises interest income on funds invested, gains on disposal of financial assets, and gains on derivative instruments that are not designated as hedging instruments and are recognised in profit or loss.

Finance expense comprises interest expense on borrowings (including amortisation of deferred debt issuance costs), finance lease expenses, certain foreign currency translation related to financing, net interest cost on net pension plan liabilities, losses on extinguishment of borrowings, losses on derivative instruments that are not designated as hedging instruments and are recognised in profit or loss and other finance expense.

The Group capitalises borrowing costs directly attributable to the acquisition, construction or production of manufacturing plants that require a substantial period of time to build that would have been avoided if the expenditure on the qualifying asset had not been made.

Costs related to the issuance of new debt are deferred and amortised within finance expense over the expected terms of the related debt agreements by using the effective interest rate method.

Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised in other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Segment reporting

The Executive Committee has been identified as the Chief Operating Decision Maker (“CODM”) for the Group.

Operating segments are identified on the basis of the internal reporting provided to the Executive Committee in order to allocate resources to the segment and assess its performance.

Critical accounting estimates, assumptions and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

i) Estimated impairment of goodwill and other long lived assets

In accordance with IAS 36, ‘Impairment of assets’, the Group tests whether goodwill and other long lived assets have suffered any impairment in accordance with the accounting policies stated. The determination of recoverable amounts requires the use of estimates as outlined in Note 3. The Group’s judgements relating to the impairment of goodwill and other long lived assets are included in Notes 3 and 4.

ii) Income taxes

The Group is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

iii) Measurement of employee benefit obligations

The Group follows guidance of IAS 19 (revised), 'Employee Benefits', to determine the present value of its obligations to current and past employees in respect of defined benefit pension obligations, other long term employee benefits, and other end of service employee benefits which are subject to similar fluctuations in value in the long term. The Group uses professional actuaries to value such liabilities to ensure consistency in the quality of the key assumptions underlying the valuations. The critical assumptions and estimates applied are discussed in detail in Note 13.

iv) Establishing useful economic lives of property, plant and equipment and intangibles

Long lived assets, consisting primarily of property, plant and equipment, customer intangibles and technology intangibles, comprise a significant portion of the total assets. The annual depreciation and amortisation charges depend primarily on the estimated useful economic lives of each type of asset and, in certain circumstances, estimates of fair values and residual values. The Directors regularly review these asset lives and change them as necessary to reflect current thinking on remaining lives in light of technological change, prospective economic utilisation and physical condition of the assets concerned. Changes in asset lives can have a significant impact on the depreciation and amortisation charges for the period. It is not practical to quantify the impact of changes in asset lives on an overall basis, as asset lives are individually determined and there are a significant number of asset lives in use.

v) Business combinations

Goodwill only arises in business combinations. The amount of goodwill initially recognised is dependent on the allocation of the purchase price to the fair value of the identifiable assets acquired and the liabilities assumed. The determination of the fair value of the assets and liabilities is based, to a considerable extent, on management's judgement.

Allocation of the purchase price affects the results of the Group as finite lived intangible assets are amortised, whereas indefinite lived intangible assets, including goodwill, are not amortised and could result in differing amortisation charges based on the allocation to indefinite lived and finite lived intangible assets.

3. Intangible assets

	Goodwill €m	Customer relationships €m	Technology and other €m	Software €m	**Total €m**
Cost					
At 1 January 2014	692	343	74	52	**1,161**
Acquisitions	387	456	81	2	**926**
Additions	-	-	4	7	**11**
Divestments	(183)	(87)	-	(5)	**(275)**
Impairment (Note 18)	(16)	(6)	-	(11)	**(33)**
Exchange	85	77	8	-	**170**
At 31 December 2014	**965**	**783**	**167**	**45**	**1,960**
Amortisation					
At 1 January 2014		(86)	(17)	(21)	**(124)**
Charge for the year		(65)	(15)	(8)	**(88)**
Divestments		15	-	2	**17**
Exchange		(3)	-	-	**(3)**
At 31 December 2014		**(139)**	**(32)**	**(27)**	**(198)**
Net book value					
At 31 December 2014	**965**	**644**	**135**	**18**	**1,762**
Cost					
At 1 January 2015	965	783	167	45	**1,960**
Acquisitions	3	-	-	-	**3**
Additions	-	-	7	1	**8**
Disposals	-	-	(1)	-	**(1)**
Transfers	-	-	(3)	3	**-**
Exchange	79	68	11	-	**158**
At 31 December 2015	**1,047**	**851**	**181**	**49**	**2,128**
Amortisation					
At 1 January 2015		(139)	(32)	(27)	**(198)**
Charge for the year		(83)	(19)	(7)	**(109)**
Disposals		-	1	-	**1**
Exchange		(11)	(1)	-	**(12)**
At 31 December 2015		**(233)**	**(51)**	**(34)**	**(318)**
Net book value					
At 31 December 2015	**1,047**	**618**	**130**	**15**	**1,810**

Fair value adjustments to goodwill of €3 million net of tax, were made in the twelve months to 31 December 2015 relating to the VNA acquisition within the measurement period allowed by IFRS 3R, 'Business Combinations'. The purchase price allocation is now finalised (Note 22).

Development costs of €12 million were included in technology and other intangible assets at 31 December 2015 (2014: €11 million).

Goodwill

Allocation of goodwill

Goodwill has been allocated to groups of CGUs for the purpose of impairment testing. The groupings represent the lowest level at which the related goodwill is monitored for internal management purposes.

The lowest level within the Group at which the goodwill is monitored for internal management purposes is Glass Packaging North America, Glass Packaging Europe, Metal Packaging Europe and Metal Packaging North America. This is unchanged from the previous year.

A summary of the goodwill allocation is presented below:

	2015 €m	2014 €m
Glass Packaging North America	685	612
Glass Packaging Europe	62	59
Metal Packaging Europe	274	271
Metal Packaging North America	26	23
Total goodwill	**1,047**	**965**

Impairment tests for goodwill

The Group performs its impairment test of goodwill annually following approval of the annual budget.

Recoverable amount and carrying amount

The Group used the value in use ("VIU") model for the purposes of the goodwill impairment testing as this reflects the Group's intention to hold and operate the assets.

The VIU model uses the 2016 two year Long Range Plan ("LRP") approved by the Board of Directors of Ardagh Group S.A.. This plan was then extended for a further three year period making certain assumptions including that capital expenditure equals depreciation and that any increase in input cost will be passed through to customers, in line with historic practice and contractual terms.

The terminal value assumed long term growth in line with long term local inflation and long term economic growth.

Cash flows considered in the VIU model included the cash inflows and outflows related to the continuing use of the assets over their remaining estimated useful economic lives, expected earnings, required maintenance capital expenditure, depreciation, tax and working capital. The model includes an apportionment of Group costs allocated into the entities across the projection period based on EBITDA weighting and other allocations deemed appropriate based on the nature of the cost.

The discount rate applied to post-tax cash flows in the VIU model was estimated using the Capital Asset Pricing Model with regard to the risks associated with the cash flows being considered (country, market, and specific risks of the asset).

The modelled cash flows take into account the Group's established history of earnings, cash flow generation and the nature of the markets in which we operate, where product obsolescence is low. The key assumptions employed in modelling estimates of future cash flows are subjective and include projected EBITDA, discount rates and growth rates, replacement capital expenditure requirements, rates of customer retention and the ability to maintain margin through the pass through of input cost inflation.

A sensitivity analysis was performed reflecting potential variations in terminal growth rate and discount rate assumptions. In all cases the recoverable values calculated were in excess of the carrying values of the CGUs. The variation applied to terminal value growth rates and discount rates was a 50 basis points decrease and increase respectively.

The additional disclosures required under IAS 36 in relation to significant goodwill amounts arising in the groups of CGUs are as follows:

	Glass Packaging		Metal Packaging	
	North America €m	Europe €m	Europe €m	North America €m
2015				
Carrying amount of goodwill	685	62	274	26
Excess of recoverable amount	1,916	1,720	1,612	521
Pre-tax discount rate applied	9.8%	9.0%	9.9%	9.6%
Growth rate applied for terminal value	2.5%	2.0%	2.0%	2.5%
2014				
Carrying amount of goodwill	612	59	271	23
Excess of recoverable amount	643	1,842	1,178	126
Pre-tax discount rate applied	10.3%	10.0%	10.5%	10.4%
Growth rate applied for terminal value	3.5%	2.5%	2.5%	3.5%

Prior year impairment of goodwill

During the year ended 31 December 2014 the Group recognised an exceptional impairment charge to goodwill of €16 million and to customer related intangible assets of €6 million, following the closure of a plant in Glass Packaging North America.

4. Property, plant and equipment

	Land and buildings €m	Plant and machinery €m	Office equipment and vehicles €m	**Total €m**
Cost				
At 1 January 2014	662	2,427	62	**3,151**
Acquisitions	55	300	1	**356**
Additions	3	330	3	**336**
Divestment	(34)	(369)	(2)	**(405)**
Disposals	(7)	(128)	(17)	**(152)**
Impairment	(9)	(44)	-	**(53)**
Transfers	10	(7)	(3)	**-**
Exchange	16	105	(1)	**120**
At 31 December 2014	**696**	**2,614**	**43**	**3,353**
Depreciation				
At 1 January 2014	(134)	(892)	(38)	**(1,064)**
Charge for the year	(20)	(247)	(8)	**(275)**
Divestment	2	82	1	**85**
Disposals	1	128	16	**145**
Exchange	(2)	(20)	1	**(21)**
At 31 December 2014	**(153)**	**(949)**	**(28)**	**(1,130)**
Net book value				
At 31 December 2014	**543**	**1,665**	**15**	**2,223**
Cost				
At 1 January 2015	696	2,614	43	**3,353**
Additions	-	283	1	**284**
Disposals	(6)	(89)	(10)	**(105)**
Transfers	50	(66)	16	**-**
Exchange	21	113	1	**135**
At 31 December 2015	**761**	**2,855**	**51**	**3,667**
Depreciation				
At 1 January 2015	(153)	(949)	(28)	**(1,130)**
Charge for the year	(21)	(267)	(6)	**(294)**
Disposals	3	84	10	**97**
Exchange	(3)	(29)	(1)	**(33)**
At 31 December 2015	**(174)**	**(1,161)**	**(25)**	**(1,360)**
Net book value				
At 31 December 2015	**587**	**1,694**	**26**	**2,307**

Depreciation expense of €289 million (2014: €271 million) has been charged in cost of sales and €5 million (2014: €4 million) in sales, general and administration expenses.

Transfers primarily relate to the reclassification of construction in progress to the applicable classification within property, plant and equipment.

Construction in progress at 31 December 2015 was €87 million (2014: €106 million).

Included in property, plant and equipment is an amount for land of €160 million (2014: €149 million).

No interest was capitalised in the year (2014: €nil).

Substantially all of the Group's property, plant and equipment are pledged as security under the terms and conditions of the Group's credit arrangements.

Finance leases

The depreciation charge for capitalised leased assets was €1 million (2014: €1 million) and the related finance charges were €nil (2014: €nil). The net carrying amount is €10 million (2014: €9 million).

Operating lease commitments

During the year the expense in respect of operating lease commitments was as follows:

	2015 €m	2014 €m
Plant and machinery	5	8
Land and buildings	21	14
Office equipment and vehicles	8	10
	34	**32**

At 31 December the Group had annual commitments under non-cancellable operating leases which expire:

	2015 €m	2014 €m
Not later than one year	27	23
Later than one year and not later than five years	69	55
Later than five years	67	43
	163	**121**

Capital commitments

The following capital commitments in relation to property, plant and equipment were authorised by management, but have not been provided for in the consolidated financial statements:

	2015 €m	2014 €m
Contracted for	30	67
Not contracted for	6	22
	36	**89**

5. Other non-current assets

At 31 December 2015, other non-current assets of €14 million (2014: €10 million) include €7 million (2014: €7 million) relating to the Group's investment in joint ventures.

6. Deferred income tax

The movement in deferred tax assets and liabilities during the year, was as follows:

	Assets €m	Liabilities €m	Total €m
At 1 January 2014	203	(401)	(198)
Acquisitions	76	(296)	(220)
Credited to the income statement	26	20	46
Credited to other comprehensive income	31	-	31
Divestments	(17)	118	101
Exchange	25	(56)	(31)
At 31 December 2014	**344**	**(615)**	**(271)**
Acquisitions	3	-	3
Credited to the income statement	6	38	44
(Charged)/credited to other comprehensive income	(28)	1	(27)
Reclassification	46	(46)	-
Exchange	26	(48)	(22)
At 31 December 2015	**397**	**(670)**	**(273)**

The components of deferred income tax assets and liabilities are as follows:

	2015 €m	2014 €m
Tax losses	35	47
Employee benefit obligations	158	164
Other	204	133
	397	**344**
Available for offset	(219)	(160)
Deferred tax assets	**178**	**184**
Accelerated depreciation and fair value adjustments	(628)	(595)
Other	(42)	(20)
	(670)	**(615)**
Available for offset	219	160
Deferred tax liabilities	**(451)**	**(455)**

The tax credit relating to the income statement analyses as follows:

	2015 €m	2014 €m
Tax losses	(17)	(4)
Employee benefit obligations	13	4
Other deferred tax assets	10	26
Accelerated depreciation and fair value adjustments	47	23
Other deferred tax liabilities	(9)	(3)
	44	**46**

Deferred tax assets are only recognised on tax loss carry-forwards to the extent that the realisation of the related tax benefit through future taxable profits is probable based on management's forecasts. The Group did not recognise deferred tax assets of €37 million (2014: €42 million) in respect of tax losses amounting to €148 million (2014: €158 million) that can be carried forward against future taxable income due to uncertainty regarding their utilisation.

No provision has been made for temporary differences applicable to investments in subsidiaries as the Group is in a position to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Given that exemptions and tax credits would be available in the context of the Group's investments in subsidiaries in the majority of jurisdictions in which it operates, the aggregate amount of temporary differences in respect of which deferred tax liabilities have not been recognised would be immaterial.

7. Inventories

	2015 €m	2014 €m
Raw materials and consumables	200	206
Mould parts	42	33
Work-in-progress	77	83
Finished goods	506	448
	825	**770**

The amount recognised as a write down in inventories or as a reversal of a write down in the period was not significant.

No inventory is pledged as security for liabilities.

8. Trade and other receivables

	2015 €m	2014 €m
Trade receivables	608	613
Other receivables and prepayments	43	79
	651	**692**

The fair values of trade and other receivables approximate the amounts shown above.

Movements on the provision for impairment of trade receivables are as follows:

	2015 €m	2014 €m
At 1 January	14	13
Provision for receivables impairment	2	1
Receivables written off during the year as uncollectible	(2)	-
At 31 December	**14**	**14**

The majority of the provision above relates to balances which are more than six months past due.

The ageing analysis of trade receivables past due but not impaired is as follows:

	2015 €m	2014 €m
Up to three months past due	29	50
Three to six months past due	3	1
Over six months past due	3	4
	35	**55**

9. Cash, cash equivalents and restricted cash

	2015 €m	2014 €m
Cash at bank and in hand	539	352
Short term bank deposits	-	51
	539	**403**

In addition to cash and cash equivalents, the Group had €11 million (2014: €9 million) of restricted cash at 31 December 2015.

10. Share capital

	2015 €m	2014 €m
Issued and fully paid: 2 ordinary shares of €1 each	-	-

11. Financial risk factors

Capital Structure and Risk

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and provide returns to the Group's stakeholders. The Group funds its operations primarily from the following sources of capital: borrowings, cash flow and shareholders' equity. The Group aims to achieve a capital structure that results in an appropriate cost of capital to accommodate material investments or acquisitions, while providing flexibility in short and medium term funding. The Group also aims to maintain a strong balance sheet and to provide continuity of financing by having a range of maturities and borrowing from a variety of sources. The Group's overall treasury objectives are to ensure sufficient funds are available for the Group to carry out its strategy and to manage certain financial risks to which the Group is exposed, details of which are provided below.

Financial risks are managed on the advice of Group Treasury and senior management. The Group does not permit the use of treasury instruments for speculative purposes, under any circumstances. Group Treasury regularly reviews the level of cash and debt facilities required to fund the Group's activities, plans for repayments and refinancing of debt, and identifies an appropriate amount of headroom to provide a reserve against unexpected funding requirements.

One of the Group's key metrics is the ratio of consolidated net debt as a multiple of EBITDA. EBITDA is operating profit before depreciation, amortisation, non-exceptional impairment, and exceptional operating items. At 31 December 2015, the ratio for the Group was 5.2 times (2014: 6.1 times).

The Group's activities expose it to a variety of financial risks: interest rate risk, currency exchange risk, commodity price risk, credit risk, liquidity risk and capital risk.

Interest Rate Risk

The Executive Committee's policy, in the management of interest rate risk, is to strike the right balance between the Group's fixed and floating rate financial instruments. The balance struck by the Executive Committee is dependent on prevailing interest rate markets at any point in time.

At 31 December 2015, the Group's borrowings were 69.5% (2014: 71.7%) fixed with a weighted average interest rate of 5.8% (2014: 5.9%).

Holding all other variables constant, including levels of indebtedness, at 31 December 2015 a one percentage point increase in variable interest rates would increase interest payable by approximately €12 million (2014: €12 million).

Currency Exchange Risk

The Group operates in twenty countries, across four continents. The Group's main currency exposure in the year to 31 December 2015 was in relation to US dollar, British pounds, Swedish krona, Polish zloty and Danish krone. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities, and net investments in foreign operations.

The Group has a limited level of transactional currency exposure arising from sales or purchases by operating units in currencies other than their functional currencies.

The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. Currency exposure arising from the net assets of the Group's foreign operations is managed primarily through borrowings denominated in the relevant foreign currencies.

Fluctuations in the value of these currencies with respect to the euro may have a significant impact on Ardagh's financial condition and results of operations as reported in euro. The Group believes that a strengthening of the euro exchange rate by 1% against all other foreign currencies from the 31 December 2015 rate would increase shareholders' equity by approximately €11 million (2014: €7 million).

Commodity Price Risk

The Group is exposed to changes in prices of its main raw materials, primarily steel and aluminium. Commodity price risk has been managed by Group Treasury. Furthermore, the relative price of oil and its related products may materially impact our business, affecting our production, transport, lacquer and ink costs. Steel has generally been obtained under one year contracts with prices that are usually fixed in advance. When such contracts are renewed in the future, our steel costs under such contracts will be subject to prevailing global steel and/or tinplate prices at the time of renewal, which may be different from historical prices. Unlike steel, where there is no functioning hedging market, aluminium is traded daily as a commodity (priced in US dollars) on the LME. The price and foreign currency risk on these aluminium purchases is hedged by entering into swaps under which the Group pays a fixed euro price.

The Group's main energy exposure is to the cost of gas and electricity. As a result of the volatility of gas and electricity prices the Group has either included energy pass through clauses in sales contracts, or developed an active hedging strategy to fix a significant proportion of its energy costs through contractual arrangements directly with its suppliers, where there is no energy clause in the sales contract.

Group policy is to purchase natural gas and electricity by entering into forward price fixing arrangements with suppliers for the bulk of its anticipated requirements for the year ahead. Such contracts are used exclusively to obtain delivery of our anticipated energy supplies. We do not net settle, nor do we sell within a short period of time after taking delivery. As a result these contracts are treated as executory contracts under IAS 39. The Group typically builds up these contractual positions in tranches of approximately 10% of the anticipated volumes. Any natural gas and electricity which is not purchased under forward price fixing arrangements is purchased under index tracking contracts or at spot prices. We have 73% of our energy risk for 2016 covered, 60% for 2017, and 52% for 2018.

Credit Risk

Credit risk is managed on a Group basis. Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Group's customers, including outstanding receivables. Group policy is to place excess liquidity on deposit, only with recognised and reputable financial institutions. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' from at least two credit rating agencies are accepted, where possible.

The credit ratings of banks and financial institutions are monitored to ensure compliance with Group policy. Group policy is to extend credit to customers of good credit standing. Credit risk is managed, on an on-going basis by dedicated people within the Group. The Group's policy for the management of credit risk in relation to trade receivables involves periodically assessing the financial reliability of customers, taking into account their financial position, past experience and other factors. Provisions are made, where deemed necessary, and the utilisation of credit limits is regularly monitored. Management does not expect any significant counterparty to fail to meets its obligations. The maximum exposure to credit risk is represented by the carrying amount of each asset. For the year ended 31 December 2015, the Group's ten largest customers accounted for approximately 32% of total revenues (2014: 29%). There is no recent history of default with these customers.

Liquidity Risk

The Group is exposed to liquidity risk which arises primarily from the maturing of short term and long term debt obligations. The Group's policy is to ensure that sufficient resources are available either from cash balances, cash flows or undrawn committed bank facilities, to ensure all obligations can be met as they fall due.

To effectively manage liquidity risk, the Group:

- has committed borrowing facilities that it can access to meet liquidity needs;
- maintains cash balances and liquid investments with highly-rated counterparties;
- limits the maturity of cash balances;
- borrows the bulk of its debt needs under long term fixed rate debt securities; and
- has internal control processes and contingency plans for managing liquidity risk.

Cash flow forecasting is performed in the operating entities of the Group and is aggregated by Group Treasury. Group Treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants on any of its borrowing facilities. Such forecasting takes into consideration the Group's debt financing plans, covenant compliance and internal balance sheet ratios.

12. Financial assets and liabilities

At 31 December 2015, the Group's net debt and available liquidity was as follows:

Facility	Currency	Maximum amount drawable	Final maturity date	Facility type	Amount drawn as at 31 December 2015		Undrawn amount
		Local currency m			Local currency m	€m	€m
4.250% First Priority Senior Secured Notes	EUR	1,155	15-Jan-22	Bullet	1,155	1,155	-
First Priority Senior Secured Floating Rate Notes	USD	1,110	15-Dec-19	Bullet	1,110	1,020	-
6.00% Senior Notes	USD	440	30-Jun-21	Bullet	440	404	-
9.250% Senior Notes	EUR	475	15-Oct-20	Bullet	475	475	-
9.125% Senior Notes	USD	920	15-Oct-20	Bullet	920	845	-
7.000% Senior Notes	USD	150	15-Nov-20	Bullet	150	138	-
6.250% Senior Notes	USD	415	31-Jan-19	Bullet	415	381	-
6.750% Senior Notes	USD	415	31-Jan-21	Bullet	415	381	-
Term Loan B Facility	USD	688	17-Dec-19	Amortising	688	632	-
HSBC Securitisation Programme	EUR	129	14-Jun-18	Revolving	-	-	129
Bank of America Facility	USD	155	11-Apr-18	Revolving	-	-	143
Unicredit Working Capital and Performance Guarantee Credit Lines	EUR	1	Rolling	Revolving	-	-	1
Finance Lease Obligations	GBP/EUR			Amortising	6	6	-
Other borrowings	EUR	3		Amortising	3	3	-
Total borrowings / undrawn facilities						**5,440**	**273**
Deferred debt issue costs and bond premiums						(48)	-
Net borrowings / undrawn facilities						**5,392**	**273**
Cash, cash equivalents and restricted cash						(550)	550
Derivative financial instruments used to hedge foreign currency and interest rate risk						-	-
Net debt / available liquidity						**4,842**	**823**

Net debt includes the fair value of associated derivative financial instruments that are used to hedge foreign exchange and interest rate risks relating to finance debt.

Certain of the Group's borrowing agreements contain certain covenants that restrict the Group's flexibility in certain areas such as incurrence of additional indebtedness (primarily maximum borrowings to EBITDA and a minimum EBITDA to net interest), payment of dividends and incurrence of liens.

The maturity analysis of the Group's borrowings is as follows:

	2015 €m	2014 €m
Within one year or on demand	7	4
Between one and two years	8	4
Between two and five years	3,453	1,822
Greater than five years	1,924	3,355
	5,392	**5,185**

The table below analyses the Group's financial liabilities (including interest payable) into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contracted undiscounted cash flows.

At 31 December 2015	Borrowings €m	Derivative financial instruments €m	Trade and other payables €m
Within one year or on demand	323	7	878
Between one and two years	323	-	-
Between two and five years	4,245	-	-
Greater than five years	2,009	-	-

At 31 December 2014	Borrowings €m	Derivative financial instruments €m	Trade and other payables €m
Within one year or on demand	303	7	803
Between one and two years	303	-	-
Between two and five years	2,726	-	-
Greater than five years	3,682	-	-

The carrying amount and fair value of the Group's borrowings are as follows:

	Carrying Value			
At 31 December 2015	Amount drawn €m	Deferred debt issue costs and bond premiums €m	Total €m	Fair value €m
Loan Notes	4,799	(47)	4,752	4,762
Term Loan	632	(1)	631	626
Finance leases	6	-	6	6
Bank loans, overdrafts and revolving credit facilities	3	-	3	3
	5,440	**(48)**	**5,392**	**5,397**

Fair values are calculated on borrowings as follows:

At 31 December 2014	Carrying Value Amount drawn €m	 Deferred debt issue costs and bond premiums €m	 Total €m	Fair value €m
Loan Notes	4,651	(59)	4,592	4,656
Term Loan	572	(1)	571	559
Bank loans, overdrafts and revolving credit facilities	16	-	16	16
Finance leases	6	-	6	6
	5,245	**(60)**	**5,185**	**5,237**

(i) Senior Secured and Senior Notes – calculated based on quoted market prices.
(ii) Term Loan – based on quoted market prices; however, these quoted market prices represent Level 2 inputs because the markets in which the Term Loan trades were not active.
(iii) Bank loans, overdrafts and revolving credit facilities – based on discounted cash flows using prevailing money-market interest rates for debts with similar credit risk and remaining maturity.
(iv) Finance leases – assumed that the carrying amount is a reasonable approximation of fair value.

Financing activity

On 12 February 2015, Ardagh repaid in full the principal amount outstanding of its €180 million 8¾% Senior Notes due 2020. Costs associated with the early redemption have been classified as exceptional in the Consolidated Income Statement.

On 1 September 2015, Ardagh repaid €11 million in full settlement of the amounts drawn under the US Equipment and Real Estate Financing Facilities.

These repayments were funded from the Group's internal resources.

The effective interest rates of borrowings at the reporting date are as follows:

	2015 USD	 EUR	2014 USD	 EUR
4.250% First Priority Senior Secured Notes due 2022	-	4.52%	-	4.53%
First Priority Senior Secured Floating Rate Notes due 2019	3.49%	-	3.48%	-
6.00% Senior Notes due 2021	6.38%	-	6.37%	-
8¾% Senior Notes due 2020	-	-	-	9.46%
9.250% Senior Notes due 2020	-	9.69%	-	9.69%
9.125% Senior Notes due 2020	9.90%	-	9.90%	-
7.000% Senior Notes due 2020	7.53%	-	7.53%	-
6.250% Senior Notes due 2019	7.25%	-	7.24%	-
6.750% Senior Notes due 2021	7.45%	-	7.44%	-
Term Loan B Facility due 2019	4.16%	-	4.16%	-
US financing facilities	-	-	8.50%	-

The carrying amounts of the Group's net borrowings are denominated in the following currencies:

	2015 €m	2014 €m
Euro	1,624	1,799
US dollar	3,766	3,384
British pounds	2	2
	5,392	**5,185**

The Group has the following undrawn floating rate borrowing facilities:

	2015 €m	2014 €m
Expiring within one year	1	1
Expiring beyond one year	272	278
	273	**279**

Derivative financial instruments

The Group uses the following hierarchy of valuation techniques for determining and disclosing the fair value of financial instruments:

Level 1 Quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2 Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and
Level 3 Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Assets		Liabilities	
	Fair values €m	Contractual or notional amounts €m	Fair values €m	Contractual or notional amounts €m
Fair Value Derivatives				
LME aluminium futures	-	-	3	36
Cross currency interest rate swap	-	405	-	-
Nymex gas swaps	-	-	3	18
Interest rate swap	-	-	1	5
At 31 December 2015	**-**	**405**	**7**	**59**

	Assets		Liabilities	
	Fair values €m	Contractual or notional amounts €m	Fair values €m	Contractual or notional amounts €m
Fair Value Derivatives				
LME aluminium futures	2	25	-	-
Cross currency interest rate swap	40	323	-	-
Forward foreign exchange contracts	-	33	-	-
Nymex gas swaps	-	-	6	23
Interest rate swap	-	-	1	6
At 31 December 2014	**42**	**381**	**7**	**29**

All derivative liabilities mature within one year, with the exception of the Cross Currency Interest Rate Swap ("CCIRS") which matures in 2019. There were no transfers between Level 1 and Level 2 during the year.

Aluminium derivatives

The Group hedges a substantial portion of its anticipated aluminium purchases. Excluding conversion and freight costs, the physical aluminium deliveries are priced based on the average price of aluminium on the LME for the relevant month.

Fair values have been based on LME-quoted market prices and there has been no change in the valuation techniques (Level 1). The fair value of these contracts when initiated is €nil; no premium is paid or received.

Energy derivatives

The Group hedges a portion of its Glass Packaging North America anticipated energy purchases on the New York Mercantile Exchange ("NYMEX").

Fair values have been based on NYMEX-quoted market prices and Level 1 valuation techniques have been applied. The fair value of these contracts when initiated is €nil; no premium is paid or received.

Cross currency interest rate swap

The Group hedges $440 million of its external debt and the interest payable thereon using a CCIRS. In December 2015 the Group terminated its existing CCIRS due for maturity June 2019, and replaced it with a new CCIRS with a maturity date of June 2019. The Group received proceeds of €81 million in consideration of the termination. The fair value of the CCIRS is based on Level 1 techniques.

13. Employee benefit obligations

The Group operates defined benefit and defined contribution pension schemes in most of its countries of operation. The principal funded defined benefit schemes, which are funded by contributions to separate administered funds, are in the US, the Netherlands and the United Kingdom. Other defined benefit schemes are unfunded and the provision is recognised in the Consolidated Statement of Financial Position. The principal unfunded schemes are in Germany.

The contribution rates to the funded plans are agreed with the Trustee boards, plan actuaries and the local pension regulators periodically. The contributions paid in 2015 were those recommended by the actuaries.

In addition, the Group has other employee benefit obligations in certain territories.

Total employee obligations recognised in the Consolidated Statement of Financial Position of €720 million (2014: €723 million) include other employee benefit obligations of €82 million (2014: €91 million).

Defined benefit pension schemes

The amounts recognised in the Consolidated Income Statement are:

	2015 €m	2014 €m
Current service cost and administration costs		
Cost of sales	(40)	(32)
Sales, general and administration expenses	(5)	(3)
	(45)	**(35)**
Finance income and expense (Note 19)	(23)	(20)
	(68)	**(55)**

The amounts recognised in the Consolidated Statement of Comprehensive Income are:

	2015 €m	2014 €m
Re-measurement of defined benefit obligation		
Actuarial gain/(loss) arising from changes in demographic assumptions	8	(27)
Actuarial gain/(loss) arising from changes in financial assumptions	99	(227)
Actuarial gain arising from changes in experience	30	7
	137	**(247)**
Re-measurements of plan assets		
Actual return less expected return on plan assets	(81)	129
Actuarial gain/(loss) for the year on pension benefits	**56**	**(118)**
Actuarial gain/(loss) on other end of service employee benefits	16	(5)
	72	**(123)**

The actual return on plan assets resulted in a loss of €9 million in 2015 (2014: €191 million gain).

Movement in the defined benefit obligations and assets:

	Obligations		Assets	
	2015 €m	2014 €m	2015 €m	2014 €m
At 1 January 2015	(2,557)	(1,303)	1,925	891
Disposed	-	10	-	(11)
Interest income (Note 19)	-	-	72	62
Acquired	-	(826)	-	763
Current service cost	(45)	(35)	-	-
Past service gain	-	2	-	-
Interest cost (Note 19)	(93)	(79)	-	-
Administration expenses paid from plan assets	-	-	(3)	(3)
Re-measurements	137	(247)	(81)	129
Assets extinguished on settlements	-	5	-	(1)
Employer contributions	-	-	38	36
Employee contributions	(5)	(6)	5	6
Benefits paid	109	81	(109)	(81)
Exchange	(160)	(159)	129	134
At 31 December 2015	**(2,614)**	**(2,557)**	**1,976**	**1,925**

The present value of defined benefit obligations above includes €240 million (2014: €245 million) of unfunded obligations.

Interest income and interest cost in the table above does not include interest cost of €2 million (2014: €3 million) relating to other employee benefit obligations.

Plan assets at 31 December 2015 comprised:

	2015 €m	2015 %	2014 €m	2014 %
Equities	1,196	61	546	28
Target return funds	180	9	494	26
Bonds	415	21	576	30
Cash/other	185	9	309	16
	1,976	**100**	**1,925**	**100**

The pension assets do not include any of the Company's ordinary shares, other securities or other Group assets.

Investment strategy

The choice of investments takes account of the expected maturity of the future benefit payments. The plans invest in diversified portfolios consisting of an array of asset classes that attempt to maximise returns while minimising volatility. The asset classes include national and international equities, fixed income government and non-government securities and real estate as well as cash.

Assumptions and sensitivities

The principal pension assumptions used in the preparation of the financial statements take account of the different economic circumstances in the countries of operations and the different characteristics of the respective plans including the length of duration of liabilities.

The ranges of the principal assumptions applied in estimating defined benefit obligations were:

	US		Eurozone		UK	
	2015 %	2014 %	2015 %	2014 %	2015 %	2014 %
Rate of inflation	3.00	3.00	1.70-1.75	1.80-2.00	3.00	3.10
Rate of increase in salaries	3.00	3.00	1.70-2.50	2.00-2.50	3.00	3.10
Discount rate	4.70	4.10	0.50-2.72	0.50-2.40	3.90	3.80

Assumptions regarding future mortality experience are set based on actuarial advice in accordance with published statistics and experience. The average life expectancy in years for a pensioner retiring at age 65 is set out below.

	US		Eurozone		UK	
	2015 Years	2014 Years	2015 Years	2014 Years	2015 Years	2014 Years
Life expectancy, current pensioners	21	21	21-24	21-23	20	21
Life expectancy, future pensioners	23	23	24-26	24-26	22	22

Were the discount rate to differ by 50 basis points from management estimates, the carrying amount of pension obligations would be an estimated €204 million lower or €205 million higher, holding all other assumptions constant.

Were the inflation rate to differ by 50 basis points from management estimates, the carrying amount of pension obligations would be an estimated €84 million lower or €67 million higher, holding all other assumptions constant.

If the salary rate of increase were to differ by 50 basis points from management estimates, the carrying amount of pension obligations would be an estimated €88 million lower or €70 million higher, holding all other assumptions constant.

The impact of increasing the expected longevity by one year would result in an increase in the Group's liability of €60 million at 31 December 2015, holding all other assumptions constant.

The Group's best estimate of contributions expected to be paid to defined benefit plans in 2016 is €21 million.

The principal defined benefit schemes are described briefly below:

	Glass Packaging				Metal Packaging		
	Europe	Europe	Europe	North	Europe	Europe	Europe
	UK	Germany	Netherlands	America	UK	Germany	Netherlands
Nature of the schemes	Funded	Unfunded	Funded	Funded	Funded	Unfunded	Funded
2015							
Active members	-	956	571	4,068	118	648	875
Deferred members	1,527	690	636	2,661	412	513	1,906
Pensioners including dependents	744	738	457	6,185	344	871	2,964
Weighted average duration (years)	21	14	21	13	21	16	17
2014							
Active members	1,406	995	604	4,030	118	700	921
Deferred members	236	702	556	2,734	412	502	2,038
Pensioners including dependents	656	769	490	6,086	344	839	3,139
Weighted average duration (years)	23	14	20	14	21	17	16

The expected total benefit payments over the next five years are:

	2016 €m	2017 €m	2018 €m	2019 €m	2020 €m	Subsequent five years €m
Benefits	113	111	113	116	120	640

The Group also has defined contribution plans. The contribution expense associated with these plans for 2015 was €14 million (2014: €12 million). The Group's best estimate of the contributions expected to be paid to these plans in 2016 is €15 million.

Other employee benefits

	2015 €m	2014 €m
End of service employee benefits	23	25
Long term employee benefits	59	66
	82	**91**

End of service employee benefits comprise principally amounts due to be paid to employees leaving the Group's service in France and Italy.

Long term employee benefit obligations comprise amounts due to be paid under post retirement medical schemes in Glass Packaging North America, partial retirement contracts in Germany and other obligations to pay benefits primarily related to long service awards.

14. Trade and other payables

	2015 €m	2014 €m
Trade payables	532	440
Other payables and accruals	308	322
Other tax and social security payables	21	29
Payables and accruals for exceptionals	17	12
	878	**803**

15. Provisions for other liabilities and charges

	2015 €m	2014 €m
Current	48	50
Non-current	48	33
	96	**83**

	Restructuring €m	Other provisions €m	Total provisions €m
At 1 January 2015	26	57	83
Acquisitions	-	6	6
Provided	18	24	42
Released	(5)	(8)	(13)
Paid	(22)	(11)	(33)
Reclassification	-	6	6
Exchange	1	4	5
At 31 December 2015	**18**	**78**	**96**

	Restructuring €m	Other provisions €m	Total provisions €m
At 1 January 2014	10	21	31
Acquisitions	-	32	32
Disposals	(4)	(8)	(12)
Provided	37	28	65
Released	(2)	(3)	(5)
Paid	(16)	(17)	(33)
Exchange	1	4	5
At 31 December 2014	**26**	**57**	**83**

The restructuring provision relates to redundancy and other restructuring costs. Other provisions relate to probable environmental penalties, workers compensation, customer quality claims, and onerous leases.

16. Segmental analysis

Following the disposal of the Group's Metal Packaging operations in Australia and New Zealand on 31 December 2014, the Executive Committee reviews the operating results of Metal Packaging as a single operating segment. Metal Packaging Europe and Metal Packaging North America are treated as a single operating segment, labelled Metal Packaging.

The three reportable segments for the year ended 31 December 2015 are Glass Packaging North America, Glass Packaging Europe and Metal Packaging. The prior period comparatives have been re-presented to include Metal Packaging North America and Metal Packaging Asia Pacific within the Metal Packaging segment.

Reconciliation of profit/(loss) before tax to EBITDA

	2015 €m	2014 €m
Profit/(loss) before tax	84	(394)
Finance expense	366	474
Operating profit	**450**	**80**
Depreciation and amortisation	403	363
Exceptional operating items	81	349
EBITDA	**934**	**792**

The segment results for the year ended 31 December 2015 are:

	Glass Packaging North America €m	Glass Packaging Europe €m	Metal Packaging €m	Group €m
Revenue	1,707	1,452	2,040	5,199
EBITDA	346	284	304	934
Capital expenditure	134	109	61	304
Total assets	2,305	1,762	2,268	6,335

The segment results for the year ended 31 December 2014 are:

	Glass Packaging North America €m	Glass Packaging Europe €m	Metal Packaging €m	Group €m
Revenue	1,353	1,406	1,974	4,733
EBITDA	265	277	250	792
Capital expenditure	78	86	150	314
Total assets	2,113	1,734	2,248	6,095

One customer accounted for greater than 10% of total revenue in 2015 (2014: one customer).

Finance income and expense are not allocated to segments as these are reviewed by the CODM on a group-wide basis. Segmental operating performance is assessed on EBITDA. Segmental revenues are derived from sales to external customers. Inter-segmental revenue is not material.

Total revenue and non-current assets, excluding financial instruments, taxes, pensions and goodwill arising on acquisitions, in countries which account for more than 10% of total revenue or non-current assets are as follows:

Revenue	2015 €m	2014 €m
USA	1,997	1,528
United Kingdom	662	610
Germany	573	653

Non-current assets	2015 €m	2014 €m
USA	1,431	1,356
Germany	356	381
United Kingdom	271	253

APHL is domiciled in Ireland. During the year the Group had sales of €18 million (2014: €16 million) to customers in Ireland. Non-current assets located in Ireland were €nil (2014: €nil).

Within each reportable segment our packaging containers have similar production processes and classes of customers. Further, they have similar economic characteristics as evidenced by similar profit margins, similar degrees of risk and similar opportunities for growth. Based on the foregoing, we do not consider that they constitute separate product lines and thus additional disclosure relating to product lines is not necessary.

17. Employee costs

	2015 €m	2014 €m
Wages and salaries	927	849
Social security costs	133	126
Defined benefit plan pension costs (Note 13)	45	35
Defined contribution plan pension costs	14	12
	1,119	**1,022**

Employees at 31 December	2015	2014
Production	17,068	16,928
Administration	1,789	1,900
	18,857	**18,828**

18. Exceptional items

	2015 €m	2014 €m
Plant start-up costs	27	19
Restructuring costs	12	27
Exceptional impairment – working capital	(2)	8
Exceptional impairment – property, plant and equipment	-	53
Non-cash inventory adjustment	-	15
Exceptional items – cost of sales	**37**	**122**
Transaction related costs – IPO, acquisition and disposals	41	22
Restructuring costs	2	12
Other	1	1
Exceptional items – sales, general and administration expenses	**44**	**35**
Exceptional impairment – intangible assets	**-**	**33**
Exceptional items – loss on disposal of businesses	**-**	**159**
Deferred issue costs written-off and other debt settlement costs	13	-
Debt refinancing costs	-	116
Interest payable on VNA acquisition notes	-	10
Exceptional items – finance expenses	**13**	**126**
	94	**475**

19. Finance income and expense

	2015 €m	2014 €m
Senior Secured and Senior Notes	290	296
Term Loan	26	28
Other interest expense	8	7
Interest expense	**324**	**331**
Net pension interest cost (Note 13)	23	20
Foreign currency translation losses/(gains)	4	(5)
Other finance expense	2	3
Finance expense before exceptional items	**353**	**349**
Exceptional finance expense (Note 18)	13	126
Total finance expense	**366**	**475**
Finance income	-	(1)
Net finance expense	**366**	**474**

20. Income tax

	2015 €m	2014 €m
Current tax	54	44
Adjustment in respect of prior years	33	(1)
Total current tax	**87**	**43**
Deferred tax	7	(52)
Adjustment in respect of prior years	(51)	6
Total deferred tax (Note 6)	**(44)**	**(46)**
Income tax charge/(credit)	**43**	**(3)**

	2015 €m	2014 €m
Profit/(loss) before tax	**84**	**(394)**
Profit/(loss) on ordinary activities multiplied by the standard rate of Irish corporation tax: 12.5% (2014:12.5%)	11	(49)
Tax losses for which no deferred income tax asset was recognised	2	10
Re-measurement of deferred taxes	(5)	-
Adjustment in respect of prior years	(18)	5
Income subject to other taxes	11	17
Profits/(losses) taxed at rates other than standard tax rates	14	(73)
Non-deductible items	32	77
Other	(4)	10
Income tax charge/(credit)	**43**	**(3)**

21. Cash generated from operating activities

	2015 €m	2014 €m
Profit/(loss) before tax	**84**	**(394)**
Adjustments		
Depreciation	294	275
Amortisation	109	88
Amortisation of capital grants	-	(1)
Net finance expense before exceptional items (Note 19)	353	348
Non-exceptional impairment charges	-	1
Exceptional items (Note 18)	94	475
EBITDA	**934**	**792**
Movement in working capital	90	6
Movement in non-working capital payables	-	2
Exceptional acquisition-related, disposal and plant start-up costs paid	(54)	(77)
Exceptional restructuring paid	(20)	(22)
Cash from operating activities	**950**	**701**

22. Acquisitions and disposals

VNA acquisition

On 11 April 2014 the Group completed the purchase of 100% of the equity of VNA from Compagnie de Saint-Gobain for a consideration of €1.1 billion.

Fair value adjustments to assets acquired of €3 million net of tax, were made in the year to 31 December 2015. The purchase price allocation is now finalised. The fair value of identifiable assets acquired was €656 million and acquired goodwill was €390 million.

Disposal of former Anchor Glass plants

On 30 June 2014 the Group completed the sale of six former Anchor Glass plants and certain related assets for a consideration of €319 million, on which the Group recognised a loss on disposal of €124 million.

Other disposals

During the year ended 31 December 2014 the Group disposed of a small business in the Metal Packaging division and also of its Metal Packaging operations in Australia and New Zealand for a total consideration of €78 million, on which the Group recognised a combined loss of €35 million.

23. Related party transactions

(i) Interests of Mr. Paul Coulson

At 31 December 2015, a company owned by Paul Coulson, the Chairman of the Board of Directors of Ardagh Group S.A., owned approximately 21% of the issued share capital of Ardagh Group S.A. and, through its investment in the Yeoman group of companies, had an interest in a further approximate 39% of the issued share capital of Ardagh Group S.A..

(ii) Yeoman Capital S.A.

At 31 December 2015, Yeoman Capital S.A. owned approximately 39% of the ordinary shares of Ardagh Group S.A.. During 2015, the Group incurred costs of €nil (2014: €1 million) for fees charged by the Yeoman group of companies. The amount outstanding at year end was €nil (2014: €1 million).

(iii) Common directorships

Three of the APHL existing directors, Messrs. Paul Coulson, Niall Wall and David Matthews are also members of the Board of Directors of Ardagh Group S.A.. Four of the Ardagh Group S.A. directors, Messrs. Coulson, Dowling, Baertz and Troskie, also serve as directors in the Yeoman group of companies.

(iv) Joint ventures

At 31 December 2015, the Group owed €2 million (2014: €1 million) to Eura Glasrecycling GmbH & Co. KG. During 2015, the Group received a dividend of €nil (2014: €1 million) from Eura Glasrecycling GmbH & Co. KG and incurred €4 million (2014: €4 million) for purchases of raw materials. At 31 December 2015, the Group owed €1 million (2014: €1 million) to Copal SAS. During 2015, the Group incurred €3 million (2014: €4 million) for raw materials purchased from Copal SAS.

(v) Key management compensation

Key management are those persons who have the authority and responsibility for planning, directing and controlling the activities of the Group. Key management are comprised of the members who served on the Board of Directors of Ardagh Group S.A. and the Group's Global Leadership Team during the reporting period. The amount outstanding at year end was €4 million (2014: €4 million).

	2015 €m	2014 €m
Salaries and other short term employee benefits	12	12
Post-employment benefits	1	1
	13	**13**

(vi) Pension schemes

The pension schemes are related parties. For details of all transactions during the year, please read Note 13 "Employee benefit obligations".

(vii) Subsidiaries

The principal subsidiary undertakings at 31 December 2015 and 31 December 2014 are detailed below, all of which are included in the consolidated financial statements.

Company	**Country of incorporation**	**Activity**	**Portion of shares held %**
Ardagh Metal Packaging Czech Republic s.r.o.	Czech Republic	Metal Packaging	100
Ardagh Glass Holmegaard A/S....................................	Denmark	Glass Packaging	100
Ardagh Aluminium Packaging France SAS	France	Metal Packaging	100
Ardagh MP West France SAS	France	Metal Packaging	100
Ardagh Metal Packaging France SAS	France	Metal Packaging	100
Ardagh Glass GmbH..	Germany	Glass Packaging	100
Heye International GmbH	Germany	Glass Engineering	100
Ardagh Metal Packaging Germany GmbH...................	Germany	Metal Packaging	100
Ardagh Germany MP GmbH..	Germany	Metal Packaging	100
Ardagh Glass Sales Limited	Ireland	Glass Packaging	100
Ardagh Group Italy S.r.l.	Italy	Glass and Metal Packaging	100
Ardagh Aluminium Packaging Netherlands B.V...........	Netherlands	Metal Packaging	100
Ardagh Glass Dongen B.V...	Netherlands	Glass Packaging	100
Ardagh Glass Moerdijk B.V..	Netherlands	Glass Packaging	100
Ardagh Metal Packaging Netherlands B.V...................	Netherlands	Metal Packaging	100
Ardagh Glass S.A. ….........	Poland	Glass Packaging	100
Ardagh Metal Packaging Poland Sp.Z.o.o.	Poland	Metal Packaging	100
Ardagh Glass Limmared AB	Sweden	Glass Packaging	100
Ardagh Glass Limited	United Kingdom	Glass Packaging	100
Ardagh Metal Packaging UK Limited	United Kingdom	Metal Packaging	100
Ardagh Metal Packaging USA Inc................................	United States	Metal Packaging	100
Ardagh Glass Inc.	United States	Glass Packaging	100

24. Contingencies

Environmental issues

The Group is regulated under various national and local environmental, occupational health and safety and other governmental laws and regulations relating to:

- the operation of installations for manufacturing of container glass, metal packaging and surface treatment using solvents;
- the generation, storage, handling, use and transportation of hazardous materials;
- the emission of substances and physical agents into the environment;
- the discharge of waste water and disposal of waste;
- the remediation of contamination; and
- the design, characteristics, and recycling of its products.

The Group believes, based on current information that it is in substantial compliance with applicable environmental laws and regulations and permit requirements. It does not believe it will be required, under both existing or anticipated future environmental laws and regulations, to expend amounts, over and above the amount accrued, which will have a material effect on its business, financial condition or results of operations or cash flows. In addition, no material proceedings against the Group arising under environmental laws are pending.

Legal matters

The German competition authority (the Federal Cartel Office) has initiated an investigation of the practices in Germany of metal packaging manufacturers including Ardagh. The investigation is at an early stage. At this stage, there is no certainty as to the extent of any charge which may arise and, accordingly, no provision has been recognised.

With the exception of the above legal matter, the Group is involved in certain other legal proceedings arising in the normal course of its business. The Group believes that none of these proceedings, either individually or in aggregate, is expected to have a material adverse effect on its business financial condition results of operations or cash flows.

25. Events after the reporting period

There have been no material events subsequent to 31 December 2015 which would require disclosure in this Annual Report.

ArdaghGroup

Ardagh Finance Holdings S.A.

INDEPENDENT AUDITORS' REPORT TO THE DIRECTORS OF ARDAGH FINANCE HOLDINGS S.A.

Report on the financial statements

Our opinion

In our opinion, Ardagh Finance Holdings S.A. non-statutory parent company financial statements (the "financial statements") for the year ended 31 December 2015 have been properly prepared, in all material respects, in accordance with the basis of preparation and accounting policies in Note 2 to the financial statements.

Emphasis of matter - Basis of preparation

In forming our opinion on the financial statements, which is not modified, we draw attention to the fact that the accounting policies used and disclosures made are not intended to, and do not, comply with the requirements of International Financial Reporting Standards as adopted by the European Union.

In addition, we draw attention to the fact that these financial statements have not been prepared in accordance with Luxembourg legal and regulatory requirements relating to the preparation of annual accounts and are not the parent company's annual accounts.

What we have audited

The financial statements comprise:

- the Statement of Financial Position as at 31 December 2015;
- the Statement of Comprehensive Income for the year then ended;
- the Statement of Changes in Equity for the year then ended
- the Statement of Cash Flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is the basis of preparation and accounting policies in Note 2 to the financial statements.

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the Directors

As explained more fully in the Statement of Directors' Responsibilities set out on page F-44, the directors are responsible for the preparation of the financial statements in accordance with the basis of preparation and accounting policies in Note 2 to the financial statements and for determining that the basis of preparation and accounting policies are acceptable in the circumstances.

Our responsibility is to audit and express an opinion on the financial statements in accordance with International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinion, has been prepared for and only for the company's directors as a body in order to satisfy the reporting requirements of the indentures contained within the PIK noteholders' agreement pertaining to the euro and US dollar denominated Secured PIK Notes due 2019 in accordance with our engagement letter and for no other purpose.

We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come, including without limitation under any contractual obligations of the company, save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

PricewaterhouseCoopers
Chartered Accountants
Dublin

29 February 2016

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the non-statutory parent company financial statements in accordance with the basis of preparation and accounting policies in Note 2 to these financial statements. In preparing them, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors confirm that they have complied with the above requirements in preparing the financial statements.

These financial statements have been approved for issue by the Directors of Ardagh Finance Holdings S.A. on 29 February 2016.

STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2015

	Note	2015 €m	2014 €m
Non-current assets			
Other financial asset	3	400	400
Receivable from subsidiary	4	1,021	865
		1,421	**1,265**
Current assets			
Cash and cash equivalents		2	2
Receivable from subsidiary		4	3
		6	**5**
TOTAL ASSETS		**1,427**	**1,270**
Equity attributable to owners of the parent			
Ordinary shares	5	-	-
Share premium		400	400
Retained earnings		2	1
Total equity		**402**	**401**
Non-current liabilities			
Borrowings	6	1,019	864
		1,019	**864**
Current liabilities			
Interest payable		4	3
Payables to subsidiary		2	2
		6	**5**
Total liabilities		**1,025**	**869**
TOTAL EQUITY and LIABILITIES		**1,427**	**1,270**

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	2015 €m	2014 €m
Finance expense	7	(84)	(39)
Finance income	7	85	40
Profit before tax		**1**	**1**
Income tax	8	-	-
Profit for the year		**1**	**1**
Other comprehensive income for the year		**-**	**-**
Total comprehensive income for the year		**1**	**1**

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2015

	Ordinary shares €m	Share premium €m	Retained earnings €m	**Total equity €m**
1 January 2015	-	400	1	**401**
Profit for the year	-	-	1	**1**
31 December 2015	**-**	**400**	**2**	**402**

	Ordinary shares €m	Share premium €m	Retained earnings €m	**Total equity €m**
1 January 2014	-	400	-	**400**
Profit for the year	-	-	1	**1**
31 December 2014	**-**	**400**	**1**	**401**

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	2015 €m	2014 €m
Cash flows from operating activities			
Cash generated from operations	9	-	-
Net cash generated from operating activities		**-**	**-**
Cash flows from investing activities			
Loans granted to subsidiary		-	(749)
Net cash used in investing activities		**-**	**(749)**
Cash flows from financing activities			
Proceeds from borrowings		-	762
Debt issue costs paid		-	(11)
Net proceeds from financing activities		**-**	**751**
Net increase in cash and cash equivalents		**-**	**2**
Cash and cash equivalents at the beginning of the year		2	-
Exchange gains on cash and cash equivalents		-	-
Cash and cash equivalents at the end of the year		**2**	**2**

NOTES TO THE NON-STATUTORY PARENT COMPANY FINANCIAL STATEMENTS

1. General information

Ardagh Finance Holdings S.A. (the “Company” or “AFHSA”) is an intermediate holding and financing company for the Ardagh Group with its registered offices at 56, rue Charles Martel, L-2134 Luxembourg. The Company is established for an unlimited period of time.

The Company is a holding company whose assets consist of its interest in the share capital of Ardagh Packaging Group Limited with no independent operations of its own. It is the issuer of €250 million 8.375% Senior PIK Notes due 2019 and $710 million 8.625% Senior PIK Notes due 2019 (together the “2019 Senior PIK Notes”).

The Company’s tax status is that of a Société de Participations Financières (Société Anonyme). The Company is subject in Luxembourg to the applicable general tax regulations.

AFHSA is the reporting entity to satisfy the reporting requirements of the 2019 Senior PIK Note indenture. These financial statements are included within the Annual Report of APHL, which includes the non-statutory consolidated financial statements of APHL.

These financial statements do not represent annual accounts under Luxembourg law. The annual accounts of AFHSA will be prepared using Luxembourg GAAP in accordance with Luxembourg legal and regulatory requirements relating to the preparation of the annual accounts. AFHSA does not prepare consolidated annual accounts as its results and net assets are included in the consolidated annual accounts of its immediate and ultimate parent company, Ardagh Group S.A. which are filed with the Registre Du Commerce in Luxembourg.

The financial statements were authorised for issue by the Board of Directors on 29 February 2016.

2. Summary of significant accounting policies

Basis of preparation

The financial statements have been prepared in accordance with, and are in compliance with, IFRS as adopted by the EU and related interpretations with the exception that even though the Company is a parent, consolidated financial statements have not been prepared and these financial statements have therefore been prepared on a parent company only basis and consequently present information about it as an individual undertaking and not about its group.

The financial statements, which are presented in euro rounded to the nearest million, have been prepared under the historical cost convention.

The preparation of financial information in conformity with IFRS as adopted by the EU requires the use of critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and income and expenses. It also requires management to exercise judgement in the process of applying the Company accounting policies. These estimates, assumptions and judgements are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances and are subject to continual re-evaluation. However, actual outcomes may differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are discussed in the critical accounting estimates and judgements.

Changes in accounting policy and disclosures

Adoption of International Financial Reporting Interpretations Committee (IFRIC) interpretations

IFRIC 21, ‘Levies’ sets out the accounting for an obligation to pay a levy if that liability is within the scope of IAS 37, ‘Provisions’. The interpretation addresses what the obligating event is that gives rise to pay a levy and when a liability should be recognised. This standard is effective since 1 January 2015. The Company has noted no material impact on the results or the net assets of the Company.

Applicable accounting standards issued but not yet effective

The following standards and amendments to existing standards have been published and are mandatory, subject to EU endorsement, for the Company’s accounting periods beginning on or after 1 January 2018 or later periods:

IFRS 9, ‘Financial instruments’. IFRS 9 is the first standard issued as part of a wider project to replace IAS 39, ‘Financial Instruments: Recognition and Measurement’. IFRS 9 has been completed in a number of phases and includes requirements on the classification and measurement of financial assets and liabilities. It also includes an expected credit loss model that replaces the incurred loss impairment model currently used as well as hedge accounting amendments. The Company is assessing the impact of IFRS 9, but it is not expected to be material. This standard becomes effective for annual periods commencing on or after 1 January 2018 however is subject to endorsement by the EU. The Company will apply IFRS 9 subject to EU endorsement.

There are no other accounting standards or IFRIC guidance that are not yet effective that would be expected to have a material impact on the Company.

Other financial assets

Subsidiaries held as other financial assets are initially stated at cost and subsequently at cost less any accumulated impairment losses. The carrying values of subsidiaries are reviewed for indicators of impairment at each reporting date and are subject to impairment testing when events or changes in circumstances indicate that the carrying values may not be recoverable. An impairment loss is recognised for the amount by which the carrying value exceeds its recoverable amount.

Non-derivative financial instruments

Non-derivative financial instruments comprise trade and other receivables, cash and cash equivalents, borrowings and trade and other payables. Non-derivative financial instruments are recognised initially at fair value plus any directly attributable transaction costs, except as described below. Subsequent to initial recognition, non-derivative financial instruments are measured as described below.

(i) Trade and other receivables

Trade and other receivables are recognised initially at fair value and are thereafter measured at amortised cost using the effective interest rate method less any provision for impairment. A provision for impairment of trade receivables is recognised when there is objective evidence that the Company will not be able to collect all amounts due, according to the original terms of the receivables.

(ii) Cash and cash equivalents

Cash and cash equivalents include cash in hand and call deposits held with banks. Cash and cash equivalents are carried at amortised cost.

Short term bank deposits of greater than three months maturity which do not meet the definition of cash and cash equivalents are classified as financial assets within current assets and stated at amortised cost.

(iii) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest rate method.

Borrowings are classified as current liabilities, unless the Company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

(iv) Trade and other payables

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method.

Finance income and expense

Finance income comprises interest income on funds invested and interest income on loans granted to Group companies and is recognised as a finance income in the Statement of Comprehensive Income.

Finance expense comprises interest expense on borrowings (including amortisation of deferred debt issuance costs) and foreign currency translation related to financing and is recognised as a finance expense in the Statement of Comprehensive Income.

Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised in other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction, other than business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities, and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority, on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Foreign currency

Transactions in foreign currencies are translated into the functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into the functional currency at the foreign exchange rate ruling at that date.

Critical accounting estimates, assumptions and judgements

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. There are estimates and assumptions that are considered to have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

3. Other financial asset

	2015 €m	2014 €m
Investment in Ardagh Packaging Group Limited	400	400

The Company is the owner of 100% of the ordinary share capital of Ardagh Packaging Group Limited, an Irish registered company.

4. Receivable from subsidiary

The Company has an intercompany receivable amount at 31 December 2015 of €1,021 million (2014: €865 million). This loan is comprised of a US dollar loan of $804 million and a euro loan of €282 million, both of which include the capitalisation of interest on a semi-annual basis and intercompany interest receivable of €4 million (US dollar interest of $3 million and euro interest of €1 million). At 31 December 2014 the intercompany receivable comprised a US dollar loan of $736 million and a euro loan of €259 million and intercompany interest receivable of €3 million comprising US dollar interest of $3 million and euro interest of €1 million. These amounts are owed by Ardagh Packaging Group Limited, a 100% subsidiary of the Company.

5. Share capital

	2015 €m	2014 €m
Issued and fully paid: 10,000,000 ordinary shares of €0.01 each	-	-

6. Borrowings

The carrying amount and fair value of the Company's borrowings as at 31 December 2015 and 31 December 2014, is set out below:

	2015 €m	2014 €m
Amount drawn	1,019	864
Fair value	1,008	851

The fair value for the 2019 Senior PIK Notes is calculated based on quoted market prices.

The carrying value of the Company's loans during 2015 includes the capitalisation of interest incurred during the year which is done on a semi-annual basis. The capitalisation of interest on the €250 million 8.375% Senior PIK notes due 2019 amounted to €22 million (2014: €11 million) and the capitalisation of interest on the $710 million 8.625% Senior PIK notes due 2019 amounted to $65 million (2014: $31 million). The remainder of the carrying value is the discount given on the issuance of the Senior PIK notes.

The maturity analysis of the Company's borrowings is as follows:

	2015 €m	2014 €m
Between 2 and 5 years	1,019	864

The effective interest rates at the reporting date for the US dollar and euro 2019 Senior PIK Notes were 9.83% and 9.55% respectively (2014: 9.86%, 9.57%).

Liquidity Risk

The Company is exposed to liquidity risk which arises primarily from the maturing of long term debt obligations. The Company follows the Group's policy to ensure that sufficient resources are available either from cash balances, cash flows or undrawn committed bank facilities, to ensure all obligations can be met as they fall due.

To achieve this objective, the Company borrows all of its debt needs under long term fixed rate debt securities. The Group has internal control processes and contingency plans for managing liquidity risk.

7. Finance income and expense

	2015 €m	2014 €m
Finance expense		
2019 Senior PIK Notes	(84)	(39)
Finance income		
Interest income - Group companies	85	40

8. Tax on profit on ordinary activities

	2015 €m	2014 €m
Current tax charge for the year	-	-
Deferred tax charge for the year	-	-
Total income tax charge	**-**	**-**
Profit before tax	**1**	**1**
Profit on ordinary activities multiplied by the Luxembourg standard rate of corporation tax: 29.22% (2014: 29.22%)	-	-
Total tax charge for the financial year	**-**	**-**

9. Cash generated from operating activities

	2015 €m	2014 €m
Profit before tax	**1**	**1**
Adjustments:		
Finance expense	84	39
Finance income	(85)	(40)
Cash generated from operating activities	**-**	**-**

10. Related party transactions

(i) Interests of Mr. Paul Coulson

At 31 December 2015, a company owned by Paul Coulson, the current Chairman of the Board of Directors of Ardagh Group S.A., owned approximately 21% of the issued share capital of Ardagh Group S.A. and, through its investment in the Yeoman group of companies, had an interest in a further approximate 39% of the issued share capital of Ardagh Group S.A..

(ii) Yeoman Capital S.A.

At 31 December 2015, Yeoman Capital S.A. owned approximately 39% of the ordinary shares of Ardagh Group S.A..

(iii) Common directorships

All directors of AFHSA, Messrs. Paul Coulson, Niall Wall, Herman Troskie and Wolfgang Baertz, are also members of the Board of Directors of Ardagh Group S.A.. Three of the directors of AFHSA, Messrs. Coulson, Troskie and Baertz also serve as directors of companies within the Yeoman group of companies.

11. Key management compensation

Directors' fees and key management compensation for the year ended 31 December 2015 were €nil (2014: €nil).

12. Events after the reporting period

There are no events after the reporting period relevant to AFHSA.

ArdaghGroup
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