ArdaghGroup

Interim Report

For the three and six months ended 30 June 2015

Ardagh Packaging Holdings Limited

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As used herein, “APHL” or the “Company” refer to Ardagh Packaging Holdings Limited, and “we”, “our”, “us”, “Ardagh” and the “Group” refer to APHL and its consolidated subsidiaries, unless the context requires otherwise.

Forward-Looking Statements

The Group and its representatives may from time to time make written or verbal statements which, to the extent that they are not historical fact, constitute “forward-looking statements”. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. There are a number of factors that could cause actual results to differ materially from those expressed or implied by these forward-looking statements. Any statements regarding past trends or activities should not be taken as a representation that such activities or trends will continue in the future.

The Group undertakes no obligation to publicly update or publicly revise any forward-looking statement, whether as a result of new information, future events or otherwise. All subsequent written or verbal forward-looking statements attributable to the Group or to persons acting on the Group’s behalf are expressly qualified by the cautionary statements referred to above.

SELECTED FINANCIAL INFORMATION

The following discussion should be read in conjunction with, and is qualified in its entirety by, reference to the unaudited condensed consolidated interim Group financial information and the related notes thereto included in this document.

The following table sets forth summary consolidated financial information for the Group.

	Unaudited - Reported (in € millions, except ratios and percentages)				
	Three months ended		Six months ended		Year ended
	30 June 2015	30 June 2014	30 June 2015	30 June 2014	30 June 2015
Income statement data					
Revenue	1,303	1,281	2,510	2,249	4,994
EBITDA[1]	249	217	453	372	873
Depreciation and amortisation	(98)	(88)	(188)	(157)	(394)
Exceptional items[2]	(18)	(305)	(37)	(324)	(188)
Finance expense[3]	(88)	(77)	(177)	(158)	(367)
Profit/(loss) before tax	45	(253)	51	(267)	(76)
Income tax (charge)/credit	(19)	34	(35)	30	(62)
Profit/(loss) for the period	26	(219)	16	(237)	(138)
Cash flow data					
Operating cash flow[4]	144	104	152	80	534
Free cash flow[5]	36	(38)	(35)	(80)	193
Other data					
EBITDA margin[1]	19.1%	16.9%	18.0%	16.5%	17.5%
Debt service costs[6]	82	95	162	175	317
Capital expenditure[7]	64	82	163	179	298
Ratio of EBITDA to debt service costs[1] [6]	3.0x	2.3x	2.8x	2.1x	2.8x

	Unaudited – Reported (in € millions)			
	30 June 2015	31 March 2015	31 December 2014	30 June 2014
Balance sheet data				
Cash[8]	189	155	412	485
Total assets	6,316	6,424	6,095	6,330
Total borrowings[9]	5,382	5,519	5,245	5,145
Total equity	(1,358)	(1,515)	(1,308)	(977)
Net debt[10]	5,063	5,209	4,733	4,611

All footnotes are on page 8 of this document.

OPERATING AND FINANCIAL REVIEW

Pro Forma Operating Results

The consolidated results for the three and six months ended 30 June 2015 and 2014 are presented in this review on a pro forma basis, based on unaudited financial information.

Transactions which occurred in the three months ended 30 June 2014 and the twelve months ended 30 June 2015 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 (the "Anchor Divestment"), closed on 30 June 2014.
– The divestment of the Group's Metal Packaging operations in Australia and New Zealand, closed on 31 December 2014.
– The divestment of a small business in the Metal Packaging division, closed on 31 October 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 where indicated)				
	Three months ended		Six months ended		Year ended
	30 June 2015	30 June 2014	30 June 2015	30 June 2014	30 June 2015
Revenue					
Glass Packaging North America	453	372	851	713	1,600
Glass Packaging Europe	361	356	698	683	1,421
Metal Packaging	489	438	961	871	1,906
Group	**1,303**	**1,166**	**2,510**	**2,267**	**4,927**
EBITDA[1]					
Glass Packaging North America	94	71	171	126	315
Glass Packaging Europe	75	70	138	134	281
Metal Packaging	80	59	144	108	271
Group	**249**	**200**	**453**	**368**	**867**
EBITDA Margin[1]					
Glass Packaging North America	20.8%	19.1%	20.1%	17.7%	19.7%
Glass Packaging Europe	20.8%	19.7%	19.8%	19.6%	19.8%
Metal Packaging	16.4%	13.5%	15.0%	12.4%	14.2%
Group	**19.1%**	**17.2%**	**18.0%**	**16.2%**	**17.6%**
Capital expenditure	64	81	163	197	290
Ratio of net debt to EBITDA[1] [10]					5.8x

All footnotes are on page 8 of this document.

Financial Review

Bridge of 2014 Revenue to 2015 Revenue

	Three months ended 30 June				
	Glass Packaging North America €m	Glass Packaging Europe €m	Glass Packaging Total €m	Metal Packaging €m	Group €m
Reported revenue 2014	**443**	**356**	**799**	**482**	**1,281**
Acquisitions	37	-	37	-	37
Disposals	(108)	-	(108)	(44)	(152)
Pro forma revenue 2014	**372**	**356**	**728**	**438**	**1,166**
Organic	(13)	(6)	(19)	37	18
FX translation	94	11	105	14	119
Reported revenue 2015	**453**	**361**	**814**	**489**	**1,303**

Bridge of 2014 EBITDA to 2015 EBITDA

	Three months ended 30 June				
	Glass Packaging North America €m	Glass Packaging Europe €m	Glass Packaging Total €m	Metal Packaging €m	Group €m
Reported EBITDA 2014	**84**	**70**	**154**	**63**	**217**
Acquisitions	7	-	7	-	7
Disposals	(20)	-	(20)	(4)	(24)
Pro forma EBITDA 2014	**71**	**70**	**141**	**59**	**200**
Organic	5	2	7	20	27
FX translation	18	3	21	1	22
Reported EBITDA 2015	**94**	**75**	**169**	**80**	**249**
Reported EBITDA 2015 margin	**20.8%**	**20.8%**	**20.8%**	**16.4%**	**19.1%**
Pro forma EBITDA 2014 margin	**19.1%**	**19.7%**	**19.4%**	**13.5%**	**17.2%**

Bridge of 2014 Revenue to 2015 Revenue

	Six months ended 30 June				
	Glass Packaging North America €m	Glass Packaging Europe €m	Glass Packaging Total €m	Metal Packaging €m	Group €m
Reported revenue 2014	**604**	**683**	**1,287**	**962**	**2,249**
Acquisitions	314	-	314	-	314
Disposals	(205)	-	(205)	(91)	(296)
Pro forma revenue 2014	**713**	**683**	**1,396**	**871**	**2,267**
Organic	(20)	(4)	(24)	68	44
FX translation	158	19	177	22	199
Reported revenue 2015	**851**	**698**	**1,549**	**961**	**2,510**

Bridge of 2014 EBITDA to 2015 EBITDA

	Six months ended 30 June				
	Glass Packaging North America €m	Glass Packaging Europe €m	Glass Packaging Total €m	Metal Packaging €m	Group €m
Reported EBITDA 2014	**121**	**134**	**255**	**117**	**372**
Acquisitions	45	-	45	-	45
Disposals	(40)	-	(40)	(9)	(49)
Pro forma EBITDA 2014	**126**	**134**	**260**	**108**	**368**
Organic	17	(1)	16	34	50
FX translation	28	5	33	2	35
Reported EBITDA 2015	**171**	**138**	**309**	**144**	**453**
Reported EBITDA 2015 margin	**20.1%**	**19.8%**	**19.9%**	**15.0%**	**18.0%**
Pro forma EBITDA 2014 margin	**17.7%**	**19.6%**	**18.6%**	**12.4%**	**16.2%**

Operating and Free Cash Flow

	Three months ended		Six months ended		Year ended
	30 June 2015	30 June 2014	30 June 2015	30 June 2014	30 June 2015
	€m	€m	€m	€m	€m
Reported EBITDA	**249**	**217**	**453**	**372**	**873**
Movement in working capital	(37)	(27)	(121)	(106)	(9)
Capital expenditure[7]	(64)	(82)	(163)	(179)	(298)
Exceptional restructuring paid	(4)	(4)	(17)	(7)	(32)
Operating Cash Flow	**144**	**104**	**152**	**80**	**534**
Interest paid*	(93)	(136)	(169)	(151)	(314)
Income tax**	(15)	(6)	(18)	(9)	(27)
Free Cash Flow	**36**	**(38)**	**(35)**	**(80)**	**193**

*Interest paid in the six months ended 30 June 2014 excludes exceptional interest paid of €10 million relating to the notes issued in January 2013 to finance the VNA acquisition.

**Income tax paid in the three months ended 30 June 2014 excludes €13 million exceptional tax paid relating to the Anchor Divestment. Income tax paid in the six months ended 30 June 2014 excludes a further €4 million exceptional income tax paid relating to the disposal of the Group's investment in ORG, a listed Chinese metal packaging company, which occurred during the year ended 31 December 2013.

The six month non-GAAP information in the above table has been extracted from the Consolidated Interim Statement of Cash Flows on page 15, and related notes.

Review of the Quarter

Revenue of €1,303 million for the second quarter of 2015 represented an increase of 2% over the same period in 2014. Compared with pro forma second quarter 2014 the increase in revenue was 12% at actual exchange rates and 1% at constant currency.

Revenue in the Glass division of €814 million in the quarter increased by 12% compared with pro forma revenue for the same period in 2014. At constant currency, it declined by 2%. Glass Packaging North America revenue of €453 million increased by 22% over pro forma revenue for the same period last year at actual exchange rates and was 3% lower on a constant currency basis. Glass Packaging Europe revenue in the quarter increased by 1% to €361 million compared with the same period in 2014 and was 2% lower at constant currency.

In the Metal division, revenue of €489 million increased by 12% over pro forma second quarter 2014 revenue and by 8% at constant currency. Revenue growth was attributable to the Group's new North American plants, which began commercial operations in early 2015.

Second quarter EBITDA of €249 million represented an increase of 15% over the same period in 2014. Constant currency EBITDA increased by 12% compared with pro forma EBITDA for the same period last year. EBITDA margin of 19.1% for the quarter compared with the pro forma margin of 17.2% in the same period last year.

Glass division EBITDA increased by 20% to €169 million, compared with pro forma EBITDA of €141 million in the second quarter of 2014. At constant currency, the increase was 4% and reflected progress in both regions. Glass Packaging North America EBITDA of €94 million in the second quarter of 2015 increased by 32% over pro forma EBITDA for the same period last year and was 6% higher on a constant currency basis. In Glass Packaging Europe, EBITDA for the second quarter was 7% higher than the same period last year and increased by 3% at constant currency.

Metal division EBITDA of €80 million in the quarter represented an increase of 36% over the second quarter of 2014 on a pro forma basis and increased by 33% at constant currency. Second quarter growth was attributable to efficiencies and cost reductions in Metal Packaging Europe and volume growth from the new North American plants.

Operating cash flow in the second quarter was €144 million, an increase of €40 million over the same period in 2014. The seasonal working capital increase of €37 million in the second quarter was €10 million higher than in the same period in 2014, principally due to the enlarged Metal Packaging North America business. Working capital absorption during the second quarter was reduced in the Glass division and in Metal Packaging Europe. Capital expenditure of €64 million in the second quarter of 2015 was €18 million lower than the same quarter last year, chiefly due to the completion of the Metal Packaging North America investment project. Interest payments in the second quarter were €43 million lower than in the same period in 2014, with timing and reduced borrowing costs more than offsetting the impact of higher average debt following the acquisition of VNA in April 2014. Tax payments increased by €9 million due to the increased size of the Group and timing factors. Free cash flow before exceptional items was a €36 million inflow during the quarter, a €74 million improvement compared to an outflow of €38 million in the same period in 2014.

Financing and Investment Activity

On 23 June 2015, Oressa Limited ("Oressa"), a company recently formed with the intention of acquiring the Group's metal packaging operations, filed with the U.S. Securities and Exchange Commission a registration statement on form F-1 in connection with the proposed listing of its securities on the New York Stock Exchange. This registration statement has not yet become effective. These securities may not be sold nor may offers to buy be accepted prior to the time the registration statement becomes effective. The statements in this document do not constitute an offer to sell or the solicitation of an offer to buy securities, and shall not constitute an offer, solicitation or sale in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of that jurisdiction.

Subject to receipt of all necessary clearances, it is intended that, subject to market conditions, this offering of a minority stake will take place before the end of 2015 and, although there can be no certainty regarding the size and success of any offer, as previously indicated, Ardagh's objective is to raise approximately €2 billion in proceeds from the combined debt and equity issuance by Oressa.

Footnotes to the Selected Financial Information

(1) EBITDA is operating profit before depreciation, amortisation, 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) on ordinary activities as indicators of operating performance or any other measures of performance derived in accordance with IFRS.

(2) The exceptional items referred to in the preceding tables are shown on a number of different lines in the Consolidated Interim Income Statement presented in subsequent pages in this report.

(3) Excludes exceptional interest expense.

(4) Operating cash flow reflects reported EBITDA adjusted for working capital, capital expenditure (see footnote 7 below) and exceptional restructuring costs paid. Working capital is comprised of inventories, trade and other receivables, trade and other payables, and provisions.

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

(6) Debt service costs represent net finance expense excluding exceptional finance items, net pension interest costs, foreign exchange gains and losses, gains and losses on derivatives not designated as hedges, and other finance expenses.

(7) Capital expenditure is the sum of purchases of property, plant and equipment and software and other intangibles, net of proceeds from disposal of property, plant and equipment, as per the Consolidated Interim Statement of Cash Flows on page 15.

(8) Cash includes restricted cash.

(9) Total borrowings include all bank borrowings as well as vendor loan notes, subordinated loan notes before deduction of any unamortised debt issuance costs or premium on debt issuance above par.

(10) 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

Financial Statements

CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2015

	Note	30 June 2015 €m Unaudited	31 December 2014 €m Audited
Non-current assets			
Intangible assets	3	1,827	1,762
Property, plant and equipment	3	2,304	2,223
Derivative financial instruments		75	40
Deferred tax assets		182	184
Other non-current assets		11	10
		4,399	**4,219**
Current assets			
Inventories		920	770
Trade and other receivables		808	692
Derivative financial instruments		-	2
Restricted cash		10	9
Cash and cash equivalents		179	403
		1,917	**1,876**
TOTAL ASSETS		**6,316**	**6,095**
Equity attributable to owner of the parent			
Ordinary shares		-	-
Capital contribution		101	101
Other reserves		(189)	(105)
Retained earnings		(1,272)	(1,306)
		(1,360)	**(1,310)**
Non-controlling interests		2	2
Total equity		**(1,358)**	**(1,308)**
Non-current liabilities			
Borrowings	4	5,323	5,181
Employee benefit obligations	5	749	723
Deferred tax liabilities		479	455
Provisions		41	33
		6,592	**6,392**
Current liabilities			
Borrowings	4	4	4
Interest payable		73	80
Derivative financial instruments		4	7
Trade and other payables		894	803
Income tax payable		73	67
Provisions		34	50
		1,082	**1,011**
Total liabilities		**7,674**	**7,403**
TOTAL EQUITY and LIABILITIES		**6,316**	**6,095**

CONSOLIDATED INTERIM INCOME STATEMENT FOR THE THREE MONTHS ENDED 30 JUNE 2015 (UNAUDITED)

			30 June 2015			30 June 2014
	Before exceptional items €m	Exceptional items €m	Total €m	Before exceptional items €m	Exceptional items €m	Total €m
Revenue	1,303	-	1,303	1,281	-	1,281
Cost of sales	(1,065)	(10)	(1,075)	(1,060)	(40)	(1,100)
Gross profit	**238**	**(10)**	**228**	**221**	**(40)**	**181**
Sales, general and administration expenses	(59)	(8)	(67)	(67)	(11)	(78)
Intangible amortisation	(28)	-	(28)	(25)	(22)	(47)
Loss on disposal of business	-	-	-	-	(124)	(124)
Operating profit/(loss)	**151**	**(18)**	**133**	**129**	**(197)**	**(68)**
Finance expense	(88)	-	(88)	(77)	(108)	(185)
Profit/(loss) before tax	**63**	**(18)**	**45**	**52**	**(305)**	**(253)**
Income tax (charge)/credit			(19)			34
Profit/(loss) for the period			**26**			**(219)**
Profit/(loss) attributable to:						
Owners of the parent			26			(219)
Non-controlling interests			-			-
Profit/(loss) for the period			**26**			**(219)**

CONSOLIDATED INTERIM INCOME STATEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2015 (UNAUDITED)

	30 June 2015			30 June 2014		
	Before exceptional items €m	Exceptional items €m	Total €m	Before exceptional items €m	Exceptional items €m	Total €m
Revenue	2,510	-	2,510	2,249	-	2,249
Cost of sales	(2,067)	(17)	(2,084)	(1,875)	(43)	(1,918)
Gross profit	**443**	**(17)**	**426**	**374**	**(43)**	**331**
Sales, general and administration expenses	(124)	(10)	(134)	(124)	(19)	(143)
Intangible amortisation	(54)	-	(54)	(35)	(22)	(57)
Loss on disposal of business	-	-	-	-	(124)	(124)
Operating profit/(loss)	**265**	**(27)**	**238**	**215**	**(208)**	**7**
Finance expense	(177)	(10)	(187)	(158)	(116)	(274)
Profit/(loss) before tax	**88**	**(37)**	**51**	**57**	**(324)**	**(267)**
Income tax (charge)/credit			(35)			30
Profit/(loss) for the period			**16**			**(237)**
Profit/(loss) attributable to:						
Owners of the parent			16			(237)
Non-controlling interests			-			-
Profit/(loss) for the period			**16**			**(237)**

CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME FOR THE THREE AND SIX MONTHS ENDED 30 JUNE 2015 (UNAUDITED)

	Three months ended		Six months ended	
	30 June 2015 €m	30 June 2014 €m	30 June 2015 €m	30 June 2014 €m
Profit/(loss) for the period	**26**	**(219)**	**16**	**(237)**
Other comprehensive income:				
Items that may subsequently be reclassified to profit or loss				
Foreign currency translation adjustments:				
-Arising in the period	55	(28)	(89)	(31)
	55	**(28)**	**(89)**	**(31)**
Effective portion of changes in fair value of cash flow hedges:				
-New fair value adjustments into reserve	(16)	3	37	3
-Movement out of reserve	14	-	(32)	-
-Movement in deferred tax	-	(1)	-	(1)
	(2)	**2**	**5**	**2**
Items that will not be reclassified to profit or loss				
-Re-measurements of employee benefit obligations	110	(47)	31	(47)
-Deferred tax movement on employee benefit obligations	(32)	14	(13)	14
	78	**(33)**	**18**	**(33)**
Other comprehensive income/(expense) for the period	**131**	**(59)**	**(66)**	**(62)**
Total comprehensive income/(expense) for the period	**157**	**(278)**	**(50)**	**(299)**
Attributable to:				
Owners of the parent	157	(278)	(50)	(299)
Non-controlling interests	-	-	-	-
Total comprehensive income/(expense) for the period	**157**	**(278)**	**(50)**	**(299)**

CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 30 JUNE 2015 (UNAUDITED)

	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 period	-	16	-	-	**16**	-	**16**
Other comprehensive income/(expense)	-	18	(89)	5	**(66)**	-	**(66)**
30 June 2015	**101**	**(1,272)**	**(191)**	**2**	**(1,360)**	**2**	**(1,358)**

	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 period	-	(237)	-	-	**(237)**	-	**(237)**
Other comprehensive (expense)/income	-	(33)	(31)	2	**(62)**	-	**(62)**
30 June 2014	**101**	**(1,093)**	**16**	**(3)**	**(979)**	**2**	**(977)**

CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS FOR THE SIX MONTHS ENDED 30 JUNE 2015 (UNAUDITED)

	Note	30 June 2015 €m	30 June 2014 €m
Cash flows from operating activities			
Cash generated from operations	9	287	206
Interest paid		(169)	(161)
Income tax paid		(18)	(26)
Net cash from operating activities		**100**	**19**
Cash flows from investing activities			
Business combinations		-	(1,083)
Proceeds received from disposal of business		-	318
Cash in acquired subsidiary		-	8
Purchase of property, plant and equipment		(166)	(176)
Purchase of software and other intangibles		(4)	(5)
Proceeds from disposal of property, plant and equipment		7	2
Dividends received		-	1
Net cash used in investing activities		**(163)**	**(935)**
Cash flows from financing activities			
Proceeds from borrowings		30	1,177
Repayment of borrowings		(185)	(25)
Deferred debt issue costs		(10)	(30)
Dividends paid		-	(1)
Net (outflow)/inflow from financing activities		**(165)**	**1,121**
Net (decrease)/increase in cash and cash equivalents		**(228)**	**205**
Cash and cash equivalents at beginning of the period		412	295
Exchange gains/(losses) on cash and cash equivalents		5	(15)
Cash and cash equivalents at end of the period		**189**	**485**

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. Statement of directors' responsibilities

The Directors are responsible for preparing the condensed consolidated interim financial information. The Directors are required to prepare financial information for each financial period of the state of affairs of the Group and of the profit or loss of the Group for that period. In preparing the financial information, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and to
- prepare the financial information on the 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 condensed consolidated interim financial information.

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.

The condensed consolidated interim financial information was approved for issue by the Board of Directors (the "Board") on 31 July 2015.

2. Summary of significant accounting policies

Basis of preparation

This condensed consolidated interim financial information for the three and six months ended 30 June 2015 has been prepared in accordance with IAS 34, 'Interim financial reporting'. The condensed consolidated interim financial information does not include all of the information required for full annual financial statements and should be read in conjunction with the Annual Report for the year ended 31 December 2014, which was prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union, and on which the independent auditors' report was unqualified.

The condensed consolidated financial information presented in this interim report does not represent financial statements within the meaning of Section 340 (4) of the Companies Act, 2014. Financial statements for Ardagh Packaging Holdings Limited for the year ended 31 December 2013, upon which the auditors have given an unqualified audit report, were filed with the Registrar of Companies in Ireland. Financial statements for Ardagh Packaging Holdings Limited for the year ended 31 December 2014 will be filed in due course with the Registrar of Companies in Ireland.

Income tax in interim periods is accrued using the effective tax rate expected to be applicable to annual earnings.

The accounting policies, presentation and methods of computation followed in the condensed consolidated interim financial information are the same as those applied in the Group's latest Annual Report.

There are no new IFRS standards effective from 1 January 2015 which have a material effect on the condensed consolidated interim financial information.

3. Intangible assets and property, plant and equipment

	2015		2014	
	Intangible assets	Property, plant and equipment	Intangible assets	Property, plant and equipment
	€m	€m	€m	€m
Net book value				
At 1 January	1,762	2,223	1,037	2,087
Acquisitions*	3	-	865	374
Additions	5	131	5	156
Charge for the period	(54)	(134)	(35)	(122)
Impairment	-	-	(22)	(17)
Disposals/Divestments	-	(7)	(258)	(252)
Exchange	111	91	22	21
At 30 June	**1,827**	**2,304**	**1,614**	**2,247**

*Fair value adjustments to goodwill of €3 million were made in the six months to 30 June 2015 relating to the VNA acquisition. The purchase price allocation is now finalised.

4. Financial assets and liabilities

At 30 June 2015, the Group's available liquidity was as follows:

Facility	Currency	Maximum amount drawable	Final maturity date	Facility type	Amount drawn as at 30 June 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	992	-
6.00% Senior Notes	USD	440	30-Jun-21	Bullet	440	393	-
9.250% Senior Notes	EUR	475	15-Oct-20	Bullet	475	475	-
9.125% Senior Notes	USD	920	15-Oct-20	Bullet	920	822	-
7.000% Senior Notes	USD	150	15-Nov-20	Bullet	150	134	-
6.250% Senior Notes	USD	415	31-Jan-19	Bullet	415	371	-
6.750% Senior Notes	USD	415	31-Jan-21	Bullet	415	371	-
USD Term Loan B Facility	USD	691	17-Dec-19	Amortising	691	618	-
HSBC Securitisation Programme	EUR	150	15-Jun-18	Revolving	30	30	120
Bank of America Facility	USD	155	11-Apr-18	Revolving	-	-	139
US Equipment Financing Facility	USD	7	01-Sep-17	Amortising	7	6	-
US Real Estate Financing Facility	USD	6	01-Sep-21	Amortising	6	5	-
Unicredit Working Capital and Performance Guarantee Credit Lines	EUR	1	Rolling	Revolving	-	-	1
Finance lease obligations	GBP/EUR			Amortising	6	6	-
Other borrowings	EUR	4		Amortising	4	4	-
Total borrowings / undrawn facilities						**5,382**	**260**
Deferred debt issue costs and bond premiums						(55)	-
Net borrowings / undrawn facilities						**5,327**	**260**
Cash, cash equivalents and restricted cash						(189)	189
Derivative financial instruments used to hedge foreign currency and interest rate risk						(75)	-
Net debt / available liquidity						**5,063**	**449**

The fair value of the Group's borrowings at 30 June 2015 is €5,374 million (31 December 2014: €5,237 million).

Financing activity

On 12 February 2015, Ardagh redeemed in full the principal amount outstanding of its €180 million 8¾% Senior Notes due 2020. The redemption was funded from the Group's internal resources.

5. Employee benefit obligations

Employee benefit obligations at 30 June 2015 have been updated to reflect the latest discount rates and asset valuations. Re-measurement gains of €110 million and €31 million have been recognised in the Consolidated Interim Statement of Comprehensive Income for the three and six months ended 30 June 2015 respectively.

6. Segmental analysis

Following the disposal of the Group's Metal Packaging operations in Australia and New Zealand on 31 December 2014, the Executive Committee of Ardagh Group S.A. ("the Executive Committee"), reviews the operating results of Metal Packaging as a single business. Consequently Metal Packaging Europe and Metal Packaging North America are combined as one reportable segment, labelled Metal Packaging.

The three reportable segments for the three and six months ended 30 June 2015 are Glass Packaging North America, Glass Packaging Europe and Metal Packaging. The prior period comparatives have been represented to include Metal Packaging North America and Metal Packaging Asia Pacific within the Metal Packaging segment. Inter-segment revenue is not material.

Reconciliation of operating profit/(loss) to EBITDA

	Three months ended		Six months ended	
	30 June 2015 €m	30 June 2014 €m	30 June 2015 €m	30 June 2014 €m
Operating profit/(loss)	**133**	**(68)**	**238**	**7**
Depreciation and amortisation	98	88	188	157
Exceptional operating items	18	197	27	208
EBITDA	**249**	**217**	**453**	**372**

The segment results for the three months ended 30 June are as follows:

	Revenue		EBITDA	
	2015 €m	2014 €m	2015 €m	2014 €m
Glass Packaging North America	453	443	94	84
Glass Packaging Europe	361	356	75	70
Metal Packaging	489	482	80	63
Group	**1,303**	**1,281**	**249**	**217**

The segment results for the six months ended 30 June are as follows:

	Revenue		EBITDA	
	2015 €m	2014 €m	2015 €m	2014 €m
Glass Packaging North America	851	604	171	121
Glass Packaging Europe	698	683	138	134
Metal Packaging	961	962	144	117
Group	**2,510**	**2,249**	**453**	**372**

7. Exceptional items

The Group's income statement, cash flow and segmental analysis separately identify results before specific items. Specific items are those that in the Directors' judgement need to be disclosed by virtue of their size, nature or incidence.

	Three months ended		Six months ended	
	30 June 2015 €m	30 June 2014 €m	30 June 2015 €m	30 June 2014 €m
Plant start-up costs	(9)	(5)	(16)	(8)
Restructuring costs	(1)	(3)	(1)	(4)
Exceptional impairment – property, plant and equipment	-	(17)	-	(17)
Non-cash inventory adjustment	-	(15)	-	(15)
Other	-	-	-	1
Exceptional items – cost of sales	**(10)**	**(40)**	**(17)**	**(43)**
IPO related costs	(6)	-	(6)	-
Acquisition related costs	(1)	(8)	(3)	(15)
Other	(1)	(3)	(1)	(4)
Exceptional items – sales, general and administration expenses	**(8)**	**(11)**	**(10)**	**(19)**
Exceptional impairment – intangible assets	**-**	**(22)**	**-**	**(22)**
Exceptional items - loss on disposal of business	**-**	**(124)**	**-**	**(124)**
Deferred issue costs written-off and other debt settlement costs	-	-	(10)	-
Debt refinancing costs	-	(106)	-	(106)
Interest payable on VNA acquisition notes	-	(2)	-	(10)
Exceptional items – finance expenses	**-**	**(108)**	**(10)**	**(116)**
	(18)	**(305)**	**(37)**	**(324)**

Three months ended 30 June 2015

Exceptional items of €18 million comprise mainly, €9 million plant start-up costs relating to the strategic growth investment in Metal Packaging and €6 million IPO related costs.

Six months ended 30 June 2015

Exceptional items of €37 million relate to €16 million of plant start-up costs mainly relating to the strategic growth investment in Metal Packaging, €10 million exceptional finance costs relating to the €180 million 8¾% Senior Notes due 2020 redeemed in full in February 2015, and €6 million IPO related costs.

Three months ended 30 June 2014

Exceptional items of €305 million are mainly comprised of €108 million finance expenses, a €124 million loss on the Anchor Divestment, €39 million impairment charges following the announcement of a plant closure in Glass North America, and a €15 million non-cash inventory adjustment relating to the VNA acquisition.

The €108 million of exceptional finance expenses includes €106 million relating to borrowings that were repaid in July 2014.

Six months ended 30 June 2014

Exceptional items of €324 million comprise primarily €116 million finance expenses, a €124 million loss on the Anchor Divestment, €39 million impairment charges following the announcement of a plant closure in Glass North America, and a €15 million non-cash inventory adjustment relating to the VNA acquisition.

The €116 million of exceptional finance expenses includes €106 million relating to borrowings that were repaid in July 2014, and €10 million relating to interest incurred on the notes issued in January 2013 to finance the VNA acquisition.

8. Finance expense

	Three months ended		Six months ended	
	30 June 2015 €m	30 June 2014 €m	30 June 2015 €m	30 June 2014 €m
Senior Secured and Senior Notes	(74)	(83)	(146)	(155)
Term Loan	(7)	(11)	(13)	(17)
Other interest expense	(1)	(1)	(3)	(3)
Interest expense	**(82)**	**(95)**	**(162)**	**(175)**
Net pension interest costs	(5)	(6)	(11)	(10)
Foreign currency translation (losses)/gains	(1)	24	(4)	27
Finance expense before exceptional items	**(88)**	**(77)**	**(177)**	**(158)**
Exceptional finance expense (Note 7)	-	(108)	(10)	(116)
	(88)	**(185)**	**(187)**	**(274)**

9. Cash generated from operations

	Six months ended	
	30 June 2015 €m	30 June 2014 €m
Profit/(loss) before tax	**51**	**(267)**
Adjustments:		
Depreciation	134	122
Amortisation	54	35
Finance expense before exceptional items (Note 8)	177	158
Exceptional items (Note 7)	37	324
EBITDA	**453**	**372**
Movement in working capital	(121)	(106)
Exceptional acquisition related, disposal and plant start-up costs paid	(28)	(53)
Exceptional restructuring paid	(17)	(7)
	287	**206**

10. Related party transactions

There were no transactions with related parties as disclosed in the 2014 APHL Annual Report in the three or six months ended 30 June 2015 that had a material effect on the financial position or the performance of the Group.

11. Contingencies and commitments

Legal matters

A national competition authority in Europe has initiated an antitrust investigation involving metal packaging manufacturers including Ardagh. Given the early stage of the investigation, it cannot reasonably be assessed what actions or costs, if any, the process will ultimately result in and, accordingly, no provision has been recognised.

With the exception of the above legal matter, there have been no significant changes in any of the Group's contingent assets or liabilities and commitments (including purchase commitments) requiring additional separate disclosure as at 30 June 2015.

12. Seasonality of operations

The Group's revenue and cash flows are both subject to seasonal fluctuations. Demand for our glass products is typically strongest during the summer months and in the period prior to December because of the seasonal nature of beverage consumption. Demand for our metal products is largely related to agricultural harvest periods. The investment in working capital for Glass Packaging North America and Glass Packaging Europe typically peaks in the first quarter. The investment in working capital for Metal Packaging generally builds over the first three quarters of the year, in line with the seasonal pattern, and then unwinds in the fourth quarter, with the calendar year-end being the low point. The Group manages the seasonality of working capital by supplementing operating cash flows with drawings under our securitisation and revolving credit facilities.

13. Events after the reporting period

There have been no material events subsequent to 30 June 2015 which would require disclosure in this report.

ArdaghGroup

Ardagh Finance Holdings S.A.

INTERIM STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2015

	Note	30 June 2015 €m Unaudited	31 December 2014 €m Audited
Non-current assets			
Other financial asset		400	400
Receivable from subsidiary		958	865
		1,358	**1,265**
Current assets			
Cash and cash equivalents		2	2
Receivable from subsidiary		3	3
		5	**5**
TOTAL ASSETS		**1,363**	**1,270**
Equity attributable to owners of the parent			
Ordinary shares		-	-
Share premium		400	400
Retained earnings		1	1
Total equity		**401**	**401**
Non-current liabilities			
Borrowings	1	957	864
		957	**864**
Current liabilities			
Interest payable		3	3
Payable to subsidiary		2	2
		5	**5**
Total liabilities		**962**	**869**
TOTAL EQUITY and LIABILITIES		**1,363**	**1,270**

1. Borrowings

At 30 June 2015 the fair value of borrowings is €978 million (31 December 2014: €816 million).


ArdaghGroup
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