ArdaghGroup

Interim Report

For the three and nine month periods ended 30 September 2014

Ardagh Packaging Holdings Limited

TABLE OF CONTENTS

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 Ardagh's summary unaudited consolidated financial information for the periods and as at the dates indicated.

	Unaudited - Reported (in € millions, except ratios and percentages)				
	Three months ended		Nine months ended		Twelve months ended
	30 Sept 2014	30 Sept 2013	30 Sept 2014	30 Sept 2013	30 Sept 2014
Income statement data					
Revenue	1,311	1,132	3,560	3,094	4,509
EBITDA[(1)]	240	197	612	497	738
Depreciation, amortisation and non exceptional impairment[(2)]	(97)	(76)	(254)	(218)	(333)
Exceptional items[(3)]	(38)	(20)	(362)	(91)	(522)
Net finance expense[(4)]	(107)	(86)	(265)	(281)	(368)
(Loss)/profit before tax	(2)	15	(269)	(93)	(485)
Income tax (charge)/credit	(8)	(14)	22	(29)	47
(Loss)/profit for the period	(10)	1	(247)	(122)	(438)
Cash flow data					
Operating cash flow[(5)]	214	94	289	106	449
Free cash flow[(6)]	142	64	57	(94)	63
Other data					
EBITDA margin[(1)]	18.3%	17.4%	17.2%	16.1%	16.4%
Debt service costs[(7)]	78	81	253	247	343
Capital expenditure[(8)]	51	87	230	219	296
Ratio of EBITDA to debt service costs[(1)(7)]	3.1x	2.4x	2.4x	2.0x	2.2x

	Unaudited – Reported (in € millions)			
	30 Sept 2014	30 June 2014	30 Sept 2013	31 Dec 2013
Balance sheet data				
Cash[(9)]	249	485	168	294
Total assets	6,254	6,330	6,295	6,037
Total borrowings[(10)]	5,134	5,145	4,927	5,048
Total equity	(1,070)	(977)	(469)	(678)
Net debt[(11)]	4,816	4,611	3,579	3,629

All footnotes are on page 9 of this document.

OPERATING AND FINANCIAL REVIEW

Pro Forma Operating Results

The acquisition of Verallia North America ("VNA") closed on 11 April 2014. The divestment of six former Anchor Glass plants and related assets (the "Divestment") closed on 30 June 2014. On 16 December 2013 the Group disposed of a small business in the Metal division.

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 2013.

	Unaudited – Pro Forma (in € millions, except ratios and percentages)				
	Three months ended		Nine months ended		Twelve months ended
	30 Sept 2014	30 Sept 2013	30 Sept 2014	30 Sept 2013	30 Sept 2014
Revenue					
- Metal	558	557	1,520	1,510	1,983
- Glass	753	759	2,149	2,157	2,807
Total revenue	1,311	1,316	3,669	3,667	4,790
EBITDA(1)					
- Metal	78	75	195	174	234
- Glass	162	158	422	424	533
Total EBITDA	240	233	617	598	767
Other data					
EBITDA margin(1)					
- Metal	14.0%	13.5%	12.8%	11.5%	11.8%
- Glass	21.5%	20.8%	19.6%	19.7%	19.0%
Group	18.3%	17.7%	16.8%	16.3%	16.0%
Capital expenditure	51	95	241	265	316
Ratio of net debt to EBITDA(1) (11)					6.3x

Financial Review

Three month period and nine month period ended 30 September 2014

Revenue

Bridge of 2013 Revenue to 2014 Revenue

	Three months ended 30 September			Nine months ended 30 September		
	Metal	Glass	Group	Metal	Glass	Group
	€m	€m	€m	€m	€m	€m
Reported revenue 2013	**575**	**557**	**1,132**	**1,528**	**1,566**	**3,094**
Acquisitions	-	316	316	-	922	922
Disposals	(18)	(114)	(132)	(18)	(331)	(349)
Pro forma revenue 2013	**557**	**759**	**1,316**	**1,510**	**2,157**	**3,667**
Selling price	-	9	9	(6)	30	24
Volume/mix	(1)	(6)	(7)	29	(3)	26
Engineering	-	(11)	(11)	-	(6)	(6)
FX translation	2	2	4	(13)	(29)	(42)
Pro forma revenue 2014	**558**	**753**	**1,311**	**1,520**	**2,149**	**3,669**
Acquisitions	-	-	-	-	(314)	(314)
Disposals	-	-	-	-	205	205
Reported revenue 2014	**558**	**753**	**1,311**	**1,520**	**2,040**	**3,560**

EBITDA

Bridge of 2013 EBITDA to 2014 EBITDA

	Three months ended 30 September			Nine months ended 30 September		
	Metal	Glass	Group	Metal	Glass	Group
	€m	€m	€m	€m	€m	€m
Reported EBITDA 2013	**75**	**122**	**197**	**174**	**323**	**497**
Acquisitions	-	56	56	-	161	161
Disposals	-	(20)	(20)	-	(60)	(60)
Pro forma EBITDA 2013	**75**	**158**	**233**	**174**	**424**	**598**
Selling price	-	9	9	(6)	30	24
Volume/mix	(6)	2	(4)	-	7	7
Operating and other costs	9	(3)	6	27	(25)	2
Engineering	-	(4)	(4)	-	(8)	(8)
FX translation	-	-	-	-	(6)	(6)
Pro forma EBITDA 2014	**78**	**162**	**240**	**195**	**422**	**617**
Acquisitions	-	-	-	-	(45)	(45)
Disposals	-	-	-	-	40	40
Reported EBITDA 2014	**78**	**162**	**240**	**195**	**417**	**612**
Pro forma EBITDA 2014 margin	**14.0%**	**21.5%**	**18.3%**	**12.8%**	**19.6%**	**16.8%**

Set out below are Revenue and EBITDA bridges for the Glass Packaging division showing Europe and North America separately.

Glass Revenue

	Three months ended 30 September			Nine months ended 30 September		
	Europe	North America	Total	Europe	North America	Total
	€m	€m	€m	€m	€m	€m
Reported revenue 2013	**382**	**175**	**557**	**1,046**	**520**	**1,566**
Acquisitions	-	316	316	-	922	922
Disposals	-	(114)	(114)	-	(331)	(331)
Pro forma revenue 2013	**382**	**377**	**759**	**1,046**	**1,111**	**2,157**
Selling price	(1)	10	9	(3)	33	30
Volume/mix	(3)	(3)	(6)	10	(13)	(3)
Engineering	(11)	-	(11)	(6)	-	(6)
FX translation	7	(5)	2	10	(39)	(29)
Pro forma revenue 2014	**374**	**379**	**753**	**1,057**	**1,092**	**2,149**
Acquisitions	-	-	-	-	(314)	(314)
Disposals	-	-	-	-	205	205
Reported revenue 2014	**374**	**379**	**753**	**1,057**	**983**	**2,040**

Glass EBITDA

	Three months ended 30 September			Nine months ended 30 September		
	Europe	North America	Total	Europe	North America	Total
	€m	€m	€m	€m	€m	€m
Reported EBITDA 2013	**85**	**37**	**122**	**212**	**111**	**323**
Acquisitions	-	56	56	-	161	161
Disposals	-	(20)	(20)	-	(60)	(60)
Pro forma EBITDA 2013	**85**	**73**	**158**	**212**	**212**	**424**
Selling price	(1)	10	9	(3)	33	30
Volume/mix	(2)	4	2	2	5	7
Operating and other costs	5	(8)	(3)	12	(37)	(25)
Engineering	(3)	(1)	(4)	(5)	(3)	(8)
FX translation	1	(1)	-	1	(7)	(6)
Pro forma EBITDA 2014	**85**	**77**	**162**	**219**	**203**	**422**
Acquisitions	-	-	-	-	(45)	(45)
Disposals	-	-	-	-	40	40
Reported EBITDA 2014	**85**	**77**	**162**	**219**	**198**	**417**
Pro forma EBITDA 2014 margin	**22.7%**	**20.3%**	**21.5%**	**20.7%**	**18.6%**	**19.6%**

Set out below are reported Revenue and EBITDA bridges for the Metal Packaging division showing Europe and Other separately.

Metal Revenue

	Three months ended 30 September			Nine months ended 30 September		
	Europe	Other	Total	Europe	Other	Total
	€m	€m	€m	€m	€m	€m
Reported revenue 2013	**492**	**83**	**575**	**1,274**	**254**	**1,528**
Acquisitions	-	-	-	-	-	-
Disposals	(18)	-	(18)	(18)	-	(18)
Pro forma revenue 2013	**474**	**83**	**557**	**1,256**	**254**	**1,510**
Selling price	(1)	1	-	(7)	1	(6)
Volume/mix changes	8	(9)	(1)	42	(13)	29
FX translation effect	1	1	2	(3)	(10)	(13)
Pro forma revenue 2014	**482**	**76**	**558**	**1,288**	**232**	**1,520**
Acquisitions	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
Reported revenue 2014	**482**	**76**	**558**	**1,288**	**232**	**1,520**

Metal EBITDA

	Three months ended 30 September			Nine months ended 30 September		
	Europe	Other	Total	Europe	Other	Total
	€m	€m	€m	€m	€m	€m
Reported EBITDA 2013	**69**	**6**	**75**	**151**	**23**	**174**
Acquisitions	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
Pro forma EBITDA 2013	**69**	**6**	**75**	**151**	**23**	**174**
Selling price	(1)	1	-	(7)	1	(6)
Volume/mix	(1)	(5)	(6)	9	(9)	-
Operating and other costs	6	3	9	24	3	27
FX translation effect	(1)	1	-	(1)	1	-
Pro forma EBITDA 2014	**72**	**6**	**78**	**176**	**19**	**195**
Acquisitions	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
Reported EBITDA 2014	**72**	**6**	**78**	**176**	**19**	**195**
Pro forma EBITDA 2014 margin	**14.9%**	**7.9%**	**14.0%**	**13.7%**	**8.2%**	**12.8%**

Review of the Quarter

The Group reported revenue of €1,311 million in the third quarter of 2014, representing an increase of 16% over the same period in 2013. On a pro forma basis, reflecting the acquisition of VNA, the Divestment and a small disposal, Group revenue in the quarter was in line with the prior year and was 1% lower at constant currency.

Pro forma revenue of €753 million for the quarter in the Glass division was 1% lower than the same period in 2013 at constant currency. Metal division revenue of €558 million in the third quarter was on a par with the prior year on a pro forma basis.

North America Glass pro forma revenue of €379 million in the third quarter was in line with the prior year but increased by 2% at constant currency. Volume/mix in the period was 1% lower than the prior year. The beer category remained sluggish in the quarter, largely offset by other market sectors. Europe Glass revenue of €374 million in the third quarter was 2% below the same period in the prior year and was 4% lower on a constant currency basis. Glass Packaging revenue, which excludes Glass Engineering, decreased by 1% at constant currency, as volume slightly lagged a strong third quarter in 2013 when revenue grew by 6%. Reduced activity in the smaller Glass Engineering business, which follows a different cycle to the packaging business and enjoyed a strong prior year, accounted for the majority of the fall in Europe Glass revenue in the quarter.

In the Metal division pro forma third quarter revenue of €558 million was in line with the same period last year, at both actual and constant currency. In Europe Metal, volume for the quarter increased by 2% compared with the same period last year. Constant currency revenue in the Other Metal region was 10% lower than the prior year, reflecting lower volume.

Group EBITDA in the third quarter of 2014 increased by 22% to €240 million compared with the prior year, at both actual and constant currency. On a pro forma basis, third quarter EBITDA increased by 3% at constant currency over the same period in 2013, with increases of 3% and 4% in Glass and Metal respectively. At constant currency, Group EBITDA margin for the quarter was 18.3%, compared with 17.7% in the same period last year. Pro forma EBITDA for the Group in the twelve months ended 30 September 2014 was €767 million.

Pro forma EBITDA in the Glass division increased by 3% to €162 million in the third quarter of 2014 compared with the prior year. The North America Glass division generated pro forma EBITDA of €77 million in the third quarter of 2014, a constant currency improvement of 7% over the same period in 2013. Growth in other market sectors more than offset continued sluggishness in the beer sector during the quarter. The integration of VNA continues as planned. Europe Glass EBITDA for the quarter decreased by 1% to €85 million on a constant currency basis, reflecting lower activity in our Glass Engineering business. Glass Packaging Europe volume/mix declined slightly compared with a strong third quarter of 2013, but this was offset by cost reductions and efficiencies.

Metal division EBITDA of €78 million in the third quarter represented an increase of 4% over the prior year on a constant currency basis. Europe Metal EBITDA increased by 6% to €72 million in the quarter, as a result of volume growth and lower costs. EBITDA in the Other Metal region during the quarter declined by €1 million, due to lower volume.

The Group generated a third quarter operating cash inflow of €214 million, an increase of €120 million on the prior year. Reported EBITDA increased by 22% to €240 million compared with the same period in 2013. This reflected the pro forma increase and the inclusion of VNA, net of the Divestment, both of which completed in the second quarter of 2014. Working capital generated an inflow of €25 million during the quarter, a €38 million improvement on the prior year. Capital expenditure of €51 million in the third quarter was €36 million lower than the same period in 2013, as development project spending neared completion. The increased generation of cash from working capital and reduced capital expenditure were achieved despite the increased scale of the Group compared with 2013. After higher interest payments, excluding exceptional interest paid, of €63 million in the third quarter of 2014, principally due to the timing of interest payments, as well as tax payments of €9 million, free cash flow was €142 million. This compared with €64 million in the same period last year.

Outlook

The Group has continued to make good progress in 2014, with pro forma EBITDA of €767 million in the twelve months ended 30 September 2014. The focus remains on the pursuit of operational excellence, the continued integration of VNA, the achievement of targeted cost savings and the start-up of the North American Metal investment project. The completion in July of the refinancing activity outlined below will result in significantly reduced future cash and payment in kind interest costs.

Financing and Investment Activity

On 3 July 2014, the Group issued €1,155 million aggregate principal amount of 4.250% First Priority Senior Secured Notes due 2022, $1,110 million aggregate principal amount of First Priority Senior Secured Floating Rate Notes due 2019 at a coupon of LIBOR plus 3.000% and $440 million aggregate principal amount of 6.000% Senior Notes due 2021. The net proceeds from the issuance and sale of these notes, together with the net proceeds from the Divestment and related payments, were used to repay in full the €310 million aggregate principal amount of 7.125% Senior Notes due 2017, the €1,085 million and $860 million aggregate principal amounts of 7.375% First Priority Senior Secured Notes due 2017 and the $500 million and €130 million aggregate principal amounts of Senior Secured Term Loan B due 2019.

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

(3) The exceptional items referred to in the preceding tables are shown on a number of different lines in the 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 and provisions movements, capital expenditure (see footnote 8 below) and exceptional restructuring costs paid. Working capital is comprised of inventories, trade and other receivables and trade and other payables. Provisions movements for the three and nine months ended 30 September 2014 are €5 million positive and €4 million negative adjustments to operating cash flow respectively.

(6) Free cash flow is defined as operating cash flow less interest and tax paid adjusted for exceptional interest and tax paid. Exceptional interest paid for the three and nine months ended 30 September 2014 is €9 million and €19 million respectively. No exceptional tax was paid in the three months ended 30 September 2014. Exceptional tax paid in the nine months ended 30 September 2014 is €17 million.

(7) 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.

(8) Capital expenditure is the sum of purchases of property, plant and equipment and software and other intangibles, net of proceeds from the disposal of property, plant and equipment, as per the Consolidated Statement of Cash Flows on page 16.

(9) Cash includes restricted cash with the exception of restricted cash held in escrow.

(10) 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.

(11) Net debt equals total borrowings, plus the Special Mandatory Redemption Premium and premium on debt issuance above par, less cash and deferred debt issuance costs.

ArdaghGroup

Financial Statements

CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION AT 30 SEPTEMBER 2014

	Note	30 September 2014 €m Unaudited	31 December 2013 €m Audited
Non-current assets			
Goodwill	3	1,011	692
Other intangible assets	3	734	345
Property, plant and equipment	4	2,260	2,087
Derivative financial instruments		23	-
Deferred tax assets		273	203
Other non-current assets		12	16
		4,313	3,343
Current assets			
Inventories		832	680
Trade and other receivables		858	657
Derivative financial instruments		2	-
Restricted cash	5	10	1,072
Cash and cash equivalents	5	239	285
		1,941	2,694
TOTAL ASSETS		6,254	6,037
Equity attributable to owners of the parent			
Ordinary shares		-	-
Capital contribution		101	101
Other reserves		(50)	42
Retained earnings		(1,123)	(823)
		(1,072)	(680)
Non-controlling interests		2	2
Total equity		(1,070)	(678)
Non-current liabilities			
Borrowings	6	5,061	3,911
Employee benefit obligations	13	665	459
Deferred tax liability		504	401
Provisions		31	21
		6,261	4,792
Current liabilities			
Borrowings	6	4	1,075
Derivative financial instruments		-	12
Trade and other payables		944	773
Income tax payable		76	53
Provisions		39	10
		1,063	1,923
Total liabilities		7,324	6,715
TOTAL EQUITY and LIABILITIES		6,254	6,037

CONSOLIDATED INTERIM INCOME STATEMENT FOR THE THREE MONTH PERIOD ENDED 30 SEPTEMBER 2014 (Unaudited)

	Note	Before exceptional items 30 September 2014 €m	Exceptional Items 30 September 2014 €m Note 8	Total 30 September 2014 €m	Before exceptional items 30 September 2013 €m	Exceptional items 30 September 2013 €m Note 8	Total 30 September 2013 €m
Revenue	7	1,311	-	1,311	1,132	-	1,132
Cost of sales		(1,115)	(21)	(1,136)	(957)	(3)	(960)
Gross profit/(loss)		196	(21)	175	175	(3)	172
Sales, general and administration expenses		(53)	(6)	(59)	(54)	1	(53)
Operating profit/(loss)		143	(27)	116	121	(2)	119
Finance expense	9	(107)	(11)	(118)	(87)	(18)	(105)
Finance income	9	-	-	-	1	-	1
Profit/(loss) before tax		36	(38)	(2)	35	(20)	15
Income tax charge	10			(8)			(14)
(Loss)/profit for the period				(10)			1
(Loss)/profit attributable to:							
Owners of the parent				(10)			1
Non-controlling interests				-			-
				(10)			1

CONSOLIDATED INTERIM INCOME STATEMENT FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2014 (Unaudited)

	Note	Before exceptional items 30 September 2014 €m	Exceptional items 30 September 2014 €m Note 8	Total 30 September 2014 €m	Before exceptional items 30 September 2013 €m	Exceptional items 30 September 2013 €m Note 8	Total 30 September 2013 €m
Revenue	7	3,560	-	3,560	3,094	-	3,094
Cost of sales		(3,017)	(64)	(3,081)	(2,632)	(6)	(2,638)
Gross profit/(loss)		543	(64)	479	462	(6)	456
Sales, general and administration expenses		(185)	(47)	(232)	(183)	(35)	(218)
Loss on disposal of business		-	(124)	(124)	-	-	-
Operating profit/(loss)		358	(235)	123	279	(41)	238
Finance expense	9	(265)	(127)	(392)	(284)	(50)	(334)
Finance income	9	-	-	-	3	-	3
Profit/(loss) before tax		93	(362)	(269)	(2)	(91)	(93)
Income tax credit/(charge)	10			22			(29)
Loss for the period				(247)			(122)
Loss attributable to:							
Owners of the parent				(247)			(122)
Non-controlling interests				-			-
				(247)			(122)

CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME FOR THE THREE AND NINE MONTH PERIODS ENDED 30 SEPTEMBER 2014 (Unaudited)

		Three months ended		Nine months ended	
		30 Sept 2014	30 Sept 2013	30 Sept 2014	30 Sept 2013
	Note	€m	€m	€m	€m
(Loss)/profit for the period		(10)	1	(247)	(122)
Other comprehensive income:					
Items that may subsequently be reclassified to profit or loss					
Foreign currency translation adjustments:					
-Arising in the period		24	(5)	26	(10)
-Reclassification to income statement on disposal of business		-	-	(8)	-
-Net investment hedge of foreign operations		(89)	28	(114)	20
		(65)	23	(96)	10
Effective portion of changes in fair value of cash flow hedges:					
-New fair value adjustments into reserve		(2)	(7)	1	(5)
-Movement out of reserve		5	-	5	1
-Movement in deferred tax		(1)	1	(2)	1
		2	(6)	4	(3)
Available for sale financial assets:					
-New fair value adjustments into reserve		-	5	-	20
-Movement in deferred tax		-	(1)	-	(2)
		-	4	-	18
Items that will not be reclassified to profit or loss					
-Re-measurements of employee benefit obligations	13	(26)	(14)	(73)	(2)
-Deferred tax movement on employee benefit obligations		6	(1)	20	(4)
		(20)	(15)	(53)	(6)
Other comprehensive income for the period		(83)	6	(145)	19
Total comprehensive income for the period		(93)	7	(392)	(103)
Attributable to:					
Owners of the parent		(93)	7	(392)	(103)
Non-controlling interest		-	-	-	-
Total Comprehensive Income for the period		(93)	7	(392)	(103)

CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE THREE AND NINE MONTH PERIODS ENDED 30 SEPTEMBER 2014 (Unaudited)

	Attributable to owners of the parent							
	Capital contribution	Retained earnings	Available for sale financial assets	Foreign currency translation adjustments	Cash flow hedges	**Total**	Non-controlling interests	**Total Equity**
	€m	€m	€m	€m	€m	**€m**	€m	**€m**
1 July 2013	**101**	**(602)**	**14**	**11**	**(2)**	**(478)**	**2**	**(476)**
Profit for the period	-	1	-	-	-	**1**	**-**	**1**
Other comprehensive income	-	(15)	4	23	(6)	**6**	-	**6**
30 September 2013	**101**	**(616)**	**18**	**34**	**(8)**	**(471)**	**2**	**(469)**
1 July 2014	**101**	**(1,093)**	**-**	**16**	**(3)**	**(979)**	**2**	**(977)**
Loss for the period	-	(10)	-	-	-	**(10)**	-	**(10)**
Other comprehensive income	-	(20)	-	(65)	2	**(83)**	-	**(83)**
30 September 2014	**101**	**(1,123)**	**-**	**(49)**	**(1)**	**(1,072)**	**2**	**(1,070)**

	Attributable to owners of the parent							
	Capital contribution	Retained earnings	Available for sale financial assets	Foreign currency translation adjustments	Cash flow hedges	**Total**	Non-controlling interests	**Total Equity**
	€m	€m	€m	€m	€m	**€m**	€m	**€m**
1 January 2013	**101**	**(488)**	**-**	**24**	**(5)**	**(368)**	**2**	**(366)**
Loss for the period	-	(122)	-	-	-	**(122)**	-	**(122)**
Other comprehensive income	-	(6)	18	10	(3)	**19**	-	**19**
30 September 2013	**101**	**(616)**	**18**	**34**	**(8)**	**(471)**	**2**	**(469)**
1 January 2014	**101**	**(823)**	**-**	**47**	**(5)**	**(680)**	**2**	**(678)**
Loss for the period	-	(247)	-	-	-	**(247)**	-	**(247)**
Other comprehensive income	-	(53)	-	(96)	4	**(145)**	-	**(145)**
30 September 2014	**101**	**(1,123)**	**-**	**(49)**	**(1)**	**(1,072)**	**2**	**(1,070)**

CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS FOR THE THREE AND NINE MONTH PERIODS ENDED 30 SEPTEMBER 2014 (Unaudited)

	Note	Three months ended 30 Sept 2014 €m	Three months ended 30 Sept 2013 €m	Nine months ended 30 Sept 2014 €m	Nine months ended 30 Sept 2013 €m
Cash flows from operating activities					
Cash generated from operations	11	243	179	449	311
Interest paid		(72)	(23)	(233)	(180)
Interest received		-	-	-	1
Income tax paid		(9)	(7)	(35)	(21)
Net cash generated from operating activities		162	149	181	111
Cash flows from investing activities					
Purchase of business net of cash acquired	12	37	-	(1,038)	-
Proceeds received from disposal of business	12	-	-	318	-
Purchase of property, plant and equipment		(61)	(84)	(237)	(209)
Purchase of software and other intangibles		(2)	(3)	(7)	(13)
Proceeds from disposal of property, plant and equipment		12	-	14	3
Net cash used in investing activities		(14)	(87)	(950)	(219)
Cash flows from financing activities					
Proceeds from borrowings		2,291	-	3,468	143
Repayment of borrowings		(2,564)	(11)	(2,589)	(87)
Early redemption premium costs paid		(97)	-	(97)	-
Deferred debt issue costs paid		(20)	(1)	(50)	(8)
Net cash (outflow)/inflow from financing activities		(390)	(12)	732	48
Net (decrease)/increase in cash and cash equivalents		(242)	50	(37)	(60)
Cash and cash equivalents at beginning of the period		485	122	294	232
Exchange gains/(losses) on cash and bank overdrafts		6	(4)	(8)	(4)
Cash and cash equivalents at the end of the period	5	**249**	**168**	**249**	**168**

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1. General information

Ardagh Packaging Holdings Limited ("APHL" or the "Company", and collectively with its subsidiaries the "Group" or "Ardagh") 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.

APHL is a holding company for the Group's Glass Packaging and Metal Packaging businesses and is the parent guarantor for all of the senior secured notes, secured notes and term loans listed in Note 6.

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

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 on 21 November 2014.

2. Basis of preparation

This condensed consolidated interim financial information for the three and nine month periods ended 30 September 2014, has been prepared in accordance with IAS 34, 'Interim financial reporting'. The condensed consolidated interim financial information should be read in conjunction with the annual report for the year ended 31 December 2013, which has been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union.

The condensed consolidated financial information presented in this interim report does not represent statutory accounts within the meaning of Section 19 of the Companies (Amendment) Act, 1986. Statutory accounts for Ardagh Packaging Holdings Limited for the year ended 31 December 2013, upon which the auditors have given an unqualified audit report, have been filed 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.

In the current financial year, the Group has adopted IFRS 10 'Consolidated Financial Statements', IFRS 11 'Joint Arrangements' and IAS 28 (revised 2011) 'Investments in Associates and Joint Ventures' none of which has had a material impact on the Group's results. Otherwise, the same accounting policies, presentation and methods of computation are followed in the condensed consolidated interim financial information as applied in the Group's latest annual audited financial statements.

Reclassification of prior year comparative figures

The Group has reclassified €18 million and €47 million from non-exceptional finance expense to exceptional finance expense for the three and nine month periods ended 30 September 2013, respectively. This reclassification related to the notes issued in January 2013 to finance the acquisition of VNA, which were repaid, in accordance with their terms, on 17 January 2014 using the proceeds that had been held in escrow.

3. Goodwill and other intangible assets

	Goodwill €m	Software €m	Technology and other €m	Customer relationships €m	Other intangible assets €m	Total €m
Cost						
1 January 2014	**692**	52	74	343	**469**	**1,161**
Acquisition (Note 12)	**447**	2	140	327	**469**	**916**
Additions	**-**	5	3	-	**8**	**8**
Disposal	**(183)**	(4)	-	(87)	**(91)**	**(274)**
Transfers	**-**	1	-	-	**1**	**1**
Exchange	**71**	-	-	55	**55**	**126**
30 September 2014	**1,027**	56	217	638	**911**	**1,938**
Amortisation and impairment						
1 January 2014	**-**	(21)	(17)	(86)	**(124)**	**(124)**
Charge for the period	**-**	(7)	(18)	(36)	**(61)**	**(61)**
Impairment	**(16)**	-	-	(6)	**(6)**	**(22)**
Disposal	**-**	1	-	15	**16**	**16**
Exchange	**-**	-	-	(2)	**(2)**	**(2)**
30 September 2014	**(16)**	(27)	(35)	(115)	**(177)**	**(193)**
Net book value						
1 January 2014	**692**	**31**	**57**	**257**	**345**	**1,037**
30 September 2014	**1,011**	**29**	**182**	**523**	**734**	**1,745**

During the nine month period ended 30 September 2014, amortisation expense of €50 million (2013: €26 million) has been charged in cost of sales and €11 million (2013: €6 million) in selling, general and administration expenses.

4. Property, plant and equipment

	Land and buildings €m	Plant and machinery €m	Office equipment and vehicles €m	Total €m
Cost				
1 January 2014	662	2,427	62	3,151
Acquisitions (Note 12)	61	280	1	342
Additions	2	213	1	216
Disposals	(35)	(361)	(5)	(401)
Transfers	7	(11)	3	(1)
Exchange	15	91	-	106
30 September 2014	712	2,639	62	3,413
Depreciation and impairment				
1 January 2014	(134)	(892)	(38)	(1,064)
Charge for the period	(14)	(174)	(5)	(193)
Impairment	(5)	(12)	-	(17)
Disposals	2	140	4	146
Exchange	(2)	(23)	-	(25)
30 September 2014	(153)	(961)	(39)	(1,153)
Net book value				
1 January 2014	**528**	**1,535**	**24**	**2,087**
30 September 2014	**559**	**1,678**	**23**	**2,260**

During the nine month period ended 30 September 2014, depreciation expense of €190 million (2013: €183 million) has been charged in cost of sales and €3 million (2013: €3 million) in selling, general and administration expenses.

Transfers relate to the reclassification of construction in progress to the applicable classification within property, plant and equipment, and to software intangibles (Note 3).

The disposal of property, plant and equipment above primarily relate to the Divestment. Refer to Note 12 for additional information on the Divestment.

5. Cash, cash equivalents and restricted cash

	30 September 2014 €m	31 December 2013 €m
Cash at bank and in hand	238	193
Short term bank deposits	1	92
Cash and cash equivalents	239	285

	30 September 2014 €m	31 December 2013 €m
Restricted cash – non escrow	10	9
Restricted cash – held in escrow	-	1,063
Total restricted cash	10	1,072

The €1,063 million held in escrow at 31 December 2013 were the proceeds from the bonds issued in January 2013, namely the $420 million 4.875% First Priority Senior Secured Notes due 2022, the €250 million 5.000% First Priority Senior Secured Notes due 2022 and $700 million of the 7.000% Senior Notes due 2020, as part of the financing for the acquisition of VNA. Please refer to Note 6 for additional information on these notes.

For the purposes of the cash flow statement, cash and cash equivalents includes the non-escrow restricted cash.

6. Borrowings

Facility	Currency	Maximum amount drawable	Final maturity date	Facility type	Amount drawn as at 30 September 2014		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	882	-
6.00% Senior Notes	USD	440	30-Jun-21	Bullet	440	350	-
8¾% Senior Notes	EUR	180	01-Feb-20	Bullet	180	180	-
9.250% Senior Notes	EUR	475	15-Oct-20	Bullet	482	482	-
9.125% Senior Notes	USD	920	15-Oct-20	Bullet	920	731	-
7.000% Senior Notes	USD	150	15-Nov-20	Bullet	150	119	-
6.250% Senior Notes	USD	415	31-Jan-19	Bullet	415	330	-
6.750% Senior Notes	USD	415	31-Jan-21	Bullet	415	330	-
USD Term Loan B Facility	USD	700	17-Dec-19	Amortising	697	553	-
GE Commercial Finance Facility	GBP	35	31-Oct-14	Revolving	-	-	45
HSBC Securitisation Programme	EUR	127	15-Jun-16	Revolving	-	-	127
Bank of America Facility	USD	155	11-Apr-18	Revolving	-	-	123
US Equipment Financing Facility	USD	9	01-Sep-17	Amortising	9	7	-
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	5		Amortising	5	4	-
Total borrowings / Undrawn facilities						5,134	296
Deferred debt issue costs						(69)	-
Net borrowings / Undrawn facilities						5,065	296
Cash, cash equivalents and restricted cash						(249)	249
Net debt / Available liquidity						4,816	545

There is no material difference between the amounts drawn and the fair value of the Group's borrowings at 30 September 2014.

In January 2014, the Group redeemed the notes issued in January 2013 to finance the acquisition of VNA (the proceeds of which were held in escrow), namely:

- $420 million aggregate principal amount of 4.875% First Priority Senior Secured Notes due 2022;
- €250 million aggregate principal amount of 5.000% First Priority Senior Secured Notes due 2022; and
- $700 million in aggregate principal amount of the $850 million 7.000% Senior Notes due 2020.

In February 2014, the Group raised a total of $1,530 million to finance the acquisition of VNA. This comprised:

- The issuance of $415 million aggregate principal amount of 6.250% Senior Notes due 2019 and $415 million aggregate principal amount of 6.750% Senior Notes due 2021.
- The syndication of an incremental Term Loan B Facility ("Incremental Term Loan B Facility") in an aggregate principal amount of $700 million at a coupon of LIBOR plus 3.000% (with a LIBOR floor of 1.00%) which has a maturity date of 17 December 2019.

In July 2014 the Group issued the following notes:

- €1,155 million aggregate principal amount of 4.250% First Priority Senior Secured Notes due 2022.
- $1,110 million aggregate principal amount of First Priority Senior Secured Floating Rate Notes due 2019 at a coupon of LIBOR plus 3.00%.
- $440 million aggregate principal amount of 6.000% Senior Notes due 2021.

The net proceeds from the issuance and sale of these notes, together with the net proceeds from the Divestment and related payments were used to repay in full the following notes and term loans:

- €310 million aggregate principal amount of 7.125% Senior Notes due 2017.
- €1,085 million and $860 million aggregate principal amounts of 7.375% First Priority Senior Secured Notes due 2017.
- $500 million and €130 million aggregate principal amounts of Senior Secured Term Loan B due 2019.

7. Segmental analysis

Management has determined the operating segments based on the reports reviewed by the Chief Operating Decision Maker ("CODM") that are used to make strategic decisions. The CODM has been identified as the Executive Committee of the Ardagh Group S.A. board.

The three reportable segments are Glass Packaging North America, Glass Packaging Europe and Metal Packaging Europe for the three and nine month periods ended 30 September 2014. Inter-segment revenue is not material.

Metal Packaging Asia Pacific and Metal Packaging North America do not meet the thresholds for separate disclosure as reportable segments and therefore, in accordance with IFRS 8, are combined and disclosed in an all others segments category labelled as Metal Packaging Other.

Finance income and expense are not allocated to segments as these are reviewed by the CODM on a Group wide basis. The CODM assesses the performance of the operating segments based on EBITDA. EBITDA is defined as operating profit before depreciation, amortisation, impairment and exceptional operating items.

Reconciliation of profit before tax to EBITDA

	Three months ended		Nine months ended	
	30 Sept 2014 €m	30 Sept 2013 €m	30 Sept 2014 €m	30 Sept 2013 €m
(Loss)/profit before tax	(2)	15	(269)	(93)
Net finance expense	118	104	392	331
Group operating profit	116	119	123	238
Depreciation, amortisation, and non exceptional impairment	97	76	254	218
Exceptional operating items	27	2	235	41
EBITDA	240	197	612	497

The segment results for the three month periods ended 30 September 2014 and 30 September 2013 are as follows:

	Revenue		EBITDA	
	30 Sept 2014 €m	30 Sept 2013 €m	30 Sept 2014 €m	30 Sept 2013 €m
Glass Packaging North America	379	175	77	37
Glass Packaging Europe	374	382	85	85
Metal Packaging Europe	482	492	72	69
Metal Packaging Other	76	83	6	6
Total	1,311	1,132	240	197

The segment results for the nine month periods ended 30 September 2014 and 30 September 2013 are as follows:

	Revenue		EBITDA	
	30 Sept 2014 €m	30 Sept 2013 €m	30 Sept 2014 €m	30 Sept 2013 €m
Glass Packaging North America	983	520	198	111
Glass Packaging Europe	1,057	1,046	219	212
Metal Packaging Europe	1,288	1,274	176	151
Metal Packaging Other	232	254	19	23
Total	3,560	3,094	612	497

8. 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. Such items include 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, profit or loss on disposal of assets 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 and the CODM.

	Three months ended		Nine months ended	
	30 Sept 2014 €m	30 Sept 2013 €m	30 Sept 2014 €m	30 Sept 2013 €m
Restructuring costs	(16)	(2)	(20)	(3)
Impairment – property, plant and equipment	-	-	(17)	-
Non-cash inventory adjustment	-	-	(15)	-
Plant start-up costs	(5)	(1)	(13)	(3)
Other	-	-	1	-
Exceptional cost of sales	**(21)**	**(3)**	**(64)**	**(6)**
Impairment – intangible assets	-	-	(22)	-
Acquisition related costs	(1)	2	(16)	(34)
Restructuring costs	(5)	(1)	(9)	(1)
Exceptional selling, general and administration expenses	**(6)**	**1**	**(47)**	**(35)**
Loss on disposal of business (Note 12)	**-**	**-**	**(124)**	**-**
Debt refinancing costs	(11)	-	(117)	-
VNA acquisition notes	-	(18)	(10)	(47)
Debt extinguishment costs for ANZ BOSI facility	-	-	-	(3)
Exceptional finance expense	**(11)**	**(18)**	**(127)**	**(50)**
Total exceptional items	**(38)**	**(20)**	**(362)**	**(91)**

2014

Three months ended 30 September 2014

The €21 million of exceptional restructuring costs includes €12 million reorganisation costs in the Metal packaging division, and €9 million relating to a plant closure in Glass North America.

Nine months ended 30 September 2014

The €127 million of exceptional finance expense includes €117 million relating to the 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.

Exceptional impairment charges of €39 million relate to a plant closure in Glass North America, and are comprised of an impairment of property, plant and equipment of €17 million, impairment of goodwill of €16 million, and impairment of customer related intangible assets of €6 million.

The non-cash inventory adjustment of €15 million relating to the VNA acquisition is a non-recurring adjustment arising as a result of the fair value exercise carried out in accordance with IFRS 3 ‘Business Combinations’.

9. Finance income and expense

	Three months ended		Nine months ended	
	30 Sept 2014 €m	30 Sept 2013 €m	30 Sept 2014 €m	30 Sept 2013 €m
Finance expense				
Senior Secured and Senior Notes	(72)	(80)	(227)	(244)
Term Loans	(5)	-	(22)	-
Other interest expense	(1)	(2)	(4)	(6)
Interest expense	**(78)**	**(82)**	**(253)**	**(250)**
Net pension interest costs	(7)	(4)	(17)	(12)
Foreign currency translation (losses)/gains	(20)	(1)	7	(22)
Other finance expense	(2)	-	(2)	-
Finance expense before exceptional items	**(107)**	**(87)**	**(265)**	**(284)**
Exceptional finance expense (Note 8)	(11)	(18)	(127)	(50)
Total finance expense	**(118)**	**(105)**	**(392)**	**(334)**
Total finance income	-	1	-	3
Net finance expense	**(118)**	**(104)**	**(392)**	**(331)**

The Group has reclassified €18 million and €47 million from non-exceptional finance expense to exceptional finance expense for the three and nine month periods ended 30 September 2013, respectively. This reclassification related to the notes issued in January 2013 to finance the acquisition of VNA, which were repaid, in accordance with their terms, on 17 January 2014 using the proceeds that had been held in escrow.

10. Income tax

	Three months ended		Nine months ended	
	30 Sept 2014 €m	30 Sept 2013 €m	30 Sept 2014 €m	30 Sept 2013 €m
Current taxation	13	15	42	41
Deferred taxation	(5)	(1)	(64)	(12)
Income tax charge/(credit)	8	14	(22)	29

The income tax charge decreased from €14 million for the three months ended 30 September 2013 to €8 million for the three months ended 30 September 2014. The decrease in the income tax charge is primarily attributable to tax credits mainly relating to the Divestment and exceptional impairment charges relating to a plant closure in Glass North America, partly offset by an increase in the income tax charge on underlying operations for the three months ended 30 September 2014.

11. Cash generated from operations

	Three months ended		Nine months ended	
	30 Sept 2014 €m	30 Sept 2013 €m	30 Sept 2014 €m	30 Sept 2013 €m
(Loss)/profit before tax	(2)	15	(269)	(93)
Adjustments:				
Depreciation	71	66	193	186
Amortisation	26	9	61	30
Net finance expense	107	86	265	281
Non-exceptional impairment charges	-	1	-	2
Exceptional items	38	20	362	91
EBITDA	240	197	612	497
Movement in working capital	25	(13)	(77)	(157)
Exceptional acquisition-related and plant start-up costs paid	(17)	(3)	(70)	(16)
Exceptional restructuring costs paid	(5)	(3)	(12)	(15)
Other movements	-	1	(4)	2
Cash generated from operations	243	179	449	311

12. Acquisitions and Disposals

In January 2013, Ardagh Group signed a contract with Compagnie de Saint-Gobain to purchase from it the VNA business. In July 2013, the FTC informed Ardagh that it had issued an administrative complaint alleging that the acquisition of VNA was anticompetitive in relation to the sale of glass containers for beer and spirits.

On 8 April 2014, the FTC preliminarily approved a decision and order requiring the divestiture of certain assets as a condition of permitting the VNA acquisition to proceed (the "FTC Consent Decree") and the acquisition completed on 11 April 2014.

On 12 April 2014, pursuant to the FTC Consent Decree, Ardagh entered into a share purchase agreement with an affiliate of KPS to divest six plants and related assets. The sale was completed on 30 June 2014.

(a) VNA acquisition

On 11 April 2014, Ardagh Group completed the purchase of 100% of the equity of VNA, from Compagnie de Saint-Gobain for a consideration of $1.5 billion on a cash and debt free basis.

VNA, which has its headquarters in Muncie, Indiana, is the second largest glass container manufacturer in the United States, serving the North American food and beverage industries. It produces approximately nine billion containers annually from its 13 facilities located throughout the United States and employs approximately 4,400 people. VNA has annual revenues of approximately $1.6 billion (€1.2 billion).

The acquisition is strategically important for the Group. The acquisition of VNA further expands the glass manufacturing footprint in North America, strengthens existing customer relationships and increases the Group's product portfolio.
Further, the combination of VNA and the Group's existing North American business, provides opportunities for logistics savings, production improvements and other cost efficiencies.

VNA contributed revenue of €586 million and EBITDA of €112 million to the Group's results for the nine months ended 30 September 2014.

The following table summarises the consideration paid for VNA, and the provisional fair value of assets acquired and liabilities assumed.

	€m
Cash and cash equivalents	8
Property, plant and equipment	342
Other intangible assets	469
Inventories	166
Trade and other receivables	93
Trade and other payables	(152)
Net deferred tax liability	(194)
Provisions	(16)
Employee benefit obligations	(117)
Total identifiable net assets	**599**
Goodwill	447
Total consideration	**1,046**

The allocations above are based on management's preliminary estimate of the fair values at the acquisition date.

Total consideration for the acquisition of VNA is comprised of the following;

	€m
Cash consideration paid	1,083
Contingent cash consideration received*	(37)
Total consideration	**1,046**

*Contingent consideration of €37 million ($50 million) was received from Compagnie de Saint-Gobain (relating to the Divestment) in July 2014. In accordance with IFRS 3R, this amount has been treated as an adjustment to the purchase consideration for VNA rather than as consideration for the Divestment.

In the nine months ended 30 September 2014, the net cash flow relating to the VNA acquisition comprised the following;

	€m
Cash consideration paid	1,083
Contingent cash consideration received	(37)
Cash and cash equivalents acquired	(8)
Total net cash outflow	**1,038**

A detailed exercise is ongoing to assess the fair value of assets acquired and liabilities assumed, with the use of third party experts where appropriate. If new information obtained within one year of the acquisition date regarding facts and circumstances that existed at the acquisition date identifies adjustments to the above amounts, then the acquisition accounting will be revised.

Goodwill of €447 million arising on the acquisition of VNA (which is not expected to be tax deductible) includes anticipated synergies from integrating VNA into the Group, and the skills and technical talent of the VNA workforce.

Deferred tax is principally recognised on the temporary timing differences created by the fair value adjustments.

Acquisition related costs of €16 million (2013: €34 million) were incurred and classified as exceptional items in the consolidated income statement for the nine months ended 30 September 2014.

(b) Disposal of Former Anchor Glass Plants

On 30 June 2014, Ardagh Group completed the sale of six former Anchor Glass plants and certain related assets to an affiliate of KPS. The Group recognised a net loss on disposal of €124 million.

	€m
Consideration*	318
Net assets disposed	(444)
Disposal costs	(6)
Cumulative foreign exchange differences	8
Loss on disposal	(124)

*Consideration of €318 million excludes €37 million ($50 million) received from Compagnie de Saint-Gobain in relation to the Divestment, as explained above. Total cash received relating to the Divestment including the contingent cash consideration from Compagnie de Saint-Gobain is $485 million (€355 million).

Prior to the Divestment, the six former Anchor Glass plants contributed revenue of €205 million and EBITDA of €40 million to the Group's results for the six months ended 30 June 2014.

If both the acquisition of VNA and the Divestment had occurred on 1 January 2014 revenue and EBITDA for the Group for the nine months ended 30 September 2014 would have been €3,669 million and €617 million, respectively.

13. Employee benefit obligations

Employee benefit obligations at 30 September 2014 of €665 million (31 December 2013: €459 million) comprise €567 million (31 December 2013: €412 million) relating to pension benefit obligations, and €98 million (31 December 2013: €47 million) of other long-term employee benefit obligations.

Management has assessed, in conjunction with the Group's external actuarial experts, the effects on the Group's main pension schemes of changes in asset valuations and economic and demographic assumptions in order to assess the Group's net retirement obligations at 30 September 2014. This has resulted in the Group recording a re-measurement loss of €26 million and €73 million during the three and nine month periods ended 30 September 2014 respectively.

14. Related party transactions

(i) Yeoman Capital S.A.

At 30 September 2014, Yeoman Capital S.A. owned 39.3% of the ordinary shares of Ardagh Group S.A. Three of APHL's directors, Messrs' Coulson, Dowling and Baertz, also serve as directors of companies within the Yeoman Group of companies.

(ii) Joint ventures

At 30 September 2014, the Group owed €1 million (2013: €1 million) to EuraGlasrecycling GmbH and €1 million to Copal SAS (2013: €1 million). During the nine months ended 30 September 2014, the Group received a dividend of €1 million from EuraGlasrecycling GmbH (2013: €1 million).

(iii) Pension scheme

The pension schemes are related parties.

Other than as noted above, there were no related party transactions in the three and nine month periods ended 30 September 2014 or changes to transactions with related parties as disclosed in the 2013 APHL annual report that had a material effect on the financial position or the performance of the Group.

15. Contingencies and commitments

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 September 2014.

16. 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 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.

ArdaghGroup

Ardagh Finance Holdings S.A.

ARDAGH FINANCE HOLDINGS S.A.
INTERIM STATEMENT OF FINANCIAL POSITION AT 30 SEPTEMBER 2014

	Note	30 September 2014 €m	31 December 2013 €m
		Unaudited	Unaudited
Non-current assets			
Other financial asset		400.0	400.0
		400.0	400.0
Current assets			
Receivable from subsidiary		351.9	-
Receivable from parent company		438.9	-
Cash and cash equivalents		1.9	-
		792.7	-
TOTAL ASSETS		1,192.7	400.0
Equity attributable to owners of the parent			
Ordinary shares		0.1	0.1
Share Premium		399.9	399.9
Retained earnings		(25.2)	-
Total equity		374.8	400.0
Non-current liabilities			
Borrowings	1	796.3	-
Other creditors		0.7	-
		797.0	-
Current liabilities			
Accrued interest		20.9	-
		20.9	-
TOTAL EQUITY and LIABILITIES		1,192.7	400.0

ARDAGH FINANCE HOLDINGS S.A.
SELECTED NOTE

1. Borrowings

In June 2014 Ardagh Finance Holdings S.A. issued the following notes:

- $710 million Senior PIK Notes due 2019 at a coupon of 8.625%
- €250 million Senior PIK Notes due 2019 at a coupon of 8.375%

At 30 September 2014 the value of notes drawn excluding deferred debt issue costs of €10.5 million, is €806.8 million and the fair value is €808.8 million.


ArdaghGroup
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