IMPORTANT NOTICE

THIS OFFERING IS AVAILABLE ONLY TO INVESTORS WHO ARE EITHER (1) QUALIFIED INSTITUTIONAL BUYERS WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT OR (2) OUTSIDE THE UNITED STATES IN ACCORDANCE WITH REGULATION S UNDER THE SECURITIES ACT

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

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN ANY JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION AND THE SECURITIES MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS.

THE FOLLOWING OFFERING MEMORANDUM MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART IS UNAUTHORIZED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

Confirmation of your Representation: In order to be eligible to view the offering memorandum or make an investment decision with respect to the securities, investors must be either (1) Qualified Institutional Buyers within the meaning of Rule 144A under the Securities Act ("QIBs") or (2) in offshore transactions outside the United States in reliance on Regulation S under the Securities Act outside the United States. The offering memorandum is being sent at your request. By accepting the e-mail and accessing the offering memorandum, you shall be deemed to have represented to us that:

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

(2) either:

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

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

Prospective purchasers that are QIBs are hereby notified that the seller of the notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A.

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

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

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

The offering memorandum has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently neither the initial purchaser, nor any person who controls the initial purchaser, nor any of its directors, officers, employees or agents accepts any liability or responsibility whatsoever in respect of any difference between the offering memorandum distributed to you in electronic format and the hard copy version available to you on request from the initial purchaser.

OFFERING MEMORANDUM

NOT FOR GENERAL CIRCULATION
IN THE UNITED STATES

€310,000,000

Ardagh Glass Finance plc

7.125% Senior Notes due 2017
guaranteed on a senior basis by
Ardagh Glass Holdings Limited

and on a senior subordinated basis by certain of its wholly-owned subsidiaries

The 7.125% Senior Notes due 2017 in the aggregate principal amount of €310 million (the "notes") will be the senior obligations of Ardagh Glass Finance plc (the "Issuer").

The notes are part of the financing for our proposed acquisition (the "Acquisition") of the glass container manufacturing business of Rexam PLC (the "Acquired Business"). See "The Transactions" and "Use of Proceeds". An amount equal to the gross proceeds from the sale of the notes, together with an additional amount equivalent to interest on the notes from the issue date until October 31, 2007, will be placed in a closing date holding account controlled by the trustee, as escrow agent for the notes (the "Closing Date Holding Account"), pending the completion of the Acquisition. See "Description of the Notes—Disbursement of Funds; Closing Date Holding Account". If the Acquisition is not completed on or prior to October 31, 2007, or the Issuer certifies that the agreement for the Acquisition has been terminated or that the Acquisition will not be completed, the Issuer will be required to redeem the notes at 100% of the issue price of the notes, plus accrued and unpaid interest to the date of redemption. The notes will be secured on a first-priority basis by the proceeds placed in the Closing Date Holding Account pending the completion of the Acquisition.

Upon the completion of the Acquisition, the notes will be guaranteed on a senior basis by Ardagh Glass Holdings Limited (the "Parent Guarantor") and on a senior subordinated basis by certain of its wholly-owned subsidiaries (the "Subsidiary Guarantors" and, together with the Parent Guarantor, the "Guarantors"). The notes will bear interest at the rate set forth above, payable semi-annually in arrears on June 15 and December 15 of each year, beginning on December 15, 2007. The notes will mature on June 15, 2017. We may redeem the notes in whole or in part at any time on or after June 15, 2012 at the redemption prices specified herein. Prior to June 15, 2012, we may also redeem all or part of the notes by paying a "make whole" premium. In addition, prior to June 15, 2010, we may redeem up to 35% of the aggregate principal amount of the notes with the net proceeds from certain public equity offerings. The redemption prices are discussed under "Description of the Notes—Optional Redemption". In the event of a change of control, we must make an offer to purchase the notes at a purchase price equal to 101% of the principal amount thereof, plus accrued and unpaid interest to the date of purchase.

The notes will be the Issuer's senior obligations and will rank equally in right of payment with all existing and future unsecured indebtedness of the Issuer that is not subordinated (and is not senior) in right of payment to the notes and senior in right of payment to all existing and future unsecured indebtedness of the Issuer that is subordinated in right of payment to the notes. The guarantee of the notes by the Parent Guarantor will rank equally in right of payment with all existing and future unsecured indebtedness of the Parent Guarantor that is not subordinated (and is not senior) in right of payment to its guarantee of the notes and senior in right of payment to any and all of the existing and future indebtedness of the Parent Guarantor that is subordinated in right of payment to such guarantee, and will be effectively subordinated to all existing and future debt of the Parent Guarantor's subsidiaries. Each Subsidiary Guarantor's guarantee will rank equally in right of payment with all existing and future unsecured indebtedness of the Subsidiary Guarantor that is not subordinated (and is not senior) in right of payment to its guarantee of the notes and senior in right of payment to all existing and future unsecured indebtedness of the Subsidiary Guarantor that is subordinated in right of payment to its guarantee of the notes, and will be subordinated in right of payment to any existing or future senior indebtedness of the Subsidiary Guarantor, including the new secured credit facility we have entered into in connection with the Acquisition. The notes and the guarantees of the Parent Guarantor and Subsidiary Guarantors will also be effectively subordinated to all of the Issuer's and the Guarantors' existing and future secured debt to the extent of the value of the assets securing such debt. For a more detailed description of the notes and guarantees, see "Description of the Notes" beginning on page 124.

Currently, there is no public market for the notes. Application has been made for the notes to be listed on the Alternative Securities Market of the Irish Stock Exchange. There is no assurance that the notes will be admitted to trading on the Alternative Securities Market of the Irish Stock Exchange.

Investing in the notes involves risks. See "Risk Factors" beginning on page 21.

The notes and the related guarantees have not been registered under the U.S. Securities Act of 1933, as amended (the "U.S. Securities Act"), or any state securities laws. Accordingly, the notes are being offered and sold only to qualified institutional buyers in accordance with Rule 144A under the U.S. Securities Act ("Rule 144A") and outside the United States in accordance with Regulation S under the U.S. Securities Act ("Regulation S"). Prospective purchasers that are qualified institutional buyers are hereby notified that the seller of the notes and related guarantees may be relying on the exemption from the provisions of Section 5 of the U.S. Securities Act provided by Rule 144A. For a description of certain restrictions on transfers of the notes and related guarantees, see "Plan of Distribution" beginning on page 205 and "Notice to Investors" beginning on page 208.

The notes will be issued in the form of one or more global notes in registered form. On the closing date of this offering, the global notes will be deposited and registered in the name of a nominee of a common depositary for Euroclear Bank S.A./N.V., as operator of the Euroclear System ("Euroclear"), or Clearstream Banking, *société anonyme* ("Clearstream Banking").

Price: 100.00% plus accrued interest, if any, from June 8, 2007

The initial purchasers expect to deliver the notes to purchasers on or about June 8, 2007.

Sole Book-Running Manager

Citi

Co-Managers

Credit Suisse **Davy**

June 1, 2007

You should rely only on the information contained in this Offering Memorandum. None of the Issuer, the Guarantors or the initial purchasers has authorized anyone to provide you with different information. None of the Issuer, the Guarantors or the initial purchasers is making an offer of these securities in any jurisdiction where this offer is not permitted. You should not assume that the information contained in this Offering Memorandum is accurate as of any date other than the date on the front of this Offering Memorandum.

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IMPORTANT INFORMATION

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

The initial purchasers make no representation or warranty, express or implied, as to the accuracy or completeness of the information contained in this Offering Memorandum. Nothing contained in this Offering Memorandum is, or shall be relied upon as, a promise or representation by the initial purchasers as to the past or future.

The Issuer and the Parent Guarantor accept responsibility for the information contained in this Offering Memorandum. To the best of the Issuer's and the Parent Guarantor's knowledge and belief, the information contained in this Offering Memorandum with regard to Ardagh Glass Holdings Limited and its subsidiaries and the notes is in accordance with the facts and does not omit anything likely to affect the import of such information. However, the information set out under the headings "Exchange Rates", "Summary", "Operating and Financial Review and Prospects" and "Business" includes extracts from information and data, including industry and market data, released by publicly available sources in Europe and elsewhere. While we accept responsibility for the accurate extraction and summarization of such information and data, we accept no further responsibility in respect thereof.

We have not yet completed the Acquisition and, therefore, neither own nor control the Acquired Business. This Offering Memorandum includes certain information, including financial information, about the Acquired Business, including information that presents Ardagh and the Acquired Business on a pro forma combined basis. Any such information is based on documents, information and representations provided to us and our advisers by Rexam and the management of the Acquired Business. While we have conducted due diligence on the Acquired Business and have no knowledge that would indicate that any statement contained herein, based upon such information provided by Rexam and the management of the Acquired Business, is inaccurate, incomplete or untrue, we cannot independently verify the accuracy, completeness or truth of all such information or that there has not been any failure by Rexam or the management of the Acquired Business to disclose events, developments or circumstances that may have occurred, but that are unknown to us, that may affect the significance or accuracy of any such information.

Unless the context indicates otherwise, when we refer to "we", "us" and "our", for the purposes of this Offering Memorandum, we are referring to Ardagh Glass Holdings Limited and its subsidiaries (including any of their predecessors) combined with the Acquired Business on an aggregated basis, but before application of purchase price accounting adjustments, as if the Acquisition, which is expected to occur following receipt of an outstanding regulatory approval, had already occurred.

The information set out in relation to sections of this Offering Memorandum describing clearing arrangements, including the section entitled "Book-Entry; Delivery and Form", is subject to any change in or reinterpretation of the rules, regulations and procedures of Euroclear Bank S.A./N.V., as operator of the Euroclear System ("Euroclear"), or Clearstream Banking, *société anonyme* ("Clearstream Banking"), currently in effect. While the Issuer and the Guarantors accept responsibility for accurately summarizing the information concerning Euroclear and Clearstream Banking, they accept no further responsibility in respect of such information. In addition, this Offering Memorandum contains summaries believed to be accurate with respect to certain documents, but reference is made to the actual documents for complete information. All such summaries are qualified in their entirety by such reference. Copies of documents referred to herein, will be made available to prospective investors upon request to us or the initial purchasers.

The initial purchasers will provide you with a copy of this Offering Memorandum and any related amendments or supplements. By receiving this Offering Memorandum, you acknowledge that you have had an opportunity to request from the Issuer for review, and that you have received, all additional information you deem necessary to verify the accuracy and completeness of the information contained in this Offering Memorandum. You also acknowledge that you have not relied on the initial purchasers in connection with your investigation of the accuracy of this information or your decision whether to invest in the notes.

The Issuer and the initial purchasers reserve the right to reject all or a part of any offer to purchase the notes, for any reason. The Issuer and the initial purchasers also reserve the right to sell less than all of the notes offered by this Offering Memorandum or to sell to any purchaser less than the amount of notes it has offered to purchase.

None of the U.S. Securities and Exchange Commission (the "SEC"), any state securities commission or any other regulatory authority has approved or disapproved the securities, nor have any of the foregoing authorities passed upon or endorsed the merits of this offering or the accuracy or adequacy of this Offering Memorandum. Any representation to the contrary is a criminal offence.

The notes are subject to restrictions on transferability and resale and may not be transferred or resold, except as permitted under the U.S. Securities Act and the applicable state securities laws, pursuant to registration or exemption therefrom. As a prospective investor, you should be aware that you may be required to bear the financial risks of this investment for an indefinite period of time. Please refer to the sections in this Offering Memorandum entitled "Plan of Distribution" and "Notice to Investors".

The distribution of this Offering Memorandum and the offering and sale of the notes in certain jurisdictions may be restricted by law. See "Notice to EEA Investors", "Certain Regulatory Issues Related to the United Kingdom" and "Certain Regulatory Issues Related to Italy".

In making an investment decision, prospective investors must rely on their own examination of the Issuer, the Guarantors and the terms of this offering, including the merits and risks involved. In addition, none of the Issuer, the Guarantors or the initial purchasers or any of our or their respective representatives is making any representation to you regarding the legality of an investment in the notes, and you should not construe anything in this Offering Memorandum as legal, business or tax advice. You should consult your own advisors as to legal, tax, business, financial and related aspects of an investment in the notes. You must comply with all laws applicable in any jurisdiction in which you buy, offer or sell the notes or possess or distribute this Offering Memorandum, and you must obtain all applicable consents and approvals; none of the Issuer, the Guarantors or the initial purchasers shall have any responsibility for any of the foregoing legal requirements.

NOTICE TO NEW HAMPSHIRE RESIDENTS

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

NOTICE TO EEA INVESTORS

This Offering Memorandum has been prepared on the basis that all offers of notes will be made pursuant to an exemption under the Prospectus Directive, as implemented in Member States of the European Economic Area ("EEA"), from the requirement to produce a prospectus for offers of securities. Accordingly, any person making or intending to make any offer within the EEA of notes, which are the subject of the placement contemplated in this Offering Memorandum, should only do so in circumstances in which no obligation arises for the Issuer or the initial purchasers to produce a prospectus for such offer. Neither the Issuer nor the initial purchasers have authorized, nor do they authorize, the making of any offer of notes through any financial intermediary, other than offers made by the initial purchasers, which constitute the final placement of notes contemplated in this Offering Memorandum.

In relation to each Member State of the EEA which has implemented the Prospectus Directive (each, a "Relevant Member State"), each initial purchaser has represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "Relevant Implementation Date"), it has not made and will not make an offer of the notes to the public in that Relevant Member State prior to the publication of a prospectus in relation to the notes which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive, except that it may, with effect from and including the Relevant Implementation Date, make an offer of the notes to the public in that Relevant Member State at any time:

(a) to legal entities which are authorized or regulated to operate in the financial markets or, if not so authorized or regulated, whose corporate purpose is solely to invest in securities;

(b) to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than €43,000,000; and (3) an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts; or

(c) in any other circumstances falling within Article 3(2) of the Prospectus Directive; *provided* that no such offer of notes shall result in a requirement for the publication by the Issuer, any Guarantor or the initial purchasers of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an "offer of the notes to the public" in relation to any notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and any notes to be offered so as to enable an investor to decide to purchase any notes, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State and the expression "Prospectus Directive" means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

CERTAIN REGULATORY ISSUES RELATED TO THE UNITED KINGDOM

Each initial purchaser has represented and agreed that:

(i) it has only communicated or caused to be communicated, and will only communicate or cause to be communicated, an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 ("FSMA")) received by it in connection with the issue or sale of the notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer or the Guarantors; and

(ii) it has complied and will comply with all applicable provisions of the FSMA, with respect to anything done by it in relation to the notes in, from or otherwise involving the United Kingdom.

CERTAIN REGULATORY ISSUES RELATED TO ITALY

The offering of the notes has not been cleared by CONSOB (*Commissione Nazionale per le Società e la Borsa*, or the Italian Securities Exchange Commission) pursuant to Italian securities legislation and, accordingly, no notes may be offered, sold or delivered, nor may copies of this Offering Memorandum or of any other document relating to the notes be distributed in the Republic of Italy, except (i) to qualified investors (*operatori qualificati*), as defined in Article 31, second paragraph, of CONSOB Regulation No. 11522 of July 1, 1998, as amended, provided that such professional investors will act in their own capacity and not as depositaries or nominees for other shareholders, or (ii) in circumstances that are exempted from the rules on solicitation of investments, pursuant to Article 100 of Legislative Decree No. 58 of February 24, 1998, as amended (the "Italian Financial Services Act"), and its implementing CONSOB regulations, including Article 33, first paragraph, of CONSOB Regulation No. 11971 of May 14, 1999, as amended. Any offer, sale or delivery of the notes or distribution of copies of this Offering Memorandum or any other document relating to the notes in the Republic of Italy under (i) or (ii) above must be (a) made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in, accordance with the Italian Financial Services Act and Legislative Decree No. 385 of September 1, 1993 (the "Italian Banking Act"), as amended, and the implementing guidelines of the Bank of Italy, and (b) in compliance with Article 129 of the Italian Banking Act and the implementing guidelines of the Bank of Italy, pursuant to which the issue or the offer of securities in the Republic of Italy may need to be preceded and followed by an appropriate notice to be filed with the Bank of Italy depending, among other things, on the aggregate value of the securities issued or offered in the Republic of Italy and their characteristics, and in accordance with any other applicable laws and regulations, including any relevant limitations which may be imposed by CONSOB or the Bank of Italy. No such notice has or will be filed with the Bank of Italy. In any case, the notes cannot be offered or sold to any individuals in the Republic of Italy either in the primary market or the secondary market.

NOTICE REGARDING SERVICE OF PROCESS AND ENFORCEMENT OF JUDGMENTS

SUBSTANTIALLY ALL OF THE DIRECTORS AND EXECUTIVE OFFICERS OF THE ISSUER ARE NON-RESIDENTS OF THE UNITED STATES. ALL OR A SUBSTANTIAL PORTION OF THE ASSETS OF SUCH NON-RESIDENT PERSONS AND OF THE ISSUER ARE LOCATED OUTSIDE THE UNITED STATES. AS A RESULT, IT MAY NOT BE POSSIBLE FOR INVESTORS TO EFFECT SERVICE OF PROCESS WITHIN THE UNITED STATES UPON SUCH PERSONS OR THE ISSUER, OR TO ENFORCE AGAINST THEM IN U.S. COURTS JUDGMENTS OBTAINED IN SUCH COURTS PREDICATED UPON THE CIVIL LIABILITY PROVISIONS OF THE FEDERAL SECURITIES LAWS OF THE UNITED STATES. THE ISSUER HAS BEEN ADVISED BY ITS SOLICITORS, WILLIAM FRY, THAT THERE IS DOUBT AS TO THE ENFORCEABILITY IN IRELAND IN ORIGINAL ACTIONS OR IN ACTIONS FOR ENFORCEMENT OF JUDGMENTS OF UNITED STATES COURTS, OF LIABILITIES PREDICATED SOLELY UPON THE SECURITIES LAWS OF THE UNITED STATES.

STABILIZATION

In connection with the offering of the notes, Citigroup Global Markets Limited (or persons acting on behalf of Citigroup Global Markets Limited) may over-allot notes (provided that the aggregate principal amount of notes allotted does not exceed 105% of the aggregate principal amount of the notes that are the subject of this offer) or effect transactions with a view to supporting the market price of the notes at a level higher than that which might otherwise prevail. However, there is no assurance that Citigroup Global Markets Limited (or persons acting on behalf of Citigroup Global Markets Limited) will undertake stabilization action. Any stabilization action may begin on or after the date on which adequate public disclosure of the terms of the offer of the notes is made and, if begun, may be ended at any time, but it must end no later than 30 days after the date on which the Issuer received the proceeds of the issue, or no later than 60 days after the date of the allotment of the relevant securities, whichever is the earlier.

The notes will be issued in the form of one or more global notes. The global notes will be deposited and registered in the name of a common depositary for Euroclear and Clearstream Banking. Transfers of interests in the global notes will be effected through records maintained by Euroclear, Clearstream Banking and their respective participants. The notes will not be issued in definitive registered form except under the circumstances described in the section ‘‘Book-Entry; Delivery and Form’’.

NOTES ON DEFINED TERMS USED IN THIS OFFERING MEMORANDUM

The following terms used in this Offering Memorandum have the meanings assigned to them below:

"Ardagh", "Group", "we", "us" and "our"	Ardagh Glass Holdings Limited and its subsidiaries (including any of their predecessors) and, following the Acquisition, including, the Acquired Business, except where the context requires otherwise.
"Ardagh Glass Holdings Limited"	A private company incorporated under the laws of Ireland.
"Company"	Ardagh Glass Holdings Limited.
"euro" or "€"	Euro, the currency of the European Union member states participating in the European Monetary Union.
"EBITDA"	Operating profit before depreciation, amortization, other income and expenses, interest and taxation. EBITDA margin is calculated as EBITDA divided by Group revenues. 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 our industry. However, other companies may calculate EBITDA and EBITDA margin in a different manner than we do. 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 our operating performance or any other measures of performance derived in accordance with IFRS.
"Existing Anglo Irish Senior Secured Credit Facility"	Facility agreement, dated June 26, 2003, among Ardagh Glass (UK) Limited, Ardagh Treasury Limited and Anglo Irish Bank Corporation Plc, as agent and as security trustee, as amended effective on the completion date of the Acquisition, as more fully described in "Description of Other Indebtedness—Existing Anglo Irish Senior Secured Credit Facility".
"Indenture"	The indenture governing the notes offered hereby.
"IFRS"	International Financial Reporting Standards as adopted by the European Union.
"Issuer"	Ardagh Glass Finance plc, a newly established public limited company incorporated under the laws of Ireland.

"New Anglo Irish Senior Secured Credit Facility"	Facility agreement, dated March 9, 2007, among Ardagh Glass Holdings Limited and Anglo Irish Bank Corporation Plc, as arranger, original lender, agent and security agent, to be amended on or prior to the completion date of the Acquisition, as more fully described in "Description of Other Indebtedness—New Anglo Irish Senior Secured Credit Facility".
"pounds" or "£"	Pounds sterling, the currency of the United Kingdom.
"Share Purchase Agreement"	Share Purchase Agreement, dated March 11, 2007, between Rexam PLC and Ardagh Glass Group plc relating to the Acquisition. See "The Transactions—The Acquisition".
"U.S. GAAP"	Accounting principles generally accepted in the United States of America.
"Yeoman"	Yeoman International Holdings S.A.

Company Name Changes

Date of Change	Old Name	New Name
May 17, 2007	Rockware Glass Limited	Ardagh Glass Limited
May 17, 2007	Rockware Group Limited	Ardagh Holdings (UK) Limited
May 23, 2007	Abruzzo Vetro S.r.l.	Ardagh Glass S.r.l.
June 4, 2007	Heye GmbH	Ardagh Glass Holdings GmbH
June 4, 2007	Heye Holding GmbH	Ardagh Glass Holdings Germany GmbH
June 4, 2007	Heye Financial Services GmbH	Ardagh Glass Shared Services GmbH
June 4, 2007	Heye Glas GmbH	Ardagh Glass GmbH

PRESENTATION OF FINANCIAL AND OTHER DATA

Issuer

Ardagh Glass Finance plc, the Issuer, is a direct, wholly-owned subsidiary of Ardagh Glass Holdings Limited, the Parent Guarantor. The Issuer was incorporated and registered in the Republic of Ireland as a public limited liability company on March 1, 2007 and is a finance company that has not engaged in any activities other than those related to its formation. Therefore, we do not present any financial information for Ardagh Glass Finance plc in this Offering Memorandum. In this Offering Memorandum, we refer to, and present financial information for, Ardagh Glass Holdings Limited and its subsidiaries.

Ardagh Glass Holdings Limited

Ardagh Glass Holdings Limited was incorporated and registered in the Republic of Ireland as a limited liability company on August 5, 2005. As a result of a Group restructuring effective November 18, 2005, Ardagh Glass Holdings Limited acquired 100% of the ordinary shares of Ardagh International Holdings Limited from Ardagh Glass Limited. Through its acquisition of Ardagh International Holdings Limited, Ardagh Glass Holdings Limited acquired 100% of the business of Ardagh Glass Limited (the original parent guarantor for the existing 8⅞% Senior Notes due 2013 that were issued in 2003 (the "2003 Notes")) and became the new parent guarantor for the 2003 Notes. The financial statements and other financial information and data of Ardagh Glass Holdings Limited and its subsidiaries that are presented in this Offering Memorandum assume the existence of Ardagh Glass Holdings Limited throughout each of the periods covered by such financial statements, financial information and data.

In presenting these financial statements, the pooling of interests method of accounting was used for the financial statements for 2005. The pooling of interests method of accounting is used to account for transactions which result in acquisitions between entities which are under common control such as group reorganizations. Under the pooling of interests method of accounting, the assets and liabilities of the combining entities are aggregated at their book values and the results of those entities are combined as if the entities had always been part of the same legal group.

The consolidated financial statements for 2005 include Ardagh Glass Limited, prior to November 2005, when it ceased to be a member of the Group as a result of the reorganization. All items previously recognized in Ardagh Glass Limited are now recognized in Ardagh Glass Holdings Limited. To exclude Ardagh Glass Limited completely from these financial statements would distort the underlying trend in results of operations for the Group. Both Ardagh Glass Limited and Ardagh Glass Holdings Limited observe the same accounting policies as are detailed on pages F-10 to F-19 of this Offering Memorandum.

Acquired Business

The combined financial statements of the Acquired Business included elsewhere in this Offering Memorandum have been prepared by extracting financial data for the Acquired Business from the financial data in Rexam's consolidated annual and interim financial statements and the accounting records of the legal entities being acquired. For this purpose, Rexam granted Ardagh and its advisers certain access to its books and records. In addition, Rexam's auditors granted KPMG Audit Plc certain access to their work papers relating to their audit of Rexam's annual consolidated financial statements for the years ended and as at December 31, 2004, 2005 and 2006, in connection with the preparation by KPMG Audit Plc of the opinion on the combined financial statements of the Acquired Business for those periods and as at those dates which is included elsewhere in this Offering Memorandum.

The combined financial statements of the Acquired Business have been prepared for the purpose of presenting, as far as practicable, the financial position, results of operations and cash flows of the Acquired Business as they existed within Rexam at the relevant time. This required the aggregation of financial information of the entities which make up the Acquired Business, the elimination of intercompany transactions and balances, proportional allocation of Rexam central management costs and other adjustments. In addition, the combined financial statements of the Acquired Business have been prepared on the basis of the accounting policies used by Ardagh, which required certain adjustments to the information extracted from Rexam's consolidated financial statements and accounting records.

The combined financial statements of the Acquired Business were prepared on the basis of certain accounting conventions commonly used for the preparation of historical financial information for inclusion in investment circulars issued by the UK Auditing Practices Board. The application of these conventions results in certain departures from IFRS.

For a further discussion of the basis on which the combined financial statements of the Acquired Business were prepared, see "Basis of Preparation" on pages F-86 through F-87, with respect to the combined financial statements of the Acquired Business for the years ended and as at December 31, 2004, 2005 and 2006 and "Basis of Preparation" on page F-125, with respect to the combined financial statements of the Acquired Business for three-month periods ended and as at March 31, 2006 and 2007.

Financial Statements

This Offering Memorandum includes:

- the audited non-statutory consolidated financial statements of Ardagh Glass Holdings Limited and its subsidiaries for the financial years ended and as at December 31, 2006, 2005 and 2004;
- the interim unaudited consolidated financial statements of Ardagh Glass Holdings Limited and its subsidiaries for the three-month periods ended and as at March 31, 2007 and 2006;
- the combined audited financial statements of the Acquired Business for the financial years ended and as at December 31, 2006, 2005 and 2004; and
- the interim combined unaudited financial statements of the Acquired Business for the three-month periods ended and as at March 31, 2007 and 2006.

Except as otherwise noted, the financial statements included in this Offering Memorandum have been prepared in accordance with International Financial Reporting Standards in effect as at December 31, 2006 and as adopted by the European Union, including interpretations of the International Financial Reporting Interpretations Committee. In making an investment decision, you must rely upon your own examination of Ardagh Glass Holdings Limited and the Acquired Business, the terms of the offering of the notes and the financial information contained in this Offering Memorandum. You should consult your own professional advisors for an understanding of the differences between IFRS and U.S. GAAP and how those differences could affect the financial information contained in this Offering Memorandum.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in the financial statements.

The consolidated financial statements have been prepared based on a calendar year and are presented in euro rounded to the nearest thousand. Therefore, discrepancies in the tables between totals and the sums of the amounts listed may occur due to such rounding. The consolidated financial statements have been prepared under the historical cost convention.

The accounting policies set out in the "F-pages" have been consistently applied to all periods presented.

The proposed Acquisition has not been completed and, as a result, Ardagh is currently not in a position to measure fair values and make related adjustments to recorded values of the assets and liabilities of the Acquired Business, as required by applicable IFRS purchase accounting rules. However, we will make these adjustments, which will be reflected in our financial statements following the Acquisition. Pro forma financial statements for the Acquisition have not been prepared. This Offering Memorandum contains certain aggregated financial data that shows the revenues and EBITDA of Ardagh when added to the revenues and EBITDA, respectively, of the Acquired Business, without any adjustments for the effect of the Acquisition and the financing thereof or the proposed refinancings, including the effects of IFRS purchase accounting. This aggregated data should therefore not be relied on to reflect what our revenues or EBITDA would have looked like had the Acquisition already occurred. See "Unaudited Aggregated Financial Data".

Industry and Market Data

Throughout this Offering Memorandum, we have used industry and market data obtained from independent industry publications, market research, internal surveys and other publicly available information. In particular, we have obtained information or other statements presented in this Offering Memorandum relating to market share and industry data relating to our business from providers of industry data, including:

- British Glass Manufacturers Confederation;
- Assovetro (Italy);
- ISTAT (Italy);
- Fachvereinigung Behälterglasindustrie e.V. (Germany); and
- Forum Opakowan Szklanych (Poland).

Industry publications generally state that the information they contain has been obtained from sources believed to be reliable but that the accuracy and completeness of such information is not guaranteed. We have not independently verified such data. Similarly, while we believe that our internal surveys are reliable, they have not been verified by independent sources and we cannot assure you of their accuracy.

Any third-party information described above and included in this Offering Memorandum has been accurately reproduced and as far as we are aware and are able to ascertain from the information published by such third parties, no material facts have been omitted which would render the reproduced information materially inaccurate or misleading.

FORWARD-LOOKING STATEMENTS

Certain of the statements contained in this Offering Memorandum that are not historical facts, including, without limitation, certain statements made in "Summary", "Risk Factors", "Operating and Financial Review and Prospects" and "Business", 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 negative 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:

- foreign currency fluctuations relative to the pound, euro, Danish kroner, Norwegian krone, Swedish kronor and Polish zloty;
- changes in capital availability or cost, including interest rate fluctuations;
- general political, economic and competitive conditions in markets and countries where Ardagh has operations, including disruptions in the supply chain, supply and demand for glass manufacturing capacity, competitive pricing pressures, inflation or deflation and changes in tax rates and laws;
- consumer preferences for alternative forms of packaging;
- fluctuations in raw material and labor costs;
- availability of raw materials;
- costs and availability of energy;
- transportation costs;
- consolidation among competitors and customers;
- unanticipated expenditures with respect to environmental, safety and health laws;
- performance by customers of their obligations under purchase agreements;
- the ability of Ardagh and its affiliates to integrate operations of acquired businesses and achieve expected operating efficiencies and cost savings; and
- the timing and occurrence of events which are beyond the control of Ardagh and its affiliates.

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 Offering Memorandum or to reflect the occurrence of unanticipated events, other than as required by law.

EXCHANGE RATES

Exchange Rate Between the euro and British Pounds Sterling

The table below sets forth the period end, the average, high and low exchange rates (representing, for any day, the average of an afternoon selling and buying rate on such day) for pounds sterling, expressed in pounds per €1.00, for the years indicated.

	pounds per euro(1)			
Year ended December 31,	**Period Ending**	**Average(2)**	**High**	**Low**
2002	0.6518	0.6293	0.6518	0.6090
2003	0.7044	0.6934	0.7234	0.6491
2004	0.7078	0.6796	0.7094	0.6565
2005	0.6872	0.6831	0.7057	0.6624
2006	0.6738	0.6820	0.7014	0.6684

(1) Source: Bank of England.

(2) The average buying rates for pounds on the last business day of each month during the applicable period.

The table below sets forth the period end, high and low exchange rates, expressed in pounds per euro, for each of the six months prior to the date of this Offering Memorandum.

	pounds per euro(1)		
Month	**Period Ending**	**High**	**Low**
November 2006	0.6739	0.6786	0.6684
December 2006	0.6738	0.6771	0.6706
January 2007	0.6639	0.6758	0.6557
February 2007	0.6740	0.6748	0.6579
March 2007	0.6787	0.6853	0.6724
April 2007	0.6824	0.6830	0.6759
May 2007 (through May 23, 2007)	0.6782	0.6853	0.6782

(1) Source: Bank of England.

The pounds sterling per euro exchange rate on May 23, 2007 was £0.6782 = €1.00.

Our inclusion of such translations is not meant to suggest that the pound amounts actually represent such euro amounts or that such amounts could have been converted into euro at such rate or any other rate. For a discussion of the impact of the exchange rate fluctuations on our financial condition and results of operations, see “Operating and Financial Review and Prospects”. We did not use the rates listed above in the preparation of our financial statements.

Exchange Rate Between the euro and U.S. Dollar

The table below sets forth the period end, the average, high and low exchange rates (representing, for any day, the noon buying rates for cable transfers as certified for customs purposes by the Federal Reserve Bank of New York) for U.S. dollars, expressed in dollars per €1.00, for the years indicated.

	dollars per euro(1)			
Year ended December 31,	**Period Ending**	**Average(2)**	**High**	**Low**
2002	1.0485	0.9495	1.0485	0.8594
2003	1.2597	1.1411	1.2597	1.0361
2004	1.3538	1.2478	1.3625	1.1801
2005	1.1842	1.2400	1.3476	1.1667
2006	1.3197	1.2661	1.3327	1.1860

(1) Source: Federal Reserve Bank of New York.

(2) The average of the noon buying rates for cable transfers as certified for customs purposes by the Federal Reserve Bank of New York on the last business day of each month during the applicable period.

The table below sets forth the period end, high and low exchange rates, expressed in dollars per euro, for each of the six months prior to the date of this Offering Memorandum.

	dollars per euro(1)		
Month	**Period Ending**	**High**	**Low**
November 2006	1.3261	1.3261	1.2705
December 2006	1.3197	1.3327	1.3073
January 2007	1.2998	1.3286	1.2904
February 2007	1.3230	1.3246	1.2933
March 2007	1.3374	1.3374	1.3094
April 2007	1.3660	1.3660	1.3363
May 2007 (through May 23, 2007)	1.3482	1.3616	1.3457

(1) Source: Federal Reserve Bank of New York.

The dollar per euro exchange rate on May 23, 2007 was $1.3482 = €1.00.

Our inclusion of such translations is not meant to suggest that the dollar amounts actually represent such euro amounts or that such amounts could have been converted into euro at such rate or any other rate. For a discussion of the impact of the exchange rate fluctuations on our financial condition and results of operations, see “Operating and Financial Review and Prospects”. We did not use the rates listed above in the preparation of our financial statements.

Exchange Rate Between the euro and Danish Kroner

The table below sets forth the period end, the average, high and low exchange rates (representing, for any day, the average of an afternoon selling and buying rate on such day) for Danish kroner ("DKK"), expressed in DKK per €1.00, for the years indicated.

	DKK per euro(1)			
Year ended December 31,	Period Ending	Average(2)	High	Low
2002	7.4243	7.4294	7.4405	7.4243
2003	7.4446	7.4309	7.4446	7.4234
2004	7.4381	7.4394	7.4524	7.4287
2005	7.4605	7.4525	7.4640	7.4351
2006	7.4560	7.4590	7.4674	7.4528

(1) Source: National Bank of Denmark.

(2) The average buying rates for Danish kroner on the last business day of each month during the applicable period.

The table below sets forth the period end, high and low exchange rates, expressed in DKK per euro, for each of the six months prior to the date of this Offering Memorandum.

	DKK per euro(1)		
Month	Period Ending	High	Low
November 2006	7.4546	7.4592	7.4542
December 2006	7.4560	7.4577	7.4529
January 2007	7.4553	7.4566	7.4520
February 2007	7.4527	7.4558	7.4524
March 2007	7.4508	7.4508	7.4479
April 2007	7.4505	7.4560	7.4501
May 2007 (through May 23, 2007)	7.4524	7.4534	7.4513

(1) Source: National Bank of Denmark.

The DKK per euro exchange rate on May 23, 2007 was DKK 7.4524 = €1.00.

Our inclusion of such translations is not meant to suggest that the Danish kroner amounts actually represent such euro amounts or that such amounts could have been converted into euro at such rate or any other rate. For a discussion of the impact of the exchange rate fluctuations on our financial condition and results of operations, see "Operating and Financial Review and Prospects". We did not use the rates listed above in the preparation of our financial statements.

Exchange Rate Between the euro and Swedish Kronor

The table below sets forth the period end, the average, high and low exchange rates (representing, for any day, the average of an afternoon selling and buying rate on such day) for Swedish kronor ("SEK"), expressed in SEK per €1.00, for the years indicated.

	SEK per euro(1)			
Year ended December 31,	Period Ending	Average(2)	High	Low
2002	9.1925	9.1328	9.5150	8.9765
2003	9.0940	9.1185	9.2965	8.8990
2004	9.0070	9.1212	9.2730	8.8920
2005	9.4300	9.3039	9.6490	9.0040
2006	9.0500	9.2483	9.4675	8.9700

(1) Source: Sveriges Riksbank.

(2) The average buying rates for Swedish kronor on the last business day of each month during the applicable period.

The table below sets forth the period end, high and low exchange rates, expressed in SEK per €1.00, for each of the six months prior to the date of this Offering Memorandum.

	SEK per euro(1)		
Month	Period Ending	High	Low
November 2006	9.0750	9.2120	9.0495
December 2006	9.0500	9.0710	8.9700
January 2007	9.0480	9.1460	9.0145
February 2007	9.2635	9.2965	9.0440
March 2007	9.3290	9.3425	9.2555
April 2007	9.1585	9.3740	9.1375
May 2007 (through May 23, 2007)	9.1875	9.2250	9.1400

(1) Source: Sveriges Riksbank.

The SEK per euro exchange rate on May 23, 2007 was SEK 9.1875 = €1.00.

Our inclusion of such translations is not meant to suggest that the Swedish kronor amounts actually represent such euro amounts or that such amounts could have been converted into euro at such rate or any other rate. For a discussion of the impact of the exchange rate fluctuations on our financial condition and results of operations, see "Operating and Financial Review and Prospects". We did not use the rates listed above in the preparation of our financial statements.

Exchange Rate Between the euro and Polish Zloty

The table below sets forth the period end, the average, high and low exchange rates (representing, for any day, the average of an afternoon selling and buying rate on such day) for Polish zloty ("PLN"), expressed in PLN per €1.00, for the years indicated.

	PLN per euro(1)			
Year ended December 31,	Period Ending	Average(2)	High	Low
2002	4.0202	3.8697	4.2116	3.5015
2003	4.7170	4.4474	4.7170	3.9773
2004	4.0790	4.5128	4.9149	4.0518
2005	3.8598	4.0233	4.2756	3.8223
2006	3.8312	3.8991	4.1065	3.7565

(1) Source: National Bank of Poland.

(2) The average buying rates for Polish zloty on the last business day of each month during the applicable period.

The table below sets forth the period end, high and low exchange rates, expressed in PLN per euro, for each of the six months prior to the date of this Offering Memorandum.

	PLN per euro(1)		
Month	Period Ending	High	Low
November 2006	3.8312	3.8670	3.7958
December 2006	3.8166	3.8383	3.7900
January 2007	3.9320	3.9385	3.8270
February 2007	3.9175	3.9180	3.8629
March 2007	3.8695	3.9170	3.8683
April 2007	3.7879	3.8623	3.7746
May 2007 (through May 23, 2007)	3.7964	3.7964	3.7465

(1) Source: National Bank of Poland.

The PLN per euro exchange rate on May 23, 2007 was PLN 3.7964 = €1.00.

Our inclusion of such translations is not meant to suggest that the Polish zloty amounts actually represent such euro amounts or that such amounts could have been converted into euro at such rate or any other rate. For a discussion of the impact of the exchange rate fluctuations on our financial condition and results of operations, see "Operating and Financial Review and Prospects". We did not use the rates listed above in the preparation of our financial statements.

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SUMMARY

The following summary highlights selected information from this Offering Memorandum and does not contain all of the information that you should consider before investing in the notes. This Offering Memorandum contains specific terms of the notes, as well as information about Ardagh's business and detailed financial data. You should read this Offering Memorandum in its entirety including the "Risk Factors" section, our non-statutory consolidated financial statements and the notes to those statements and the combined financial statements for the Acquired Business (as defined below) and the notes to those statements. In addition, certain statements include forward-looking information that involves risks and uncertainties. See "Forward-looking Statements".

We have not yet completed the Acquisition and therefore neither own nor control the Acquired Business. This Offering Memorandum includes certain information, including financial information, about the Acquired Business, including information that presents Ardagh and the Acquired Business on an aggregated basis, but before application of purchase price accounting adjustments. Any such information is based on documents, information and representations provided to us and our advisers by Rexam and the management of the Acquired Business. While we have conducted due diligence on the Acquired Business and have no knowledge that would indicate that any statement contained herein, based upon such information provided by Rexam and the management of the Acquired Business, is inaccurate, incomplete or untrue, we cannot independently verify the accuracy, completeness or truth of all such information or that there has not been any failure by Rexam or the management of the Acquired Business to disclose events, developments or circumstances that may have occurred, but that are unknown to us, that may affect the significance or accuracy of any such information.

The proposed Acquisition has not been completed and, as a result, Ardagh is currently not in a position to measure fair values and make related adjustments to recorded values of the assets and liabilities of the Acquired Business, as required by applicable IFRS purchase accounting rules. Therefore, pro forma financial statements for the Acquisition have not been prepared. This Offering Memorandum contains certain aggregated financial data that shows the revenues and EBITDA of Ardagh when added to the revenues and EBITDA, respectively, of the Acquired Business, without any adjustments for the effect of the Acquisition and the financing thereof or the proposed refinancings, including the effects of IFRS purchase accounting. This aggregated data should therefore not be relied on to reflect what our revenues or EBITDA would have looked like had the Acquisition already occurred. See "Unaudited Aggregated Financial Data".

Unless the context indicates otherwise, when we refer to "Ardagh", "Group", "we", "us" and "our" for the purposes of this Offering Memorandum, we are referring to Ardagh Glass Holdings Limited and its subsidiaries (including any of their predecessors) combined with the Acquired Business on an aggregated basis as if the Acquisition, which is expected to occur following receipt of an outstanding regulatory approval, had already occurred.

The Issuer was incorporated on March 1, 2007 and has not engaged in any activities prior to this offering. Ardagh Glass Group plc, our ultimate parent company, is not an obligor of the notes.

Business Overview

Ardagh will be the leading supplier of glass containers in the food and beverage segments in Northern Europe (comprising Germany, the United Kingdom, the Nordic region (comprising Denmark, Finland, Norway and Sweden), the Benelux region (comprising Belgium, the Netherlands and Luxembourg) and Poland) immediately following its proposed Acquisition of the glass container manufacturing business of Rexam PLC (the "Acquired Business"). Ardagh will also be the third largest supplier of glass containers in Europe. In addition, Ardagh has a small glass container operation in Italy and is a leading provider of technology and manufacturing equipment to the glass manufacturing industry through its wholly-owned subsidiary, Heye International.

In March 2007, Ardagh agreed to acquire the glass container manufacturing business of Rexam PLC for an enterprise value of €660 million less net debt (and subject to adjustment in relation to the value of its net operating assets at completion). See "The Transactions—The Acquisition". This Acquisition, when completed, will increase Ardagh's presence in Germany and Poland and allow Ardagh to enter new markets in the Nordic and Benelux regions. The Acquired Business operates 13 production sites with 26 furnaces in five countries in Northern Europe. Following the Acquisition, the glass container operations of the combined business will trade under the name Ardagh Glass.

We believe that the Acquisition will provide us with opportunities to achieve greater operating efficiencies. We estimate that such efficiencies will yield annual cost savings of approximately €20 million in the short term and approximately a further €14 million in the medium term and that they can be realized with a total cost not exceeding one times the annual savings achieved.

Revenues and EBITDA of the Acquired Business for the year ended December 31, 2006 were €642.3 million and €115.9 million, respectively, and for the three months ended March 31, 2007 were €158.2 million and €23.2 million, respectively. Revenues and EBITDA for Ardagh for the year ended December 31, 2006 were €647.5 million and €52.1 million, respectively, and for the three months ended March 31, 2007 were €154.8 million and €20.4 million, respectively. On an aggregated basis, after giving effect to the Acquisition, but before application of purchase price accounting adjustments, revenues and EBITDA for Ardagh for the year ended December 31, 2006 would have been €1,289.8 million and €168.0 million, respectively, and for the three months ended March 31, 2007 would have been €313.0 million and €43.6 million, respectively.

Immediately following the Acquisition, Ardagh will operate 22 glass plants with 47 glass furnaces in seven countries. The aggregate production of Ardagh's glass container businesses would have been approximately 3.4 million tonnes in 2006, on a pro forma basis after giving effect to the Acquisition. Our top five customers will be Heineken, InBev, Coca-Cola, Carlsberg and Vin & Sprit.

For the year ended December 31, 2006, on an aggregated basis, after giving effect to the Acquisition, Ardagh would have had an approximate one-third share of Northern European glass container production by volume and an approximate 18% share of total European glass container production by volume.

The following table illustrates the combined market position we will have immediately following the Acquisition based on 2006 glass container production volumes.

Country/Region	Market Position of the Combined Business on the Basis of 2006 Glass Container Production Volumes
Germany	#1
United Kingdom	#1
Nordic Region	#1
Benelux Region	#2
Poland	#2
Europe	#3

Recent Developments

In April 2007, based on its unaudited management accounts, Ardagh recorded revenues of €56.7 million, representing an increase of 21.2% compared to €46.8 million in April 2006, and EBITDA of €8.8 million, representing an increase of 87.2% compared to €4.7 million in April 2006.

The Acquired Business recorded unaudited management account revenues of €53.7 million in April 2007, representing an increase of 12.3% compared to €47.8 million in April 2006, and EBITDA of €10.5 million, representing an increase of 38.2% compared to €7.6 million in April 2006.

April 2007 revenues and EBITDA exceeded management's expectations for Ardagh and the Acquired Business. The improvement in 2007 was due in part to the favorable operating environment for the glass container manufacturing industry in Northern Europe.

Competitive Strengths

We believe Ardagh has a number of competitive strengths that differentiate it from its competitors, including:

- ***Proven Ability to Execute Strategic Acquisitions and Integrate Acquired Businesses.*** Ardagh's strategy of careful evaluation and pursuit of strategic opportunities has resulted in its successful growth through acquisitions. The Acquired Business also has a long history of successfully integrating acquired businesses. The Acquisition will result in a 100% increase in Ardagh's size based on sales volume and result in a significant expansion of its operations in Germany and Poland and entry into new markets in the Nordic and Benelux regions. Ardagh has previously acquired and efficiently integrated companies such as Heye Holding, HSU and Redfearn. These acquisitions have resulted in Ardagh's expansion into new and existing markets and have generated significant cost savings and revenue growth.

- ***Leading Market Position in Its Principal Market—Northern Europe.*** Immediately following the Acquisition, Ardagh will be the leading supplier of glass containers in Northern Europe with strong market positions in the food, beer, spirits, wine, non-alcoholic beverages and pharmaceutical sectors. Ardagh will be the market leader in Germany and the Nordic region, with significant operations across all sectors, and also the leading supplier of glass containers in the United Kingdom, with strong market positions in the food, beer and spirits sectors. Ardagh will have achieved this by pursuing strategic opportunities, such as the expansion of operations through the Acquisition, while maintaining profitability, rather than pursuing market share gains at the expense of operating margins. We believe that Ardagh's leading Northern European market position will provide it with significant economies of scale and that the cash flow from its operations allows Ardagh to reinvest consistently in its business to ensure product quality, reliability and the modern infrastructure necessary to meet customer expectations.

- ***Strong Customer Relationships.*** Ardagh and the Acquired Business have strong and long-standing relationships with their customers which include some of the leading European and global food and beverage manufacturers such as Anheuser-Busch, Bacardi, Carlsberg, Coca-Cola Schweppes Beverages, Diageo, Heineken, InBev, Kraft, MEK, Nestlé, Pernod Ricard, Premier Foods, SABMiller and Vin & Sprit. The average tenure of Ardagh's relationships with its top five customers is more than seven years, and for certain customers of the Acquired Business such as Vin & Sprit, the relationship dates back several decades. Ardagh and the Acquired Business also have very strong relationships with a number of regional leaders such as DEK, Dutch Glory/HAK, Gobber, Maspex, Orkla, Royal Unibrew and Stute. Ardagh's customers rely heavily on manufacturers to provide quality products on time and in specified quantities, as failure to do so would disrupt their production lines and may have a significant adverse impact on their financial condition. As a result, Ardagh's customers typically undertake a rigorous selection process prior to choosing a manufacturer. We believe that Ardagh's customers identify it as being reliable and capable of delivering high quality, technologically-advanced products, which is a key purchasing consideration.

- ***Recognized Technical Leader in the Glass Container Manufacturing Industry.*** Ardagh is recognized as a technical leader in the glass container manufacturing industry for several key reasons. Firstly, Ardagh has superior technology and manufacturing capabilities. Ardagh has a high standard of product and process development and deep knowledge of the industry, manufacturing processes and technology, supported through its ownership of Heye International and its technology and licensing agreement in the United Kingdom with O-I. Second, Ardagh has proven product quality and design capabilities. Ardagh continually seeks to improve the quality of its products and processes through focused investment and rigorous inspection, and Ardagh has achieved industry-leading manufacturing performance indicators as a result. Through its design capabilities, range of machine configurations and high degree of flexibility, Ardagh is able to meet the diverse design needs of its customers and to face new industry challenges. Third, Ardagh is a low-cost producer and has consistently focused on decreasing total costs through staffing reductions, machine line rationalization and investments in advanced technology.

- ***Highly Experienced and Incentivized Management Team.*** Ardagh's management team consists of highly experienced professionals with strong backgrounds in the glass container industry in Northern Europe, Australia and Southeast Asia. Many of Ardagh's senior executive officers have demonstrated their ability to manage costs, adapt to changing market conditions and to acquire and successfully integrate new businesses. Ardagh's senior management is incentivized through share ownership in Ardagh Glass Group plc. As of March 31, 2007, Ardagh's senior management (including executive directors of Ardagh Glass Group plc, other than Paul Coulson) collectively owned directly approximately 15% of the total share capital of Ardagh Glass Group plc. In addition, Paul Coulson, the current Chairman of the board of directors of Ardagh Glass Group plc, individually owns approximately 22% of the outstanding ordinary shares of Ardagh Glass Group plc and beneficially owns approximately 33% of the share capital of Yeoman, which owns approximately 41% of the outstanding ordinary shares of Ardagh Glass Group plc.

Business Strategy

The principal objective of Ardagh's business strategy is to increase the value of Ardagh's glass manufacturing business through growth in its core areas and through opportunistic, strategic expansion. Ardagh is pursuing this objective through the following strategies:

- ***Successful Integration of the Acquired Rexam Glass Business with Existing Ardagh Operations.*** The primary focus of Ardagh's management in the months following the Acquisition will be to successfully integrate the Acquired Business with the existing Ardagh operations and to realize the anticipated synergies quickly and efficiently. Management is confident that this can be achieved, and a significant amount of preparation work has already taken place as a result of the visits by Ardagh's senior management to all 13 of the Acquired Business' plants during the pre-Acquisition due diligence process. Ardagh is particularly focused on the integration of operations in Germany and Poland, where both Ardagh and the Acquired Business currently own plants. We believe that the Acquisition will provide us with opportunities to achieve greater operating efficiencies. We estimate that such efficiencies will yield annual cost savings of approximately €20 million in the short term and approximately a further €14 million in the medium term and that they can be realized with a total cost not exceeding one times the annual savings achieved.

- ***Continue to Apply Advanced Technology and Technical Expertise to Improve Quality, Service, Profitability and Cash Flow.*** Ardagh's goal is to be the most profitable glass container producer in the markets in which it operates, with a low cost base, highly efficient machinery, strong technological expertise and a highly motivated workforce. Through its German technology and manufacturing business, which designs, manufactures and commissions glass container plants, and through its technology and licensing agreement with O-I, Ardagh intends to increase productivity through the continuing development and transfer of expertise and best practices across its operations. We believe that Ardagh's profitability may be further enhanced through productivity gains from continued machine line upgrades, staffing reductions and continually realigning its product mix.

- ***Improve Profitability by Focusing on High Growth Glass-Intensive Segments.*** Ardagh focuses its marketing efforts and production capacity on relatively high-growth glass segments in which it can maintain or achieve competitive pricing levels, such as the premium beer segment. Ardagh also focuses on segments that we believe have potential to substitute high-value added glass containers for alternative forms of packaging.
- ***Improve Product Mix and Diversify Customer Base.*** Ardagh intends to improve its product mix by continuing to replace its lower margin business with higher margin business as opportunities arise. Ardagh also intends to continue to diversify its customer base and selectively pursue business arrangements with customers that will provide it with growth opportunities through its intensive marketing strategies.
- ***Careful Evaluation and Pursuit of Strategic Opportunities.*** As with the proposed Acquisition and previous acquisitions in Germany, Poland and Italy, Ardagh intends to consider acquiring businesses where such acquisitions would have a strong strategic rationale and would be capable of realizing attractive returns on investment and generating significant free cash flow. In addition, Ardagh intends to explore business opportunities for establishing operations in new markets to meet the geographic and other special needs of current and potential customers.

The Transactions

On March 11, 2007, Ardagh Glass Group plc entered into a Share Purchase Agreement with Rexam PLC for the Acquisition. Completion of the Acquisition is subject to certain conditions, including approval from the competent German and Polish competition authorities. Approval from the German competition authority was received on May 2, 2007.

The total purchase price for the Acquisition will be based on an enterprise value of €660 million less net debt (and subject to adjustments in relation to the value of the net operating assets of the Acquired Business at completion). The purchase price payable at completion of the Acquisition will be determined shortly before completion based on estimates of net debt and net operating assets at completion. Based on our current estimates, we intend to use the proceeds of the following external sources of financing to finance a portion of the purchase price, to repay certain existing Ardagh debt and to pay related fees and expenses:

- €320.1 million aggregate principal amount of borrowings under the New Anglo Irish Senior Secured Credit Facility; and
- €310.0 million aggregate principal amount of the notes offered hereby.

In addition to these external sources of financing, Ardagh will use up to €40 million from the Group's existing cash resources to finance a portion of the purchase price for the Acquisition and related fees and expenses. To the extent that the purchase price payable at the completion of the Acquisition exceeds our current estimate, we will increase our borrowings under the New Anglo Irish Senior Secured Credit Facility. Concurrently with the completion of the Acquisition, we will refinance a portion of our existing working capital debt.

The proceeds of this offering of notes will be placed in the Closing Date Holding Account and will be released on the completion date of the Acquisition. See "Description of the Notes—Disbursement of Funds; Closing Date Holding Account".

Following the Acquisition, the glass container operations of the combined business will trade under the name Ardagh Glass.

For more information, see "The Transactions" and "Use of Proceeds".

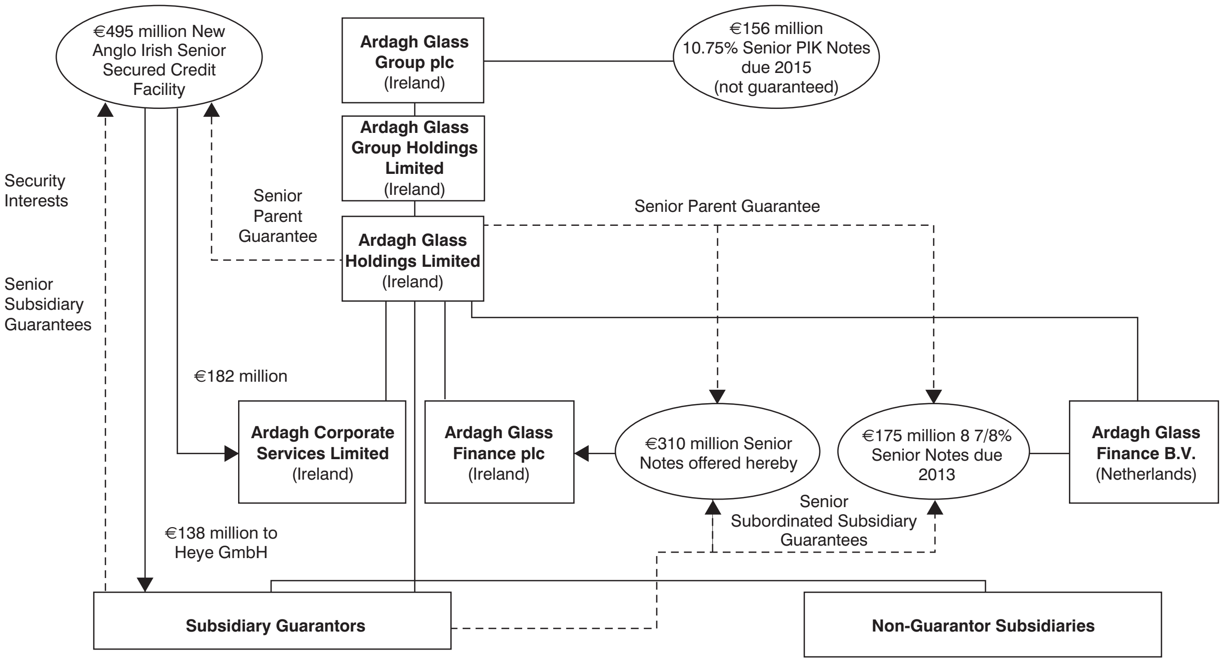
The Issuer

The Issuer has no assets, liabilities or operations and has not engaged in any activities prior to this offering. All of the Issuer's share capital is currently owned by Ardagh Glass Holdings Limited.

CORPORATE AND FINANCING STRUCTURE

The following diagram gives an overview of the corporate and financing structure of the Group and its subsidiaries, on a pro forma basis immediately after giving effect to the Transactions, including the issuance of the notes offered hereby and the application of the net proceeds therefrom. See "The Transactions" and "Use of Proceeds". For a summary of the material financing arrangements identified in this diagram, see "Description of Other Indebtedness" and "Description of the Notes".

Upon the completion of the Acquisition, the notes will be guaranteed on a senior basis by Ardagh Glass Holdings Limited (the "Parent Guarantor") and on a senior subordinated basis by certain of the Parent Guarantor's wholly-owned subsidiaries (the "Subsidiary Guarantors").



As at March 31, 2007, on a pro forma basis after giving effect to the Transactions, the Subsidiary Guarantors would have had:

- total debt (before deducting deferred financing costs) ranking senior to their guarantees of the notes of €475.4 million;
- total debt (before deducting deferred financing costs) ranking equally with their guarantees of the notes of €175.0 million; and
- total trade payables and deferred taxes of €195.4 million.

In addition, as at March 31, 2007, on an aggregated basis after giving effect to the Acquisition, we would have had total retirement benefit obligations of approximately €66.9 million. In certain jurisdictions, these obligations may rank senior to the guarantees of the notes in a bankruptcy of the relevant guarantor as a matter of law.

As at March 31, 2007, on a pro forma basis after giving effect to the Transactions, our non-guarantor subsidiaries, all of which will be "Restricted Subsidiaries" for purposes of the Indenture for the notes, would have had:

- no total debt; and
- aggregated trade payables and deferred taxes of €12.5 million.

For information about the revenues, EBITDA and total assets of the Subsidiary Guarantors and non-guarantor subsidiaries, as well as a list of the Subsidiary Guarantors, see "Unaudited Supplemental Information on the Subsidiary Guarantors".

THE OFFERING

The following summary contains basic information about the notes. It may not contain all the information that is important to you. For a more complete understanding of the notes, please refer to the section of this Offering Memorandum entitled "Description of the Notes" and particularly to those subsections to which we have referred you. Terms used in this summary and not otherwise defined have the meanings given to them in "Description of the Notes".

Issuer	Ardagh Glass Finance plc.
Notes Offered	€310 million aggregate principal amount of notes due June 15, 2017. An amount equal to the gross proceeds from the sale of the notes will be placed in a deposit account controlled by the trustee pending the completion of the Acquisition. See "Description of the Notes—Disbursement of Funds; Closing Date Holding Account".
Maturity	June 15, 2017.
Interest	7.125% per annum, payable semi-annually in arrears on each June 15 and December 15, beginning on December 15, 2007. Interest on the notes will accrue from June 8, 2007.
Guarantees	Upon completion of the Acquisition, the notes will be guaranteed on a senior basis by Ardagh Glass Holdings Limited (the "Parent Guarantor") and on a senior subordinated basis by certain of the Parent Guarantor's wholly-owned subsidiaries (the "Subsidiary Guarantors"). As at and for the 12 months ended March 31, 2007, on a pro forma basis with respect to debt, and otherwise on an aggregated basis, after giving effect to the Transactions, but before application of purchase price accounting adjustments, the Subsidiary Guarantors would have had: • total debt ranking senior to their guarantees of the notes of €475.4 million; • total debt ranking equally with their guarantees of the notes of €175 million; and • total trade payables and deferred taxes of €195.4 million being €105.8 million for Ardagh and €89.6 million for the Acquired Business. For information about the revenues, EBITDA and total assets of the Subsidiary Guarantors and non-guarantor subsidiaries as well as a list of the Subsidiary Guarantors, see "Unaudited Supplemental Information on the Subsidiary Guarantors". For a list of our Subsidiary Guarantors, see "Listing and General Information". See also "Description of Other Indebtedness" and "Description of the Notes". In accordance with the terms of the indenture for the 2003 Notes, all group companies that guarantee the notes offered

	hereby will also provide a guarantee of the 2003 Notes to the extent such companies do not guarantee the 2003 Notes immediately prior to the completion of the Acquisition. In addition, all group companies that guarantee the 2003 Notes will also provide a guarantee of the notes offered hereby.
Ranking	The notes will be general unsecured obligations of the Issuer and will: • rank equally in right of payment with all existing and future unsecured indebtedness of the Issuer that is not subordinated (and is not senior) in right of payment to the notes; • rank senior in right of payment to any and all of the existing and future unsecured indebtedness of the Issuer that is subordinated in right of payment to the notes; and • be effectively subordinated in right of payment to any secured debt of the Issuer to the extent of the value of the assets securing such debt and effectively subordinated to all existing and future debt of the Issuer's non-guarantor subsidiaries. The guarantee of the notes to be provided by the Parent Guarantor upon the completion of the Acquisition will be the general unsecured obligation of the Parent Guarantor and will: • rank equally in right of payment with all existing and future unsecured indebtedness of the Parent Guarantor that is not subordinated (and is not senior) in right of payment to its guarantee of the notes (including its guarantee of the 2003 Notes and its guarantee of the New Anglo Irish Senior Secured Credit Facility); • rank senior in right of payment to any and all of the existing and future indebtedness of the Parent Guarantor that is subordinated in right of payment to its guarantee of the notes; • be effectively subordinated in right of payment to any secured debt of the Parent Guarantor to the extent of the value of the assets securing such debt and effectively subordinated to all existing and future debt of the Parent Guarantor's subsidiaries; and • **not** be subject to the restrictions on enforcement applicable to the notes and each Subsidiary Guarantor's guarantee of the notes. The guarantee of the notes to be provided by each Subsidiary Guarantor upon the completion of the Acquisition will be the general unsecured obligation of such Subsidiary Guarantor and will: • be subordinated in right of payment to any existing or future senior indebtedness of such Subsidiary Guarantor, including its obligations as borrower or guarantor under the

Senior Facilities (including the New Anglo Irish Senior Secured Credit Facility);

- rank equally in right of payment with all existing and future unsecured indebtedness of such Subsidiary Guarantor that is not subordinated (and is not senior) in right of payment to its guarantee of the notes (including such Subsidiary Guarantor's guarantee of the 2003 Notes);
- rank senior in right of payment to any and all of the existing and future unsecured indebtedness of such Subsidiary Guarantor that is subordinated in right of payment to its guarantee of the notes;
- be effectively subordinated in right of payment to any secured debt of the Subsidiary Guarantor to the extent of the value of the assets securing such debt and effectively subordinated to all existing and future indebtedness of such Subsidiary Guarantor's non-guarantor subsidiaries; and
- be subject to certain restrictions on enforcement, including a standstill period of up to 179 days following an event of default under the notes. The obligations under the guarantees will not become due during this standstill period.

See "Description of the Notes—Ranking of the Notes and the Guarantees; Subordination".

Closing Date Holding Account . . . . . An amount equal to the gross proceeds from the sale of the notes, together with an additional amount equivalent to interest on the notes from the issue date until October 31, 2007, will be placed in a closing date holding account controlled by the trustee, as escrow agent for the notes (the "Closing Date Holding Account"), pending the completion of the Acquisition. If the Acquisition is not completed on or prior to October 31, 2007, or the Issuer certifies that the agreement for the Acquisition has been terminated or that the Acquisition will not be completed, the Issuer will be required to redeem the notes at 100% of the issue price of the notes, plus accrued and unpaid interest to the date of redemption. The notes will be secured on a first-priority basis by the proceeds placed in the Closing Date Holding Account pending the completion of the Acquisition. See "Description of the Notes—Disbursement of Funds; Closing Date Holding Account".

Optional Redemption . . . . At any time prior to June 15, 2012, the Issuer may redeem the notes at 100% of their principal amount plus accrued and unpaid interest, if any, and any other amounts payable thereon, to the dates of redemption, plus the Applicable Redemption Premium, as defined under "Description of the Notes—Optional Redemption—Optional Redemption prior to June 15, 2012".

At any time on or after June 15, 2012, the Issuer may also redeem all or part of the notes at the redemption prices listed

	under “Description of the Notes—Optional Redemption—Optional Redemption on or after June 15, 2012”. At any time prior to June 15, 2010, the Issuer may redeem up to 35% of the aggregate principal amount of notes with the net cash proceeds of certain equity offerings at the redemption price listed under “Description of the Notes—Optional Redemption—Optional Redemption prior to June 15, 2010 upon Public Equity Offering”. For a more detailed description, see “Description of the Notes—Optional Redemption”.
Restrictive Covenants	The Indenture governing the notes will contain covenants that restrict the ability of Ardagh Glass Holdings Limited and its subsidiaries to: • incur more debt; • pay dividends, repurchase stock, and make distributions of certain other payments; • create liens; • enter into sale and leaseback transactions; • enter into transactions with affiliates; and • transfer or sell assets. For a more detailed description of these covenants, see “Description of the Notes—Certain Covenants”.
Transfer Restrictions	We have not registered the notes or the related guarantees under the U.S. Securities Act. You may only offer or sell notes in a transaction exempt from or not subject to the registration requirements of the U.S. Securities Act. See “Notice to Investors”.
Use of Proceeds	The proceeds from the issuance and sale of the notes will be placed in the Closing Date Holding Account and will be released on the date of the completion of the Acquisition to finance a portion of the purchase price for the Acquisition and to pay a portion of the fees and expenses incurred in connection with the Transactions. For a more detailed description of the sources and uses of funds in the Transactions, see “The Transactions”.
Trustee and Principal Paying Agent	The Bank of New York.
Irish Paying Agent, Irish Registrar and Irish Stock Exchange Listing Agent	Davy.
Listing	Application has been made for the notes to be listed on the Alternative Securities Market of the Irish Stock Exchange.
Governing Law	New York law.
Risk Factors	Investing in the notes involves risks. You should carefully consider the information under the caption “Risk Factors” and the other information included in this Offering Memorandum before deciding whether to invest in the notes.

SUMMARY CONSOLIDATED FINANCIAL AND OTHER DATA OF ARDAGH

The following table sets forth Ardagh's summary financial data and other data for the periods ended and as at the dates indicated below. The historical financial data presented in the following table do not reflect changes as a result of the Acquisition. For a detailed discussion of the presentation of financial data, see "Presentation of Financial and Other Data".

We have derived the summary consolidated financial data for the financial years ended and as at December 31, 2004, 2005 and 2006, from the audited non-statutory consolidated financial statements of Ardagh Glass Holdings Limited and its subsidiaries, included elsewhere in this Offering Memorandum.

We have derived the summary interim unaudited consolidated financial data for the three-month periods ended and as at March 31, 2006 and 2007, from the interim unaudited consolidated financial statements of Ardagh Glass Holdings Limited and its subsidiaries, included elsewhere in this Offering Memorandum.

The financial statements contained herein were prepared in accordance with IFRS. The summary financial data and other data should be read in conjunction with "Selected Consolidated Financial and Other Data of Ardagh", "Unaudited Aggregated Financial Data", "Operating and Financial Review and Prospects" and the financial statements and related notes included elsewhere in this Offering Memorandum. Historical results are not necessarily indicative of future expected results. In addition, our results for the three-month period ended March 31, 2007, should not be regarded as indicative of our results expected for the year ending December 31, 2007.

	Audited Consolidated Year ended and as at December 31,			Unaudited Consolidated Three months ended and as at March 31,		Unaudited Consolidated Twelve months ended and as at March 31,
	2006	2005	2004	2007	2006	2007
			(as restated) (in € millions, except ratios and where indicated)			
Profit and Loss Account Data						
Revenues	647.5	555.6	470.3	154.8	139.2	663.1
Cost of sales	(620.1)	(499.9)	(395.2)	(137.1)	(139.5)	(617.7)
Gross profit/(loss)	27.4	55.6	75.1	17.7	(0.3)	45.4
Sales, general and administration expenses	(32.9)	(32.2)	(29.3)	(7.9)	(8.1)	(32.7)
Other income and expenses	8.8	(36.2)	(2.4)	(0.1)	(0.8)	9.5
Operating profit/(loss)	3.3	(12.8)	43.4	9.7	(9.2)	22.2
Finance costs	(29.3)	(28.6)	(26.4)	(7.7)	(7.3)	(29.7)
Finance income	2.9	1.5	0.6	0.7	0.3	3.3
Share of profit of joint venture	0.3	0.2	0.3	0.0	0.1	0.2
(Loss)/profit before tax	(22.8)	(39.7)	17.9	2.7	(16.1)	(4.0)
Income tax credit/(expense)	6.2	0.7	(10.3)	(0.3)	0.3	5.6
(Loss)/profit for the period	(16.6)	(39.0)	7.6	2.4	(15.8)	1.6
Balance Sheet Data						
Cash and cash equivalents	68.0	70.8	26.8	57.9	64.2	57.9
Working capital(1)	105.1	111.3	82.3	136.0	121.8	136.0
Total assets	621.8	636.9	525.1	631.1	642.3	631.1
Total borrowings(2)	325.4	318.6	275.4	345.8	342.1	345.8
Total equity	103.0	105.4	67.8	104.6	88.9	104.6

	Audited Consolidated Year ended and as at December 31,			Unaudited Consolidated Three months ended and as at March 31,		Unaudited Consolidated Twelve months ended and as at March 31,
	2006	2005	2004	2007	2006	2007
			(as restated)			
	(in € millions, except ratios and where indicated)					
Other Data						
Gross margin(3)	4.2%	10.0%	16.0%	11.4%	(0.2)%	6.8%
EBITDA(4)	52.1	77.3	86.3	20.4	6.2	66.3
EBITDA margin(4)	8.0%	13.9%	18.4%	13.2%	4.4%	10.0%
Depreciation(5)	57.6	53.9	40.5	10.6	14.6	53.6
Capital expenditure	32.6	52.5	45.7	11.3	11.4	32.5
Net borrowings(6)	257.4	247.8	248.5	287.9	277.9	287.9
Ratio of net borrowings to EBITDA	4.9x	3.2x	2.9x	—	—	4.3x
Ratio of EBITDA to net finance costs	2.0x	2.9x	3.3x	—	—	2.5x

(1) Working capital is made up of inventories, trade receivables, other receivables, prepayments, trade payables, other tax and social security payable and recoverable, other payables and accruals (excluding interest payable), pallet deposits, customer deposits and amounts owed to joint venture.

(2) Total borrowings includes all bank borrowings as well as vendor loan notes, subordinated loan notes and deferred consideration loan notes, less unamortized debt issuance costs.

(3) Gross margin is calculated as gross profit divided by Group revenues.

(4) EBITDA is operating profit before depreciation, amortization, other income and expenses, interest and taxation. EBITDA margin is calculated as EBITDA divided by Group revenues. 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 our industry. However, other companies may calculate EBITDA and EBITDA margin in a different manner than we do. 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 our operating performance or any other measures of performance derived in accordance with IFRS.

The reconciliation of operating profit to EBITDA is as follows:

	Audited Consolidated Year ended December 31,			Unaudited Consolidated Three months ended March 31,		Unaudited Twelve months ended March 31,
	2006	2005	2004	2007	2006	2007
	(in € millions)					
Group operating profit/(loss)	3.3	(12.8)	43.4	9.7	(9.2)	22.2
Add back depreciation and amortization	57.6	53.9	40.5	10.6	14.6	53.6
Add back other income and expenses	(8.8)	36.2	2.4	0.1	0.8	(9.5)
EBITDA	52.1	77.3	86.3	20.4	6.2	66.3

(5) Depreciation less capital grant amortization.

(6) Net borrowings equals total borrowings less cash.

SUMMARY COMBINED FINANCIAL AND OTHER DATA OF THE ACQUIRED BUSINESS

The following table sets forth the summary combined financial data and other data for the Acquired Business for the periods ended and as at the dates indicated below. For a detailed discussion of the presentation of financial data, see "Presentation of Financial and Other Data". The combined financial statements of the Acquired Business included elsewhere in this Offering Memorandum have been prepared by extracting financial data for the Acquired Business from the financial data in Rexam's consolidated financial statements and the accounting records of the legal entities being acquired. The combined financial statements of the Acquired Business have been prepared for the purpose of presenting, as far as practicable, the financial position, results of operations and cash flows of the Acquired Business as they existed within Rexam at the relevant time. This required the aggregation of financial information of the entities which make up the Acquired Business, the elimination of intercompany transactions and balances, proportional allocation of Rexam central management costs, and other adjustments. In addition, the combined financial statements of the Acquired Business have been prepared on the basis of the accounting policies used by Ardagh, which required certain adjustments to the information extracted from Rexam's consolidated financial statements and accounting records. The combined financial statements of the Acquired Business were prepared on the basis of certain accounting conventions commonly used for the preparation of historical financial information for inclusion in investment circulars issued by the UK Auditing Practices Board. The application of these conventions results in certain departures from IFRS. For a further discussion of the basis on which the combined financial statements of the Acquired Business were prepared, see "Basis of Preparation" on pages F-86 through F-87, with respect to the combined financial statements of the Acquired Business for the three years ended and as at December 31, 2006 and "Basis of Preparation" on page F-125 with respect to the combined financial statements of the Acquired Business for three months ended and as at March 31, 2007.

We have derived the summary combined financial data for the financial years ended and as at December 31, 2004, 2005 and 2006 from the combined audited financial statements of the Acquired Business included elsewhere in this Offering Memorandum.

We have derived the summary interim combined unaudited financial data for the three-month periods ended and as at March 31, 2006 and 2007 from the interim combined unaudited financial statements of the Acquired Business included elsewhere in this Offering Memorandum.

Except as otherwise noted, the financial statements contained herein were prepared in accordance with IFRS. The summary financial data and other data should be read in conjunction with "Selected Combined Financial and Other Data of the Acquired Business", "Unaudited Aggregated Financial Data", "Operating and Financial Review and Prospects" and the financial statements and related notes included elsewhere in this Offering Memorandum. Historical results are not necessarily indicative of future expected results. In addition, the results of the Acquired Business for the three-month period ended March 31, 2007 should not be regarded as indicative of the results expected for the subsidiaries of Ardagh represented by the Acquired Business for the year ending December 31, 2007.

	Combined Audited Year ended and as at December 31,			Combined Unaudited Three months ended and as at March 31,		Combined Unaudited Twelve months ended and as at March 31,
	2006	2005	2004	2007	2006	2007
	(in € millions, except ratios and where indicated)					
Profit and Loss Account Data						
Revenues	642.3	593.7	582.5	158.2	139.0	661.5
Cost of sales	(537.7)	(479.5)	(465.6)	(138.2)	(120.1)	(555.8)
Gross profit	104.6	114.2	116.9	20.0	18.9	105.7
Sales, general and administration expenses	(45.2)	(56.1)	(56.2)	(11.4)	(11.1)	(45.5)
Other income and expenses	(16.1)	(6.4)	(13.4)	(2.0)	(1.8)	(16.3)
Operating profit/loss	43.3	51.7	47.3	6.6	6.0	43.9
Finance costs	(13.4)	(11.7)	(11.2)	(4.0)	(2.9)	(14.5)
Finance income	2.0	1.4	1.2	0.4	0.7	1.7
Profit before allocations and tax	31.9	41.4	37.3	3.0	3.8	31.1
Allocation out of the Glass Division	(11.5)	(23.1)	(26.3)	2.2	1.0	(10.3)
Profit before tax	20.4	18.3	11.0	5.2	4.8	20.8
Income tax expense	(6.0)	(4.4)	(1.0)	(1.8)	(1.6)	(6.2)
Profit for the period	14.4	13.9	10.0	3.4	3.2	14.6
Balance Sheet Data						
Cash and cash equivalents	36.1	32.6	27.1	43.6	30.4	43.6
Working capital(1)	120.7	122.8	120.4	153.5	162.9	153.5
Total assets	715.5	709.9	692.8	728.1	712.6	728.1
Total borrowings(2)	220.2	216.2	215.9	262.5	269.7	262.5
Total equity	303.2	274.4	264.8	306.5	275.3	306.5
Other Data						
Gross margin(3)	16.3%	19.2%	20.1%	12.6%	13.6%	16.0%
EBITDA(4)	115.9	120.2	127.7	23.2	21.5	117.6
EBITDA margin(4)	18.0%	20.2%	21.9%	14.7%	15.5%	17.8%
Depreciation(5)	56.5	62.1	67.0	14.6	13.7	57.4
Capital expenditure	67.6	63.7	65.2	8.2	8.6	67.2
Net borrowings(6)	184.1	183.6	188.8	218.9	239.3	218.9
Ratio of net borrowings to EBITDA	1.6x	1.5x	1.5x	—	—	1.9x
Ratio of EBITDA to net finance costs	10.2x	11.7x	12.8x	—	—	9.2x

(1) Working capital is made up of inventories, trade receivables, other receivables, prepayments, trade payables, other tax and social security payable and recoverable, other payables and accruals (excluding interest payable), pallet deposits, customer deposits and amounts owed to joint venture.

(2) Total borrowings includes all bank borrowings as well as Rexam group loans and finance leases.

(3) Gross margin is calculated as gross profit divided by revenues.

(4) EBITDA is operating profit before depreciation, amortization, other income and expenses, interest and taxation. EBITDA margin is calculated as EBITDA divided by Group revenues. 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 our industry. However, other companies may calculate EBITDA and EBITDA margin in a different manner than we do. 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 our operating performance or any other measures of performance derived in accordance with IFRS.

The reconciliation of operating profit to EBITDA is as follows:

	Combined Audited Year ended December 31,			Combined Unaudited Three months ended and as of March 31,		Combined Unaudited Twelve months ended and as at March 31,
	2006	2005	2004	2007	2006	2007
	(in € millions)					
Operating profit	43.3	51.7	47.3	6.6	6.0	43.9
Add back depreciation and amortization	56.5	62.1	67.0	14.6	13.7	57.4
Add back other income and expenses	16.1	6.4	13.4	2.0	1.8	16.3
EBITDA	115.9	120.2	127.7	23.2	21.5	117.6

(5) Depreciation and amortization of intangible assets.

(6) Net borrowings equals total borrowings less cash.

SUMMARY UNAUDITED AGGREGATED FINANCIAL DATA

Under IFRS 3, "Business Combinations", all business combinations should be accounted for by applying the purchase method of accounting. This involves measuring the cost of the business combination and allocating, at the acquisition date, the cost of the business combination to the assets acquired and liabilities and contingent liabilities assumed. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The proposed Acquisition has not been completed and, as a result, Ardagh is currently not in a position to measure fair values and make related adjustments to recorded values of the assets and liabilities of the Acquired Business. Therefore, pro forma financial statements for the Acquisition have not been prepared. Following completion of the Acquisition, Ardagh will measure fair values and make any necessary adjustments to recorded values of the costs and liabilities of the Acquired Business. Ardagh currently expects that the majority of the adjustments will result in adjustments to fixed asset values, the creation of intangibles and goodwill, and an increase in the fair value of inventory. The adjustments to fixed assets and intangibles are likely to result in additional charges for the depreciation of fixed assets and the amortization of intangibles, which will have a negative effect on operating profit. Similarly, the adjustment to inventory will result in a corresponding increase in cost of sales which will be recognized and reduce operating profit during the period in which the acquired inventory is sold on a one-off basis. None of these effects from the application of purchase accounting to the Acquisition has been reflected in the aggregated data set forth below or which appears elsewhere in this Offering Memorandum.

The aggregated data set forth below has been prepared to show revenues and EBITDA of Ardagh when added to the revenues and EBITDA, respectively, of the Acquired Business, without any adjustments for the effect of the Acquisition and the financing thereof or the proposed refinancings. This aggregated data should therefore not be relied on to reflect what our revenues or EBITDA would have looked like had the Acquisition occurred on April 1, 2006. Aggregated revenues and aggregated EBITDA are not measurements of financial performance under IFRS and should not be considered as such.

The following unaudited pro forma net finance costs information for the twelve months ended March 31, 2007 gives effect to the Transactions as if they had occurred at April 1, 2006. The following unaudited pro forma net borrowings information as at March 31, 2007 gives effect to the Transactions as if they had occurred on March 31, 2007. We propose to use the debt we expect to incur on the completion date of the Acquisition to finance a portion of the purchase price for the Acquisition, to refinance certain of our existing debt, and to pay a portion of the fees and expenses incurred in connection with the Transactions. See "Use of Proceeds", "Capitalization" and "The Transactions". This unaudited pro forma financial information is based on available information and various assumptions, including with respect to prevailing market interest rates and average outstanding balances on revolving credit facilities, that management believes are reasonable. Therefore, it does not purport to represent what our actual net finance costs would have been had we in fact incurred the relevant new debt, completed the Acquisition, refinanced certain of our existing debt and completed the other Transactions on the dates set forth above, or to project our results of operations or financial condition for any future period or as of any date, respectively.

The unaudited pro forma net finance costs information and aggregated data set forth below should be read in conjunction with the historical consolidated financial statements and notes thereto of Ardagh and the Acquired Business, respectively, included elsewhere in this Offering Memorandum and "Operating Financial Review and Prospects".

	Unaudited Aggregated Twelve months ended and as at March 31, 2007
	(in € millions, except ratios and where indicated)
Revenues—Ardagh	663.1
Revenues—Acquired Business	661.5
Revenues aggregated(1)	1,324.6
EBITDA—Ardagh	66.3
EBITDA—Acquired Business	117.6
EBITDA aggregated(2)	183.9
Pro forma net finance costs(3)	73.7
Pro forma net borrowings(4)	915.6
Ratio of pro forma net borrowings to EBITDA aggregated	5.0x
Ratio of EBITDA aggregated to pro forma net finance costs	2.5x

(1) Revenues aggregated represents the sum of unaudited revenues for each of Ardagh and the Acquired Business.

(2) EBITDA aggregated represents the sum of unaudited EBITDA for each of Ardagh and the Acquired Business without giving effect to any pro forma adjustments relating to the accounting of the Acquisition under purchase accounting rules. For our definition of EBITDA and a reconciliation of EBITDA to operating profit/(loss) on a historical basis for each of Ardagh and the Acquired Business, see "Summary Consolidated Financial and Other Data of Ardagh" and "Summary Combined Financial and Other Data of the Acquired Business".

(3) Pro forma net finance costs represents pro forma finance costs net of pro forma finance income.

The following table shows the calculation of pro forma finance costs:

	Interest Rate	Amount	Finance Costs
	%	(in € millions)	
Historical finance costs(a)			
Ardagh finance costs (historical)(b)			29.7
Cancellation of interest cost on retired Heye Glas Receivables Discounting Facility			(1.3)
Acquisition Debt			
Notes offered hereby	7.125	310.0	22.1
New Anglo Irish Senior Secured Credit Facility(c)		320.1	20.7
Refinancing			
Increase in Ardagh finance costs as a result of proposed refinancing of existing credit facilities(d)			0.8
Assumed cost of financing working capital seasonality for the Acquired Business			1.3
Amortization of debt issuance costs			
Notes offered hereby (amortized over 10 years)			1.2
New Anglo Irish Senior Secured Credit Facility (Acquisition portion)			1.1
Pro forma finance costs(e)			75.6

(a) Historical finance costs of the Acquired Business have not been included in this calculation because we will not assume any of the historical debt of the Acquired Business. We will assume retirement benefit obligations of the Acquired Business. See "Operating and Financial Review and Prospects—Pension Liabilities". Retirement benefit obligations net finance costs of the Acquired Business were €1.2 million for the twelve months ended March 31, 2007. For purposes of this calculation, we have estimated finance costs for financing working capital seasonality of the Acquired Business through revolving credit borrowings. See "Assumed cost of financing working capital seasonality for the Acquired Business" in the table above.

(b) For an overview of Ardagh's existing third party debt, see "Operating and Financial Review and Prospects—Liquidity and Capital Resources—External Financings".

(c) This amount represents the finance costs associated with the aggregate amount expected to be borrowed under the New Anglo Irish Senior Secured Credit Facility to finance a portion of the purchase price for the Acquisition and a portion of fees and expenses incurred in connection with the Transactions. This amount was calculated on the basis of the applicable EURIBOR base rate in effect on May 19, 2007 and applicable margins in accordance with the terms of the New Anglo Irish Senior Secured Credit Facility. See "Description of Other Indebtedness—New Anglo Irish Senior Secured Credit Facility".

(d) In connection with the completion of the Acquisition, we expect to reprice certain of our existing credit facilities which will remain outstanding following the Acquisition. This amount represents the incremental finance costs that we would have incurred if these facilities had been repriced, and the new margins had applied, effective as of April 1, 2006.

(e) We estimate that a 0.25% change in variable interest rates in respect of all variable rate debt reflected in this table would result in a €0.5 million change in finance costs on an annual basis.

The following table shows the calculation of pro forma finance income:

	(in € millions)
Ardagh finance income (historical)	3.3
Adjustment to reflect depletion of cash resources in connection with the Acquisition	(1.4)
Pro forma finance income	1.9

The following table shows the calculation of pro forma net finance costs:

	(in € millions)
Pro forma finance costs	75.6
Pro forma finance income	(1.9)
Pro forma net finance costs	73.7

(4) Pro forma net borrowings is the unaudited net borrowings of Ardagh as at March 31, 2007, as adjusted to give effect to the incurrence of the debt that we propose to incur on the completion date of the Acquisition as if such debt had been incurred on March 31, 2007. See "Capitalization".

RISK FACTORS

An investment in the notes involves a high degree of risk. You should carefully consider the following risks, together with other information provided to you in this Offering Memorandum, in deciding whether to invest in the notes. The occurrence of any of the events discussed below could materially adversely affect our business, financial condition or results of operations. If these events occur, the trading prices of the notes could decline, and we may not be able to pay all or part of the interest or principal on the notes, and you may lose all or part of your investment. Additional risks not currently known to us or that we now deem immaterial may also harm us and affect your investment.

This Offering Memorandum contains "forward-looking" statements that involve risks and uncertainties. Our actual results may differ significantly from the results discussed in the forward-looking statements. Factors that might cause such differences include those discussed below and elsewhere in this Offering Memorandum. See "Forward-looking Statements".

Risks Relating to our Debt and the Notes

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

We have a substantial amount of debt and significant debt service obligations. As at March 31, 2007, on a pro forma basis, after giving effect to the Transactions and the application of the net proceeds of this offering as described under "Use of Proceeds", we would have had (1) total debt of €933.5 million (net of debt issuance costs of €26.9 million), of which €310.0 million would have been debt incurred in this offering, which would have been 29.9% of our total capitalization, and (2) secured debt of €475.4 million. As of March 31, 2007, on a pro forma basis, after giving effect to the Transactions, including the application of the proceeds of this offering as described under "Use of Proceeds", we would have had €650.4 million of debt which will mature prior to the maturity of the notes and would have had available an additional €190.6 million under our existing credit facilities.

Our substantial debt could have important negative consequences for us and to you as a holder of the notes. For example, our substantial debt could:

- require us to dedicate a large portion of our cash flow from operations to fund payments 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, we cannot assure you 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. As at March 31, 2007, on a pro forma basis, after giving effect to the Transactions and the application of the proceeds of this offering as described under "Use of Proceeds", we would have had €439.1 million of variable-rate debt.

We have entered into hedging transactions for 10.0% of our variable rate exposure as at March 31, 2007 (on a pro forma basis, after giving effect to the Transactions) and have committed to enter into hedging transactions for a further 34.2% of our variable rate exposure within 90 days of the completion of this transaction.

Our credit facilities contain financial covenants which we could fail to meet.

The New Anglo Irish Senior Secured Credit Facility requires, and certain of our other existing credit facilities require, and our future credit facilities may require, Ardagh Glass Holdings Limited (the "Parent Guarantor") and certain of its subsidiaries to satisfy specified financial tests and maintain specified financial ratios and covenants regarding a minimum level of EBITDA to senior debt, a minimum level of EBITDA to total debt, a minimum level of EBITDA to total senior debt interest payable, a minimum level of EBITDA to total cash interest payable, a minimum tangible net worth and a maximum amount of capital expenditures, all as defined in the facility agreement. See "Description of Other Indebtedness—New Anglo Irish Senior Secured Credit Facility".

The ability of the Parent Guarantor and its subsidiaries to comply with these ratios and to meet these tests may be affected by events beyond their control and we cannot assure you that we will continue to meet these tests. The failure of the Parent Guarantor 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. We cannot assure you 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 could also require us to apply all available cash to repay the borrowings or prevent us from making debt service payments on the 8⅞% Senior Notes issued by Ardagh Glass Finance B.V. in July 2003, of which we are the parent guarantor (the "2003 Notes"), or the notes, either of which would be an event of default under the notes. If the debt under our credit facilities, the 2003 Notes or the notes were to be accelerated, we cannot assure you 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 senior secured credit facilities, the indenture for the 2003 Notes, the indenture for the notes (the "Indenture") and other outstanding debt, we may be able to incur substantial additional debt in the future, which could also be secured. For example, the Indenture allows the Parent Guarantor and its Restricted Subsidiaries (as defined in the Indenture) to grant liens on any of their property or assets to secure any debt ranking senior to the guarantees and certain other debt that, in each case, may be incurred under the "Limitation on Debt" covenant in the Indenture described in "Description of the Notes—Certain Covenants—Limitation on Debt".

As at March 31, 2007, on a pro forma basis, after giving effect to the Transactions, including the application of the net proceeds of this offering as described under "Use of Proceeds", our main credit facilities permitted additional borrowings of up to €190.6 million, and all of these borrowings would effectively rank senior to the notes. Although the terms of these credit facilities and the Indenture 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. See also "—Risks Relating to Our Business—Our expansion strategy may adversely affect our business, financial condition and results of operations".

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 notes and to meet our other debt service obligations or to 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, including the notes, obtain additional financing, delay planned acquisitions or capital expenditures or sell assets. We cannot assure you 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, including the notes. See "Operating and Financial Review and Prospects—Liquidity and Capital Resources".

We expect to be able to repay the principal amounts outstanding under the notes and the 2003 Notes when the notes and the 2003 Notes mature in June 2017 and July 2013, respectively. 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.

Restrictions imposed by the Indenture, the indenture governing the 2003 Notes, the New Anglo Irish Senior Secured Credit Facility, the Existing Anglo Irish Senior Secured Credit Facility and certain of our other credit facilities limit our ability to take certain actions.

The Indenture, the indenture governing the 2003 Notes, the New Anglo Irish Senior Secured Credit Facility, the Existing Anglo Irish Senior Secured Credit Facility and certain of our other credit facilities limit our flexibility in operating our business. For example, these agreements restrict the ability of the Parent Guarantor 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.

We cannot assure you that the operating and financial restrictions and covenants in the Indenture, the indenture governing the 2003 Notes, the New Anglo Irish Senior Secured Credit Facility, the Existing Anglo Irish Senior Secured Credit Facility 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. In addition, management believes that the future expansion of our glass container packaging business is likely to require participation in the consolidation of the glass industry in Europe 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 Indenture, the indenture governing the 2003 Notes, the New Anglo Irish Senior

Secured Credit Facility, the Existing Anglo Irish Senior Secured Credit Facility 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 Indenture could cause a default under the terms of our other financing agreements, including the New Anglo Irish Senior Secured Credit Facility, the Existing Anglo Irish Senior Secured Credit Facility and the indenture governing the 2003 Notes, causing all the debt under those agreements to be accelerated. If this were to occur, we can make no assurances that we would have sufficient assets to repay our debt.

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

If the Parent Guarantor experiences a change of control (as defined in the Indenture), 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; and
- the agreements governing the New Anglo Irish Senior Secured Credit Facility, the Existing Anglo Irish Senior Secured Credit Facility and other debt would prohibit payment pursuant to the notes or the guarantees, unless we were able to obtain a waiver or refinance such debt.

See "Description of the Notes—Purchase of Notes upon a Change of Control".

Ardagh Glass Finance plc's ability to pay principal and interest on the notes may be affected by our organizational structure. Ardagh Glass Finance plc is dependent upon payments from other members of the Ardagh Glass Group to fund payments to you on the notes, and such other members might not be able to make such payments in some circumstances.

Ardagh Glass Finance plc does not itself conduct any business operations and does not have any assets or sources of income of its own, other than the intercompany notes made to onlend the net proceeds from the offering of the notes as described below. As a result, Ardagh Glass Finance plc's ability to make payments on the notes is dependent directly upon interest or other payments it receives from other members of the Ardagh Glass Group. Initially, the proceeds of the notes will be loaned to other members of the Ardagh Glass Group pursuant to intercompany notes. These intercompany notes may be subordinated to senior debt of the relevant intercompany borrowers. The Indenture does not require the maintenance of these intercompany notes. Accordingly, you should only rely on the guarantees of the notes, and not these intercompany notes, to provide credit support in respect of payments of principal or interest on the notes. The ability of other members of the Ardagh Glass Group to make payments to Ardagh Glass Finance plc 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, the New Anglo Irish Senior Secured Credit Facility, the Existing Anglo Irish Senior Secured Credit Facility and the indenture governing the 2003 Notes 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 Ardagh Glass Finance plc expects to receive from other members of the Ardagh Glass Group may not be forthcoming or sufficient to enable Ardagh Glass Finance plc to service its obligations on the notes.

Upon completion of the Acquisition, the Parent Guarantor and the Subsidiary Guarantors (as defined in the Indenture and, together with the Parent Guarantor, the "Guarantors") will guarantee the Notes. The Parent Guarantor 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 Subsidiary Guarantors are either intermediate holding companies or operating subsidiaries of the Parent

Guarantor. For considerations relating to the guarantees, see "—Your right to receive payment under the Subsidiary Guarantors' guarantees will be contractually subordinated to Senior Debt".

Your right to receive payment under the Subsidiary Guarantors' guarantees is contractually subordinated to Senior Debt.

Upon completion of the Acquisition, the Parent Guarantor and the Subsidiary Guarantors will guarantee the notes. The guarantee by the Parent Guarantor will not be contractually subordinated to Senior Debt. However, the obligations of each Subsidiary Guarantor under its guarantee of the notes will be contractually subordinated in right of payment to the prior payment in full in cash of all obligations in respect of Senior Debt of such Subsidiary Guarantor. This Senior Debt includes, in respect of a Subsidiary Guarantor that is a borrower under or a guarantor of the New Anglo Irish Senior Secured Credit Facility, the Existing Anglo Irish Senior Secured Credit Facility and certain other credit facilities, such Subsidiary Guarantor's obligations thereunder and under its hedging arrangements. As at March 31, 2007, on a pro forma basis, after giving effect to the Transactions and the application of the proceeds of this offering, as described under "Use of Proceeds", all of the Subsidiary Guarantors would have had outstanding €475.4 million of Senior Debt, all of which would have ranked senior in right of payment to their guarantees of the notes. Although the Indenture contains restrictions on the ability of the Subsidiary Guarantors to incur additional debt, any additional debt incurred may be substantial and senior to the guarantees of the notes provided by the Subsidiary Guarantors. For a complete summary of the terms of, and subordination provisions relating to, the notes and the guarantees, see "Description of the Notes—Ranking of the Notes and the Guarantees; Subordination".

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 Guarantor's guarantee of the notes. Until the Senior Debt of a Subsidiary Guarantor is paid in full, any distribution to which holders of the notes would be entitled but for the subordination provisions shall instead be made to holders of Senior Debt of such 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 guarantee in respect thereof.

In addition, the subordination provisions relating to the Subsidiary Guarantors' guarantees provide that under certain circumstances, the Subsidiary Guarantors may be prohibited from making payments on the notes pursuant to the guarantee and provide for a standstill period of up to 179 days following an event of default under the notes.

The notes will be structurally subordinated to the liabilities of non-guarantor subsidiaries.

Upon completion of the Acquisition, some, but not all, of our subsidiaries will guarantee the 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 become insolvent, liquidates or otherwise reorganizes:

- 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.

As of March 31, 2007, on a pro forma basis with respect to debt, and otherwise on an aggregated basis, after giving effect to the Transactions, including the application of the net proceeds of this offering, our non-guarantor subsidiaries had approximately €45.6 million of liabilities, including trade payables but excluding intercompany obligations, all of which would have ranked structurally senior to the notes and the guarantees. For information about the revenues, EBITDA and total assets of the Subsidiary Guarantors and non-guarantor subsidiaries, see "Unaudited Supplemental Information on the Subsidiary Guarantors".

The notes and the guarantees will be unsecured and the claims of secured creditors will have priority.

The notes and the guarantees will be unsecured obligations of the Issuer and the Guarantors, respectively. Debt under the New Anglo Irish Senior Secured Credit Facility, the Existing Anglo Irish Senior Secured Credit Facility and various of our other facilities will be secured by liens on the property and assets of material operating subsidiaries of the Parent Guarantor. In addition, subject to the restrictions in our senior secured credit facilities, in the Indenture and in other outstanding debt, we may be able to incur substantial additional secured debt. The secured creditors of the Issuer 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 notes.

As at March 31, 2007, on a pro forma basis with respect to debt, and otherwise on an aggregated basis, after giving effect to the Transactions, including the application of the proceeds of this offering, as described in "Use of Proceeds", the Parent Guarantor and the Subsidiary Guarantors would have had outstanding €475.4 million of secured debt.

You may face foreign exchange risks by investing in the notes.

The notes are denominated and payable in euros. If you measure your investment returns by reference to a currency other than the euro, an investment in the notes entails foreign exchange-related risks due to, among other things, possible significant changes in the value of the euro relative to the currency by reference to which you measure your investment returns because of economic, political and other factors over which we have no control. Depreciation of the euro against the currency by reference to which you measure your investment returns could cause a decrease in the effective yield of the notes below their stated coupon rates and could result in a loss to you when the return on the notes is translated into the currency by reference to which you measure your investment returns. There may be tax consequences for you as a result of any foreign exchange gains resulting from any investment in the Notes. See "Taxation".

An active trading market may not develop for the notes.

The notes are new securities for which there is currently no existing market. Although we have made an application to list the notes on the Alternative Securities Market of the Irish Stock Exchange, we cannot assure you that the notes will become or will remain listed. We cannot assure you as to the liquidity of any market that may develop for the 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 Notes will depend 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 notes, has been subject to disruptions that have caused substantial price volatility. We cannot assure you that if a market for the notes were to develop, such a market would not be subject to similar disruptions. We have been informed by the initial purchasers that they intend to make a market for the notes after the offering is completed. However, the initial purchasers are not obligated to do so and may cease their market-making activity at any time without notice. In addition, such market-making activity will be subject to limitations imposed by the U.S. Securities Act and other applicable laws and regulations. As a result, we cannot assure you that an active trading market for the notes will develop or, if one does develop, that it will be maintained.

The notes are subject to restrictions on transfer.

The notes have not been and will not be registered under the U.S. Securities Act or any U.S. state securities laws. You 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 U.S. Securities Act and applicable state securities laws, or pursuant to an effective registration statement. We have not undertaken to register the notes or to effect any exchange offer for the notes in the future. Furthermore, we have not registered the notes under any other country's securities laws. It is your obligation to ensure that your offers and sales of the notes within the United States and other countries comply with applicable securities laws. See "Notice to Investors".

Fraudulent transfer statutes may limit your rights as a noteholder.

Upon completion of the Acquisition, the Issuer's obligations under the notes will be guaranteed by the Guarantors, and each of the guarantees may be subject to review under the bankruptcy laws of the relevant jurisdiction in which each of the Guarantors operates. It is possible that creditors of the Guarantors may challenge the guarantees (among other obligations between members of the Ardagh Glass Group) as a fraudulent transfer or conveyance. If so, such laws may permit a court, if it makes certain findings, to:

- avoid all or a portion of the Guarantors' obligations under the guarantees;
- subordinate the Guarantors' obligations under the guarantees to their other existing and future debt, entitling other creditors to be paid in full before any payment is made under the guarantees;
- direct that holders of the notes return any amounts paid under a guarantee to the relevant Guarantor or to a fund for the benefit of its creditors; and
- take other action detrimental to you, including invalidating the guarantees.

In that event, if the Issuer cannot satisfy its obligations under the notes, we cannot assure you that you would ever be repaid. In addition, the liability of each Guarantor under the Indenture will be limited to the amount that will result in its guarantee not constituting a fraudulent conveyance or improper corporate distribution and there can be no assurance as to what standard a court would apply in making a determination as to what would be the maximum liability of each Guarantor.

Under such bankruptcy and fraudulent transfer laws, in order to take any of those actions, courts will typically need to find that, at the time the guarantees were issued, the Guarantor: issued the guarantee with the intent of hindering, delaying or defrauding current or future creditors; received less than fair consideration or reasonably equivalent value for incurring the debt represented by the guarantees on the basis that the guarantees were incurred for our benefit, and only indirectly for the benefit of the Guarantors, or some other basis; was insolvent or was rendered insolvent by reason of the issuance of the guarantee; was engaged, or about to engage, in a business or transaction for which the Guarantor's assets were unreasonably small; or intended to incur, or believed the Guarantor would incur, debts beyond its ability to pay such debts as they mature.

Many of the foregoing terms are defined in or interpreted under the relevant fraudulent transfer statutes.

Different jurisdictions define "insolvency" in various ways. However, a Guarantor generally would be considered insolvent at the time it issued the guarantee if:

- its liabilities exceeded its assets, at a fair valuation;
- it cannot pay its debts as they fall due; or
- the present saleable value of its assets is less than the amount required to pay its total existing debts and liabilities, including the probable liability related to contingent liabilities, as they become absolute or matured.

We cannot assure you (1) which standard a court would apply in order to determine whether a Guarantor was "insolvent" as of the date the guarantees were issued; (2) that, regardless of the method of valuation, a court would not determine that a Guarantor was insolvent on that date; or (3) that a court would not determine, regardless of whether or not a Guarantor was insolvent on the date the guarantees were issued, that the payments constituted fraudulent transfers on another ground.

Enforcing your rights as a noteholder or under the guarantees across multiple jurisdictions may prove difficult.

The notes will be issued by Ardagh Glass Finance plc, which is organized under the laws of Ireland, and, upon the completion of the Acquisition, will be guaranteed by the Parent Guarantor, which is organized under the laws of Ireland, and the Subsidiary Guarantors, each of which is organized under the laws of one of Ireland, Germany, the United Kingdom, Denmark, Sweden, the Netherlands, Poland or Italy. In the event of a bankruptcy, insolvency or similar event, proceedings could be initiated in Ireland, Germany, the United Kingdom, Denmark, Sweden, the Netherlands, Poland or Italy. 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 your rights. Your rights under the notes and the Guarantors' guarantees will be subject to the insolvency and administrative laws of several jurisdictions and there can be no assurance that you will be able to effectively enforce your rights in such complex, multiple bankruptcy, insolvency or similar proceedings.

In addition, the bankruptcy, insolvency, administrative and other laws of Ardagh Glass Finance plc's and the Guarantors' jurisdictions of organization 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, ability to obtain post-petition interest and 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 your ability to enforce your rights under the notes and the guarantees in these jurisdictions or limit any amounts that you may receive. See "Limitations on Validity and Enforceability of Guarantees".

The laws of each of the jurisdictions in which the Subsidiary Guarantors are organized limit the ability of these subsidiaries to guarantee debt of a sister company. See "—Corporate benefit and financial assistance laws and other limitations on the guarantees may adversely affect the validity and enforceability of the guarantees of the notes".

Corporate benefit and financial assistance laws and other limitations on the guarantees may adversely affect the validity and enforceability of the guarantees of the notes.

The guarantees of the notes by the Guarantors provide the holders of the notes with a direct claim against the assets of the Guarantors. Each of the guarantees, however, will be limited to the maximum amount that can be guaranteed by a particular Guarantor without rendering the guarantee, as it relates to that Guarantor, voidable or otherwise ineffective under applicable law. In addition, enforcement of any of these guarantees against any Guarantor will be subject to certain defenses available to guarantors generally. These laws and defenses include those that relate to fraudulent conveyance or transfer, voidable preference, financial assistance, corporate purpose or benefit, preservation of share capital, thin capitalization and regulations or defenses affecting the rights of creditors generally. If one or more of these laws and defenses are applicable, a Guarantor may have no liability or decreased liability under its guarantee.

In particular, laws relating to financial assistance in Denmark, Poland, Sweden and the Netherlands prohibit companies incorporated in these jurisdictions from providing guarantees or other credit support for debt financing relating to the direct or indirect acquisition of shares in these companies, or limit the enforceability of such guarantees, and the guarantees of the notes provided by Subsidiary Guarantors in these jurisdictions will be limited accordingly to ensure compliance with applicable law. It is uncertain whether a guarantee of the notes by a Subsidiary Guarantor in such a jurisdiction that is found unenforceable on the basis that the notes constitute debt used to finance the acquisition of shares in such Subsidiary Guarantor will remain enforceable to the extent that the notes are used to finance the acquisition of other companies as part of the same transaction. In addition, certain jurisdictions, including Germany and Poland, limit the amount recoverable under guarantees given for the benefit of creditors of a parent company or affiliate of a guarantor by reference to the net asset value or registered share capital of the relevant companies, and the guarantees provided by Subsidiary Guarantors in these jurisdictions will be limited accordingly.

Accordingly, if you were to enforce the guarantees of the notes of the Guarantors in their respective jurisdictions, your claims may be limited or a Guarantor may have no obligations under its guarantee. There can be no assurance that a third-party creditor would not challenge these guarantees of the notes and prevail in court.

The insolvency laws of Ireland and other local insolvency laws may not be as favorable to you as U.S. bankruptcy laws or those of another jurisdiction with which you are familiar.

The Issuer and the Parent Guarantor are incorporated in Ireland, and each of the Subsidiary Guarantors is incorporated in one of Ireland, Germany, the United Kingdom, Denmark, Sweden, the Netherlands, Poland or Italy. The insolvency laws of these jurisdictions may not be as favorable to your interests as the laws of the United States or other jurisdictions with which you are familiar. In the event that any one or more of the Issuer, the Guarantors or any other of the Company'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. A brief description of certain aspects of insolvency law in Ireland, Germany, England, Denmark, Sweden, the Netherlands, Poland and Italy is set forth under "Limitations on Validity and Enforceability of Guarantees".

You may be unable to serve process on us or our directors and officers in the United States and enforce U.S. judgments based on the notes.

The Issuer is incorporated under the laws of Ireland, and the Guarantors are incorporated, among other places, under the laws of one of Ireland, Germany, England, Denmark, Sweden, the Netherlands, Poland or Italy. All of the directors and executive officers of the Issuer and the Guarantors live outside the United States. All of the assets of the Issuer and the Guarantors, 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 you to serve process on such persons in the United States or to enforce judgments obtained in U.S. courts against them based on the civil liability provisions of the securities laws of the United States.

In addition, Irish, German, English, Danish, Swedish, Dutch, Polish and Italian counsel have each informed us that it is questionable whether an Irish, German, English, Danish, Swedish, Dutch, Polish or Italian court would accept jurisdiction and impose civil liability if proceedings were commenced in Ireland, Germany, the United Kingdom, Denmark, Sweden, the Netherlands, Poland or Italy predicated solely upon U.S. federal securities laws. See "Service of Process and Enforcement of Judgments".

We do not present separate financial statements for each Subsidiary Guarantor.

We have not presented in this Offering Memorandum separate financial statements for each Subsidiary Guarantor of the notes, and we are not required to do so in the future under the Indenture.

Certain considerations relating to book-entry interests.

Unless and until notes in definitive registered form, or definitive registered notes, are issued in exchange for book-entry interests, owners of book-entry interests will not be considered owners or holders of Notes. The common depositary for Euroclear and Clearstream Banking (or its nominee) will be the sole holder of the global notes representing the notes. After payment to the common depositary, we will have no responsibility or liability for the payment of interest, principal or other amounts to the owners of book-entry interests. Accordingly, if you own a book-entry interest, you must rely on the procedures of Euroclear or Clearstream Banking, as applicable, and if you are not a participant in Euroclear or Clearstream Banking, on the procedures of the participant through which you own your interest, to exercise any rights and obligations of a holder under the Indenture. See "Book-Entry; Delivery and Form".

Unlike the holders of the notes themselves, owners of book-entry interests will not have the direct right to act upon our solicitations for consents, requests for waivers or other actions from holders of the notes. Instead, if you own a book-entry interest, you will be permitted to act only to the extent you have received appropriate proxies to do so from Euroclear or Clearstream Banking. There can be no assurance that procedures implemented for the granting of such proxies will be sufficient to enable you to vote on any request actions on a timely basis.

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

Ardagh's independent auditors and the independent auditors that prepared an accountant's review report on the annual combined financial statements of the Acquired Business have sought to limit the persons that may rely on their audit report or review report, respectively.

The extent to which auditors have responsibility or liability to third parties (other than Ardagh and its shareholders) is unclear under the laws of many jurisdictions, including Ireland and the United Kingdom. However, the fact that Ardagh's independent auditors and the independent auditors that prepared an accountant's review report on the annual combined financial statements of the Acquired Business have attempted to limit their responsibility in their respective reports may limit any responsibility they may have to investors.

Risks Relating to the Acquisition

The Acquisition may not be completed or may not be completed as described.

This offering will be completed prior to the completion of the Acquisition. Completion of the Acquisition is subject to approval by the competent competition authorities in Germany and Poland. We received the approval of the German competition authority on May 2, 2007. Approval from the Polish competition authority is still pending as of the date of this Offering Memorandum. In addition, the Share Purchase Agreement may be terminated upon the occurrence of certain material adverse events relating to the Acquired Business. There can be no assurances that Ardagh will be successful in completing the Acquisition or in completing the Acquisition in a timely manner. See "The Transactions—The Acquisition".

Upon completion of this offering, an amount equal to the gross proceeds from the sale of the notes will be placed in the Closing Date Holding Account pending the completion of the Acquisition. If the Acquisition is not consummated on or before October 31, 2007 or the Issuer certifies that the Share Purchase Agreement has been terminated or the Acquisition will not close, the Issuer will be required to redeem the notes at 100% of the issue price of the notes, plus accrued and unpaid interest to the date of redemption. The notes will be secured on a first-priority basis by the cash placed in the Closing Date Holding Account pending completion of the Acquisition. Upon such a redemption, you may not be able to reinvest the proceeds from the redemption in an investment that yields comparable returns. Additionally, you may suffer a loss on your investment if you purchase the notes at a price greater than the issue price of the notes. See "Description of the Notes—Disbursement of Funds: Closing Date Holding Account" and "Description of the Notes—Special Mandatory Redemption".

Except for the historical financial information for Ardagh and the Acquired Business, respectively, a significant amount of the information contained in this Offering Memorandum relating to the Group, including the aggregated financial information (presented before application of purchase price accounting adjustments) and information about our business, geographic presence and market position, gives effect to the completion of the Acquisition. Although we believe that the Acquisition will be completed as described herein, there can be no assurances that this will be the case.

Furthermore, although the existing Ardagh group is subject to certain covenants under its existing 2003 Notes that are similar to the covenants that will be contained in the indenture for the notes offered hereby, the Acquired Business will not be subject to such covenants prior to the completion of the Acquisition. Accordingly, there can be no assurances that the Acquired Business will not sell assets or take other actions prior to the completion of the Acquisition that would be prohibited or restricted by such covenants if they were applicable. While such actions are restricted by the Share Purchase Agreement, there can be no assurances that we will not waive such restrictions.

We may not be able to integrate the Acquired Business effectively.

Even though we have acquired businesses in the past, the Acquisition constitutes the largest acquisition we have ever undertaken and the magnitude of the Acquisition may present significant integration challenges and costs to us. Realization of the benefits of the Acquisition will require the integration of some or all of the sales and marketing, distribution, manufacturing, finance, information technology systems and administrative operations of the Acquired Business. If we cannot successfully integrate the Acquired Business on a reasonable time frame following the Acquisition, we may not be able to realize the potential benefits anticipated from the Acquisition. Our failure to successfully integrate the Acquired Business and the diversion of management attention and other resources from our existing operations could have a material adverse effect on our business, financial condition and results of operations.

Furthermore, even if we are able to integrate successfully the operations of the Acquired Business, we may not be able to realize the cost savings, synergies and revenue enhancements that we anticipate from the Acquisition, either in the amount or within the time frame that we expect, and the costs of achieving these benefits may be higher than, and the timing may differ from, what we expect. Our ability to realize anticipated cost savings, synergies and revenue enhancements may be affected by a number of factors, including the following:

- the use of more cash or other financial resources on integration and implementation activities than we expect, including restructuring and other exit costs; and
- increases in other expenses related to the Acquisition, which may offset the cost savings and other synergies from the Acquisition.

The financial information included in this Offering Memorandum may not necessarily reflect what the results of operations, financial condition and cash flows of the Acquired Business would have been outside the Rexam group or if operated on a combined basis with Ardagh.

The combined financial statements and the other financial information for the Acquired Business we have included in this Offering Memorandum have been derived from the consolidated financial statements and accounting records of Rexam PLC and do not necessarily reflect what the results of operations, financial condition and cash flows of the Acquired Business would have been had the Acquired Business been operated as a stand-alone business under separate ownership. For a detailed description of the basis on which the combined financial statements for the Acquired Business were prepared, see "Basis of Preparation" on pages F-86 through F-87.

In addition, we and the Acquired Business have been operating our respective business operations separately prior to the Acquisition. We have no prior history as a combined entity and our operations have not previously been managed on a combined basis. The combined financial statements of the Acquired Business have been prepared for the purpose of presenting, as far as practicable, the financial position, results of operations and cash flows of the Acquired Business as they existed within Rexam at the relevant time. This required the aggregation of financial information of the entities which make up the Acquired Business, the elimination of intercompany transactions and balances, proportional allocation of Rexam central management costs and other adjustments. Therefore, the historical financial statements and aggregated financial data presented in this Offering Memorandum may not reflect what our results of operations, financial position and cash flows would have been had we operated on a combined basis and may not be indicative of what our results of operations, financial position and cash flows will be in the future.

The proposed Acquisition has not been completed and, as a result, Ardagh is currently not in a position to measure fair values and make related adjustments to recorded values of the assets and liabilities of the Acquired Business, as required by applicable IFRS purchase accounting rules. However, we will make these adjustments, which will be reflected in our financial statements following the Acquisition. Pro forma financial statements for the Acquisition have not been prepared. This Offering Memorandum contains certain aggregated financial data that shows the revenues and EBITDA of Ardagh when added to the revenues and EBITDA, respectively, of the Acquired Business, without any adjustments for the effect of the Acquisition and the financing thereof or the proposed refinancings, including the effects of IFRS purchase accounting. This aggregated data should therefore not be relied on to reflect what our revenues or EBITDA would have looked like had the Acquisition already occurred. See "Unaudited Aggregated Financial Data".

The Acquired Business may have liabilities which are not known to us.

As a result of the Acquisition, we will assume certain of the Acquired Business' liabilities, including certain pension liabilities. There may be liabilities that we failed or were unable to discover in the course of performing due diligence investigations on the Acquired Business. We cannot assure you that rights to indemnification by the seller, Rexam PLC, to us will be sufficient in amount, scope or duration to fully offset the possible liabilities associated with the business or assets acquired. Any such liabilities, individually or in the aggregate, could have a material adverse effect on our business, financial condition and results of operations. As we integrate the Acquired Business, we may learn additional information about the Acquired Business that adversely affects us, such as unknown or contingent liabilities and issues relating to compliance with applicable laws.

We face additional costs associated with our post-retirement and post-employment obligations to employees of the Acquired Business which could have an adverse effect on our financial condition.

As part of the Acquisition, we will assume liability for retiree pension obligations with respect to certain active and retired employees. As at March 31, 2007 (on an aggregated basis, after giving effect to the Acquisition, but before application of purchase price accounting adjustments), our accumulated post-retirement benefit obligation was approximately €38.7 million related to those obligations assumed, and was approximately €66.9 million in total. The additional costs associated with these and other benefits to employees of the Acquired Business could have an adverse effect on our financial condition. In addition, in certain jurisdictions, these obligations may rank senior to the guarantees of the notes in a bankruptcy of the relevant guarantor as a matter of law.

We operate a number of pension and other post-retirement benefit schemes throughout Europe funded by a range of assets which may include property, derivatives, equities and bonds. The value of these assets is heavily dependent on the performance of markets which are subject to volatility. The liability structure of the obligations to provide such benefits is also subject to market volatility in relation to its accounting valuation and management. Additional significant funding of our pension and other post-retirement benefit obligations may be required if market underperformance is severe.

The Acquisition will entitle certain customers of the Acquired Business to terminate their agreements as a result of change of control provisions.

The Acquisition will constitute a change of control under agreements of the Acquired Business with certain of its customers and will entitle these customers to terminate their agreements. We cannot exclude the possibility that some customers may exercise their termination rights, which could have an adverse effect on our revenues following the Acquisition.

Risks Relating to Our Business

Our expansion strategy may adversely affect our business, financial condition and results of operations.

We aim over the longer term to continue to capitalize on strategic opportunities to expand our glass container 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 glass container businesses, we may need to contemplate further increases in our leverage in the future in connection with any acquisitions. This could have an adverse affect 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, we cannot assure you that any future expansions will achieve positive results.

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

We are subject to intense competition from other glass container producers against whom we compete on the basis of price, 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. Our principal competitors in Europe are O-I and Saint-Gobain. Our principal regional competitors will be O-I, Saint-Gobain, Quinn Glass, Beatson Clark, Allied Glass, Wiegand Glas and Warta Glass Group. Furthermore, new threats from packaging and production innovations could disadvantage our existing business. If we are unable to respond to competitive technological advances, this could materially adversely affect our future performance.

In addition to competing directly with other large, well-established manufacturers in the glass container industry, we compete indirectly with manufacturers of other forms of rigid packaging, principally metal cans and plastic containers, on the basis of quality, price, service and consumer preference. We also compete indirectly with manufacturers of non-rigid packaging alternatives, including flexible pouches and aseptic cartons, in serving the packaging needs of 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 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 assure you 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 direct and indirect 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.

An increase in glass container manufacturing capacity without a corresponding increase in demand for glass 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 packaging companies is heavily influenced by the supply of and demand for glass containers. The glass container market has historically been characterized by a steady growth of manufacturing capacity with only modest growth in demand. The construction of new capacity can create particular challenges. For example, in 2005, Quinn Glass commissioned a new glass container manufacturing plant in England, which, when at full capacity, is believed to be capable of producing the equivalent of approximately 20% of the current U.K. market demand. The impact of Quinn Glass' investment was to create excess capacity in the United Kingdom, at least in 2005 and 2006, inhibiting the ability of container manufacturers to recover substantial increased costs in those years arising from higher energy prices.

A combination of capacity reductions in the United Kingdom, increased demand in both the United Kingdom and Ireland and an improvement in net trade balances in glass containers over the last year has improved the prospects for price increases. While these factors may lead to a better trading environment from 2005 and 2006, any further increase in excess capacity would have an adverse impact on the level of price increases obtainable by U.K. glass container manufacturers. We cannot assure you that the glass container manufacturing capacity in any of our markets will not increase further in the future, nor can we assure you that demand for glass containers will meet or exceed supply. If glass 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.

Higher energy costs and interrupted energy supplies may have a material adverse effect on our business, financial condition and results of operations.

We use natural gas, electrical power, oil, oxygen and, in limited circumstances, liquefied petroleum gas ("LPG") to manufacture our products. These energy sources are vital to our operations, and we rely on a continuous power supply to conduct our business. In recent years, the cost of natural gas and electricity has increased substantially in all locations in which we have operations. The cost increases in the United Kingdom were particularly sharp and accompanied by considerable volatility. We are not able to predict to what extent energy prices will rise in the future. If energy costs increase further in the future, we could experience a significant increase in operating costs, which could have a material adverse effect on our business, financial condition and results of operations.

In addition, certain locations in which we have operations, such as Italy and Poland, have experienced power shortages. Frequent power interruptions may have a material adverse effect on our operations and therefore our business, financial condition and results of operations.

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

Combining Ardagh and the Acquired Business, our 10 largest customers accounted for approximately 39% of our glass container revenues for the year ended December 31, 2006, on an aggregated basis after giving effect to the Acquisition, but before application of purchase price accounting adjustments. We believe our relationships with these customers are good, but we cannot assure you that we will be able to maintain these relationships. We typically sell most of our glass containers directly to customers under one to three-year arrangements. Although these arrangements have provided, and we expect they will continue to provide, the basis for a long-term partnership with our customers, they are not binding and there can be no assurance that our customers will not cease purchasing our products. If our customers unexpectedly reduce the amount of glass containers they purchase from us, or cease purchasing our glass containers 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 favorable 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, financial condition and results of operations.

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 glass container suppliers. If, following the consolidation of one of our customers with another company, a competitor was to be the main supplier of glass containers to the consolidated companies, this could have a material adverse effect on our business, financial condition or results of operations.

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, 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.

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

Certain end products, for example, carbonated drinks and alcoholic beverages, represent a significant proportion of our packaging market. 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.

Our profitability could be affected by varied seasonal demands.

Demand for our products is typically strongest during the summer months and in the period prior to the holidays in December because of the seasonal nature of beverage consumption. Unseasonably cool weather during the summer months can reduce demand for certain beverages packaged in our 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. If demand for glass containers should unexpectedly rise during such a shutdown, we would not have the ability to fulfill such demand and may lose potential revenues. These shutdowns and seasonal sales patterns could adversely affect profitability during the first quarter.

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 favorable 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, could have a material adverse effect on our business, financial condition and results of operations. Increases in the cost of raw materials could also have a material adverse effect on our business, financial condition and results of operations. Currently, we expect a rise in the price of cullet in Germany.

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

Our operations and properties in Germany, the United Kingdom, the Nordic region, the Benelux region, Poland and Italy are subject to extensive international, EU, national, provincial, regional and local laws, ordinances, regulations and other legal requirements relating to environmental protection. Such laws and regulations which may affect our business include requirements regarding contaminated properties and buildings, water supply and use, water discharges, air emissions, waste management, noise pollution, asbestos and other deleterious materials, generation, storage, handling and transportation of hazardous 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 Germany, the United Kingdom, the Nordic region, the Benelux region, Poland and Italy must comply with the legal requirements in each jurisdiction, as well as EU and international legal 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 for our operations to comply with such legal requirements, and these costs could increase in the future. Environmental laws and regulations that affect our business have become and are becoming increasingly stringent. We require a variety of permits to conduct our operations, including operating permits such as those required under 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 the relevant permits, as well as non-compliance, could have a material adverse effect on our business, financial condition and results of operations. If we 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.

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 can give rise to contamination and result in potential liability to remediate. 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 presently own, occupy or operate, or that we formerly owned, occupied or operated, or were formerly, owned, occupied or operated by companies which we acquired. Regarding companies acquired by us, including the Acquired Business, we cannot assure you that our due diligence investigations identified or accurately quantified all material environmental matters related to the acquired facilities.

Material soil and groundwater contamination has been identified at a number of our sites and other sites have been identified as sites which have significant potential for material 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, we may be required to undertake remedial measures. The costs associated with remediation works can be substantial and could have a material adverse effect on our business, financial condition and results of operations.

Asbestos is present, or may be present, at a number of our sites. It is possible that remediation measures will be required. Remediation costs can be significant and could have a material adverse effect on our business, financial condition and results of operations.

Our business is energy intensive, which results in the emission of products of combustion and the high temperature oxidation of atmospheric nitrogen; i.e., sulphur dioxide, carbon dioxide and oxides of nitrogen. We are subject to laws and regulations which restrict air emissions. In order to comply with air emission restrictions, significant upgrade works may be necessary at some sites, which could potentially involve significant capital investment. In Germany, new technical guidelines, TA Luft, set out stricter emission thresholds which could potentially require additional investment in our operations in Germany in order to meet the threshold requirements. Our business is also affected by the European Union Emissions Trading Scheme ("EU ETS"), which was introduced in the European Union from January 1, 2005. See "Business—Environmental, Health and Safety and Product Safety Regulation". This scheme and any future changes to it and any additional measures to control the emission of greenhouse gases that may apply to Ardagh's operations could have a material adverse effect on Ardagh's business, financial condition and results of operations.

As glass manufacture is a very energy-intensive activity and the cost of energy is one of the largest operational costs for glass installations, and given the growing concerns about climate change and the effects of greenhouse gas emissions, Ardagh is likely to have to both reduce and manage its own emissions, so as to meet regulatory requirements, and will also be affected by increased energy prices. It can be expected that further measures will be introduced, both at the European Union as well as individual Member State level, in order to address emissions of greenhouse gases, energy efficiency and to mitigate the effects of greenhouse gases on climate.

A European Union Directive on packaging and packaging waste requires that certain rates of recycling and recovery be achieved. Some Member States have enacted legislation which imposes more onerous obligations in relation to packaging, including packaging taxes and mandatory deposit schemes. In Germany, provisions concerning an obligatory refund for single-serving beverages packaging are in force (Verpackungsverordnung), and have a material adverse effect on Ardagh's market position, for example, the switching by beverage producers to packaging, which is not subject to the obligatory refund, might have a material adverse effect on Ardagh's operating results. The obligations imposed by this directive, and any amendments to it, could have a material adverse effect on our business, financial condition and results of operations.

The EU Waste Framework Directive is currently being reviewed, and any revisions made to the Directive may impact upon Ardagh's operations.

Changes to the laws and regulations governing the materials which are used in the manufacture of glass may impact on 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 recently passed a new regulation concerning the Registration, Evaluation, Authorization and Restriction of Chemicals (REACH), which places onerous new obligations on the manufacturers of substances, preparations and articles containing substances, and which may have a material adverse effect on Ardagh's business. Further, substances used by Ardagh may have to be removed from the market (under REACH's authorization and restriction provisions) or need to be substituted for alternative chemicals which may also impact upon Ardagh's operations.

Changes in legislation and the regulatory environment may have a material impact on our operations.

Stricter environmental, health and safety laws and enforcement policies could result in substantial costs and liabilities for us. Compliance with these laws could result in significant capital expenditures as well as other costs and liabilities (including limited availability of materials or substances used by us in the manufacture of glass containers), which could have a material adverse effect on our business, financial condition and results of operations. Further, we cannot assure you that we will be able to meet all future environmental, health and safety, or product regulations, or that we will have sufficient funds to make the necessary capital expenditures.

Changes in laws and regulations relating to deposits on, and recycling of, 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.

Organized strikes or work stoppages by unionized employees may have a material adverse effect on our business, financial condition and results of operations.

Some 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 unionized workers were to engage in a strike or other work stoppage, we could experience a significant disruption of operations and/or higher ongoing labor costs, which may have a material adverse effect on our business, financial condition and results of operations.

Our manufacturing facilities are subject to operating hazards.

Our manufacturing processes involve heating glass to high temperatures and 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 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.

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 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 material 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 which 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 in recent years, these events may occur in the future.

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. We cannot assure you 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.

National political and economic instability in the regions in which we operate could have a material adverse effect on our business.

We are a multinational company operating in countries and regions with varied economic and political conditions and sensitivities. Our operations and earnings may therefore be adversely affected by political or economic instability and unrest in some of these countries including financial crisis, civil unrest, wars, international conflicts, greater and tighter government regulation on cross border trading, production, pricing and the environment.

Currency, interest rate fluctuations and commodity prices may have a material impact on our business, financial condition and results of operations.

Our reporting currency is the euro. However, following the Acquisition, a substantial portion of our assets, liabilities, revenues and expenses will be denominated in pounds, Swedish kronor, Danish kroner 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. In the year ended December 31, 2006, on an aggregated basis together with the Acquired Business, approximately 50% of our revenues was 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. In order to provide a "natural" hedge, we currently have our borrowings that relate to our U.K. operations in pounds. Interest payments in pounds help to offset our exposure to fluctuations in pre-tax profits, as measured in euro, due to currency fluctuation, while pound-denominated debt is matched by pound-denominated assets. However, following the acquisition and the repayment of the local currency debt in our existing Polish glass container business, the debt and interest payments relating to our Swedish, Danish and Polish operations will all be 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.

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, entering 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.

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. If the spot price of natural gas rises unexpectedly, and we have not fixed the price of natural gas in advance of our usage requirements, our earnings and cash flows could be adversely affected.

For a further discussion of these matters and the measures we have taken to seek to protect our business against these risks, see "Operating and Financial Review and Prospects—Quantitative and Qualitative Disclosures About Market Risk".

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. In September 2004, we acquired a controlling interest in HSU; in May 2005, we acquired Redfearn; and we expect to acquire the glass container manufacturing business of Rexam PLC in the Acquisition. These acquisitions have had and, in the case of the proposed Acquisition, are expected to have, a positive effect on our results of operations in subsequent periods following their acquisition. Furthermore, our net operating income is typically higher in the second half of the calendar 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.

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.

We conduct regular maintenance on all of our operating equipment. However, due to the extreme operating conditions inherent in some of our manufacturing processes, we cannot assure you that we will not incur unplanned business interruptions or that such interruptions will not have an adverse impact 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.

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

We depend on our senior management. Following the Acquisition, it is expected that a number of senior management of the Acquired Business will join the Ardagh senior management team. 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 we cannot assure you 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, who currently beneficially owns approximately 41% of Ardagh Glass Holdings Limited's shares, 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 Glass Group plc, our ultimate parent company, or our debt holders. Currently, Yeoman International Holdings S.A. ("Yeoman") owns approximately 41% of the outstanding ordinary shares of Ardagh Glass Group plc. Paul Coulson (who beneficially owns approximately 33% of the share capital of Yeoman) is currently Chairman of the board of directors of Ardagh Glass Group plc and individually owns approximately 22% of the outstanding ordinary shares of Ardagh Glass Group plc. He is also a member of the board of directors of Yeoman. A further approximately 5% of such shares is owned by each of Niall Wall and Edward Kilty, our Chief Executive Officer and our former Chief Executive Officer, respectively.

Directors and members of our senior management team, other than Paul Coulson, Niall Wall and Edward Kilty, currently own approximately 13% of the outstanding ordinary shares of Ardagh Glass Group plc.

Wolfgang Baertz is currently a member of the board of directors of Ardagh Glass Group plc and Yeoman, and Brendan Dowling is currently a member of the board of directors of Ardagh Glass Group plc and Yeoman International Group Ltd, a wholly-owned subsidiary of Yeoman. As a result of their ownership and positions, Yeoman and Messrs. Coulson, Baertz and Dowling are each able to significantly influence, through Ardagh Glass Group plc, all matters requiring shareholder approval, including the election of directors and approval of significant corporate transactions. See "Management" and "Major Shareholders and Related Party Transactions".

THE TRANSACTIONS

The Acquisition. On March 11, 2007, Ardagh Glass Group plc, our ultimate parent company, entered into a Share Purchase Agreement (the "Share Purchase Agreement") with Rexam PLC for the acquisition (the "Acquisition") by wholly-owned subsidiaries of Ardagh Glass Holdings Limited of the share capital of various wholly-owned subsidiaries of Rexam PLC, which currently operate the glass container manufacturing division of Rexam PLC (the "Acquired Business"). The total purchase price for the Acquisition will be based on an enterprise value of €660 million, less net debt (and subject to adjustments in relation to the value of the net operating assets of the Acquired Business at completion). The purchase price payable at completion of the Acquisition will be determined shortly before completion based on estimates of net debt and net operating assets at completion. For purposes of the net debt adjustment, retirement benefit obligations will be considered debt in an agreed reference amount of €37.5 million (net of deferred taxes).

The purchase price for the Acquisition will be subject to a post-closing adjustment, as provided in the Share Purchase Agreement, based on the net indebtedness and net operating assets of the Acquired Business as of the completion date of the Acquisition (with any increase due to excess net operating assets subject to a maximum amount of €18 million). If Ardagh Glass Group plc is required to pay additional amounts to Rexam PLC as a result of such an adjustment, such payments will be funded from borrowings under the New Anglo Irish Senior Secured Credit Facility.

Following the Acquisition, the combined glass container operations of the business will trade under the name Ardagh Glass.

The Share Purchase Agreement contains warranties and covenants customary for transactions of this type. In addition, Rexam PLC has agreed to procure that the business and affairs of the Acquired Business are managed in the ordinary and usual course, subject to certain agreed exceptions, until completion of the Acquisition. Rexam PLC's liability for any breach of a warranty is subject to certain thresholds and limitations. In the Share Purchase Agreement, Rexam PLC has agreed not to be engaged in a business that competes with the business carried on by the Acquired Business at the closing of the Acquisition in or affecting Germany, the Netherlands, Poland, Denmark, Sweden and/or Norway for a period of two years following the closing of the Acquisition. Rexam PLC has further agreed to provide certain information technology, payroll and other services to the Acquired Business for a transitional period following the closing of the Acquisition. We will pay to Rexam PLC customary fees for such services.

Completion of the Acquisition is subject to obtaining the approval of the competent competition authorities in Germany and Poland. We received the approval of the German competition authority on May 2, 2007. Approval from the Polish competition authority is still pending as of the date of this Offering Memorandum.

The Share Purchase Agreement provides that Ardagh Glass Group plc is entitled to terminate it prior to the closing of the Acquisition upon the occurrence of any event which has, or may reasonably be expected to have, a material and adverse effect on the business, operations or financial condition of the Acquired Business, as determined by reference to certain prescribed significant monetary thresholds set forth in the Share Purchase Agreement. Absent the occurrence of such an event, we will be required to complete the Acquisition. Adverse changes in operating assets or increases in indebtedness of the Acquired Business will result in adjustments to the purchase consideration.

We are currently not aware of any adverse event relating to the Acquired Business that would permit the termination of the Share Purchase Agreement and expect to close the Acquisition no later than the tenth business day following receipt of the outstanding approval from the Polish competition authority. If we have not obtained this approval by October 31, 2007, the provisions of the Share Purchase Agreement relating to the Acquisition will cease to have effect. If we have not completed the

Acquisition by October 31, 2007 or if the Share Purchase Agreement has been terminated, the notes must be redeemed by the Issuer. See "Description of the Notes—Special Mandatory Redemption".

The Financing. Based on our current estimates, we intend to use the proceeds of the following external sources of financing to finance a portion of the purchase price, to repay certain existing Ardagh debt and to pay related fees and expenses from the following external sources of financing (the "Financing" and, together with the Acquisition, the "Transactions"):

- €320.1 million aggregate principal amount of borrowings under the New Anglo Irish Senior Secured Credit Facility; and
- €310.0 million aggregate principal amount of the notes offered hereby.

In addition to these external sources of financing, Ardagh will use up to €40 million from the Group's existing cash resources to finance a portion of the purchase price for the Acquisition and related fees and expenses.

To the extent that the final purchase price payable for the Acquisition based on net debt and net operating assets exceeds or is lower than our current estimate, we will increase or decrease our borrowings under the New Anglo Irish Senior Secured Credit Facility accordingly. Concurrently with the completion of the Acquisition, certain of Ardagh's existing debt will be refinanced.

The proceeds of this offering of notes will be placed in the Closing Date Holding Account and will be released on the completion date of the Acquisition. See "Description of the Notes—Disbursement of Funds; Closing Date Holding Account".

We expect to use an aggregate of approximately €21.8 million of these financings to repay a portion of our existing working capital debt. This refinancing will occur concurrently with the completion of the Acquisition. See "Operating and Financial Review and Prospects—External Financings" and "Description of Other Indebtedness".

The New Anglo Irish Senior Secured Credit Facility. The New Anglo Irish Senior Secured Credit Facility, with an aggregate committed principal amount of €495 million, comprises:

- a €295 million senior secured term loan facility, which we expect to use to finance a portion of the total purchase price for the Acquisition;
- a €50 million senior secured term loan facility to be used for capital expenditure and restructuring and reconstruction costs of the Group; and
- a €150 million senior secured revolving credit facility for general corporate and working capital requirements of the Group, of which up to €50 million will be available in connection with the Acquisition. We currently expect to borrow €25.1 million under this facility upon completion of the Acquisition. See "—Sources and Uses of Funds".

The New Anglo Irish Senior Secured Credit Facility will be guaranteed by each Guarantor and will be secured by security interests in respect of the property and assets of each Guarantor, subject to certain agreed security principles.

The availability of the New Anglo Irish Senior Secured Credit Facility to fund a portion of the purchase price at the closing of the Acquisition is subject to certain customary conditions. These include the absence of certain events of default, including the absence of any event that would entitle Ardagh Glass Group plc to terminate the Share Purchase Agreement, as described above.

Sources and Uses of Funds. The following table sets forth the estimated sources and uses of funds to be used to effect the Transactions as if the Transactions had occurred on March 31, 2007.

	Amount (in € millions)
Sources of Funds:	
New Anglo Irish Senior Secured Credit Facility(1)	320.1
Barclays Bank Invoice Discounting Facility Agreement	5.9
Notes offered hereby(2)	310.0
Cash	40.0
Total	676.0
Uses of Funds:	
Acquisition enterprise value(3)	660.0
Adjustment for pension liabilities of Acquired Business(3)	(37.5)
Repayment of existing Ardagh debt(4)	28.5
Transactions fees and expenses(5)	25.0
Total	676.0

(1) Consists of €295.0 million aggregate principal amount of term loan borrowings and €25.1 million aggregate principal amount of revolving credit borrowings. See "—The Financing" and "Description of Other Indebtedness—New Anglo Irish Senior Secured Credit Facility".

(2) Represents the aggregate proceeds from the issuance and sale of the notes before the commissions payable to the initial purchasers.

(3) See "—The Acquisition".

(4) Represents the repayment of €15.9 million under the Heye Glas Receivables Discounting Facility, €6.7 million under the Anglo Irish Heye Glas Term Loan and €5.9 million under the Barclays Bank Revolving Credit Facility Agreement.

(5) Represents fees and expenses, including: (a) the commissions payable by the Issuer to the initial purchasers in connection with the offering of the notes; (b) legal, accounting and other professional fees payable in connection with the Transactions; and (c) certain other expenses.

USE OF PROCEEDS

We expect the aggregate proceeds from the issuance and sale of the notes will be €310 million. The proceeds of the offering will be placed in the Closing Date Holding Account and will be released on the date of the completion of the Acquisition to finance a portion of the purchase price for the Acquisition and to pay a portion of the fees and expenses incurred in connection with the Transactions.

For more detailed description of the sources and uses of funds in the Transactions, see "The Transactions".

We expect that the net proceeds from the issuance and sale of the notes will be approximately €297.6 million, after deducting the initial purchasers' fees and commissions and the estimated offering expenses payable by us.

CAPITALIZATION

The following table shows our unaudited total cash and capitalization as at March 31, 2007, on a historical basis and as adjusted to give effect to this offering, the borrowings under the New Anglo Irish Senior Secured Credit Facility and the application of the net proceeds therefrom, as described under "The Transactions" and "Use of Proceeds". The information set out below should be read in conjunction with the consolidated financial statements of Ardagh and the combined financial statements of the Acquired Business, in each case together with the notes thereto, included elsewhere in this Offering Memorandum. See also "Unaudited Aggregated Financial Data".

	As at March 31, 2007			
	Historical	Adjustments (Principal Amount)	Adjustments (Capitalized Debt Issuance Costs)	As Adjusted
		(in € millions)(1)		
Cash	57.9	(40.0)	—	17.9
Short-term debt				
8⅞ Senior Notes due 2013(2)	(0.8)	—	—	(0.8)
Notes offered hereby(2)	—	—	(1.2)(2)	(1.2)
Bank loans, overdrafts and revolving credit facilities	14.4	24.0(3)	(1.0)(2)	37.4
Invoice discounting facilities	49.4	(15.9)(4)	—	33.5
Finance leases	3.8	—	—	3.8
Total short-term debt	66.8	8.1	(2.2)	72.7
Long-term debt				
8⅞ Senior Notes due 2013	169.4	—	—	169.4
Notes offered hereby	—	310.0	(11.2)	298.8
Bank loans, overdrafts and revolving credit facilities	77.1	289.4(5)	(6.4)	360.1
Finance leases	32.5	—	—	32.5
Total long-term debt	279.0	599.4	(17.6)	860.8
Net debt	287.9	647.5	(19.8)	915.6
Total shareholders' funds	104.6	—	—	104.6
Total capitalization	450.4	607.5	(19.8)	1,038.1

(1) Sterling-denominated borrowings have been translated at the exchange rate on March 31, 2007 of €1.00=£0.6796.

(2) Represents debt issuance costs which will be amortized in the next twelve months.

(3) Represents the amount expected to be borrowed under the revolving tranche of the New Anglo Irish Senior Secured Credit Facility.

(4) Repayment of certain facilities in connection with the Acquisition.

(5) Represents the amount expected to be borrowed under the term loan tranche of the New Anglo Irish Senior Secured Credit Facility.

For further details relating to the debt instruments described above, see "Operating Financial Review and Prospects—External Financings" and "Description of Other Indebtedness".

SELECTED CONSOLIDATED FINANCIAL AND OTHER DATA OF ARDAGH

The following table sets forth Ardagh's selected financial data and other data for the periods ended and as at the dates indicated below. The historical financial data presented in the following table do not reflect changes as a result of the Acquisition. For a detailed discussion of the presentation of financial data, see "Presentation of Financial and Other Data".

We have derived the selected consolidated financial data for the financial years ended and as at December 31, 2004, 2005 and 2006 from the audited non-statutory consolidated financial statements of Ardagh Glass Holdings Limited and its subsidiaries included elsewhere in this Offering Memorandum.

We have derived the selected interim unaudited consolidated financial data for the three-month periods ended and as at March 31, 2006 and 2007 from the interim unaudited consolidated financial statements of Ardagh Glass Holdings Limited and its subsidiaries included elsewhere in this Offering Memorandum.

The financial statements contained herein were prepared in accordance with IFRS. The selected financial data and other data should be read in conjunction with "Unaudited Aggregated Financial Data", "Operating and Financial Review and Prospects" and the financial statements and related notes included elsewhere in this Offering Memorandum. Historical results are not necessarily indicative of future expected results. In addition, our results for the three-month period ended March 31, 2007 should not be regarded as indicative of our results expected for the year ending December 31, 2007.

	Audited Consolidated Year ended and as at December 31,			Unaudited Consolidated Three months ended and as at March 31,		Unaudited Consolidated Twelve months ended and as at March 31,
	2006	2005	2004 (as restated)	2007	2006	2007
	(in € millions, except ratios and where indicated)					
Profit and Loss Account Data						
Revenues	647.5	555.6	470.3	154.8	139.2	663.1
Cost of sales	(620.1)	(499.9)	(395.2)	(137.1)	(139.5)	(617.7)
Gross profit/(loss)	27.4	55.6	75.1	17.7	(0.3)	45.4
Sales, general and administration expenses	(32.9)	(32.2)	(29.3)	(7.9)	(8.1)	(32.7)
Other income and expenses	8.8	(36.2)	(2.4)	(0.1)	(0.8)	9.5
Operating profit/(loss)	3.3	(12.8)	43.4	9.7	(9.2)	22.2
Finance costs	(29.3)	(28.6)	(26.4)	(7.7)	(7.3)	(29.7)
Finance income	2.9	1.5	0.6	0.7	0.3	3.3
Share of profit of joint venture	0.3	0.2	0.3	0.0	0.1	0.2
(Loss)/profit before tax	(22.8)	(39.7)	17.9	2.7	(16.1)	(4.0)
Income tax credit/(expense)	6.2	0.7	(10.3)	(0.3)	0.3	5.6
(Loss)/profit for the period	(16.6)	(39.0)	7.6	2.4	(15.8)	1.6
Balance Sheet Data						
Cash and cash equivalents	68.0	70.8	26.8	57.9	64.2	57.9
Working capital(1)	105.1	111.3	82.3	136.0	121.8	136.0
Total assets	621.8	636.9	525.1	631.1	642.3	631.1
Total borrowings(2)	325.4	318.6	275.4	345.8	342.1	345.8
Total equity	103.0	105.4	67.8	104.6	88.9	104.6

	Audited Consolidated Year ended and as at December 31,			Unaudited Consolidated Three months ended and as at March 31,		Unaudited Consolidated Twelve months ended and as at March 31,
	2006	2005	2004	2007	2006	2007
			(as restated) (in € millions, except ratios and where indicated)			
Other Data						
Gross margin(3)	4.2%	10.0%	16.0%	11.4%	(0.2)%	6.8%
EBITDA(4)	52.1	77.3	86.3	20.4	6.2	66.3
EBITDA margin(4)	8.0%	13.9%	18.4%	13.2%	4.4%	10.0%
Depreciation(5)	57.6	53.9	40.5	10.6	14.6	53.6
Capital expenditure	32.6	52.5	45.7	11.3	11.4	32.5
Net borrowings(6)	257.4	247.8	248.5	287.9	277.9	287.9
Ratio of net borrowings to EBITDA	4.9x	3.2x	2.9x	—	—	4.3x
Ratio of EBITDA to net finance costs	2.0x	2.9x	3.3x	—	—	2.5x

(1) Working capital is made up of inventories, trade receivables, other receivables, prepayments, trade payables, other tax and social security payable and recoverable, other payables and accruals (excluding interest payable), pallet deposits, customer deposits and amounts owed to joint venture.

(2) Total borrowings includes all bank borrowings as well as vendor loan notes, subordinated loan notes and deferred consideration loan notes, less unamortized debt issuance costs.

(3) Gross margin is calculated as gross profit divided by Group revenues.

(4) EBITDA is operating profit before depreciation, amortization, other income and expenses, interest and taxation. EBITDA margin is calculated as EBITDA divided by Group revenues. 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 our industry. However, other companies may calculate EBITDA and EBITDA margin in a different manner than we do. 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 our operating performance or any other measures of performance derived in accordance with IFRS.

The reconciliation of operating profit to EBITDA is as follows:

	Audited Consolidated Year ended December 31,			Unaudited Consolidated Three months ended March 31,		Unaudited Consolidated Twelve months ended March 31,
	2006	2005	2004	2007	2006	2007
			(in € millions)			
Group operating profit/(loss)	3.3	(12.8)	43.4	9.7	(9.2)	22.2
Add back depreciation and amortization	57.6	53.9	40.5	10.6	14.6	53.6
Add back other income and expenses	(8.8)	36.2	2.4	0.1	0.8	(9.5)
EBITDA	52.1	77.3	86.3	20.4	6.2	66.3

(5) Depreciation less capital grant amortization.

(6) Net borrowings equals total borrowings less cash.

SELECTED COMBINED FINANCIAL AND OTHER DATA OF THE ACQUIRED BUSINESS

The following table sets forth selected combined financial data and other data for the Acquired Business for the periods ended and as at the dates indicated below. For a detailed discussion of the presentation of financial data, see "Presentation of Financial and Other Data". The combined financial statements of the Acquired Business included elsewhere in this Offering Memorandum have been prepared by extracting financial data for the Acquired Business from the financial data in Rexam's consolidated financial statements and the accounting records of the legal entities being acquired. The combined financial statements of the Acquired Business have been prepared for the purpose of presenting, as far as practicable, the financial position, results of operations and cash flows of the Acquired Business as they existed within Rexam at the relevant time. This required the aggregation of financial information of the entities which make up the Acquired Business, the elimination of intercompany transactions and balances, proportional allocation of Rexam central management costs and other adjustments. In addition, the combined financial statements of the Acquired Business have been prepared on the basis of the accounting policies used by Ardagh, which required certain adjustments to the information extracted from Rexam's consolidated financial statements and accounting records. The combined financial statements of the Acquired Business were prepared on the basis of certain accounting conventions commonly used for the preparation of historical financial information for inclusion in investment circulars issued by the UK Auditing Practices Board. The application of these conventions results in certain departures from IFRS. For a further discussion of the basis on which the combined financial statements of the Acquired Business were prepared, see "Basis of Preparation" on pages F-86 through F-87 with respect to the combined financial statements of the Acquired Business for the three years ended and as of December 31, 2006 and "Basis of Preparation" on page F-125 with respect to the combined financial statements of the Acquired Business for three months ended and as of March 31, 2007.

We have derived the selected combined unaudited financial data for the financial years ended and as at December 31, 2004, 2005 and 2006 from the combined audited financial statements of the Acquired Business, included elsewhere in this Offering Memorandum.

We have derived the selected interim combined unaudited financial data for the three-month periods ended and as at March 31, 2006 and 2007 from the interim combined unaudited financial statements of the Acquired Business, included elsewhere in this Offering Memorandum.

Except as otherwise noted, the financial statements contained herein were prepared in accordance with IFRS. The selected financial data and other data should be read in conjunction with "Unaudited Aggregated Financial Data", "Operating and Financial Review and Prospects" and the financial statements and related notes included elsewhere in this Offering Memorandum. Historical results are not necessarily indicative of future expected results. In addition, the results of the Acquired Business for the three-month period ended March 31, 2007, should not be regarded as indicative of the results expected for the subsidiaries of Ardagh represented by the Acquired Business for the year ending December 31, 2007.

	Combined Audited Year ended and as at December 31,			Combined Unaudited Three months ended and as at March 31,		Combined Unaudited Twelve months ended and as at March 31,
	2006	2005	2004	2007	2006	2007
	(in € millions, except ratios and where indicated)					
Profit and Loss Account Data						
Revenues	642.3	593.7	582.5	158.2	139.0	661.5
Cost of sales	(537.7)	(479.5)	(465.6)	(138.2)	(120.1)	(555.8)
Gross profit	104.6	114.2	116.9	20.0	18.9	105.7
Sales, general and administration expenses	(45.2)	(56.1)	(56.2)	(11.4)	(11.1)	(45.5)
Other income and expenses	(16.1)	(6.4)	(13.4)	(2.0)	(1.8)	(16.3)
Operating profit	43.3	51.7	47.3	6.6	6.0	43.9
Finance costs	(13.4)	(11.7)	(11.2)	(4.0)	(2.9)	(14.5)
Finance income	2.0	1.4	1.2	0.4	0.7	1.7
Profit before allocations and tax	31.9	41.4	37.3	3.0	3.8	31.1
Allocation to Parent Company	(11.5)	(23.1)	(26.3)	2.2	1.0	(10.3)
(Loss)/Profit before tax	20.4	18.3	11.0	5.2	4.8	20.8
Income tax expense	(6.0)	(4.4)	(1.0)	(1.8)	(1.6)	(6.2)
(Loss)/Profit for the period	14.4	13.9	10.0	3.4	3.2	14.6
Balance Sheet Data						
Cash and cash equivalents	36.1	32.6	27.1	43.6	30.4	43.6
Working capital(1)	120.7	122.8	120.4	153.5	162.9	153.5
Total assets	715.5	709.9	692.8	728.1	712.6	728.1
Total borrowings(2)	220.2	216.2	215.9	262.5	269.7	262.5
Total equity	303.2	274.4	264.8	306.5	275.3	306.5
Other Data						
Gross margin(3)	16.3%	19.2%	20.1%	12.6%	13.6%	16.0%
EBITDA(4)	115.9	120.2	127.7	23.2	21.5	117.6
EBITDA margin(4)	18.0%	20.2%	21.9%	14.7%	15.5%	17.8%
Depreciation(5)	56.5	62.1	67.0	14.6	13.7	57.4
Capital expenditure	67.6	63.7	65.2	8.2	8.6	67.2
Net borrowings(6)	184.1	183.6	188.8	218.9	239.3	218.9
Ratio of net borrowings to EBITDA	1.6x	1.5x	1.5x	—	—	1.9x
Ratio of EBITDA to net finance costs	10.2x	11.7x	12.8x	—	—	9.2x

(1) Working capital is made up of inventories, trade receivables, other receivables, prepayments, trade payables, other tax and social security payable and recoverable, other payables and accruals (excluding interest payable), pallet deposits, customer deposits and amounts owed to joint venture.

(2) Total borrowings includes all bank borrowings as well as Rexam group loans and finance leases.

(3) Gross margin is calculated as gross profit divided by revenues.

(4) EBITDA is operating profit before depreciation, amortization, other income and expenses, interest and taxation. EBITDA margin is calculated as EBITDA divided by Group revenues. 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 our industry. However, other companies may calculate EBITDA and EBITDA margin in a different manner than we do. 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 our operating performance or any other measures of performance derived in accordance with IFRS.

The reconciliation of operating profit to EBITDA is as follows:

	Combined audited Year ended and as at December 31,			Combined unaudited Three months ended and as at March 31,		Combined unaudited Twelve months ended and as at March 31,
	2006	2005	2004	2007	2006	2007
	(in € millions)					
Operating profit	43.3	51.7	47.3	6.6	6.0	43.9
Add back depreciation and amortization	56.5	62.1	67.0	14.6	13.7	57.4
Add back other income and expenses	16.1	6.4	13.4	2.0	1.8	16.3
EBITDA	115.9	120.2	127.7	23.2	21.5	117.6

(5) Depreciation and amortization of intangible assets.

(6) Net borrowings equals total borrowings less cash.

UNAUDITED AGGREGATED FINANCIAL DATA

Under IFRS 3, “Business Combinations”, all business combinations should be accounted for by applying the purchase method of accounting. This involves measuring the cost of the business combination and allocating, at the acquisition date, the cost of the business combination to the assets acquired and liabilities and contingent liabilities assumed. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The proposed Acquisition has not been completed and, as a result, Ardagh is currently not in a position to measure fair values and make related adjustments to recorded values of the assets and liabilities of the Acquired Business. Therefore, pro forma financial statements for the Acquisition have not been prepared. Following completion of the Acquisition, Ardagh will measure fair values and make any necessary adjustments to recorded values of the costs and liabilities of the Acquired Business. Ardagh currently expects that the majority of the adjustments will result in adjustments to fixed asset values, the creation of intangibles and goodwill, and an increase in the fair value of inventory. The adjustments to fixed assets and intangibles are likely to result in additional charges for the depreciation of fixed assets and the amortization of intangibles, which will have a negative effect on operating profit. Similarly, the adjustment to inventory will result in a corresponding increase in cost of sales which will be recognized and reduce operating profit during the period in which the acquired inventory is sold on a one-off basis. None of these effects from the application of purchase accounting to the Acquisition has been reflected in the aggregated data set forth below or which appears elsewhere in this Offering Memorandum.

The aggregated data set forth below has been prepared to show revenues and EBITDA of Ardagh when added to the revenues and EBITDA, respectively, of the Acquired Business, without any adjustments for the effect of the Acquisition and the financing thereof or the proposed refinancings. This aggregated data should therefore not be relied on to reflect what our revenues or EBITDA would have looked like had the Acquisition occurred on April 1, 2006. Aggregated revenues and aggregated EBITDA are not measurements of financial performance under IFRS and should not be considered as such.

The following unaudited pro forma net finance costs information for the twelve months ended March 31, 2007 gives effect to the Transactions as if they had occurred at April 1, 2006. The following unaudited pro forma net borrowings information as at March 31, 2007 gives effect to the Transactions as if they had occurred on March 31, 2007. We propose to use the debt we expect to incur on the completion date of the Acquisition to finance a portion of the purchase price for the Acquisition, to refinance certain of our existing debt, and to pay a portion of the fees and expenses incurred in connection with the Transactions. See “Use of Proceeds”, “Capitalization” and “The Transactions”. This unaudited pro forma financial information is based on available information and various assumptions, including with respect to prevailing market interest rates and average outstanding balances on revolving credit facilities, that management believes are reasonable. Therefore, it does not purport to represent what our actual net finance costs would have been had we in fact incurred the relevant new debt, completed the Acquisition, refinanced certain of our existing debt and completed the other Transactions on the dates set forth above or to project our results of operations or financial condition for any future period or as of any date, respectively.

The unaudited pro forma net finance costs information and aggregated data set forth below should be read in conjunction with the historical consolidated financial statements and notes thereto of Ardagh and the Acquired Business, respectively, included elsewhere in this Offering Memorandum and "Operating Financial Review and Prospects".

	Unaudited Aggregated Twelve months ended and as at March 31, 2007
	(in € millions, except ratios and where indicated)
Revenues—Ardagh	663.1
Revenues—Acquired Business	661.5
Revenues aggregated(1)	1,324.6
EBITDA—Ardagh	66.3
EBITDA—Acquired Business	117.6
EBITDA aggregated(2)	183.9
Pro forma net finance costs(3)	73.7
Pro forma net borrowings(4)	915.6
Ratio of pro forma net borrowings to EBITDA aggregated	5.0x
Ratio of EBITDA aggregated to pro forma net finance costs	2.5x

(1) Revenues aggregated represents the sum of unaudited revenues for each of Ardagh and the Acquired Business.

(2) EBITDA aggregated represents the sum of unaudited EBITDA for each of Ardagh and the Acquired Business without giving effect to any pro forma adjustments relating to the accounting of the Acquisition under purchase accounting rules. For our definition of EBITDA and a reconciliation of EBITDA to operating profit/(loss) on a historical basis for each of Ardagh and the Acquired Business, see "Selected Consolidated Financial and Other Data of Ardagh" and "Selected Combined Financial and Other Data of the Acquired Business".

(3) Pro forma net finance costs represents pro forma finance costs net of pro forma finance income.

The following table shows the calculation of pro forma finance costs:

	Interest Rate	Amount	Finance Costs
	%	(in € millions)	
Historical finance costs(a)			
Ardagh finance costs (historical)(b)			29.7
Cancellation of interest cost on retired Heye Glas Receivables Discounting Facility			(1.3)
Acquisition Debt			
Notes offered hereby	7.125	310.0	22.1
New Anglo Irish Senior Secured Credit Facility(c)		320.1	20.7
Refinancing			
Increase in Ardagh finance costs as a result of proposed repricing of certain existing credit facilities(d)			0.8
Assumed cost of financing working capital seasonality for the Acquired Business			1.3
Amortization of debt issuance costs			
Notes offered hereby (amortized over 10 years)			1.2
New Anglo Irish Senior Secured Credit Facility (Acquisition portion)			1.1
Pro forma finance costs(e)			75.6

(a) Historical finance costs of the Acquired Business have not been included in this calculation because we will not assume any of the historical debt of the Acquired Business. We will assume retirement benefit obligations of the Acquired Business. See "Operating and Financial Review and Prospects—Pension Liabilities". Retirement benefit obligations net finance costs of the Acquired Business were €1.2 million for the twelve months ended March 31, 2007. For purposes of this calculation, we have estimated finance costs for financing working capital seasonality of the Acquired Business through revolving credit borrowings. See "Assumed cost of financing working capital seasonality for the Acquired Business" in the table above.

(b) For an overview of Ardagh's existing third party debt, see "Operating and Financial Review and Prospects—Liquidity and Capital Resources—External Financings".

(c) This amount represents the finance costs associated with the aggregate amount expected to be borrowed under the New Anglo Irish Senior Secured Credit Facility to finance a portion of the purchase price for the Acquisition and for the other purposes described under "The Transactions—Sources and Uses of Funds". This amount was calculated on the basis of the applicable EURIBOR base rate in effect on May 19, 2007 and applicable margins in accordance with the terms of the New Anglo Irish Senior Secured Credit Facility. See "Description of Other Indebtedness—New Anglo Irish Senior Secured Credit Facility".

(d) In connection with the completion of the Acquisition, we expect to reprice certain of our existing credit facilities which will remain outstanding following the Acquisition. This amount represents the incremental finance costs we would have incurred if this repricing had taken place, and the new margins applied, from April 1, 2006.

(e) We estimate that a 0.25% change in variable interest rates in respect of all variable rate debt reflected in this table would result in a €0.5 million change in finance costs on an annual basis.

The following table shows the calculation of pro forma finance income:

	(in € millions)
Ardagh finance income (historical)	3.3
Adjustment to reflect depletion of cash resources in connection with the Acquisition	(1.4)
Pro forma finance income	1.9

The following table shows the calculation of pro forma net finance costs:

	(in € millions)
Pro forma finance costs	75.6
Pro forma finance income	(1.9)
Pro forma net finance costs	73.7

(4) Pro forma net borrowings is the unaudited net borrowings of Ardagh as at March 31, 2007, as adjusted to give effect to the incurrence of the debt that we propose to incur on the completion date of the Acquisition as if such debt had been incurred on March 31, 2007. See "Capitalization".

UNAUDITED SUPPLEMENTAL INFORMATION ON THE SUBSIDIARY GUARANTORS

Upon completion of the Acquisition, our obligations under the notes will be guaranteed by Ardagh Glass Holdings Limited on a senior basis and the Subsidiary Guarantors on a senior subordinated basis. The following table sets forth the revenues, EBITDA and total assets of the Subsidiary Guarantors and the non-guarantor subsidiaries (in absolute terms and expressed as a percentage of the aggregated revenues, EBITDA and assets of Ardagh and the Acquired Business) for the year ended and as at December 31, 2006, along with, in each case, intercompany eliminations. This table should be read in conjunction with "Operating and Financial Review and Prospects" and the financial statements of Ardagh and the Acquired Business and related notes thereto included elsewhere in this Offering Memorandum.

This information represents an aggregation of financial date for Ardagh and the Acquired Business and does not reflect pro forma adjustments for the Acquisition or the other Transactions. See "Unaudited Aggregated Financial Data".

	Year ended and as at December 31, 2006									
	Parent Guarantor and Issuer		Subsidiary Guarantors(1)		Non-guarantors(2)		Eliminations		Totals	
	€	%	€	%	€	%	€	%	€	%
Revenues aggregated . .	—	—	1,245.3	96.5	142.0	11.0	(97.4)	(7.5)	1,289.8	100.0
EBITDA aggregated . .	(1.1)	(0.7)	140.5	83.6	28.2	16.8	0.5	0.3	168.0	100.0
Total assets aggregated.	0.8	0.2	786.9	193.8	68.8	16.9	(450.4)	(110.9)(3)	406.1	100.0

(1) Includes historical revenues and EBITDA of a non-guarantor subsidiary that transferred all of its assets, liabilities and operations to a Subsidiary Guarantor.

(2) Includes three companies of the Acquired Business in the Netherlands. Although no decision in this respect has been taken at this time, it is our intention to provide a guarantee of the notes from these companies, subject to full compliance with applicable legal requirements in the Netherlands, including employment related matters and any required works council consultation (i.e., subject to an unconditional positive advice from the competent works council to the extent required).

(3) Includes assets of two dormant non-guarantor subsidiaries that we intend to liquidate. The only assets of these subsidiaries are intercompany receivables that are intended to be forgiven in connection with the liquidation.

The following table lists the Subsidiary Guarantors by country or geographic region.

Ireland	Germany	United Kingdom	The Nordic Region	The Netherlands	Poland	Italy
Ardagh Treasury Limited	Heye Beteiligungs GmbH & Co KG	Ardagh Glass Limited (formerly Rockware Glass Limited)	Ardagh Glass Denmark ApS	Ardagh Glass Netherlands B.V.	Ardagh Glass Poland Sp. z.o.o.	Ardagh Glass S.r.l. (formerly Abruzzo Vetro S.r.l.)
	Heye Financial Services GmbH*	Ardagh Glass (UK) Limited	Ardagh Glass Sweden AB	Ardagh Glass Netherlands Finance B.V.	Huta Szkła Ujście S.A.	
	Heye Glas GmbH*	Ardagh Holdings (UK) Limited (formerly Rockware Group Limited)	Ardagh Glass Sweden Finance AB		Rexam Szklo Gostyn S.A.	
	Heye GmbH*		Rexam Glass Holmegaard A/S		Rexam Szklo Wyszkow S.A.	
	Heye Holding GmbH*		Rexam Glass Limmared AB			
	Heye International GmbH		Rexam Holding A/S			
	Rexam Glass Germany GmbH					
	Schaumburger Formenbau GmbH					
	Schaumburger Formenbau Grundstuckverwaltungs GmbH					

* Effective June 4, 2007, the names of these companies will change. See "Company Name Changes".

OPERATING AND FINANCIAL REVIEW AND PROSPECTS

The following discussion should be read together with, and is qualified in its entirety by reference to, the audited non-statutory consolidated financial statements and unaudited consolidated interim financial statements of Ardagh and the combined audited financial statements and the combined unaudited interim financial statements of the Acquired Business, in each case including the related notes thereto, included in this Offering Memorandum, beginning on page F-1. The following discussion should also be read in conjunction with "Presentation of Financial and Other Data", "Selected Consolidated Financial and Other Data of Ardagh" and "Selected Combined Financial and Other Data of the Acquired Business". Except for the historical information contained herein, the discussions in this section contain forward-looking statements that reflect Ardagh's plans, estimates and beliefs and involve risks and uncertainties. Our actual results could differ materially from those discussed in these forward-looking statements. Factors that could cause or contribute to these differences include, but are not limited to, those discussed below and elsewhere in this Offering Memorandum, particularly in "Risk Factors" and "Forward-looking Statements".

We have not yet completed the Acquisition and therefore neither own nor control the Acquired Business. This Offering Memorandum includes certain information, including financial information, about the Acquired Business, including information that presents Ardagh and the Acquired Business on an aggregated basis, but before application of purchase price accounting adjustments. Any such information is based on documents, information and representations provided to us and our advisers by Rexam and the management of the Acquired Business. While we have conducted due diligence on the Acquired Business and have no knowledge that would indicate that any statement contained herein, based upon such information provided by Rexam and the management of the Acquired Business is inaccurate, incomplete or untrue, we cannot independently verify the accuracy, completeness or truth of all such information or that there has not been any failure by Rexam or the management of the Acquired Business to disclose events, developments or circumstances that may have occurred, but that are unknown to us, that may affect the significance or accuracy of any such information.

The proposed Acquisition has not been completed and, as a result, Ardagh is currently not in a position to measure fair values and make related adjustments to recorded values of the assets and liabilities of the Acquired Business, as required by applicable IFRS purchase accounting rules. However, we will make these adjustments, which will be reflected in our financial statements following the Acquisition. Pro forma financial statements for the Acquisition have not been prepared. This Offering Memorandum contains certain aggregated financial data that shows the revenues and EBITDA of Ardagh when added to the revenues and EBITDA, respectively, of the Acquired Business, without any adjustments for the effect of the Acquisition and the financing thereof or the proposed refinancings, including the effects of IFRS purchase accounting. This aggregated data should therefore not be relied on to reflect what our revenues or EBITDA would have looked like had the Acquisition already occurred. See "Unaudited Aggregated Financial Data".

In this Offering Memorandum, we show profit or operating profit excluding other income and expenses. These measures are not measurements of financial performance under IFRS and should not be considered an alternative to cash flow from operating activities as a measure of liquidity or an alternative to operating profit/(loss) or profit/(loss) for the period as indicators of our operating performance or any other measures of performance derived in accordance with IFRS.

Unless the context indicates otherwise, when we refer to "Ardagh", "Group", "we", "us" and "our", for the purposes of this Offering Memorandum, we are referring to Ardagh Glass Holdings Limited and its subsidiaries (including any of their predecessors) combined with the Acquired Business on an aggregated basis as if the Acquisition, which is expected to occur following receipt of an outstanding regulatory approval, had already occurred, but before application of purchase price accounting adjustments.

Overview

Ardagh will be the leading supplier of glass containers in the food and beverage segments in Northern Europe (comprising Germany, the United Kingdom, the Nordic region (comprising Denmark, Finland, Norway and Sweden), the Benelux region (comprising Belgium, the Netherlands and Luxembourg) and Poland) immediately following the Acquisition. Ardagh will also be the third largest supplier of glass containers in Europe. In addition, Ardagh has a small glass container operation in Italy and is a leading provider of technology and manufacturing equipment to the glass manufacturing industry through its wholly-owned subsidiary, Heye International.

Immediately following the Acquisition, Ardagh will operate 22 glass plants with 47 glass furnaces in seven countries. The aggregate production of Ardagh's glass container businesses would have been approximately 3.4 million tonnes in 2006, on an aggregated basis after giving effect to the Acquisition. For the year ended December 31, 2006, on an aggregated basis, after giving effect to the Acquisition, Ardagh would have had an approximate one-third share of Northern European glass container production by volume and an approximate 18% share of total European glass container production by volume.

Ardagh has pursued an acquisition strategy of careful evaluation, selection and pursuit of strategic opportunities. During the periods under review, Ardagh has completed a number of acquisitions which affect results from period to period. See "The Transactions" and "Business".

Ardagh generates its revenues principally from its glass container manufacturing business and its glass technology and manufacturing equipment business. Revenues are principally dependent on sales volumes and sales prices.

Sales volumes are affected by a number of factors, including factors impacting customer demand, seasonality and the capacity of Ardagh's plants. Demand for glass containers may be influenced by trends in consumption of beverages, industry trends in packaging, including marketing decisions, and the impact of environmental regulations. The beverage industry is seasonal in nature, with demand being stronger during the summer and during periods of warm weather, as well as during the period leading up to holidays in December. Accordingly, Ardagh's shipment volume of glass containers is typically lower in the first quarter. Ardagh builds inventory in the first quarter in anticipation of these seasonal demands. In addition, Ardagh generally schedules shutdowns of its plants for rebuilding and repairs of machinery in the first quarter. These planned shutdowns and seasonal sales patterns adversely affect profitability in Ardagh's glass manufacturing operations during the first quarter of the year. Plant shutdowns may also affect the comparability of results from period to period. Ardagh's working capital requirements are typically greatest at the end of the first quarter of the year.

The prices Ardagh receives for its goods are directly affected by the supply and demand for glass containers. The glass container market has historically been characterized by a steady growth of manufacturing capacity with only modest growth in demand. The construction of new capacity can create particular challenges. For example, in 2005, Quinn Glass commissioned a new glass container manufacturing plant in England, which, when at full capacity, is believed to be capable of producing the equivalent of approximately 20% of the current U.K. market demand. The impact of Quinn Glass' investment was to create excess capacity in the United Kingdom, at least in 2005 and 2006, inhibiting the ability of container manufacturers to recover substantial increased costs in those years arising from higher energy prices.

A combination of capacity reductions in the United Kingdom, increased demand in both the United Kingdom and Ireland and an improvement in net trade balances in glass containers over the last year has increased the prospects for prices. While these factors may lead to a better trading environment compared to 2005 and 2006, any further increase in excess capacity would have an adverse impact on the level of price increases obtainable by U.K. glass container manufacturers.

In recent periods, Ardagh has experienced increases in certain components of its cost of sales. The elements of Ardagh's cost of sales of its glass container manufacturing business include (1) variable costs, such as natural gas and electricity, raw materials (including the cost of cullet (crushed recycled glass)), packaging materials, decoration, freight and other distribution costs, and (2) fixed costs, such as labor and other plant-related costs including depreciation, maintenance, sales, marketing and administration costs. Ardagh's variable costs have typically constituted approximately 40% and fixed costs approximately 60% of its total cost of sales for its glass container manufacturing business. Because a high percentage of Ardagh's cost of sales are fixed, its results of operations are significantly dependent upon sales volumes.

During the year ended December 31, 2006, sales of Ardagh and the Acquired Business increased primarily due to increases in sales volumes across all regions and market stabilization in Germany and Poland. In the same period, Ardagh and the Acquired Business experienced cost increases, due principally to significant increases in energy and raw material costs. These cost increases were higher than the general level of inflation in specific raw materials and energy. Energy, packaging and transportation prices have increased at rates higher than the rate of inflation due to increases in the price of oil, natural gas and related products. Ardagh expects energy costs over the next several years to increase broadly in line with inflation.

The primary raw materials used in Ardagh's glass container operations are cullet, sand, soda ash and limestone. Prices for soda ash have experienced temporary sharp increases or decreases from time to time in the past, and for certain raw materials, temporary shortages due to weather or other factors, including disruptions in supply caused by transport or other production delays, may adversely impact availability and pricing. The increase in raw material costs in the year ended December 31, 2006 was due largely to the impact of energy prices on raw materials.

Ardagh and the Acquired Business were able to pass certain of their raw material and energy cost increases on to their customers in 2004, and, to a significantly lesser extent, in 2005 and 2006. Although the European glass container market has become more stabilized, continued increases in variable costs, together with downward pricing pressure resulting from increases in manufacturing capacity, are likely to adversely impact Ardagh's results of operations.

We expect that the above-described trends will remain in effect in the near to medium term. We believe that attractive acquisition opportunities will exist for Ardagh, and that we are well-positioned to continue to take advantage of such acquisition opportunities to further advance our position as a market leader in the European glass container manufacturing market. Ardagh intends to continue to participate in the consolidation process through the careful evaluation, selection and pursuit of strategic opportunities throughout Europe.

Recent Acquisitions

Our acquisition strategy has been to participate in the consolidation of the European glass container industry through the careful evaluation, selection and pursuit of strategic opportunities throughout Europe. Our proposed acquisition of the glass container manufacturing business of Rexam PLC is part of this strategy.

Acquisition of Huta Szkla Ujście. On September 22, 2004, Ardagh acquired 82.4% of Huta Szkla Ujście ("HSU"), a Polish glass container manufacturer, for €8.0 million plus assumed net debt of €3.0 million following approval from the Polish competition authorities. Between September 22, 2004 and December 31, 2006, Ardagh acquired the remaining 17.6% of HSU's equity on terms similar to the original acquisition.

Acquisition of Redfearn Glass Limited. On May 20, 2005, Ardagh acquired Rexam Glass Barnsley Limited, the U.K. glass business of Rexam PLC. The business was acquired for £50 million, comprising cash consideration and assumed debt. The business was renamed Redfearn Glass Limited.

Acquisition of the Glass Division of Rexam PLC. In March 2007, Ardagh agreed to acquire the glass container manufacturing business of Rexam PLC for an enterprise value of €660 million, less net debt (and subject to adjustment in relation to the value of its net operating assets at completion). See

"The Transactions—The Acquisition". This Acquisition, when completed, will expand Ardagh's holdings in Germany and Poland and allow Ardagh to enter new markets in the Nordic and Benelux regions.

Recent Developments

In April 2007, based on its unaudited management accounts, Ardagh recorded revenues of €56.7 million, representing an increase of 21.2% compared to €46.8 million in April 2006, and EBITDA of €8.8 million, representing an increase of 87.2% compared to €4.7 million in April 2006.

The Acquired Business recorded unaudited management account revenues of €53.7 million in April 2007, representing an increase of 12.3% compared to €47.8 million in April 2006, and EBITDA of €10.5 million representing an increase of 38.2% compared to €7.6 million in April 2006.

April 2007 Revenues and EBITDA exceeded management's expectations for Ardagh and the Acquired Business. The improvement in 2007 was due in part to the favorable operating environment for the glass container manufacturing industry in Northern Europe.

Critical Accounting Policies

Ardagh prepares its financial statements in accordance with IFRS. A summary of Ardagh's significant accounting policies is contained in the consolidated non-statutory financial statements beginning on page F-1. In addition, the combined financial statements of the Acquired Business have been prepared on the basis of the accounting policies used by Ardagh, which required certain adjustments to the information extracted from Rexam's consolidated financial statements and accounting records. See "Presentation of Financial and Other Data—Acquired Business". In applying many accounting principles, Ardagh needs to make assumptions, estimates and judgments, which are often subjective and may be affected by changing circumstances or changes in its analysis. Material changes in these assumptions, estimates and judgments have the potential to materially alter its results of operations. We have identified below those of Ardagh's accounting policies that we believe could potentially produce materially different results if Ardagh were to change its underlying assumptions, estimates and judgments.

Revenue Recognition

Glass Containers. Most of Ardagh's sales of glass containers are generally unconditional sales that are recognized in the income statement when product is delivered and invoiced to Ardagh's customers. Customers have the right to rescind the sale if the goods are damaged. Ardagh believes that, based on past experience, the rate of customer returns is less than 1% of revenues and it is therefore appropriate to recognize all revenues net of returns.

Glass Technology and Manufacturing Equipment. Certain large project sales of Heye International are recorded on a percentage-of-completion basis where they relate to revenues earned from long-term construction contracts. Under this methodology, Ardagh compares the total costs incurred to date to the total estimated costs for the contract and records that proportion of the total contract revenues in the period. Contract costs include materials, labor and other direct costs related to contract performance. Provisions are established for estimated losses, if any, on uncompleted contracts in the period in which such losses are determined. Amounts representing changes to contract orders, claims or other items are included in sales only when customers have approved them. A significant number of estimates are used in these computations. Revenues generated from large project sales can be considerable and have a significant impact on the revenues of the period in which they are booked, making comparisons with prior periods difficult.

Most sales by Heye International relating to spare parts and equipment are recorded when product is delivered and invoiced to customers. Sales relating to technical assistance agreements are generally recognized on an accruals basis over the financial year. Sales from Heye International relating to service support are generally recorded on a monthly basis based on manpower time.

Pension Liabilities

Some of Ardagh's operating companies and some companies of the Acquired Business have pension plans, the forms and benefits of which vary with conditions and practices in the countries concerned. See "—Pension Liabilities". In accounting for its pension liabilities, Ardagh and the Acquired Business have made certain judgments relating to inflation rates, return on funds invested, the age at which members retire or leave the schemes, the proportion of members who are married and mortality. Details relating to principal pension plans and to the principal assumptions made are set out in Note 19 to the annual financial statements of Ardagh and Note 18 to the combined financial statements of the Acquired Business included elsewhere in this Offering Memorandum.

Funded pension schemes are generally funded through payments to insurance companies or trustee-administered funds, determined by periodic actuarial calculations or are unfunded liabilities of the employing company. The Group has both defined benefit and defined contribution plans. A defined contribution plan is a pension plan under which the employer pays fixed contributions into a separate entity and has no further liability to the employees. A defined benefit plan is a pension plan that is not a defined contribution plan. Typically, defined 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 recognized in the balance sheet in respect of defined benefit plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognized actuarial gains or losses and past service costs. Under IFRS 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 the Statement of Recognized Income and Expenses in the period in which they arise. Past-service costs are recognized immediately in income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortized on a straight-line basis over the vesting period.

Settlements and curtailments trigger immediate recognition of the consequent change in obligations and related assets in the Income Statement together with any previously unrecognized past service costs that relate to the obligations being settled or curtailed.

For defined contribution plans, the Group pay contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefit expense when they are due.

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary/associate at the date of acquisition. In respect of acquisitions prior to January 1, 2004, goodwill is included on the basis of its deemed cost, which represents the amount recorded under previous GAAP. As permitted by IFRS 1, the classification and accounting treatment of business combinations that occurred prior to January 1, 2004 has been included based on previous GAAP and has not been revisited under IFRS 3 in preparing the Group's opening IFRS balance sheet at January 1, 2004. See Note 8 to the Ardagh financial statements located elsewhere in this Offering Memorandum.

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to those cash-generating units that are expected to benefit from the business combination in which the goodwill arose and is no longer amortized but is tested annually for impairment. In respect of joint ventures, the varying amount of goodwill is included in the carrying amount of the investment in the joint venture.

Negative goodwill is the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost. Negative goodwill arising on an acquisition is recognized directly in the income statement.

Rockware Goodwill Impairment

In the year ended December 31, 2005, Ardagh incurred exceptional net other expenses of €36.2 million, principally comprising a non-cash goodwill impairment charge of €32.8 million with respect to Rockware (the "Rockware Goodwill Impairment"). The Rockware Goodwill Impairment was triggered by significant overcapacity in the U.K. glass container market and a significant increase in energy prices in the United Kingdom:

- significant overcapacity existed in the U.K. glass container market following the construction of a new glass container plant in the United Kingdom in 2005 which increased market capacity by up to 20%, with no appreciable increase in demand for glass containers; and
- energy prices, particularly natural gas prices, increased significantly in the United Kingdom in 2004 and 2005, and the rate of increase and volatility in prices accelerated in the last quarter of 2005 and the first quarter of 2006.

After considering the impact of these two developments, which resulted in a negative profitability outlook in the United Kingdom, and in compliance with IFRS requirements, Ardagh recognized a goodwill impairment charge with respect to Rockware, reducing Rockware's goodwill from €78.8 million to €46.0 million.

While the same adverse market conditions applied to Redfearn, Ardagh did not write down its carrying value, because Redfearn was acquired at a significant discount to the depreciated historic cost of its assets. On consolidation of these acquired assets within the financial statements of Ardagh Glass Holdings Limited, the carrying value of Redfearn's assets were written down from their depreciated historic cost values to reflect the acquisition discount. Accordingly, there was no positive or negative goodwill recognized on the Redfearn acquisition.

Results of Operations—Ardagh

Three-month periods ended March 31, 2007 and 2006

Revenues

Group revenues increased by €15.6 million, or 11.2%, to €154.8 million in the three-month period ended March 31, 2007, from €139.2 million in the three-month period ended March 31, 2006. This increase was primarily due to higher volume shipments and price increases.

Glass Containers

Revenues in the three-month period ended March 31, 2007 were €139.8 million, 8.0% ahead of the same period in 2006. Revenues in the United Kingdom were ahead of the same period in 2006, primarily driven by price increases. Year on year differences in the euro/sterling exchange rate had a positive impact of €2.2 million on revenue. Revenues in Germany were ahead of the same period in 2006, driven by a combination of higher volume shipments and price increases. Revenues in Italy were also slightly ahead of the same period in 2006, due to an increase in volume shipments. Revenues in Poland were ahead of the same period in 2006, driven by a combination of higher volume shipments and improved pricing.

Glass Technology and Manufacturing Equipment

Revenues increased by €5.2 million to €15.0 million in the three-month period ended March 31, 2007 from €9.8 million in the three-month period ended March 31, 2006, principally due to increased project revenues in Heye International compared to the same period in 2006.

Gross Profit/(Loss)

Gross profit increased by €18.0 million to €17.7 million in the three-month period ended March 31, 2007 from a €(0.3) million loss in the three-month period ended March 31, 2006, principally due to higher volume shipments and improved pricing.

Glass Containers

Gross profit for the three-month period ended March 31, 2007 was €13.1 million, compared to €(4.3) million in the three-month period ended March 31, 2006, representing an increase of €17.4 million. This increase is due to higher volume shipments, improved pricing, improved sales mix, lower energy costs and improved plant efficiency.

Glass Technology and Manufacturing Equipment

Gross profit for the three-month period ended March 31, 2007 was €4.6 million, compared to €4.0 million in the three-month period ended March 31, 2006. This increase was in line with the increased sales activity in the first quarter of 2007 compared to the same period in 2006.

Sales, General and Administration Expenses

Sales, general and administration expenses were €7.9 million in the three-month period ended March 31, 2007, compared to €8.1 million in the three-month period ended March 31, 2006, representing a decrease of €0.2 million.

Other Income and Expenses

In the three-month period ended March 31, 2007, Ardagh incurred other expenses of €0.1 million relating to employee severance costs.

In the three-month period ended March 31, 2006, Ardagh incurred other expenses of €0.7 million related to employee severance costs and €0.1 million of non-trade related legal costs.

Operating Profit/(Loss)

Operating profit increased by €18.9 million to €9.7 million in the three-month period ended March 31, 2007 from €(9.2) million in the three-month period ended March 31, 2006, due to the factors described above.

Net Finance Costs

Net finance costs were €7.0 million in the three-month period ended March 31, 2007, representing no change from the comparable period in 2006.

Income Tax Credit/(Expense)

Income tax expense for the three-month period ended March 31, 2007 was €0.3 million, as compared with a credit of €0.3 million in the three-month period ended March 31, 2006, due to increased profit.

Profit/(Loss) for the Period

Profit, excluding other income and expenses, was €2.5 million in the three-month period ended March 31, 2007, compared to a loss of €15.0 million in the three-month period ended March 31, 2006, representing an increase of €17.5 million.

Without such exclusions, profit for the period was €2.4 million in the three-month period ended March 31, 2007, compared to a loss of €15.8 million in the three-month period ended March 31, 2006, representing an increase of €18.2 million due to the factors set out above.

Years ended December 31, 2006 and 2005

Revenues

Group revenues increased by €91.9 million, or 16.5%, to €647.5 million in the year ended December 31, 2006, from €555.6 million in the year ended December 31, 2005. This increase was primarily due to increased revenues in the United Kingdom as a result of the inclusion of revenues from Redfearn Glass for the full year 2006, as compared to seven months in 2005, and to increased project revenues in Heye International.

Glass Containers

Revenues in 2006 were €579.7 million, compared to €518.0 million in 2005, representing an increase of €61.7 million or 11.9%. This increase was principally due to the inclusion of Redfearn Glass for the full year 2006, as compared to only seven months in 2005, as we completed the acquisition of Redfearn in May 2005. Sterling to euro translation rate movements had a favorable impact of €0.7 million. Revenues in Heye Glas were approximately €9.5 million higher in 2006 compared to 2005, primarily due to higher volume shipments. Revenues in both Abruzzo Vetro and Huta Szkla Ujście marginally increased in 2006 over the previous year.

Glass Technology and Manufacturing Equipment

Revenues in 2006 were €67.8 million, compared to €37.6 million in 2005, representing an increase of €30.2 million or 80.3%. The vast majority of this increase resulted from increased project revenues in Heye International in 2006 compared to 2005.

Gross Profit

Gross profit decreased by €28.2 million, or 50.7%, to €27.4 million in the year ended December 31, 2006 from €55.6 million in the year ended December 31, 2005, principally due to higher energy costs.

Glass Containers

Gross profit in 2006 was €10.2 million, compared to €45.2 million in 2005, representing a decrease of €35.0 million or 77.4%. Increases in energy costs (principally gas and electricity) accounted for this decline in gross margins across the Group's operations, with the United Kingdom being the region most affected.

Glass Technology and Manufacturing Equipment

Gross profit in 2006 was €17.2 million, compared to €10.4 million in 2005, representing an increase of €6.8 million. This increase was in line with the increased sales activity in 2006 compared to 2005.

Sales, General and Administration Expenses

Sales, general and administration expenses increased by €0.7 million, or 2.2%, to €32.9 million in the year ended December 31, 2006 from €32.2 million in the year ended December 31, 2005.

Other Income and Expenses

In the year ended December 31, 2006, Ardagh realized net other income of €8.8 million, representing €19.3 million of other income partially offset by €10.5 million of other expenses.

On January 1, 2006, one-third of the Rockware pension deficit was derecognized because from that date the pension scheme was funded on a shared cost basis whereby the scheme members fund one-third of the cost of providing the benefits and Rockware funds two-thirds of such cost. This was treated as a realized gain reflecting reduced future cashflows associated with the scheme, and as a result, a credit of €19.3 million was recognized on the "Other Income and Expense" line in the Group's income statement.

The other income of €19.3 million described above was partially offset by the following other expenses:

- Rockware incurred employee severance costs of €7.2 million due to a headcount reduction program as a result of the Redfearn integration process and the November 2006 furnace closure at the Barnsley site;
- fixed asset write-downs of €1.9 million relating to the November 2006 furnace closure at the Barnsley plant;
- Ardagh recognized two goodwill adjustments amounting to €0.9 million in 2006. €0.2 million was related to the acquisition of the remaining minority interests in HSU and €0.7 million was due to booking additional cost associated with the Redfearn Glass acquisition which completed in May 2005; and
- Rockware incurred €0.5 million in non trade-related legal costs.

In the year ended December 31, 2005, Ardagh incurred net other expenses amounting to €36.2 million, principally due to the Rockware Goodwill Impairment of €32.8 million. See "—Overview". The remaining €3.4 million in net other expenses comprised the following other expenses, partially offset by the other income items described below:

- Ardagh Glass incurred expenses of €3.5 million in relation to the cancellation of all outstanding share options associated with its acquisition by Ardagh Glass Group;
- Rockware incurred €0.8 million in non-trade-related legal expenses; and
- Redfearn incurred employee severance costs of €0.6 million due to a post-acquisition headcount reduction program.

The above other expenses in 2005 were partially offset by the following other income items:

- Rockware realized a profit of €0.8 million on the disposal of surplus land;
- Heye Glas recognized a gain of €0.5 million on the disposal of an investment; and
- Ardagh recognized negative goodwill of €0.2 million on the acquisition of minority interests in HSU.

Operating Profit/(Loss)

Operating profit, excluding other income and expenses, decreased by €28.9 million to a €(5.5) million loss in the year ended December 31, 2006 from a €23.4 million profit in the year ended December 31, 2005, due to the factors described above.

Without such exclusions, operating profit in the year ended December 31, 2006 was €3.3 million compared to a loss of €(12.8) million in the year ended December 31, 2005, representing an improvement of €16.1 million due to the factors described above.

The movement of the average euro to Sterling translation rate applied to the year ended December 31, 2005 compared to the year ended December 31, 2006 increased the euro value of Rockware Glass' operating loss by €0.1 million year on year.

Net Finance Costs

Net finance costs were €26.4 million in the year ended December 31, 2006, compared to €27.1 million in the year ended December 31, 2005, representing a decrease of €0.7 million or 2.6%. This decrease is due to increased interest income in the year due to significantly higher cash balances.

Income Tax Credit/(Expense)

Income tax credit was €6.2 million in the year ended December 31, 2006, as compared with a credit of €0.7 million in the year ended December 31, 2005, representing an increase of €5.5 million. The credit in 2006 was due primarily to the decline in profitability of Rockware and the availability of tax losses forward within Redfearn.

Loss for the Year

Loss for 2006 was €16.6 million, compared with a loss in 2005 of €39.0 million, representing a decrease in losses of €22.4 million, as a result of the factors described above.

Years ended December 31, 2005 and 2004

Revenues

Group revenues increased by €85.3 million, or 18.1%, to €555.6 million in the year ended December 31, 2005, from €470.3 million in the year ended December 31, 2004, primarily due to increased U.K. revenues after the acquisition of Redfearn Glass in 2005.

Glass Containers

Revenues in 2005 were €518.0 million compared to €403.7 million in 2004, an increase of €114.3 million or 28.3%. Revenues in the United Kingdom increased by €83.4 million as a result of the inclusion in 2005 of seven months of revenues from the Redfearn Glass business, which was acquired on May 20, 2005. Sterling to euro translation rate movements had an unfavorable impact of €2.8 million. Revenues in Germany were marginally higher in 2005 than in 2004 due to an increase in shipments, while selling prices remained stable year on year. Revenues in Italy were also marginally higher in 2005. Poland contributed €34.3 million to Group revenues for the full year ended December 31, 2005, while it contributed €7.5 million to Group revenues in the three-month period post-acquisition in 2004.

Glass Technology and Manufacturing Equipment

Revenues in 2005 were €37.6 million, compared to €66.6 million in 2004. The 2004 revenues included revenues from two major projects, while no significant project revenues were realized in 2005.

Gross Profit

Gross profit decreased by €19.5 million, or 26.0%, to €55.6 million in the year ended December 31, 2005 from €75.1 million in the year ended December 31, 2004, primarily due to higher natural gas, electricity and raw material costs.

Glass Containers

Gross profit in 2005 was €45.2 million, compared to €59.2 million in 2004, representing a decrease of €14.0 million or 23.6%. Gross profit levels were adversely impacted by escalating natural gas, electricity and raw material costs. A furnace rebuild also had a marginal adverse impact on gross profit.

Glass Technology and Manufacturing Equipment

Gross profit in 2005 was €10.4 million, compared to €15.9 million in 2004, representing a decrease of €5.5 million or 34.6%. This decrease was primarily due to reduced revenues generated by this business in 2005 compared to 2004.

Sales, General and Administration Expenses

Sales, general and administration expenses increased by €2.9 million, or 9.9%, to €32.2 million in the year ended December 31, 2005, from €29.3 million in the year ended December 31, 2004. The increase was due to the following expenses:

- the acquisition of Redfearn Glass on May 20, 2005 resulted in additional expenses of €3.9 million in 2005; and
- HSU SG&A expenses increased by €1.3 million due to the inclusion of a full year's costs in 2005, as compared with the inclusion of only three months' costs in 2004. Ardagh acquired HSU in September 2004.

The above increases were partially offset by a €2.3 million decrease in SG&A expenses in 2005 as a result of further rationalization at Heye Glas.

Other Income and Expenses

In the year ended December 31, 2005, Ardagh incurred net other expenses amounting to €36.2 million, principally due to the Rockware Goodwill Impairment of €32.8 million. See "—Overview". The remaining €3.4 million in net other expenses comprised the following other expenses, partially offset by the other income items described below:

- Ardagh Glass Limited (now Ardagh Glass Holdings Limited) incurred expenses of €3.5 million in relation to the cancellation of all outstanding share options associated with its acquisition by Ardagh Glass Group plc;
- Rockware incurred €0.8 million in non-trade-related legal expenses; and
- Redfearn incurred employee severance costs of €0.6 million due to a post-acquisition headcount reduction program.

The above other expenses in 2005 were partially offset by the following other income items:

- Rockware realized a profit of €0.8 million on the disposal of surplus land;
- Heye Glas recognized a gain of €0.5 million on the disposal of an investment; and
- Ardagh recognized negative goodwill of €0.2 million on the acquisition of minority interests in HSU.

In the year ended December 31, 2004, Ardagh incurred net other expenses amounting to €2.4 million. This amount comprised the following other expenses, partially offset by the other income items described below:

- costs amounting to €2.3 million were incurred by Ardagh Glass in cancelling one-third of its share options on a pro rata basis as part of the share buyback process;
- employee severance payments made by Heye Glas as part of a headcount reduction program accounted for expenses of €0.4 million;
- Ardagh Glass incurred expenses of €0.3 million relating to a failed acquisition attempt; and
- Rockware incurred €0.3 million in non-trade-related legal expenses.

The above other expenses in 2004 were partially offset by the following other income items:

- Ardagh recognized negative goodwill of €0.6 million on the acquisition of HSU; and

- Abruzzo Vetro recognized a net gain of €0.3 million on settlement of its dispute with SABMiller (Peroni). This represented a settlement amount of €0.4 million with respect to 2003 and prior years net of €0.1 million of legal and arbitrators' costs.

Operating Profit

Operating profit, excluding other income and expenses, decreased by €22.4 million to €23.4 million in the year ended December 31, 2005 from €45.8 million in the year ended December 31, 2004, due to the factors described above.

Without such exclusions, operating loss in the year ended December 31, 2005 was €(12.8) million, compared to an operating profit of €43.4 million in the year ended December 31, 2004, representing a reduction of €56.2 million due to the factors described above.

The movement of the average euro to Sterling translation rate applied to the year ended December 31, 2004 compared to the year ended December 31, 2005 decreased the euro value of Rockware Glass' operating profit by €1.1 million year on year.

Net Finance Costs

Net finance costs were €27.1 million in the year ended December 31, 2005, compared to €25.8 million in the year ended December 31, 2004, representing an increase of €1.3 million or 5.0%. This increase represents the interest cost associated with the Redfearn acquisition-related financing.

Income Tax Credit/(Expense)

Income tax credit was €0.7 million in the year ended December 31, 2005, compared with a charge of €10.3 million in the year ended December 31, 2004, representing a decrease of €11.0 million. The 2004 charge was unusually high due to the write-back of deferred tax credits previously recognized in the profit and loss account as a result of a change in the tax legislation in the United Kingdom. The credit in 2005 was due to the impact of a reorganization of the German sub-group late in 2004, the decline in profitability of Rockware and Heye International and the availability of tax loss forwards within Redfearn.

Profit/(Loss) for the Year

Loss for 2005 was €39.0 million, compared with a profit in 2004 of €7.6 million, representing a decrease in profit of €46.6 million, as a result of the factors described above.

Results of Operations—Acquired Business

The following discussion of the results of operations of the Acquired Business does not cover the reasons for period-to-period changes in net interest cost as they were primarily driven by and based upon the capital structure, including net debt, of the Acquired Business for periods when it was part of the Rexam PLC group. Ardagh will not assume any debt of the Acquired Business in connection with the Acquisition. Similarly, the following discussion does not cover allocations to parent companies because this line item represented the result of profit and loss transfer agreements within the Rexam PLC group that will be terminated in connection with the Acquisition.

Three-month periods ended March 31, 2007 and 2006

Revenues

Revenues for the Acquired Business increased by €19.2 million, or 13.8%, to €158.2 million in the three-month period ended March 31, 2007 from €139.0 million in the three-month period ended March 31, 2006, primarily due to volume increases and slightly higher price increases in Germany and the Benelux region compared to other regions.

Germany

Revenues in Germany increased significantly in the three-month period ended March 31, 2007, compared to the three-month period ended March 31, 2006, primarily due to increased sales volumes as a result of greater demand in the beer, food and spirits segments, as the German market continued to improve. This increase was also due to price increases.

Nordic region

Revenues in the Nordic region increased in the three-month period ended March 31, 2007, compared to the three-month period ended March 31, 2006, principally due to increased sales of higher margin products and product mix improvements with key customers of the Nordic region, higher production volumes and price increases.

Benelux region

Revenues in the Benelux region were broadly in line with the same period last year.

Poland

Revenues in Poland increased in the three-month period ended March 31, 2007, compared to the three-month period ended March 31, 2006, primarily as a result of domestic sales volume growth with existing customers and price increases.

Gross Profit

Gross profit increased by €1.1 million, or 5.8%, to €20.0 million in the three-month period ended March 31, 2007 from €18.9 million in the three-month period ended March 31, 2006, reflecting the increase in production volumes, while the price increases mainly recovered the higher production costs. Price increases agreed in 2006 were not fully reflected in the first quarter of 2007.

Sales, General and Administration Expenses

Sales, general and administration expenses increased by €0.3 million to €11.4 million in the three-month period ended March 31, 2007 from €11.1 million in the three-month period ended March 31, 2006 as a result of general inflation.

Other Income and Expenses

In the three-month period ended March 31, 2007, €2.0 million of other income and expense items were recognized, compared with €1.8 million for the same period in 2006. For both years the amounts relate to headquarter costs (principally comprising royalty and IT costs in excess of the normal course of operating the business, which were allocated by Rexam PLC to the Rexam Glass division).

Operating Profit

Operating profit, excluding other income and expenses, increased by €0.8 million to €8.6 million in the three-month period ended March 31, 2007 from €7.8 million in the three-month period ended March 31, 2006 due to the factors described above. Operating profit in the first quarter of 2007 was negatively impacted by a €0.6 million charge for damage to inventory and property in connection with a fire at a warehouse in Germany.

Net Interest

Net interest cost was €3.6 million in the three-month period ended March 31, 2007, compared to €2.2 million in the three-month period ended March 31, 2006, representing an increase of €1.4 million or 63.6%.

Income Tax Credit/(Expense)

Income tax expense was €1.8 million in the three-month period ended March 31, 2007, compared to €1.6 million in the three-month period ended March 31, 2006, representing an increase of €0.2 million. This increase was due to higher taxable profits during the three-month period ended March 31, 2007 compared to the three-month period ended March 31, 2006.

Profit for the Financial Period

Profit for the three-month period ended March 31, 2007 was €3.4 million, compared to a profit for the same period in 2006 of €3.2 million, representing an increase of €0.2 million as a result of the factors described above.

Years ended December 31, 2006 and 2005

Revenues

Revenues for the Acquired Business increased by €48.6 million, or 8.2%, to €642.3 million in the year ended December 31, 2006 from €593.7 million in the year ended December 31, 2005, primarily due to significant increases in sales volumes across all regions which resulted to a large extent from the sell-down of inventory. There were also marginal price increases agreed in mid-2006. Their full impact was not realized in 2006 and they were not sufficient to fully recover production cost increases.

Germany

Revenues in Germany increased significantly in the year ended December 31, 2006 compared to 2005, primarily due to increased sales volumes as a result of greater demand in the beer, food and spirits segments, as the German market began to improve.

Nordic region

Revenues in the Nordic region increased in the year ended December 31, 2006 compared to 2005, principally due to increased sales of higher margin products and product mix improvements with key customers.

Benelux region

Revenues in the Benelux region increased in the year ended December 31, 2006 compared to 2005 due to sales volume growth generated by two key customers of the Benelux business and increased sales volume in the food segment.

Poland

Revenues in Poland increased in the year ended December 31, 2006 compared to 2005 as a result of sales volume growth from existing customers.

Gross Profit

Gross profit decreased by €9.6 million, or 8.4%, to €104.6 million in the year December 31, 2006, from €114.2 million in the year ended December 31, 2005. Gross profit levels were adversely impacted by escalating natural gas, electricity and raw material costs, which could only be partly recovered by the increase in sales prices realized and the increase in revenues from higher production volumes. The prices of natural gas, electricity and new materials were significantly influenced by prevailing crude oil prices.

Sales, General and Administration Expenses

Sales, general and administration expenses decreased by €10.9 million to €45.2 million in the year ended December 31, 2006 from €56.1 million in the year ended December 31, 2005. The decrease in 2006 is largely due to employee related savings as a result of a headcount reduction program in Germany, a gain from the sale of excess emission rights and additional non-trade income booked in 2006 over 2005.

Other Income and Expenses

In the year ended December 31, 2006, €16.1 million of other income and expenses were recognized. Other expenses of €16.5 million were comprised of an €8.3 million loss on the disposal of a non-glass subsidiary and €8.2 million of non-recurring headquarter costs (principally comprising royalty and IT costs in excess of the normal course of operating the business, which were allocated by Rexam PLC to the Rexam glass division). This was offset by other income of €0.4 million which related to a dividend received from a non-glass subsidiary. In the year ended December 31, 2005, other expenses of €6.4 million of non-recurring headquarter costs were allocated to the Rexam glass division by Rexam PLC.

Operating Profit

Operating profit, excluding other income and expenses, increased by €1.3 million to €59.4 million in the year ended December 31, 2006, from €58.1 million in the year ended December 31, 2005, due to the factors described above.

Net Interest

Net interest cost was €11.4 million in the year ended December 31, 2006, compared to €10.3 million in the year ended December 31, 2005, representing an increase of €1.1 million or 10.7%.

Income Tax Credit/(Expense)

Income tax expense was €6.0 million in the year ended December 31, 2006, compared with €4.4 million in the year ended December 31, 2005, representing an increase of €1.6 million. This increase was principally due to higher taxable profits during 2006 compared to 2005.

Profit for the Financial Year

Profit for 2006 was €14.4 million, compared with a profit in 2005 of €13.9 million, representing an increase of €0.5 million as a result of the factors described above.

Years ended December 31, 2005 and 2004

Revenues

Revenues for the Acquired Business increased by €11.2 million, or 1.9%, to €593.7 million in the year ended December 31, 2005, from €582.5 million in the year ended December 31, 2004, primarily due to growth in sales volumes and marginal price increases which were partially offset by decreased sales in the German business.

Germany

Revenues in Germany decreased significantly in the year ended December 31, 2005 compared to 2004 as a result of a decline in demand in the German market. This decline in demand was a result of the introduction of the German mandatory deposit law and the success of alternative forms of packaging, which led to a sluggish market overall and poor pricing. Following the sale of the Barnsley operation in the U.K. in May 2005, sales by the German business to the U.K. decreased significantly.

Nordic region

Revenues in the Nordic region increased in the year ended December 31, 2005 compared to 2004, principally due to increased sales of higher margin products and product mix improvements with key customers, and price increases.

Benelux region

Revenues in the Benelux region increased significantly in the year ended December 31, 2005 compared to 2004, due to significant sales volume growth generated by two key customers of the Benelux business and increased sales volume in the food segment.

Poland

Revenues in Polish zloty decreased by 4.3% in the year ended December 31, 2005 compared to 2004. However, when reported in euro revenues increased in 2005 as a result of a favorable translation rate movement.

Gross Profit

Gross profit decreased by €2.7 million, or 2.3%, to €114.2 million in the year ended December 31, 2005 from €116.9 million in the year ended December 31, 2004. Gross profit levels were adversely impacted by escalating natural gas, electricity and raw material costs which were not fully recovered in selling prices. The prices of natural gas, electricity and raw materials were significantly influenced by prevailing crude oil prices.

Sales, General and Administration Expenses

Sales, general and administration expenses decreased by €0.1 million to €56.1 million in the year ended December 31, 2005 from €56.2 million in the year ended December 31, 2004.

Other Income and Expenses

In the year ended December 31, 2005, other income and expenses of €6.4 million were recognized, as compared to €13.4 million of other income and expenses recognized in the year ended December 31, 2004. The €6.4 million in 2005 related to headquarter costs (principally comprising royalty and IT costs in excess of the normal course of operating the business, which were allocated by Rexam PLC to the Rexam glass division). In the year ended December 31, 2004, €7.9 million of restructuring and integration costs were incurred in Germany, Denmark and Holland. In addition, headquarter costs of €5.9 million were offset by other income related to a dividend received from a non-glass subsidiary.

Operating Profit

Operating profit, excluding other income and expenses, decreased by €2.6 million to €58.1 million in the year ended December 31, 2005 from €60.7 million in the year ended December 31, 2004 due to the factors described above.

Net Interest

Net interest cost was €10.3 million in the year ended December 31, 2005, compared to €10.0 million in the year ended December 31, 2004, representing an increase of €0.3 million or 3.0%.

Income Tax Credit/(Expense)

Income tax expense was €4.4 million in the year ended December 31, 2005, compared with €1.0 million in the year ended December 31, 2004, representing an increase of €3.4 million.

Profit for the Financial Year

Profit for 2005 was €13.9 million, compared with a profit in 2004 of €10.0 million, representing an increase of €3.9 million as a result of the factors described above.

Pension Liabilities

Ardagh

The financial statements of Ardagh reflect, as at December 31, 2006 and 2005, pension liabilities of €27.9 million and €60.1 million, respectively. Of these amounts, €25.0 million and €56.7 million, respectively, refer to the Rockware pension scheme. On January 1, 2006, one-third of the Rockware pension deficit was derecognized because from that date the scheme became funded on a shared cost basis whereby the scheme members fund one-third of the cost of providing the benefits and Rockware funds two-thirds of such cost. Ardagh treated this as a realized gain reflecting reduced future cashflows associated with the scheme. As a result, a credit of €19.3 million was recognized on the "Other Income and Expense" line in Ardagh's income statement. One-third of the related deferred tax asset, amounting to €5.9 million, was also derecognized on January 1, 2006.

We believe the following information is pertinent in understanding the impact of the U.K. pension arrangements on Ardagh's financial condition and cashflows.

Redfearn

When we acquired Redfearn, we only took responsibility for pension liabilities and the funding thereof relating to the future service of the then-serving employees from the date of acquisition. Responsibility for the past service of the then-serving employees and former employees of Redfearn and the funding thereof to that date was retained by the vendor. Therefore, the Redfearn pension scheme has a limited impact on Ardagh's financial statements. As at December 31, 2006 and 2005 the deficits recorded in Ardagh's balance sheet with respect to the Redfearn pension scheme were €1.0 million and €1.1 million, respectively.

Rockware

When Rockware was acquired in April 1999, Ardagh assumed responsibility for funding the past service cost of the then-serving employees, but not retirees. The vendor retained the responsibility to fund the post-retirement benefits of former employees of Rockware. In consideration for assuming the past service liability for serving employees, the Rockware pension scheme received a financial settlement which equated to the liability it assumed. Because at that time the scheme had no retirees and the remaining working life of the majority of employees was more than a decade, the funds were invested in equities with the objective of earning a high rate of return on the scheme assets and thereby underpinning the benefit entitlements of employees. The demographics of the scheme have not substantially changed since inception, hence the majority of the Rockware pension scheme assets continue to be invested in equities.

As at December 31, 2006, Ardagh recognized a deficit of €25.0 million with respect to the Rockware scheme compared to a deficit of €56.7 million as at December 31, 2005, representing a decrease of €31.7 million.

As required by IAS19, the Rockware pension scheme's future liabilities were discounted to December 31, 2006 at the rate of return on UK Government Securities. While the rate of return on on UK Government Securities can have a significant impact on the value of the scheme deficit reflected in our financial statements in compliance with the requirements of IFRS, changes in the rate of return on UK Government Securities have had and are expected to have a minimal impact on the underlying performance of the scheme. Specifically, the impact has been and is expected to be minimal in terms of delivering benefits to the scheme members and on the cashflow of Ardagh, because the vast majority of the scheme assets are invested in equities and other high-return assets which have realized, and are expected to realize, returns in excess of UK Government Securities.

Acquired Business

Upon completion of the Acquisition, Ardagh will assume responsibility for all schemes or arrangements of the Acquired Business for the provision of retirement or death benefits or which provide post-employment benefits. The combined financial statements of the Acquired Business included elsewhere in this Offering Memorandum reflect, as of March 31, 2007 and December 31, 2006, retirement benefit obligations of €38.7 million and €41.4 million, respectively.

Set forth below is a brief description of the pension and other benefit plans of the Acquired Business.

Germany. In Germany, the Acquired Business operates four main pension schemes, providing benefits to all eligible employees in terms of collective bargaining agreements, together with a number of individually negotiated pension arrangements. All pension arrangements are unfunded defined benefit plans.

Benelux Region. In the Benelux region there is one funded defined benefit pension plan in place for all employees, although employees may choose to pay higher contributions in return for higher accrual. There is also an unfunded Jubilee scheme.

Poland. In Poland, the Acquired Business provides post-retirement benefits, long-service premiums and other benefits on an unfunded basis.

Nordic Region. In Denmark, employees participate in defined contribution pension plans and there is an unfunded Jubilee scheme. In Sweden, there is an unfunded defined benefit pension provision through PRI with a surety bond through Pensionsgaranti, as well as an unfunded Jubilee scheme.

For more information, see "—Critical Accounting Policies—Pension Liabilities", the financial statements of Ardagh and the Acquired Business, respectively, located elsewhere in this Offering Memorandum.

Liquidity and Capital Resources

Cash Requirements Related to Operations

Ardagh's principal sources of cash are cash generated from operations and external financings, including borrowings and revolving credit facilities.

Following the Acquisition, Ardagh's principal funding arrangements will include borrowings available under the New Anglo Irish Senior Secured Credit Facility, the Existing Anglo Irish Senior Secured Credit Facility, the Barclays Bank Invoice Discounting Facility Agreement, the HVB (Bayerische Hypo- und Vereinsbank) Working Capital and Performance Guarantee Credit Lines, the Heye Glas Receivables Discounting Facility and the Heye Glas Inventory Discounting Facility. These and other sources of external financing are described further under "Description of Other Indebtedness".

Historical development—Ardagh

The following table sets forth certain information reflecting Ardagh's ability to make principal and interest payments in respect of its existing debt (prior to the proposed Acquisition and other Transactions).

	Year ended December 31,			Three months ended March 31,	
	2006	**2005**	**2004**	**2007**	**2006**
		(€ million)		**(€ million)**	
EBITDA(1)	52.1	77.3	86.3	20.4	6.2
(Increase)/decrease in working capital(2)	6.2	(29.0)	(10.4)	(30.9)	(10.5)
Taxation paid	(1.1)	(12.2)	(3.0)	1.1	0.8
Cash generated from operations	57.2	36.1	72.9	(9.4)	(3.5)
Gross purchase of fixed assets(3)	(32.6)	(52.5)	(45.7)	(11.3)	(11.4)
Cash generated from operations after capital	24.6	(16.4)	27.2	(20.7)	(14.9)

(1) EBITDA is Group operating profit before depreciation, amortization, other income and expenses, interest and taxation. EBITDA is presented because we believe that it is frequently used by securities analysts, investors and other interested parties in evaluating companies in our industry. However, other companies may calculate EBITDA in a different manner than we do. EBITDA is not a measurement 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 our operating performance or any other measures of performance derived in accordance with IFRS.

(2) The (increase)/decrease in working capital is derived from the working capital amounts set out under "Summary Consolidated Financial and Other Data of Ardagh".

(3) Represents cash consideration paid in respect of the purchase of fixed assets excluding the cash proceeds from the sale of fixed assets.

Working Capital

In the three months ended March 31, 2007, working capital of Ardagh increased by €30.9 million compared to an increase of €10.5 million over the same period in 2006, primarily due to increased levels of receivables spread across the Group as a result of strong sales in the first quarter of 2007.

Working capital of Ardagh at December 31, 2006 was €105.1 million, compared to €111.3 million at December 31, 2005, representing a decrease of €6.2 million during the year ended December 31, 2006.

Working capital of Ardagh at December 31, 2005 was €111.3 million, compared to €82.3 million at December 31, 2004, representing an increase of €29.0 million, primarily due to the consolidation of the Redfearn balance sheet for the first time as at December 31, 2005.

Taxation Paid

During the first quarter of 2007, Ardagh received €1.1 million of corporation tax refunds compared to €0.8 million of corporation tax refunds received in the same quarter in 2006.

During 2006, Ardagh paid €1.1 million in corporation tax compared to €12.2 million during 2005.

During 2005, Ardagh paid €12.2 million in corporation tax compared to €3.0 million in 2004.

Historical Development—Acquired Business

The following table sets forth certain historical information reflecting the ability of the Acquired Business to make principal and interest payments in respect of its existing debt (prior to the proposed Acquisition and other Transactions).

	Year ended December 31,			Three months ended March 31,	
	2006	2005	2004	2007	2006
	(€ million)			(€ million)	
EBITDA(1)	115.9	120.2	127.7	23.2	21.5
(Increase)/decrease in working capital(2)	2.1	(2.4)	(12.2)	(32.8)	(40.1)
Taxation paid	(4.1)	(6.1)	(5.8)	(0.9)	(1.4)
	113.9	111.7	109.7	(10.5)	(20.0)
Gross purchase of fixed assets	(67.6)	(63.7)	(65.2)	(8.2)	(8.6)
Cash available to make principal and interest payments	46.3	48.0	44.5	(18.7)	(28.6)

(1) EBITDA is Group operating profit before depreciation, amortization, other income and expenses, interest and taxation. EBITDA is presented because we believe that it is frequently used by securities analysts, investors and other interested parties in evaluating companies in our industry. However, other companies may calculate EBITDA in a different manner than we do. EBITDA is not a measurement 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 our operating performance or any other measures of performance derived in accordance with IFRS.

(2) The (increase)/decrease in working capital is derived from the working capital amounts set out under "Summary Combined Financial and Other Data of the Acquired Business".

Working Capital

In the three months ended March 31, 2007, working capital of the Acquired Business increased by €32.8 million compared to an increase of €40.1 million over the same period in 2006. This increase in working capital is due to increased levels of receivables across the Acquired Business as a result of higher sales in the first quarter and significantly lower levels of payables than at the year end.

Working capital of the Acquired Business at December 31, 2006 was €120.7 million, compared to €122.8 million at December 31, 2005, representing a decrease of €2.1 million during the year ended December 31, 2006. This decrease was principally due to a €13.2 million reduction in inventory in 2006 compared to 2005 driven by strong sales, particularly in the fourth quarter of 2006, which was partially offset by a €9.1 million increase in current trade and other receivables and prepayments associated with these strong sales in 2006 compared to 2005.

Working capital of the Acquired Business at December 31, 2004 was €120.4 million compared to €122.8 million at December 31, 2005, representing an increase of €2.4 million during the year ended December 31, 2005.

Taxation Paid

During the first quarter of 2007 the Acquired Business paid €0.9 million of corporation tax compared to €1.4 million of corporation tax paid in the same quarter in 2006.

During 2006, the Acquired Business paid €4.1 million in corporation tax compared to €6.1 million during 2005, representing a decrease of €2.0 million.

During 2005, the Acquired Business paid €6.1 million in corporation tax compared to €5.8 million in 2004, representing an increase of €0.3 million.

External Financings

The following table outlines our principal financing arrangements as at March 31, 2007.

We will repay certain of these facilities concurrently with the completion of the Acquisition. In addition, we have entered into a new senior secured credit facility and propose to issue the notes offered hereby. See "The Transactions—The Financing", "Use of Proceeds" and "Capitalization".

Facility	Currency	Maximum amount drawable	Final maturity date	Facility type	Amount drawn as at March 31, 2007		Undrawn Amount
		Local currency			Local currency	€	€
		(millions)			(millions)	(millions)	(millions)
8⅞% Senior Notes due 2013	EUR	175.0	July 1, 2013	Bullet	175.0	175.0	—
Existing Anglo Irish Senior Secured Credit Facility	GBP	65.0	December 31, 2010	Amortizing	53.8	79.1	—
Rockware Barclays Invoice Discounting Agreement	GBP	35.0	March 31, 2008	Revolving	22.8	33.5	18.0
Rockware Barclays Revolving Loan and Ancillary Facility(1)	GBP	6.0	March 31, 2008	Revolving	4.0	5.9	3.0
HVB Heye International Working Capital and Performance Guarantee Credit Lines	EUR	1.0	March 31, 2008	Revolving	—	—	1.0
Heye Glas Receivables Discounting Facility(1)	EUR	25.0	October 1, 2007	Revolving	15.9	15.9	9.1
Heye Glas Inventory Discounting Facility(1)	EUR	15.0	October 1, 2007	Revolving	—	—	15.0
Heye Glas Anglo Irish Term Loan(1)	EUR	10.0	December 31, 2012	Amortizing	6.7	6.7	—
HSU Zachodni WBK S.A. Overdraft Facility	PLZ	5.0	March 8, 2008	Revolving	—	—	1.3
HSU Pekao S.A. Overdraft Facility	PLZ	5.0	January 31, 2008	Revolving	—	—	1.3
HSU Voivodship Environmental Protection Loan	PLZ	2.1	November 20, 2007	Amortizing	0.5	0.1	—
Rockware Finance Lease Real Estate	GBP	11.5	May 24, 2020	Amortizing	10.6	15.6	—
Rockware Finance Lease Plant and Equipment	GBP	17.0	May 24, 2012	Amortizing	13.4	19.7	—
Finance lease arrangements	EUR			Amortizing	1.4	1.4	—
Deferred financing costs						(7.1)	—
Total borrowings/Undrawn facilities						345.8	48.7
Cash at bank and in hand						(57.9)	57.9
Net borrowings/Available liquidity						**287.9**	**106.6**

(1) To be repaid in connection with the Acquisition. See "The Transactions—Sources and Uses of Funds".

Ardagh agreed covenant changes with Anglo Irish Bank and Barclays in the first quarter of 2006. As a result, Ardagh has limited covenant compliance requirements, though Ardagh remains required to maintain certain specified financial ratios. Ardagh adhered to all of its covenant compliance requirements for the year ended December 31, 2006 and the quarter ended March 31, 2007.

The euro bank borrowings bear interest based on EURIBOR and pound sterling bank loans based on LIBOR. At March 31, 2007, Ardagh had a £30.0 million interest rate hedge in place in relation to its pound sterling borrowings.

As at March 31, 2007, prior to the Acquisition and the other transactions, Ardagh had undrawn credit lines of up to €48.7 million at its disposal together with cash resources of €57.9 million, giving rise to available liquidity of €106.6 million. Giving pro forma effect to the Acquisition and the other Transactions, including the refinancing of some of our existing debt with the proceeds from a new senior secured credit facility, as of March 31, 2007, we would have had undrawn credit lines of up to €190.6 million at our disposal together with cash resources of €17.9 million, giving rise to pro forma available liquidity of €208.5 million as of March 31, 2007. See "Capitalization".

For a brief summary of our principal financing arrangements, see "Description of Other Indebtedness".

Debt Repayment Schedule

The following table outlines the minimum debt repayments Ardagh will be obliged to make in 2007 and 2008. This table assumes that the minimum net principal repayment will be made as provided for under each credit facility. It further assumes that the revolving credit lines will be renewed or replaced with similar facilities as they mature.

We will repay certain of these facilities concurrently with the closing of the Acquisition. In addition, we have entered into a new senior secured credit facility and propose to issue the notes offered hereby that are not reflected in this table. See "The Transactions—The Financing", "Use of Proceeds" and "Capitalization". As part of the Acquisition, Ardagh will not assume any debt of the Acquired Business.

Facility	Currency	Maximum amount drawable	Final maturity date	Facility type	Minimum net repayment	
		Local currency			2007	2008
		(millions)			€ (millions)	€ (millions)
8⅞% Senior Notes due 2013 (2003 Notes)	EUR	175.0	July 1, 2013	Bullet	—	—
Existing Anglo Irish Senior Secured Credit Facility	GBP	65.0	December 31, 2010	Amortizing	7.5	7.5
Rockware Barclays Invoice Discounting Agreement	GBP	35.0	March 31, 2008	Revolving	—	—
Rockware Barclays Revolving Loan and Ancillary Facility(1)	GBP	6.0	March 31, 2008	Revolving	—	—
HVB Heye International Working Capital and Performance Guarantee Credit Lines	EUR	1.0	March 31, 2008	Revolving	—	—
Heye Glas Receivables Discounting Facility(1)	EUR	25.0	October 1, 2007	Revolving	—	—
Heye Glas Inventory Discounting Facility(1)	EUR	15.0	October 1, 2007	Revolving	—	—
Anglo Irish Heye Glas Term Loan(1)	EUR	10.0	December 31, 2012	Amortizing	1.1	1.1
HSU Zachodni WBK S.A. Overdraft	PLZ	5.0	March 8, 2008	Revolving	—	—
HSU Pekao S.A. Overdraft	PLZ	5.0	January 31, 2008	Revolving	—	—
HSU Voivodship Environmental Protection Loan	PLZ	2.1	November 20, 2007	Amortizing	0.2	—
Rockware Operating Lease Real Estate	GBP	6.5	May 24, 2020	Amortizing	0.4	0.4
Rockware Finance Lease Real Estate	GBP	11.5	May 24, 2020	Amortizing	0.6	0.7
Rockware Finance Lease Plant and Equipment	GBP	17.0	May 24, 2012	Amortizing	3.3	3.3
Finance lease arrangements	EUR/PLZ			Amortizing	0.4	0.4
Minimum net repayment					**13.5**	**13.4**

(1) To be repaid in connection with the Acquisition. See "The Transactions—Sources and Uses of Funds".

For further details on the maturity profile of our debt and other contractual commitments, see Note 15 to our audited financial statements included elsewhere in this Offering Memorandum.

Capital Expenditures

During the first quarter of 2007 Ardagh invested €11.3 million in fixed asset additions compared to €11.4 million in the same period in 2006. During the three-month period ended March 31, 2007, the Acquired Business invested €8.2 million in fixed asset additions compared to €8.6 million for the same period in 2006, representing a decrease of €0.4 million. During 2006, Ardagh invested €32.6 million in fixed asset additions compared to €52.5 million in 2005 and €45.7 million in 2004. In the same period, the Acquired Business invested €67.6 million in fixed asset additions compared to €63.7 million in 2005 and €65.2 million in 2004. All of these investments reflected ordinary course capital expenditure activity to maintain the operations of the business.

Based on existing operations and current conditions, Ardagh, including the Acquired Business, expects to incur aggregated capital expenditures during the period from January 1, 2007 through December 31, 2007 of approximately €122 million. Ardagh expects to focus its capital expenditures on capital replacement, equipment upgrades and efficiency improvement projects. However, actual capital expenditures incurred during the year ended December 31, 2007 will depend on a number of factors, including plant maintenance and furnace rebuilds, general economic conditions and growth prospects. Ardagh expects it will fund such expenditures from operating cash flow after providing for interest and tax payments.

Off-Balance Sheet Items

Ardagh and the Acquired Business do not engage in off-balance sheet financing activities, and do not have any off-balance sheet debt obligations.

Quantitative and Qualitative Disclosures About Market Risk

Ardagh's exposure to market risk primarily consists of:

- interest rate risk associated with its variable rate debt;
- foreign currency exchange rate risk primarily associated with its operations in the United Kingdom, Poland and the Nordic Region, its euro-denominated debt under the 2003 Notes and the issuance of the notes offered hereby; and
- commodity price risk associated with natural gas.

Derivative transactions are only undertaken for the purposes of managing interest rate risk and currency risk. Ardagh does not trade in financial instruments. Ardagh reviews and agrees objectives and treasury policies for managing each of these risks and they are summarized below.

Interest Rate Risk

Ardagh periodically utilizes interest rate swap agreements to manage and mitigate its exposure to changes in interest rates. As at March 31, 2007, Ardagh had an interest rate hedging agreement, which related to the Existing Anglo Irish Secured Credit Facility, which matures on December 31, 2008 and sets a maximum limit on interest rates at 5.15%. Pursuant to the New Anglo Irish Senior Secured Credit Facility, Ardagh is required to hedge at least 44% of its interest rate exposure.

After giving effect to this offering, and the application of the proceeds therefrom, as at March 31, 2007, on a pro forma basis, after giving effect to the Acquisition, Ardagh would have had €439.1 million of debt bearing interest at variable rates. The amount of Ardagh's variable rate debt may fluctuate significantly as a result of changes in the amount of debt outstanding under its credit facilities from time to time. For additional information concerning the terms of Ardagh's variable rate debt, see Note 15 to Ardagh's audited financial statements located elsewhere in this Offering Memorandum.

Currency Exchange Risk

Ardagh's results of operations are affected by changes in currency exchange rates, principally between the pound, zloty and Danish kroner and the euro. The functional currency of Ardagh's U.K. operations is the pound, the functional currency of Ardagh's Polish operations is the zloty, and the functional currencies of Ardagh's Danish and Swedish operations are the kroner and krona, respectively, while Ardagh's reporting currency is the euro. Fluctuations in the value of the pound, zloty, kroner and krona with respect to the euro have had, and may continue to have, a significant impact on Ardagh's financial condition and results of operations as reported in euro.

We currently estimate that, upon completion of the Acquisition, Ardagh will have approximately €125.0 million aggregate principal amount of borrowings that will be mismatched by non-euro assets. Ardagh intends to actively manage this exposure through the deployment of assets and liabilities throughout the Group and, when necessary and economically justified, by entering into hedging arrangements that will substantially protect Ardagh from income and balance sheet exposure due to fluctuations in the exchange rate between the euro and other currencies.

Commodity Price Risk

Ardagh is exposed to movements in the price of natural gas. Ardagh purchases its natural gas requirements in the United Kingdom under a contract pursuant to which the pricing is derived from the International Petroleum Exchange (the "IPE"). The contract allows Ardagh to choose how the pricing will be set. Pricing can be set based on the IPE closing spot price for the day, the day ahead price, balance of month or any future price quoted for entire months. Ardagh tries to ensure that natural gas prices are fixed for future periods but does not always do so because the future prices can be far in excess of the spot price.

Ardagh does 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. If the spot price of natural gas rises unexpectedly and Ardagh has not fixed the price of natural gas in advance of its usage requirements, its earnings and cash flows could be adversely affected.

BUSINESS

We have not yet completed the Acquisition and therefore neither own nor control the Acquired Business. This Offering Memorandum includes certain information, including financial information, about the Acquired Business, including information that presents Ardagh and the Acquired Business on an aggregated basis, but before application of purchase price accounting adjustments. Any such information is based on documents, information and representations provided to us and our advisers by Rexam and the management of the Acquired Business. While we have conducted due diligence on the Acquired Business and have no knowledge that would indicate that any statement contained herein, based upon such information provided by Rexam and the management of the Acquired Business, is inaccurate, incomplete or untrue, we cannot independently verify the accuracy, completeness or truth of all such information or that there has not been any failure by Rexam or the management of the Acquired Business to disclose events, developments or circumstances that may have occurred, but that are unknown to us, that may affect the significance or accuracy of any such information.

The proposed Acquisition has not been completed and, as a result, Ardagh is currently not in a position to measure fair values and make related adjustments to recorded values of the assets and liabilities of the Acquired Business, as required by applicable IFRS purchase accounting rules. Therefore, pro forma financial statements for the Acquisition have not been prepared. This Offering Memorandum contains certain aggregated financial data that shows the revenues and EBITDA of Ardagh when added to the revenues and EBITDA, respectively, of the Acquired Business, without any adjustments for the effect of the Acquisition and the financing thereof or the proposed refinancings, including the effects of IFRS purchase accounting. This aggregated data should therefore not be relied on to reflect what our revenues or EBITDA would have looked like had the Acquisition already occurred. See "Unaudited Aggregated Financial Data".

Unless the context indicates otherwise, when we refer to "we," "us" and "our" for the purposes of this Offering Memorandum, we are referring to Ardagh Glass Holdings Limited and its subsidiaries combined with the Acquired Business on an aggregated basis, but before application of purchase price accounting adjustments, as if the Acquisition, which is expected to occur following receipt of an outstanding regulatory approval, had already occurred.

For more information, see "The Transactions", "Unaudited Aggregated Financial Data" and "Operating and Financial Review and Prospects".

Overview

Ardagh will be the leading supplier of glass containers in the food and beverage segments in Northern Europe (comprising Germany, the United Kingdom, the Nordic region (comprising Denmark, Finland, Norway and Sweden), the Benelux region (comprising Belgium, the Netherlands and Luxembourg) and Poland) immediately following its proposed Acquisition of the glass container manufacturing business of Rexam PLC (the "Acquired Business"). Ardagh will also be the third largest supplier of glass containers in Europe. In addition, Ardagh has a small glass container operation in Italy and is a leading provider of technology and manufacturing equipment to the glass manufacturing industry through its wholly-owned subsidiary, Heye International.

In March 2007, Ardagh agreed to acquire the glass container manufacturing business of Rexam PLC for an enterprise value of €660 million less net debt (and subject to adjustment in relation to the value of its net operating assets at completion). See "The Transactions—The Acquisition". This Acquisition, when completed, will increase Ardagh's presence in Germany and Poland and allow Ardagh to enter new markets in the Nordic and Benelux regions. The Acquired Business operates 13 production sites with 26 furnaces in five countries in Northern Europe. Following the Acquisition, the glass container operations of the combined business will trade under the name Ardagh Glass.

We believe that the Acquisition will provide us with opportunities to achieve greater operating efficiencies. We estimate that such efficiencies will yield annual cost savings of approximately

€20 million in the short term and approximately a further €14 million in the medium term and that they can be realized with a total cost not exceeding one times the annual savings achieved.

Revenues and EBITDA of the Acquired Business for the year ended December 31, 2006 were €642.3 million and €115.9 million, respectively, and for the three months ended March 31, 2007 were €158.2 million and €23.2 million, respectively. Revenues and EBITDA for Ardagh for the year ended December 31, 2006 were €647.5 million and €52.1 million, respectively, and for the three months ended March 31, 2007 were €154.8 million and €20.4 million, respectively. On an aggregated basis, after giving effect to the Acquisition, but before the application of purchase price accounting adjustments, revenues and EBITDA for Ardagh for the year ended December 31, 2006 would have been €1,289.8 million and €168.0 million, respectively, and for the three months ended March 31, 2007 would have been €313.0 million and €43.6 million, respectively.

Immediately following the Acquisition, Ardagh will operate 22 glass plants with 47 glass furnaces in seven countries. The aggregate production of Ardagh's glass container businesses would have been approximately 3.4 million tonnes in 2006, on a pro forma basis after giving effect to the Acquisition. Our top five customers will be Heineken, InBev, Coca-Cola, Carlsberg and Vin & Sprit.

For the year ended December 31, 2006, on an aggregated basis, after giving effect to the Acquisition, Ardagh would have had an approximate one-third share of Northern European glass container production by volume and an approximate 18% share of total European glass container production by volume.

The following table illustrates the combined market position we will have immediately following the Acquisition based on 2006 glass container production volumes.

Country/Region	Market Position of the Combined Business on the Basis of 2006 Glass Container Production Volumes
Germany	#1
United Kingdom	#1
Nordic Region	#1
Benelux Region	#2
Poland	#2
Europe	#3

Germany. In Germany, prior to the Acquisition, Ardagh has two manufacturing sites with four glass furnaces. Immediately following the Acquisition, Ardagh's operations in Germany will consist of nine manufacturing sites with 18 glass furnaces. Ardagh will produce a broad range of glass containers in the German beer, wine, spirits, dairy, food, non-alcoholic beverage ("NAB") and pharmaceutical sectors, with the leading market position in food and beer in Germany. Ardagh's German operations will supply leading global customers such as Bacardi, Heineken, InBev, Kraft, MEK and Merck, as well as regional leaders such as DEK, Göbber and Stute.

United Kingdom. In the United Kingdom, Ardagh operates five manufacturing sites with 13 glass furnaces. Ardagh produces and markets an extensive range of glass containers in a variety of shapes, sizes, colors and weights for the U.K. food, beer, spirits, premium packaged spirits, soft drinks, wine, dairy and cider sectors. Ardagh accounted for approximately 66%, 53% and 26% of glass containers produced in the United Kingdom in 2006 in the food, beer and spirits sectors, respectively. Ardagh's U.K. operations supply a broad range of glass containers to some of the leading European and global food and beverage manufacturers such as Anheuser-Busch, Bacardi, Carlsberg, Coca-Cola Schweppes

Beverages, Diageo, InBev, and Nestlé. Ardagh also has the largest secondary glass container decoration facility in Europe, known as the Brand Enhancement Centre, located at our Barnsley site.

Nordic Region. Immediately following the Acquisition, Ardagh will operate two manufacturing sites with four glass furnaces in the Nordic region, with an additional nine added value lines for decorating, coating and etching. Ardagh will produce a broad range of glass containers in the Nordic beer, wine, spirits, food, NAB and pharmaceutical sectors. Ardagh will have a leading market position in each of these segments (including the leading market position in the food and beer segments), with particular concentration in the spirits segment consistent with the local customer base, including Vin & Sprit, whose major brand is Absolut vodka.

Benelux Region. Immediately following the Acquisition, Ardagh will operate two manufacturing sites with four glass furnaces in the Benelux region. Ardagh will produce a broad range of glass containers for the Benelux beer, food and NAB sectors. Ardagh's Benelux operations will supply leading global customers such as Heineken, InBev and PepsiCo. Ardagh's Moerdijk manufacturing site will be dedicated exclusively to the production of beer bottles for Heineken.

Poland. In Poland, prior to the Acquisition, Ardagh operates one manufacturing site with three glass furnaces. Immediately following the Acquisition, Ardagh's operations in Poland will consist of three manufacturing sites with seven glass furnaces. Ardagh will produce a broad range of glass containers for the Polish beer, wine, spirits, food and NAB sectors. Ardagh's Polish operations will supply leading global customers such as Carlsberg and Heineken, and regional leaders such as Malex, Maspex, Dawtona and Agros Nova.

Italy. In Italy, Ardagh has operated a glass container manufacturing business since July 2002. It operates one manufacturing site with a single glass furnace. It produces a range of glass beer bottles which it sells to SABMiller and Heineken.

Heye International. Through Heye International, headquartered in Germany and operating internationally, Ardagh designs and supplies glass packaging machinery, supplies spare parts for existing glass packaging machinery, provides technical assistance to users of its equipment and licensees of its technology, and engineers, assembles, supplies and manages the construction of turnkey glass container plants. Ardagh offers solutions for all aspects of glass container manufacturing and glass container plant engineering. Heye International is one of only a few companies worldwide providing comprehensive turnkey glass container operations and technology services to the global glass container manufacturing industry. In recent years, Heye International has provided equipment and technology assistance to leading companies worldwide, such as Anheuser-Busch, Amcor, Femsa and Heineken, and has undertaken the design and supply of six major glass manufacturing facilities.

Acquisition History

Over the past several years, prior to the Acquisition, Ardagh has grown significantly through strategic acquisitions.

Our acquisitions have included Rockware Glass from Owens-Illinois in 1999, an Italian glass container manufacturer in 2002, Heye Holding in Germany in 2003, a Polish glass container manufacturer in 2004 and Redfearn from Rexam PLC in 2005.

For further information, see "—History and Development of Ardagh".

Recent Developments

In April 2007, based on its unaudited management accounts, Ardagh recorded revenues of €56.7 million, representing an increase of 21.2% compared to €46.8 million in April 2006, and EBITDA of €8.8 million, representing an increase of 87.2% compared to €4.7 million in April 2006.

The Acquired Business recorded unaudited management account revenues of €53.7 million in April 2007, representing an increase of 12.3% compared to €47.8 million in April 2006, and EBITDA of €10.5 million, representing an increase of 38.2% compared to €7.6 million in April 2006.

April 2007 revenues and EBITDA exceeded management's expectations for Ardagh and the Acquired Business. The improvement in 2007 was due in part to the favorable operating environment for the glass container manufacturing industry in Northern Europe.

Competitive Strengths

We believe Ardagh has a number of competitive strengths that differentiate it from its competitors, including:

- ***Proven Ability to Execute Strategic Acquisitions and Integrate Acquired Businesses.*** Ardagh's strategy of careful evaluation and pursuit of strategic opportunities has resulted in its successful growth through acquisitions. The Acquired Business also has a long history of successfully integrating acquired businesses. The Acquisition will result in a 100% increase in Ardagh's size based on sales volume and result in a significant expansion of its operations in Germany and Poland and entry into new markets in the Nordic and Benelux regions. Ardagh has previously acquired and efficiently integrated companies such as Heye Holding, HSU and Redfearn. These acquisitions have resulted in Ardagh's expansion into new and existing markets and have generated significant cost savings and revenue growth for Ardagh.

- ***Leading Market Position in Its Principal Markets—Northern Europe.*** Immediately following the Acquisition, Ardagh will be the leading supplier of glass containers in Northern Europe with strong market positions in the food, beer, spirits, wine, NAB and pharmaceutical sectors. Ardagh will be the market leader in Germany and the Nordic region, with significant operations across all sectors, and also the leading supplier of glass containers in the United Kingdom, with strong market positions in the food, beer and spirits sectors. Ardagh will have achieved this by pursuing strategic opportunities, such as the expansion of operations through the Acquisition, while maintaining profitability, rather than pursuing market share gains at the expense of operating margins. We believe that Ardagh's leading Northern European market position will provide it with significant economies of scale and that the cash flow from its operations allows Ardagh to reinvest consistently in its business to ensure product quality, reliability and the modern infrastructure necessary to meet customer expectations.

The following table illustrates, for each of the key regions in which we operate, the combined market position on the basis of production volume we will have immediately following the Acquisition.

Country/Region	Market Position of the Combined Business on the Basis of Glass Container Production Volume
Germany	#1
United Kingdom	#1
Nordic Region	#1
Benelux Region	#2
Poland	#2
Europe	#3

- ***Strong Customer Relationships.*** Ardagh and the Acquired Business have strong and long-standing relationships with their customers which include some of the leading European and global food and beverage manufacturers such as Anheuser-Busch, Bacardi, Carlsberg, Coca-Cola Schweppes Beverages, Diageo, Heineken, InBev, Kraft, MEK, Nestlé, Pernod Ricard, Premier Foods, SABMiller and Vin & Sprit, whose major brand is Absolut Vodka. The average tenure of Ardagh's relationships with its top five customers is more than seven years, and for certain customers of the Acquired Business, such as Vin & Sprit, the relationship dates back several decades. Ardagh and the Acquired Business have very strong relationships with a number of regional leaders such as DEK, Dutch Glory/HAK, Gobber, Maspex, Orkla, Royal Unibrew and Stute. Ardagh's customers rely heavily on manufacturers to provide quality products on time and in specified quantities, as failure to do so would disrupt their production lines and may have a significant adverse impact on their financial condition. As a result, Ardagh's customers typically undertake a rigorous selection process prior to choosing a manufacturer. We believe that Ardagh's customers identify it as being reliable and capable of delivering high quality, technologically-advanced products, which is a key purchasing consideration.

- ***Recognized Technical Leader in the Glass Container Manufacturing Industry.*** Ardagh is recognized as a technical leader in the glass container manufacturing industry for several key reasons. Firstly, Ardagh has superior technology and manufacturing capabilities. Ardagh has a high standard of product and process development and deep knowledge of the industry, manufacturing processes and technology, supported through its ownership of Heye International and its technology and licensing agreement in the United Kingdom with O-I. Second, Ardagh has proven product quality and design capabilities. Ardagh continually seeks to improve the quality of its products and processes through focused investment and rigorous inspection, and Ardagh has achieved industry-leading manufacturing performance indicators as a result. Through its design capabilities, range of machine configurations and high degree of flexibility, Ardagh is able to meet the diverse design needs of its customers and to face new industry challenges. Third, Ardagh is a low-cost producer and has consistently focused on decreasing total costs through staffing reductions, machine line rationalization and investments in advanced technology.
- ***Highly Experienced and Incentivized Management Team.*** Ardagh's management team consists of highly experienced professionals with strong backgrounds in the glass container industry in Northern Europe, Australia and Southeast Asia. Many of Ardagh's senior executive officers have demonstrated their ability to manage costs, adapt to changing market conditions and to acquire and successfully integrate new businesses. Ardagh's senior management is incentivized through share ownership in Ardagh Glass Group plc. As of March 31, 2007, Ardagh's senior management (including executive directors of Ardagh Glass Group plc, other than Paul Coulson) collectively owned directly approximately 15% of the total share capital of Ardagh Glass Group plc. In addition, Paul Coulson, the current Chairman of the board of directors of Ardagh Glass Group plc, individually owns approximately 22% of the outstanding ordinary shares of Ardagh Glass Group plc and beneficially owns approximately 33% of the share capital of Yeoman, which owns approximately 41% of the outstanding ordinary shares of Ardagh Glass Group plc.

Business Strategy

The principal objective of Ardagh's business strategy is to increase the value of Ardagh's glass manufacturing business through growth in its core areas and through opportunistic, strategic expansion. Ardagh is pursuing this objective through the following strategies:

- ***Successful Integration of the Acquired Rexam Glass Business with Existing Ardagh Operations.*** The primary focus of Ardagh's management in the months following the Acquisition will be to successfully integrate the Acquired Business with the existing Ardagh operations and to realize the anticipated synergies quickly and efficiently. Management is confident that this can be achieved, and a significant amount of preparation work has already taken place as a result of the visits by Ardagh's senior management to all 13 of the Acquired Business' plants during the pre-Acquisition due diligence process. Ardagh is particularly focused on the integration of operations in Germany and Poland, where both Ardagh and the Acquired Business currently own plants. We believe that the Acquisition will provide us with opportunities to achieve greater operating efficiencies. We estimate that such efficiencies will yield annual cost savings of approximately €20 million in the short term and approximately a further €14 million in the medium term and that they can be realized with a total cost not exceeding one times the annual savings achieved.

- ***Continue to Apply Advanced Technology and Technical Expertise to Improve Quality, Service, Profitability and Cash Flow.*** Ardagh's goal is to be the most profitable glass container producer in the markets in which it operates, with a low cost base, highly efficient machinery, strong technological expertise and a highly motivated workforce. Through its German technology and manufacturing business, which designs, manufactures and commissions glass container plants, and through its technology and licensing agreement with O-I, Ardagh intends to increase productivity through the continuing development and transfer of expertise and best practices across its operations. We believe that Ardagh's profitability may be further enhanced through productivity gains from continued machine line upgrades, staffing reductions and continually realigning its product mix.

- ***Improve Profitability by Focusing on High Growth Glass-Intensive Segments.*** Ardagh focuses its marketing efforts and production capacity on relatively high-growth glass segments in which it can maintain or achieve competitive pricing levels, such as the premium beer segment. Ardagh also focuses on segments that we believe have potential to substitute high-value added glass containers for alternative forms of packaging.

- ***Improve Product Mix and Diversify Customer Base.*** Ardagh intends to improve its product mix by continuing to replace its lower margin business with higher margin business as opportunities arise. Ardagh also intends to continue to diversify its customer base and selectively pursue business arrangements with customers that will provide it with growth opportunities through its intensive marketing strategies.

- ***Careful Evaluation and Pursuit of Strategic Opportunities.*** As with the proposed Acquisition and previous acquisitions in Germany, Poland and Italy, Ardagh intends to consider acquiring businesses where such acquisitions would have a strong strategic rationale and would be capable of realizing attractive returns on investment and generating significant free cash flow. In addition, Ardagh intends to explore business opportunities for establishing operations in new markets to meet the geographic and other special needs of current and potential customers.

Glass Container Industry Overview

Glass container producers supply packaging for the food and beverage industries as well as products for pharmaceuticals, toiletries and healthcare products. In the food industry, glass containers are used for a variety of processed and other foods, including baby foods, oils, sauces, condiments, yogurt and preserved foods. In the beverage industry, glass containers are used for beer, spirits, wine and non-alcoholic beverages such as mineral water, fruit juices and carbonated soft drinks.

While growth in the glass container markets has been affected by the worldwide trend toward substitution of plastic and other forms of alternative packaging materials, we believe that glass containers will maintain a leading position in the high-end beverage and food segments due primarily to consumer preferences and the premium image of glass containers. In addition to their premium image, glass containers provide stronger oxygen and carbon dioxide barriers for longer shelf life, better aesthetic and functional qualities and relative cost advantages in small size containers for small-run products such as specialty beers. Industry surveys commissioned by Ardagh have shown that consumers associate glass packaging with quality products and view glass as a hygienic, natural and taste-neutral packaging material that is not associated with hazardous chemicals. Ardagh's surveys have also shown that consumers consider glass packaging to be more environmentally responsible due to its high degree of recyclability. In addition, we believe that manufacturers of food and beverages appreciate glass packaging's capacity for greater product differentiation compared with other packaging materials.

The glass industry has been positively affected by the trend towards lightweighting. There have been considerable advances in lightweighting technology throughout the industry in recent years, which have delivered a range of supply chain benefits, particularly to customers in the spirits and beer sectors. Lightweighting benefits glass manufacturers due to the decrease in variable costs associated with raw materials and energy and also benefits food and beverage producers due to lower transport costs. Lightweighting also addresses environmental issues where the "carbon footprint" is of increasing concern to customers.

The glass container manufacturing industry is characterized by relatively high barriers to entry. Operating in the industry requires high levels of investment and fixed costs (approximately 60% of total costs are fixed). These costs, together with existing operators' strong, long-term customer relationships and the increasing integration of operational efficiencies between established suppliers and their customers, make it difficult for potential new market entrants to secure a critical customer base and volume of business. In addition, the European glass container manufacturing industry has historically been a stable market associated with low growth and average returns, which is unlikely to attract new entrants. Other barriers to entry to the glass packaging industry include the significant level of capital expenditure required and specific manufacturing know-how that is not easily transferable from other industries. Despite the high barriers to entry, Quinn Glass, an Irish manufacturer of glass containers for the food and beverage industries, commissioned a new glass container manufacturing plant in England in 2005.

In Northern Europe, the glass industry is currently experiencing its most favorable operating environment in a decade, despite a significant increase in energy costs. After a period of rationalization within the sector over the last few years, there is now an overall market balance in both capacity and demand in the Northern European glass packaging industry. In addition, inventories have decreased to their lowest level for many years across the industry, and particularly in our served markets. Producers are in the process of implementing price increases to recover energy and raw material cost increases, which have not been recovered in recent years. In addition, the overall Northern European market is expected to continue to grow moderately, with good growth expected in a number of product segments such as food, beer and spirits, particularly for export.

The German Glass Container Market

The German glass container industry has, until recently, been characterized by overcapacity and low margins, and many plants operated unprofitably. Traditionally, approximately 30% of the output of total German glass container production has been exported, mainly to neighboring countries. From 2001 to 2005, domestic demand decreased by 10.5%. This decrease was due principally to the enactment of a mandatory deposit law, which became effective in Germany on January 1, 2003 and was revised in 2006. This law imposes a mandatory deposit of €0.25 for non-returnable containers under three liters used for carbonated soft drinks, beer and water. The market was significantly affected by the mandatory deposit law, as a result of which capacity was reduced by approximately 10%.

However, we believe that balance has been restored and that market conditions in the German glass packaging industry are better now than they have been for many years, notwithstanding the increase in energy costs.

In contrast to certain other regions, demand for refillable glass packaging in Germany remains high, principally in the beer segment in which refillable glass accounts for approximately 90% of total volume. A decrease in this demand over time presents a potentially significant growth opportunity for non-refillable glass containers.

The German domestic market is driven by large retailers, with sales influenced by the choice of stock of the retailer. Several German retailers are focusing on non-refillable glass for their beverage product offerings, presenting a further growth opportunity in the German market. In addition, the growth of private label sales is driving the growth of the food segment in Germany.

The market for glass containers in Germany is distributed among wine and sparkling wine (26.0%), food (25.9%), beer (22.6%), spirits (10.3%), soft drinks, including water and juice (6.1%), and others, including the pharmaceutical sector (9.2%).

The following table shows certain production information relating to the German glass container market and turnover information relating to such production during the five-year period ended December 31, 2006.

	2002	2003	2004	2005	2006
Total turnover (in millions of €)	1,504	1,563	1,505	1,492	1,525
Total number of glass containers produced (in millions of units)	17,308	16,913	16,495	15,862	16,985
Total volume of glass containers produced (in thousands of tonnes)	4,128	4,208	4,105	3,895	3,799

Source: Fachvereinigung Behälterglasindustrie e.V.

The U.K. Glass Container Market

The U.K. glass container market is generally a mature, low-growth and stable market. Food and beverage containers account for approximately 97% of all glass containers produced in the United Kingdom. There are certain growth areas such as premium lagers, ciders and on-trade soft drinks. The following table shows, during the five-year period ended December 31, 2006, total turnover of the U.K. glass container industry and the total number of units and volume in tonnes of glass containers produced in the United Kingdom.

	2002	2003	2004	2005	2006
Total turnover (in millions of £)	525	530	555	594	617
Total number of glass containers produced (in millions of units)	7,332	7,359	7,416	7,752	7,870
Total volume of glass containers produced (in thousands of tonnes)	2,005	2,033	2,069	2,218	2,286

Source: British Glass Manufacturers Confederation.

The Nordic Glass Container Market

The principal markets for glass containers in the Nordic region are the food, beer, spirits, NAB and pharmaceutical sectors. In this region, growth in the beer sector is largely driven by exports, but the spirits sector is the largest product segment by value, with exports by companies such as Vin & Sprit driving growth. The food sector is broadly stable and characterized by a high degree of product fragmentation.

	2002	2003	2004	2005	2006
Total number of glass containers produced (in millions of units)	1,160	1,170	1,180	1,200	1,225
Total volume of glass containers produced (in thousands of tonnes)	306	308	310	313	325

Source: Rexam management estimate.

The Benelux Glass Container Market

The principal markets for glass containers in the Benelux region are the food, beer, spirits and NAB sectors. Although the Benelux market is largely refillable glass containers, the demand for non-refillable glass containers for export is a primary driver of production. Key customers such as Heineken and InBev are driving growth in the beer sector. The food sector is also significant in the Benelux region and principally serves the domestic market, rather than exports.

	2002	2003	2004	2005	2006
Total number of glass containers produced (in millions of units)	4,290	4,250	4,346	4,430	4,500
Total volume of glass containers produced (in thousands of tonnes)	1,420	1,450	1,430	1,440	1,450

Source: Rexam management estimate.

The Polish Glass Container Market

The principal markets for glass containers in Poland are the food, beer, spirits, wine and NAB sectors. Output of glass containers in recent years has been relatively flat, following significant market expansion in the 1990s. However, in 2005 and 2006, good growth returned to all market segments in the glass container industry, except the wine segment, which saw a slight decline. The following table shows the total volume of glass containers produced by the Polish glass container market during the five-year period ended December 31, 2006.

	2002	2003	2004	2005	2006
Total number of glass containers produced (in millions of units)	4,410	4,536	4,912	5,083	5,110
Total volume of glass containers produced (in thousands of tonnes)	968	967	1,041	1,088	1,087

Source: Forum Opakowan Szklanych.

Growing domestic consumption and increasing exports to other Eastern European countries are driving sales volumes in Poland and have contributed to the growth in all market segments in the last three years. Capacity utilization levels are returning to normal levels after a period of overcapacity resulting from investments in capacity in 2005.

The Italian Glass Container Market

The principal markets for glass containers in Italy are the food, beer, spirits, wine and NAB sectors. Output of glass containers has experienced very limited growth in Italy as a result of the pressures from substitute forms of packaging. The following table shows the total volume of glass containers produced by the Italian glass container market during the five-year period ended December 31, 2006.

	2002	2003	2004	2005	2006
Total volume of glass containers produced (in thousands of tonnes)	3,505	3,719	3,756	3,717	3,721

Source: ISTAT, Assovetro.

Ardagh's Products

Ardagh and the Acquired Business develop, produce and market an extensive range of glass containers in a variety of shapes, sizes, colors and weights in Germany, the United Kingdom, the Nordic Region, the Benelux region and Poland. In Italy, Ardagh produces a range of beer bottles for SABMiller and Heineken. Virtually all of Ardagh's products are produced to specifications determined by its customers, and Ardagh assists them in the design of bottle shapes, in lightweighting and in all aspects of glass container packaging. Through Heye International, Ardagh designs and supplies glass packaging machinery, supplies parts for existing glass packaging machinery, provides technical support to users and licensees of its equipment and undertakes projects to engineer, assemble and supply turnkey glass container plants.

Glass Containers

Germany

Ardagh's German glass container business produces standardized glass containers as well as proprietary items for various market sectors, principally the beer, wine and sparkling wine, soft drinks, including juice and water, food, spirits and pharmaceutical sectors.

Heye Glas produced 1.38 billion glass containers in 2006 and had revenues of €112.7 million.

The Acquired Business in Germany produced 3.7 billion glass containers in 2006 and had revenues of €316.4 million.

While Ardagh produces a number of standardized glass containers for the wine and local spirits sectors, a significant amount of its production is manufactured to the specifications of its customers. Ardagh also produces Type III amber glass bottles for the pharmaceutical industry.

United Kingdom

Ardagh's U.K. glass container business produced 3.8 billion glass containers in 2006 and had total revenues of £276.9 million. Ardagh's U.K. glass container business produces glass containers for the food, spirits, beer, premium packaged spirits, soft drinks and cider sectors. Substantially all of Ardagh's U.K. glass container production is for customers in the United Kingdom and, increasingly, in Ireland for cider bottles.

Nordic Region

Ardagh's glass container business in the Nordic region will supply glass products for various market sectors, including the beer, wine, soft drink, food, spirits and pharmaceutical sectors. Ardagh expects to maintain a leading position in the Nordic region in each of these sectors, with over 90% of the food, beer and wine sectors and over 80% of the pharmaceutical sector. The Acquired Business in the Nordic Region produced 1.0 billion containers in 2006 and had revenues of €141.5 million.

Benelux Region

Ardagh's glass container business in the Benelux region will supply glass containers for various market sectors, including the beer, wine, soft drink, food and spirits sectors. Ardagh expects to maintain the leading position in the Benelux soft drinks market. Ardagh's Moerdijk facility will produce glass containers exclusively for Heineken under a long-term contract. The Acquired Business in the Benelux region produced 1.7 billion containers in 2006 and had revenues of €127.2 million.

Poland

Ardagh and the Acquired Business principally supply beer and wine bottles and food jars.

HSU produced over 408 million glass containers in 2006 and had revenues of €35.4 million. Of these revenues, beer bottles accounted for 79% of sales with wine bottles a further 15% of sales. The remaining 6% of sales were to the food, spirits and mineral water segments.

The Acquired Business in Poland produced over 706 million glass containers in 2006 and had revenues of €57.2 million. Of these revenues, clear glass food jars accounted for 60% of sales, beer bottles accounted for 20% of sales and wine bottles accounted for 5% of sales. The remaining 15% of sales were to the spirits and NAB segments.

Italy

Ardagh's Italian glass business produced 368 million glass containers in 2006 and had revenues of €26.1 million. Ardagh's Italian glass container business produces a range of beer bottles for its main customer, SABMiller. We believe Ardagh supplies approximately 50% of the glass packaging requirements of SABMiller, which accounts for an estimated 25% of domestic beer sales in Italy. The balance of Ardagh's Italian output is sold to Heineken.

Glass Technology and Manufacturing Equipment

Ardagh's German glass technology and manufacturing equipment business, Heye International, has significant expertise in the design and construction of glass container manufacturing plants. Heye International's technology, machinery and equipment have been installed in nearly 50 countries. Heye International developed the Narrow Neck Press and Blow ("NNPB") process and continues to be a recognized leader in NNPB technology, which it has offered to its customers though licensing agreements since the 1970s. Ardagh licenses this technology globally, and we believe that NNPB technology serves as a global benchmark in the industry. Ardagh also manufactures glass container manufacturing machinery, including furnaces, glass forming machines and components, supply parts for this equipment and provides technical services to users of Ardagh's equipment. Ardagh is recognized for its leading-edge technology, particularly with regard to advanced lightweight manufacturing technology, which allows for reduction of container weight while maintaining even wall thickness and strength of the product, its oxyfuel furnaces which produce low levels of emissions and its waste heat recovery systems.

Ardagh's Customers

In Northern Europe, Ardagh typically sells most of its glass containers directly to customers under one- to three-year term arrangements. Although these arrangements may not be legally enforceable, they are seldom broken and they have provided, and we expect they will continue to provide, the basis for long-term partnerships with our customers. Our customer contracts are typically renegotiated annually (in terms of price and expected volume), although the strength of our customer relationships has historically resulted in automatic renewal. Certain of our contracts are longer-term agreements. Glass containers are typically scheduled for production in response to customer forecasts of their quarterly requirements. Customers typically draw down their requirements from stock and may adjust their forecast requirements as demand for their product varies. The Acquired Business has similar arrangements with its customers.

The top 10 customers of Ardagh would have accounted for approximately 39% of total revenues in 2006, on a pro forma basis, after giving effect to the Acquisition. In certain product groups (beer, wine, spirits, NAB), our sales will be concentrated among a few key customers with whom we will have strong, ongoing relationships through our acquired entities.

Glass containers

Germany

Customers of Ardagh's German glass container business will include Bacardi, Heineken, Honeywell, InBev, Kraft, MEK, and Merck. We believe that our German glass containers business benefits from strong customer relationships. Ardagh's 10 largest customers would have generated approximately 51% of its revenues in Germany in 2006, on a pro forma basis, after giving effect to the Acquisition. In Germany, Ardagh will produce a wide range of standardized glass containers and proprietary items for the beer, food, wines, local spirits, soft drinks and pharmaceutical sectors, which Ardagh will sell in part to wholesalers.

United Kingdom

Ardagh's U.K. glass container business' largest customers include some of the world's leading food and beverage companies. Customers of Ardagh's U.K. glass container business include Anheuser-Busch, Carlsberg, Coca-Cola, Diageo, Halewood, InBev and Premier Foods.

Ardagh's U.K. glass container business has approximately 145 customers for which it produces over 500 different types of bottles. In 2006, Ardagh's 10 largest customers accounted for 48% of its U.K. revenues. None of these customers or any group of affiliated customers accounted for more than 8% of Ardagh's U.K. glass container businesses revenues. Ardagh's U.K. glass container business has strong and long-standing relationships with many of its customers. In the United Kingdom, Ardagh's relationship with its five largest customers averages more than eight years.

Ardagh is the only supplier of glass containers to Anheuser-Busch outside the United States to be awarded "certified status" by Anheuser-Busch, the world's largest brewer. This is a prestigious award given to suppliers who achieve the highest levels of quality and service. In addition, Ardagh's U.K. glass container business is a preferred supplier under Nestlé's strategic partnership arrangements, and Ardagh recently participated in the successful redesign of glass packaging for two of Nestlé's leading coffee brands. Ardagh has also applied its lightweighting expertise to produce William Grant's distinctive triangular-shaped whisky bottle.

The Nordic Region

Customers of Ardagh's glass container businesses in the Nordic region will include Carlsberg, Orkla, Royal Unibrew and Vin & Sprit. The top 10 customers will account for 74% of revenues in the Nordic region in 2006. At Acquisition Ardagh's glass container business in the Nordic region will have entered into a long-term supply agreement with Vin & Sprit to 2011.

The Benelux Region

Customers of Ardagh's glass container business in the Benelux region will include Coca-Cola, Dutch Glory, Heineken, InBev and PepsiCo. The top 10 customers will account for 74% of revenues in the Benelux region in 2006. The glass container business that Ardagh will acquire in the Benelux region has entered into a long-term supply agreement with Heineken through December 31, 2013, under which the Moerdijk plant will produce glass containers for Heineken exclusively.

Poland

Customers of HSU and the Acquired Business in Poland, Ardagh's Polish glass container businesses, will include Browar Belgia, Carlsberg and Heineken for beer bottles and local wine fillers for wine bottles. In 2004, HSU signed a five-year supply contract with Carlsberg and has shorter term supply agreements with Heineken in Poland, Browar Belgia in Poland and Kompania Pit in Kaliningrad, Russia. In Poland, some wine is imported in bulk and filled locally. Ardagh will supply wine bottles to local fillers such as Ambra, Bartex and Vinpol. The top 10 customers would have accounted for 62% of Polish revenues in 2006, on a pro forma basis, after giving effect to the Acquisition.

Italy

Ardagh sells approximately 75% of the output from its Italian glass container business to its main customer, SABMiller, pursuant to a long-term supply contract, which expires in 2009. The balance of the output of Ardagh's Italian plant is sold to Heineken.

Glass Technology and Manufacturing Equipment

Heye International, Ardagh's German glass technology and manufacturing equipment business, has an extensive worldwide customer base. In recent years, it has delivered turnkey glass container manufacturing plants in the United States, Australia and Mexico. Ardagh's significant customers include Anheuser-Busch, Amcor, Femsa and Heineken. It provides technological assistance to numerous companies worldwide and also provides these and other companies with replacement equipment and parts.

Ardagh's Competitors

Glass Containers

Ardagh competes directly with other manufacturers of glass containers and with other forms of rigid packaging, principally plastic containers and metal cans, in each of its markets on the basis of quality, performance characteristics, price and service. Ardagh's products also compete with non-rigid packaging alternatives, including flexible pouches and aseptic cartons.

Although we believe the threat of substitution from non-glass packaging materials is low in our key business sectors of food, premium beer and spirits, we may face competition from alternative packaging. The main producers of plastic containers are Alpla, Ball Corporation, Crown Holdings, Graham Packaging, Rexam and RPC Group, and the main producers of metal containers are Ball Corporation, Crown Holdings, Impress and Rexam. The main producers of aseptic cartons are Tetra Pak and SIG.

The degree of the glass container industry's market share of the total packaging industry varies on a country-by-country basis.

Germany

After the consolidation of recent years, the four main producers of glass containers in Germany are Ardagh, Saint-Gobain, O-I and Wiegand Glas.

United Kingdom

The glass container industry in the United Kingdom is very competitive and relatively concentrated, with three main producers: Ardagh, O-I and Quinn Glass. Other competitors in the U.K. glass container market include Allied Glass and Beatson Clark.

Quinn Glass commissioned in 2005 a new glass container manufacturing plant in England. This new facility created excess capacity in the U.K. glass container market. Over the last year, there has been some reduction in available U.K. capacity, increased glass demand in the United Kingdom and Ireland and an improvement in the net trade balance in glass containers. This may lead to a better trading environment from 2005 and 2006 and improves pricing prospects. Further increase in excess capacity would nonetheless have an adverse impact on the level of price increases obtainable by U.K. glass container manufacturers.

The Nordic Region

Our main competitor in the Nordic region is O-I.

The Benelux Region

Our main competitors in the Benelux region are O-I and Saint-Gobain.

Poland

Our main competitors in the Polish market are O-I, Warta Glass Group and Can Pack.

Italy

Our main competitors in Italy are O-I and Saint-Gobain. Our glass container business in Italy is a focused player with a small share in the beer sector.

Glass Technology and Manufacturing Equipment

Heye International, Ardagh's glass container technology and manufacturing equipment business, competes on a worldwide basis. Its main competitor is O-I, which is the only other provider of turnkey glass container operations and technology services to the global glass manufacturing industry. The other major competitors in the supply of equipment are Emhart Teknologies, a Swiss registered company, and Bottero, an Italian glass machinery supplier, which supply equipment to the glass container industry on a worldwide basis. Typically, O-I supplies and licenses its technology to only one glass container manufacturer in a particular country under an exclusive territorial agreement. As a result, this creates opportunities for other suppliers of machinery and technology, including Heye International, since other glass container manufacturers are required to source machinery and technical assistance from other suppliers.

Manufacturing and Production

Immediately following the Acquisition, Ardagh will operate 22 manufacturing facilities with 47 glass furnaces in seven countries, with an annual production output of approximately 3.4 million tonnes of glass.

Immediately following the Acquisition, Ardagh will operate nine manufacturing facilities with 18 furnaces in Germany. Ardagh also operates five manufacturing facilities with 13 furnaces in the United Kingdom. Immediately following the Acquisition, Ardagh will operate two manufacturing facilities with four furnaces in the Nordic region; two manufacturing facilities with four furnaces in the Benelux region; and three manufacturing facilities with seven furnaces in Poland. In Italy, Ardagh operates one manufacturing facility with a single furnace.

Ardagh's glass manufacturing facilities in Germany, including the Acquired Business, produced approximately 5.1 billion glass containers totaling 1,364,000 tonnes of glass in 2006 from 18 furnaces. Ardagh's manufacturing facilities in the United Kingdom have an annual production output of 989,000 tonnes of glass, following closure of a furnace in 2006. In 2006, Ardagh produced 3.8 billion glass containers totaling 1,053,000 tonnes of glass in the United Kingdom. The glass container manufacturing operations in the Nordic region produced 1.0 billion glass containers totaling 267,000 tonnes of glass in 2006 from four furnaces, and the glass container manufacturing operations in the Benelux region produced 1.7 billion glass containers totaling 375,000 tonnes of glass in 2006 from four furnaces. The glass container manufacturing operations in Poland, including the Acquired Business, produced

1.1 billion glass containers totaling 306,000 tonnes of glass in 2006 from seven furnaces. Ardagh's Italian plant produced 368 million glass containers totaling 82,128 tonnes of glass in 2006.

Germany

Immediately following the Acquisition, Ardagh will operate 18 furnaces at nine facilities in Germany. These facilities produced a total of 1,364,000 tonnes of glass in 2006.

Ardagh's facilities are located in key industrial areas and are well-located for rail, road and water transport, allowing Ardagh to cost-efficiently serve existing customers and reach its potential customer base. We believe our proximity to transport, favorable locations and customer base give Ardagh a competitive advantage in the market sectors in which we operate.

Two of Ardagh's unit melter furnaces use advanced oxyfuel technology designed by Heye International. We have achieved technical leadership in oxyfuel technology, which is characterized by efficient energy consumption and low exhaust emissions.

United Kingdom

Ardagh operates five manufacturing facilities with 13 glass furnaces with an annual production output of 989,000 tonnes of glass, following closure in November of a furnace in 2006. In 2006, these facilities provided a total of 1,053,000 tonnes of glass. Capacity at Ardagh's Barnsley plant has been reduced by 100,000 tonnes following the furnace closure.

Ardagh's five manufacturing facilities provide it with significant capacity, flexibility and the ability to optimize its production program. Ardagh's U.K. facilities are specialized by the end-market sectors they serve. The site at Barnsley has increased Ardagh's flexibility to meet customers' production needs and is also the largest secondary decoration facility in Europe. Known as the "Brand Enhancement Centre", this facility allows Ardagh to add value in terms of secondary decoration and is a competitive advantage.

Under a technology and licensing agreement, O-I provides Ardagh's Rockware business with certain technical information solely for use in the United Kingdom for the manufacture of glass containers. Ardagh pays a royalty fee based on the net sales price of each container it manufactures and sells. This agreement expires in 2009, and automatically extends for one-year periods thereafter unless either party serves notice of its intention not to renew at least 90 days prior to expiration. In the event that O-I elects not to renew this agreement in 2009, O-I will be required, upon Ardagh's request, to grant Ardagh a nontransferable right and license to use the existing machinery embodying the technical information and will be required to offer to supply Ardagh with spare parts for O-I machinery on normal commercial terms. O-I would not, however, be required to provide Ardagh with further upgrades. In exchange for this license, Ardagh would be required to pay a reasonable royalty fee based upon the existing value of the technical information, which must be at least as favorable as the royalty fee Ardagh currently pays to O-I.

The Nordic Region

Immediately following the Acquisition, Ardagh's glass container business in the Nordic region will have two manufacturing facilities with four glass furnaces. These facilities produced a total of 1,040 million glass containers and 267,000 tonnes of glass in 2006. The Limmared facility is situated in the town of Limmared in Sweden, located south of Gothenburg, and will produce flint and amber glass for the spirits, food and pharmaceutical sectors. The Holmegaard facility is situated in the town of Holmegaard in Denmark, located near Copenhagen, and will produce flint, olive green and HT green glass primarily for the beer and food sectors.

The Benelux Region

Immediately following the Acquisition, Ardagh's glass container business in the Benelux region will have two manufacturing facilities with four glass furnaces. These facilities produced a total of 1,699 million glass containers and 375,000 tonnes of glass in 2006. The Moerdijk facility is situated in the town of Moerdijk, located near Rotterdam, and will produce glass containers for Heineken exclusively. It uses oxyfuel technology designed by Heye International. The Dongen facility is situated in the town of Dongen, located near Breda.

Poland

Immediately following the Acquisition, Ardagh's Polish glass container business will have three manufacturing facilities with seven glass furnaces. These facilities produced a total of 1,114 million glass containers and 306,000 tonnes of glass in 2006. The Ujście Glassworks facility is situated in the town of Ujście, located about 90 kilometers north of Poznan in Western Poland and about 100 kilometers from the German border. The Gostyn facility is situated in the town of Gostyn, located near Poznan in Western Poland. The Wyszkow facility is situated in the town of Wyszkow, located near Warsaw.

Italy

Ardagh's Italian glass container business has one manufacturing facility with a single furnace. This facility produced a total of 368 million glass containers and 81,128 tonnes of glass in 2006. Ardagh's Italian glass container business' facility is strategically located in the industrial area of Montorio Al Vomano, approximately 150 kilometers east of Rome, and has favorable access to two major highways running north-south and east-west.

Energy, Raw Materials and Suppliers

Ardagh uses natural gas, electricity and oxygen to fuel its furnaces. Ardagh has developed substantial backup systems, which protect its operations in the case of an interruption of its energy sources. There are typically several energy suppliers in each region, with contractual pricing arrangements typically linked to the relevant market index. We seek to mitigate the inherent risk in energy price fluctuations through a combination of contractual pass-through agreements, commercial discussion and negotiation and hedging. We have an active hedging strategy, developed on a regional basis to account for varied market characteristics. Across all of our regions, a significant proportion of the budgeted total energy costs for 2007 has been hedged. We typically hedge in tranches of 10% of volumes. The remaining volumes can be left unhedged in order to take advantage of spot market opportunities that could lead to an overall reduction of energy costs. We expect energy costs over the next several years to increase broadly in line with inflation.

The primary raw materials used in Ardagh's glass container operations are cullet (crushed recycled glass), sand, soda ash and limestone. Ardagh has several regional suppliers of cullet and a number of pan-European suppliers of soda ash. Ardagh uses as much recycled glass as possible in its production process as this enables the other raw materials to melt at lower temperatures, thereby lowering its energy costs. These materials, together with the other raw materials Ardagh uses to manufacture glass containers, have historically been readily available on the open market in adequate supply from multiple sources, and Ardagh is not dependent upon any single supplier. However, for certain raw materials, there may be temporary shortages due to weather or other factors, including disruptions in supply caused by transport or production delays. Prices for sand, limestone and other minerals used in the manufacture of glass containers historically have not been subject to dramatic price fluctuations. Prices for soda ash have experienced temporary sharp increases or decreases from time to time in the past.

Germany

Ardagh's German operations, which will include the German operations of the Acquired Business, use natural gas, oxygen, electricity and oil to fuel their furnaces. Natural gas and electricity prices increased significantly in 2005 and 2006, and Ardagh expects prices to remain high in future years.

- *Cullet*. Cullet is supplied to Ardagh's German operations by several suppliers. The German mandatory deposit law has led to a reduction in the availability of flint and amber cullet. However, the impact of the law on the quantities of cullet available in the German market has stabilized, and green and mixed cullet availability in 2006 was adequate for the needs of the industry.

  In addition, the Federal Cartel Office in Germany (the "FCO") has notified all glass factories in Germany which are members of Gesellschaft fur Glasrecycling und Abfallvermeidung ("GGA"), the German glass recycling organization in which all major glass producers in Germany are shareholders, that they must cease transporting cullet through the GGA by the end of 2007. The GGA was set up to optimize the logistical supply and distribution of treated and untreated cullet on a national basis and has been instrumental in achieving the high recycling rates in Germany of between 85–90%. The FCO has suspended the activities of the GGA pending further investigation. The GGA is seeking legal advice on this matter on behalf of all glass container manufacturers. Uncertainty in the cullet distribution and supply chain is likely to lead to cullet price increases in the future.

- *Soda ash*. Ardagh sources its soda ash from several main suppliers. Due to increased demand worldwide, prices have increased in 2005 and 2006. Soda ash prices are currently stable but are subject to upward price movement due to supply chain and other factors, including increasing energy prices.

- *Sand*. Sand for Ardagh's operations is sourced from several main suppliers. The cost is expected to be broadly stable.

United Kingdom

Energy and raw material prices have increased significantly over the last two years. Natural gas accounts for 65% of Ardagh's U.K. glass container business energy costs. Natural gas prices were volatile throughout 2006 with spot prices reducing significantly in the second half of 2006. Despite the current low price of gas, Ardagh expects natural gas prices to increase over the medium-term, though they are not expected to reach the pricing levels of 2005 and 2006.

- *Cullet*. While there is an oversupply of green cullet in the United Kingdom, mainly due to the recycling of large amounts of imported wine bottles, there is a shortage of flint cullet as a high proportion of spirits bottles are exported, and therefore the cullet is unavailable in the U.K. market. The U.K. government is currently promoting the recycling of this and other scarce forms of cullet. Ardagh expects that prices for cullet in the United Kingdom will increase broadly in line with inflation. Ardagh is actively involved in the promotion of glass recycling. See "Business—Glass Recycling". All U.K. plants continue to use as much cullet as possible. Technical innovations introduced recently have enabled more cullet to be used in furnaces. In late 2004, Ardagh increased its cullet treatment (removal of contaminants) capacity by 200,000 tonnes per annum. However, increasing numbers of local authorities are changing to collecting mixed color cullet, resulting in a reduction in the supply of color-separated material.

- *Sand*. The majority of sand supplies have been secured over the next four years and prices are expected to increase only slightly during this period.

- *Soda ash*. Ardagh sources its soda ash from several main suppliers.

- *Limestone*. Ardagh sources its limestone supplies from multiple sources and future pricing is expected to be in line with inflation.

The Nordic Region

The Nordic operations, which we will acquire as part of the Acquisition, use natural gas, oil and liquefied petroleum gas ("LPG") to fuel their furnaces. Electricity will be used to power the production machinery. We purchase electricity at spot rates on the Nord Pool open market. The Holmegaard facility uses natural gas to heat its furnaces. The Acquired Business experienced significant price increases in natural gas from 2005 to 2006.

In the Nordic region, the Acquired Business owns a cullet plant in Holmegaard, which affords good availability of supply. Nevertheless, we expect raw material costs to increase in the near term, including costs for soda ash and cullet.

The Benelux Region

The Benelux operations, which we will acquire as part of the Acquisition, use natural gas, oxygen and electricity to fuel their furnaces. Electricity is used both for extra heating for our Dongen furnaces, and to power "individual section" glass-forming machines ("IS machines") at both of our facilities in the Benelux region. The Moerdijk facility uses oxyfuel technology designed by Heye International, achieving lower nitrogen oxide emissions.

Natural gas and electricity prices increased significantly in 2005 and 2006 and we expect prices to remain high in future years. We expect raw material costs over the next few years to increase broadly in line with inflation. The Moerdijk facility will have less exposure to energy price increases than does our Dongen facility, as the latter will not be able to pass on certain energy price increases to its top 10 customers.

We expect moderate price increases for soda ash and cullet in 2007. The increase in raw material costs is due largely to the impact of energy prices on raw materials and the growing demand for cullet in Europe.

Poland

Natural gas and electricity prices increased significantly in 2005 and 2006 and we expect prices to remain high in future years. We expect raw material costs over the next few years to increase broadly in line with inflation. The prices for soda ash and cullet are expected to be broadly stable in the medium term.

Most of our raw material contracts are annual contracts finalized in January of each year. These contracts typically do not include energy clauses, which are not customary in Poland. Many of our raw material contracts are managed at the plant level, which we believe has resulted in lower prices and better payment terms.

- *Cullet*. Our Polish businesses, which will include the Polish operations of the Acquired Business, use a lower proportion of cullet in production than our other regions, since it is difficult to source sufficient quantities of good quality cullet due to low levels of recycling. This also results in higher costs for cullet in Poland than in other regions. HSU currently imports most of its cullet supply from Sweden and Germany, while the Acquired Business in Poland obtains its cullet supply locally. We have entered into an agreement with Rhenus AG & Co. KG, whereby Rhenus will construct and operate a modern, high quality cullet treatment plant and supply the output to our Polish plants, and we have corresponding minimum purchase obligations. This agreement will give us access to reliable supplies of high quality cullet which are not currently available in the Polish market. This is expected to lead to improvements in our quality and service ratings with our customers.

- *Soda ash*. Soda ash is supplied to our Polish business by a number of suppliers. Prices for soda ash increased by 10% in 2006, primarily due to increasing oil prices. Soda ash prices are currently stable but are subject to upward price movement due to supply chain and other factors, including increasing energy prices.
- *Sand*. The Wyszkow and Ujście facilities own sand mines which supply all of those facilities' sand requirements. The sand from the owned mines is cheaper than sand purchased externally, due to minimal distribution costs. Our Gostyn facility will purchase all of its sand externally. The cost of purchasing sand externally is influenced by oil prices, due to the high cost of transporting sand over long distances.

Italy

Ardagh expects raw material costs over the next several years to increase broadly in line with inflation. Natural gas and electricity prices increased significantly in 2006, and we expect prices to remain high in future years.

Sales, Marketing and Distribution

The sales and marketing efforts are coordinated out of our head office in Dublin. We will maintain regional sales offices in the countries where we operate.

Glass containers are fragile and have a high ratio of bulk to weight. We believe that it is rarely economical to transport glass containers beyond a 400–500 kilometer range.

In Germany, including the German operations of the Acquired Business, most of Ardagh's glass containers are shipped by third-party transport operators to customers who are generally within a 400–500 kilometer range of the manufacturing plant. Finished products are stored at Ardagh's plants and, occasionally, on a seasonal basis at rented facilities nearby. Some of our freight contracts provide for adjustments to allow for increased fuel prices, and as a result, our distribution costs have increased over the last year and are expected to increase further in the near term.

In the United Kingdom, transport is minimized by using a network of satellite warehouses operated by national distribution companies. Ardagh owns five warehouses in the United Kingdom, which are located next to its manufacturing facilities. Ardagh also utilizes warehouses in a number of other locations throughout the United Kingdom pursuant to fixed short-term contracts.

In the operations of the Acquired Business in the Nordic region, transport is managed by a few logistic partners for our domestic and export business. In the Nordic region, some off-site warehouses are used on a year-round basis, and other external warehouse capacity will be available on a seasonal basis if required. External warehouses are available on demand.

In the operations of the Acquired Business in the Benelux region, transport is managed by a single service provider for all destinations. External warehouses are used on a seasonal basis depending on the overall business need.

In Poland, including the Polish operations of the Acquired Business, glass containers are shipped to customers by third-party transport operators. In the case of exports, product is shipped by rail transport and sea carriers.

In Italy, Ardagh ships to a number of breweries operated by SABMiller and Heineken using third-party transport operators. Ardagh stores finished product is at its manufacturing facilities in Montorio al Vomano and occasionally leases third-party warehousing under short-term contracts.

Intellectual Property

Glass Containers

In the United Kingdom, Ardagh's Rockware business unit is party to a technology and licensing agreement with O-I and Ardagh uses a significant amount of machinery and technology supplied by it. In the event of a change of control of Rockware Group Limited, O-I would be entitled to terminate the technology and licensing agreement. In such an event, O-I would be required to continue providing Ardagh with parts for existing machinery but would not be required to provide Ardagh with further upgrades.

Glass Technology and Manufacturing Equipment

In Germany, Heye International has an extensive portfolio of patents covering the design of equipment for the manufacture of glass containers. It also has substantial proprietary knowledge of the technology and processes involved in operating a glass container manufacturing facility. It has entered into a large number of agreements to provide technical assistance and technology support to glass container manufacturers for which it receives annual fees.

Seasonality

Demand for particular glass container packaging products such as beer, food and beverages is highly seasonal. In Europe, demand is stronger during the summer months and the period leading up to the holidays in December. Demand may also be affected by factors which influence the demand for products packed in glass, especially beer. Factors such as weather conditions and some specific sporting events, including the World Cup and the Olympics can have an impact on the pattern of demand.

Research and Development

Research and development constitutes an important part of Ardagh's activities. Ardagh supports a significant research and development effort, particularly at Heye International, which it believes is vital to its ability to compete effectively. Ardagh is a member of glass research associations and other organizations which are engaged in research and development activities aimed at improving the manufacturing processes and the quality and design of products while continuing to meet Ardagh's environmental responsibilities. Ardagh's research, development and engineering activities include developing new products to meet customers' needs, improving product quality and reducing raw material and energy consumption and increasing capacity, and thereby reducing emissions into the environment. In the United Kingdom, Ardagh is party to a technology and licensing agreement with O-I, which enables Ardagh to benefit from their research and development activities. See "—Manufacturing and Production—United Kingdom".

Ardagh's research and development efforts allow its businesses to remain at the forefront of development and to compete effectively in the marketplace. Ardagh works together with suppliers to focus on process development to enable improvements in cost reduction, productivity improvement, environmental, health and safety matters and refining processes to support product development. Our typical approach is to develop the specific process improvement in a single plant, measure and evaluate its success and determine whether and how to apply the process improvement to the entire product range or to particular plants, as applicable.

Environmental, Health and Safety and Product Safety Regulation

The principal potential environmental issues facing Ardagh include the impact on air quality through gas and particle emissions from its glass furnaces, including the generation of greenhouse gases; the environmental impact of the disposal of water used in the glass production process; and the potential contamination and subsequent remediation of land arising from Ardagh's operations

Ardagh's activities are regulated under a wide range of international, European Union, national, provincial, regional and local laws, ordinances and regulations and other legal requirements concerning the environment, health and safety and product safety in each jurisdiction in which it operates.

Ardaghs' substantial industrial operations are subject to the requirements of the EU Directive 96/61/EC on Integrated Pollution Prevention and Control ("IPPC Directive"). This Directive provides that operators of industrial installations, including glass manufacturing installations, must take into account the whole environmental performance of the installation, covering emissions to air, water and land, the generation of waste, the use of raw materials, energy efficiency, noise, prevention of accidents, and restoration of the site upon closure. Installations are required to hold a permit, which sets emission limit values which are based on Best Available Techniques ("BAT"), set out in BAT Reference Documents. All of Ardagh's glass manufacturing plants hold the required permits under the relevant IPPC legislation.

A revision of the BAT Reference Document for glass manufacturing began in 2006 and may result in important changes. The requirements imposed on Ardagh under its IPPC permit may change over time, and such changes may require modifications to existing plant and equipment, upgrade works or, in extreme cases, the cessation of operations. The European Commission is undertaking a comprehensive review of the IPPC Directive and has indicated that it also intends to achieve significant reductions in the levels of sulphur dioxide and nitrogen oxides emissions by 2020. Changes to requirements imposed under its various IPPC licences could have a material adverse effect on Ardagh's business, financial condition and results of operations.

The European Union introduced a European Union Emissions Trading Scheme (EU ETS) from January 1, 2005. The first phase runs from 2005-2007 and the second phase will run from 2008-2012 to coincide with the first Kyoto Commitment Period. The scheme works on a cap and trade basis. European Union Member State governments have set emission caps for all installations covered by the scheme for phase one. Installations that emit less than their emission cap can sell emission allowances on the open market and installations that exceed their emission cap are required to buy emission allowances and are penalized if they are unable to surrender the required amount of allowances at the end of each trading year. Ardagh has had sufficient emission allowances in phase one to operate all its plants at the required capacity.

Some Installations have not yet been allocated allowances for phase two in all Member States and if the allowances given to Ardagh are insufficient this may require the modification of the furnace processes or additional expenditure on carbon allowances. Ardagh is likely in the future to have to both reduce and manage its own emissions, so as to meet changing regulatory requirements.

Ardagh's operations are also subject to comprehensive environmental laws and regulations, including laws relating to the remediation of, and liability for, contamination of soil and groundwater. Under these laws, Ardagh may be liable for, among other things, the cost of investigating and remediating contamination, as well as criminal, civil and administrative sanctions, fines and penalties for non-compliance as well as claims by third parties who have suffered harm as a result of any pollution or contamination or occupational exposure to any hazardous substance.

Legislation in each Member State may require the remediation of soil and groundwater contamination and may provide for strict, joint and several liability for investigation and remediation of contamination. The circumstances in which remediation is required, and the party responsible for undertaking or bearing the cost of such remediation varies between Member States but can result in significant liabilities. In addition, civil liability may also arise. Practices of Ardagh may have resulted in contamination of Ardagh's facilities which has not yet been detected or which is suspected or identified but for which no action has yet been taken. Certain of Ardagh's manufacturing facilities are located on properties with a long history of industrial use involving the use of materials and processes that can give rise to potential liabilities in respect of remediation. Potential liabilities may arise in relation to land which was previously owned by companies which Ardagh has acquired but which was sold prior to Ardagh's acquisition of those companies.

Further, the European Union Directive on environmental liability with regard to the prevention and remedying of environmental damage (which member States were obliged to implement by April 30, 2007) aims to make those who cause damage to the environment (specifically damage to habitats and species protected by European Union law, damage to water resources, and land contamination which presents a threat to human health) financially responsible for its remediation. It requires operators of industrial premises (including those which hold an IPPC permit) to take preventive measures to avoid environmental damage, inform the regulators when such damage has or may occur and to remediate contamination.

Governmental authorities have the power to enforce compliance with their laws and regulations, and with the conditions of permits, and violations may result in criminal, civil and administrative liabilities and sanctions (including criminal fines and penalties and also liability for directors, managers, secretaries or other similar officers). Ardagh believes that it is in substantial compliance with its permits and with all material environmental laws and regulations.

Asbestos is present, or may be present, at a number of our sites. The rules governing the management of asbestos varies between Member States and it is possible that remediation measures to remove asbestos containing materials ("ACMs") will be required, in particular where friable ACMs are present or where a site is decommissioned.

Prior to the acquisition by Ardagh of Heye Glas in 2003, an independent environmental audit of Heye Glas was commissioned in respect of its manufacturing facilities. No material environmental issues were reported.

In May 2004, an independent environmental audit of HSU was commissioned in respect of its manufacturing facilities as part of Ardagh's due diligence process. No material environmental issues were reported in the audit report.

As part of our due diligence process associated with the Redfearn acquisition, we reviewed an independent environmental review of the Barnsley site in April 2005, which was commissioned by the seller. No material environmental issues were identified.

As part of our due diligence process associated with the Acquisition, Ardagh commissioned an independent environmental review of the documents provided by Rexam PLC, in particular phase I environmental assessment reports commissioned by Rexam PLC. Asbestos is present, or may be present, at a number of sites. It is possible that remediation measures will be required.

The reports came to the conclusion that at certain German sites of the Acquired Business, there are indications for contamination which may require investigation and/or remediation under legal requirements. Possible soil and groundwater contamination issues also arise at the sites of the Acquired Business in the Netherlands, the materiality of which has not yet been established. There is significant potential for contamination to be present at the Gostyn site and potential contamination at the Wyszkow site at the Acquired Business in Poland. Therefore, the possibility of future land remediation costs cannot be excluded. There is actual contamination at the sites of the Acquired Business in Sweden and Denmark. Hydrocarbon contamination was discovered in 1997 and the authorities were informed, although no requests for further actions were made. The remediation of the site in Denmark is on-going and may involve costs for Ardagh.

Based on the conditions currently known to us, we do not believe that any pending or likely remediation and compliance costs will have a material adverse effect on Ardagh's business or results of operations.

The European Union recently passed a new regulation concerning the Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH). REACH places onerous new obligations on the manufacturers of substances, preparations and articles containing substances and may affect Ardagh's ability, as a downstream user of certain chemicals, to continue to source those chemicals used in the manufacture of glass or may affect the price of such substances.

A European Union Directive on packaging and packaging waste, which must be implemented in each Member State, regulates packaging placed on the market in the European Union and requires that certain rates of recycling and recovery be achieved. The Directive sets out essential requirements regarding the composition and the reusable and recoverable nature of packaging and packaging waste. Some Member States have enacted legislation which imposes more onerous obligations in relation to packaging, including packaging taxes and mandatory deposit schemes. The Directive is subject to review, with Member States obliged to develop waste prevention programmes. Measures to strengthen Member State implementation of the essential requirements of the Directive can also be expected. European Union and national legislation sets out specific, onerous rules concerning waste management, including transport, recovery and disposal. Ardagh is required to comply with EU and national regulations that require a percentage of packaging and packaging wastes to be recovered and a designated percentage to be recycled, including contributing fees toward the costs of recycling and recovery activities. Ardagh is an enthusiastic supporter of glass recycling programmes as increased success in recycling normally increases the supply of cullet in the marketplace.

Packaging used for food products must be safe for consumption and is subject to limitations on the extent to which packaging material components may migrate into packaged foods, which may become more stringent in the future. Ardagh designs its food packaging products to satisfy European Union and individual Member State requirements.

Glass Recycling

Germany

In Germany, Ardagh operates a cullet pulverization operation in Obernkirchen and has a joint venture arrangement with RWE in the Eura Glass cullet pulverization operation in Germersheim. Cullet pulverization produces a fine powder that allows greater usage of cullet and improves the glass quality. Germany currently recycles 90% of its glass production and Heye Glas participates fully in the recycling program.

Immediately following the Acquisition, Ardagh will own 33% of Glasrecycling Leserringen GmbH & Co. KG, Nienburg, which collects and recycles glass for the Nienburg plant.

In 2003, a revised mandatory deposit law became effective in Germany. This new law imposes a mandatory deposit of €0.25 for non-returnable containers under three liters used for carbonated soft drinks, beer, water and juice beverages. One of the effects of this law has been a reduction in the amount of available cullet on the German market.

United Kingdom

Ardagh is an important contributor to the recycling effort in the United Kingdom. In order to increase glass recycling, Ardagh established, with its partner, Reuse Glass U.K. Limited, a £7 million cullet (recycled glass) treatment facility alongside its manufacturing facility in Knottingley. The recycling facility has the capacity to convert 200,000 tonnes of post-consumer waste glass into substitute raw material and has significantly improved cullet quality, allowing Ardagh to double cullet usage since

2000, with some furnaces achieving over 90% recycling content. Using recycled glass in Ardagh's manufacturing process lowers manufacturing costs by reducing the amount of energy consumed by the glass furnace and prolongs their operating life. The facility also helps to meet the U.K. Government recycling targets under the EU Packaging Regulations and reduces the costs to Ardagh of the U.K. Government's Climate Change Levy and the Integrated Pollution and Prevention Control Directive. In 2003, in recognition of Ardagh's recycling efforts, Ardagh won a Queen's Award for Enterprise—"Sustainable Development in glass packaging production through recycling, technology and educational programs".

In September 2004, Ardagh, together with its partner, Reuse Glass U.K. Limited opened a second 200,000 tonne per annum cullet treatment plant at Ardagh's Doncaster manufacturing facility at a cost of £7.5 million. This will allow Ardagh to further increase the level of cullet used. Ardagh continues to support its glass recycling activities with a national program of education and recycling awareness.

The Nordic Region

Immediately following the Acquisition, Ardagh will own 25% ownership in the Norwegian Glass Recycling company NGG and 20% of the Swedish Recycling company SGA. The majority of cullet requirements for the region will be managed through these companies, giving access to good quality cullet. In addition, we will run our own cullet processing plant in Denmark, which delivers most of the cullet used in Holmegaard.

The Benelux Region

Immediately following the Acquisition, Ardagh will acquire 30% ownership in the Netherlands green dot system trust SDV. This trust company was launched in 2006 as a strategic move by the glass industry to improve quality, availability and cost of cullet in the region.

Poland

Glass collection in the Polish market is underdeveloped, making it difficult to get good quality cullet locally. We currently import higher quality cullet from Sweden and Germany. We have entered into an agreement with Rhenus AG & Co. KG, whereby Rhenus will construct and operate a modern, high quality cullet treatment plant and supply the output to our plants, and we have corresponding minimum purchase obligations. This agreement will give us access to reliable supplies of high quality cullet which are not currently available in the Polish market and is expected to lead to improvements in our quality service ratings with our customers. EU law requires Polish recycling rates to be 40% in 2007.

Italy

In Italy, the use of cullet in the manufacturing process is extensive with 50% of the batch (raw materials) entering the production process being a combination of amber and mixed color cullet. Ardagh purchases as much recycled glass as possible from recycling organizations and is a committed member of the Italian Packaging Consortium and the Italian Consortium for the Recovery of Glass. Ardagh is determined to meet, if not exceed, the targets these organizations have set for recycling.

Legal Proceedings

There are no material legal proceedings currently outstanding.

Property, Plant and Equipment

Ardagh's glass container manufacturing operations are and will be located principally in Germany, the United Kingdom, the Nordic region, the Netherlands, Poland and Italy. We believe that Ardagh's facilities are well maintained and that it generally has sufficient capacity to satisfy its current demand and expected market conditions. Ardagh owns all of its manufacturing facilities, some of which are subject to mortgages, finance leases or similar financial arrangements. Certain of Ardagh's warehousing facilities are located on premises leased from third parties. The following table provides information about Ardagh's glass container manufacturing facilities, including facilities to be acquired as part of the Acquisition.

Location	Currently owned by	Building Area (square meters)	No. of Furnaces
Germany			
Nienburg	Acquired Business	97,588	4
Bad Munder	Acquired Business	48,533	4
Obernkirchen	Ardagh	69,369	3
Lunen	Acquired Business	36,481	2
Wahlstedt	Acquired Business	49,072	1
Schleiden	Acquired Business	18,897	1
Neuenhagen	Acquired Business	41,357	1
Drebkau	Acquired Business	31,776	1
Germersheim	Ardagh	43,881	1
Obernkirchen (Heye International)(1)	Ardagh	18,673	—
Obernkirchen(2)	Ardagh	56,807	—
United Kingdom			
Barnsley	Ardagh	107,000	4
Knottingley	Ardagh	55,000	3
Doncaster (Wheatley)	Ardagh	50,000	3
Worksop	Ardagh	26,000	1
Portland	Ardagh	33,000	2
Doncaster (Wheatley)(2)	Ardagh	20,000	—
Poland			
Ujście Glassworks	Ardagh	20,000	3
Gostyn	Acquired Business	43,116	3
Wyszkow	Acquired Business	16,493	1
External Warehouse(2)	Ardagh	11,900	—
The Benelux Region			
Dongen	Acquired Business	100,930	3
Moerdijk	Acquired Business	29,000	1
The Nordic Region			
Limmared (Sweden)	Acquired Business	65,500	2
Holmegaard (Denmark)	Acquired Business	70,000	2
Italy			
Montorio al Vomano	Ardagh	8,000	1

(1) Premises leased from third-party.

(2) Warehouse leased from third-party.

Employees

As at December 31, 2006, Ardagh had 3,286 employees, of which 1,615 were located in the United Kingdom and 105 were located in Italy. Ardagh's German glass container business and German glass technology and manufacturing business had 700 employees and 157 employees, respectively. Ardagh's Polish glass container business had approximately 413 employees and the Polish glass technology businesses had 288 employees.

As at December 31, 2006, the Acquired Business had 3,598 employees, of which 1,823 were located in Germany, 798 were located in the Nordic Region, 505 were located in the Benelux region, and 472 were located in Poland.

Ardagh's employees are represented by various trade unions and workers' councils in the countries in which we operate. Ardagh's management believes that, overall, its current relations with its employees are good.

History and Development of Ardagh

History. Ardagh was incorporated, as The Irish Glass Bottle Company, in Dublin in 1932. Until 1999, Ardagh operated a single plant in Dublin with two furnaces. In 1999, Ardagh started its international expansion.

Acquisition of Rockware Glass. In 1999, Ardagh acquired Rockware Glass Limited from O-I for a purchase price of £247 million.

Acquisition of Abruzzo Vetro. In July 2002, Ardagh acquired Consumers Glass S.r.l., an Italian glass container manufacturer (subsequently renamed Abruzzo Vetro S.r.l.), for cash consideration of approximately €2.8 million plus assumed net debt of €13.4 million.

Demerger. In July 2002, South Wharf plc's (formerly Ardagh plc's) glass container manufacturing facility in Ireland was closed and the business in Ireland became primarily a property holding company. The U.K. and Italian glass container businesses were demerged and transferred to Ardagh Glass Limited, a predecessor of Ardagh Glass Holdings Limited, in February 2003.

Acquisition of Heye Holding. In March 2003, Ardagh acquired the glass container and technology and manufacturing businesses and assets of Hermann Heye KG for a total consideration of €35.5 million, consisting almost entirely of assumed debt.

Acquisition of Huta Szkla Ujście. In September 2004, Ardagh acquired 82.4% of Huta Szkla Ujście ("HSU"), a Polish glass container manufacturer, for €8.0 million plus assumed net debt of €3.0 million. Between September 2004 and December 2006, Ardagh acquired the remaining 17.6% of HSU's equity on terms similar to the original acquisition.

Acquisition of Ardagh Glass Limited by Ardagh Glass Group plc. In February 2005, Ardagh Glass Group plc, an Irish company (then named Caona plc), made an offer to the shareholders of Ardagh Glass Limited to acquire all of the Preferred Ordinary Shares in issue as at that date for €4.00 each. The offer of Ardagh Glass Group plc was accepted in respect of 99.1% of the Preferred Ordinary Shares of Ardagh Glass Limited. At an extraordinary general meeting of the shareholders of Ardagh Glass Limited in April 2005, a special resolution redeeming the remaining 0.9% of the Preferred Ordinary Shares (at the redemption price of €4 share) was passed and, accordingly, Ardagh Glass Limited became a 100% subsidiary of Ardagh Glass Group plc.

Acquisition of Redfearn Glass Limited. In May 2005, Ardagh acquired Rexam Glass Barnsley Limited, the U.K. glass business of Rexam PLC. The business was acquired for £50 million, comprising cash consideration and assumed debt. The business was renamed Redfearn Glass Limited. In November 2006, Rockware Glass Limited acquired the business and assets of Redfearn Glass Limited.

Group Reorganization. In August 2005, Ardagh Glass Holdings Limited acquired all of the share capital of Ardagh Glass Limited and through this acquisition became the new parent guarantor for the 8⅞% Senior Notes issued in July 2003 and due in July 2013 (the "2003 Notes").

Acquisition of the Glass Division of Rexam PLC. In March 2007, Ardagh agreed to acquire the glass container manufacturing business of Rexam PLC for an enterprise value of €660 million, less net debt (and subject to adjustment in relation to the value of its net operating assets at completion). See "The Transactions—The Acquisition." This Acquisition, when completed, will expand Ardagh's holdings in Germany and Poland and allow Ardagh to enter new markets in the Nordic and Benelux regions.

MANAGEMENT

Issuer

The Issuer is a public limited company, incorporated under the laws of Ireland on March 1, 2007 and registered in Ireland. The following table sets forth certain information with respect to members of the board of directors of the Issuer as of the date hereof.

Name	Age	Position
Paul Coulson	55	Director
Houghton Fry	61	Director
John Riordan	48	Director
Niall Wall	44	Director

Each of the Issuer's existing directors is also a member of the board of directors of Ardagh Glass Group plc, our ultimate parent company.

The Parent Guarantor

The Parent Guarantor is a private company incorporated under the laws of Ireland. The following table sets forth certain information with respect to members of the board of directors of the Parent Guarantor as of the date hereof.

Name	Age	Position
Paul Coulson	55	Director
Niall Wall	44	Director
John Riordan	48	Director
Brendan Dowling	60	Director
Houghton Fry	61	Director

Ardagh Glass Group plc

Ardagh Glass Group plc is the ultimate parent company of the Parent Guarantor and the Subsidiary Guarantors.

Board of Directors

The following table sets forth certain information with respect to members of the board of directors of Ardagh Glass Group plc as of the date hereof. In this section, "Group" refers to Ardagh Glass Group plc.

Name	Age	Position
Paul Coulson	55	Chairman
Niall Wall	44	Chief Executive
John Riordan	48	Finance Director
Brendan Dowling	60	Corporate Development Director
Houghton Fry	61	Director
Wolfgang Baertz	66	Non-Executive Director
Sir Frank Davies	75	Non-Executive Director
Edward Kilty	58	Non-Executive Director
Dan O'Donohoe	62	Non-Executive Director

Paul Coulson became Chairman of the Group in March 1998. He qualified as a Chartered Accountant with Price Waterhouse in 1978 and founded Yeoman International in 1980. He owns 22%

of the share capital of Ardagh Glass Group plc and together with his wife he beneficially owns 33% of Yeoman International Holdings S.A. which also owns 41% of the share capital of Ardagh Glass Group plc as of March 31, 2007.

Niall Wall was appointed Chief Executive of the Group in April 2007. Prior to joining Ardagh, he was Chief Executive of Sterile Technologies Group, the leading medical waste management company in the United Kingdom and Ireland. He is a member of the Institute of Directors. He owns 4.7% of the share capital of Ardagh Glass Group plc as of March 31, 2007.

John Riordan has been Finance Director of the Group since 1999. He qualified as a Chartered Accountant with Price Waterhouse in 1985. He has held a number of financial management roles in the pharmaceutical and medical appliance industries before joining Ardagh.

Brendan Dowling has been a director of the Group since 1998. He is a director of Yeoman International Group Limited, a wholly-owned subsidiary of Yeoman International Holdings S.A., and other private companies. He was previously a partner in Davy Stockbrokers having joined the firm as its senior economist in 1979.

Houghton Fry has been a director of the Group since May 2004. He was formerly the Chairman and Senior Partner of William Fry, Solicitors, Dublin. He is also a director of a number of private companies.

Wolfgang Baertz was President of the Executive Committee of Dresdner Bank Luxembourg from 1997 until his retirement in 2004, having been Managing Director from 1982 to 1997. He is a director of Yeoman International Holdings S.A. and a number of private companies. He has been a director of the Group since December 2002.

Sir Frank Davies has been a director of the Group since 1985. He is a former Chief Executive of Rockware Glass and is a former President of the European Glass Container Federation ("FEVE"). He is a director of a number of private U.K. companies.

Edward Kilty was Chief Executive of the Group from 1992 until his retirement on March 31, 2007. He is a past President of FEVE and of the British glass industry association. He owns 5% of the share capital of Ardagh Glass Group plc as of March 31, 2007.

Dan O'Donohoe has been a director of the Group since February 2003. Over the last 30 years, he has held a number of senior executive positions in the food, aviation and investment industries. He has served on the board of directors of a number of public and private companies.

Number and Election of Directors

The number of directors of Ardagh Glass Group plc is not subject to any maximum. The holders of the ordinary shares have the right to elect the Board of Directors. The existing directors have the right to appoint additional directors (or to fill vacancies).

Senior Management

David Currie (61) joined the Group as Group Operations Director in 1999. Prior to joining the Group he was General Manager Operations and Technology for all of the Asia Pacific operations of O-I. He has held senior executive positions in a number of countries. He became Managing Director of Rockware in 2003.

Brian Butterly (62) is a management accountant who joined the Group in 1978. He has held various senior management positions in Ardagh. He is Company Secretary for Ardagh Glass Group plc and Ardagh Glass Holdings Limited.

Brendan Gorey (50) joined the Group in 1979 as production engineer for its Irish operations. He held various senior management positions and was Managing Director of the Irish operations from 1999 until their closure in 2002. He became Managing Director of Heye Glas in 2003 and is also a director of Heye Holding and Heye International.

Jochen Böllert (51) graduated as an engineer from Hanover University. He joined Heye in 1985 and has held a number of senior management positions including serving as Plant Manager in Portugal and Germany. He has managed Heye International since 1999. He is also a director of Heye Glas.

Massimo Cerquetelli (52) has been General Manager of Abruzzo Vetro since 2001. Prior to that he spent 20 years with O-I in a number of senior technical and operational positions including serving as Production Manager.

Following the Acquisition, it is expected that a number of senior managers of the Acquired Business will join the Ardagh senior management team.

Board Committees

The board of directors of Ardagh Glass Group plc has established an Audit Committee and a Remuneration Committee to carry out certain functions as described below.

Audit Committee

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

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 for senior management. The Remuneration Committee is comprised of Messrs. Coulson, Davies and Baertz. 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.

General Purposes Committee

The General Purposes Committee exercises all the powers of the Board in relation to such specific matters or transactions as may be referred to it by the Board from time to time and also deals with all issues relating to the transfer of shares in Ardagh Glass Group plc, the investment of surplus funds of the company and other matters including inter-group lending and arranging of certain short term financings. The General Purposes Committee is comprised of Messrs. Coulson, Wall, Dowling and Fry.

Internal Control and Risk Management

The Directors of Ardagh Glass Group plc are responsible for the Group 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 ongoing 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.

Compensation of Directors and Senior Management

The aggregate annual compensation payable to all our directors and senior management is €4.0 million. The aggregate annual fees payable to our non-executive directors is €75,000.

Share Ownership

As of March 31, 2007, our directors and senior management held the following shares of Ardagh Glass Group plc:

Name	Number of Shares	Aggregate Percentage Ownership
Paul Coulson	4,447,500	22.23
Niall Wall	935,000	4.68
John Riordan	200,001	1.00
Brendan Dowling	756,325	3.78
Houghton Fry	500,106	2.50
Wolfgang Baertz	150,000	0.75
Sir Frank Davies	8,408	0.04
Edward Kilty	1,000,234	5.00
Dan O'Donohoe	389,312	1.95
David Currie	209,866	1.05
Brendan Gorey	199,466	1.00
Brian Butterly	129,124	0.65
Jochen Böllert	100,000	0.05
Massimo Cerquetelli	30,000	0.15
	9,055,342	44.83

Options

As of March 31, 2007, the following director and member of our senior management held options to acquire the ordinary shares of Ardagh Glass Group plc.

Name	Number of Options	Exercise Price (€)	Expiration Date
Niall Wall	1,000,000	1.00	September 30, 2011

MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

Major Shareholders

The Issuer

As of the date of this Offering Memorandum the issued share capital of the Issuer consisted of 38,100 ordinary shares of €1 par value each. The Issuer's principal shareholders are Ardagh Glass Holdings Limited (holding 38,094 ordinary shares) and Ardagh Glass Group plc, Ardagh Glass Group Holdings Limited, Ardagh Corporate Services Limited, Paul Coulson, Houghton Fry and Brian Butterly, each holding one ordinary share on behalf of Ardagh Glass Holdings Limited.

Ardagh Glass Holdings Limited

Ardagh Glass Holdings Limited is an indirect, wholly-owned subsidiary of Ardagh Glass Group plc.

Currently, Yeoman International Holdings S.A. ("Yeoman") owns approximately 41% of the outstanding ordinary shares of Ardagh Glass Group plc. Paul Coulson, Chairman of the board of directors of Ardagh Glass Group plc, beneficially owns approximately 33% of the share capital of Yeoman and individually owns approximately 22% of the outstanding ordinary shares of Ardagh Glass Group plc. A further approximately 5% of such shares is owned by each of Niall Wall and Edward Kilty, Ardagh Glass Group plc's Chief Executive Officer and former Chief Executive Officer, respectively. Directors of Ardagh Glass Group plc and members of Ardagh's senior management team other than Paul Coulson, Niall Wall and Edward Kilty own approximately 13% of the outstanding ordinary shares of Ardagh Glass Group plc.

Related Party Transactions

Acquisition of Ardagh Glass Limited by Ardagh Glass Group plc

On February 25, 2005, Ardagh Glass Group plc, an Irish company (then named Caona plc), made an offer to the shareholders of Ardagh Glass Limited to acquire all of the Preferred Ordinary Shares of Ardagh Glass Limited in issue as at that date for €4.00 each. The offer of Ardagh Glass Group plc was accepted in respect of 99.1% of the Preferred Ordinary Shares of Ardagh Glass Limited. At an extraordinary general meeting of the shareholders of Ardagh Glass Limited on April 4, 2005, a special resolution redeeming the remaining 0.9% of the Preferred Ordinary Shares (at the redemption price of €4 share) was passed and, accordingly, Ardagh Glass Limited became a 100% subsidiary of Ardagh Glass Group plc.

Sales Agreement

The current Ardagh Group resulted from a demerger of the glass container operations of South Wharf plc in February 2003. South Wharf plc remained a related party of Ardagh after the demerger. Since the demerger and until January 29, 2007, Ardagh and South Wharf plc had a sales arrangement pursuant to which South Wharf plc acted as our sales agent in respect of sales of its U.K.-manufactured products to customers in Ireland. As consideration for this service, Ardagh Glass Holdings Limited paid South Wharf plc a commission amounting to approximately 5% of net sales. For the year ended December 31, 2006, South Wharf plc earned commissions of €287,000 from the Group pursuant to this sales arrangement. As of January 29, 2007, South Wharf plc ceased to be a related party as the entire share capital was acquired by a third party on that date.

Common Directorships

Until January 29, 2007, four of the Ardagh Glass Group plc directors, Messrs. Coulson, Dowling, Kilty and Riordan, also served as directors on the board of South Wharf plc. Two of the Ardagh Glass

Group plc directors, Messrs. Coulson and Baertz, also serve as directors of Yeoman International Holdings S.A. Mr. Dowling also serves as a director of Yeoman International Group Ltd, a wholly-owned subsidiary of Yeoman International Holdings S.A. Each of the Issuer's and the Parent Guarantor's existing directors is also a member of the board of directors of Ardagh Glass Group plc.

DESCRIPTION OF OTHER INDEBTEDNESS

The following is a summary of the material terms of our principal financing arrangements. The following summaries do not purport to describe all of the applicable terms and conditions of such arrangements and are qualified in their entirety by reference to the actual agreements. We recommend you refer to the actual agreements for further details, copies of which are available upon request. For the terms and conditions of the notes, see "Description of the Notes".

8⅞% Senior Notes due 2013

In July 2003, Ardagh Glass Finance B.V. issued 8⅞% Senior Notes due 2013 (the "2003 Notes"), in an offering that was not subject to the registration requirements of the U.S. Securities Act. The 2003 Notes are governed by an indenture entered into by Ardagh Glass Finance B.V., as issuer, The Bank of New York, as trustee for the holders, Ardagh Glass Limited, as parent guarantor, and Ardagh International Holdings Limited, Ardagh Treasury Limited, Ardagh Glass (UK) Limited, Rockware Group Limited, Rockware Glass Limited, Heye Holding GmbH, Heye International GmbH, Ardagh Holdings B.V. and Abruzzo Vetro S.r.l., as, collectively, subsidiary guarantors.

The 2003 Notes are general unsecured obligations of Ardagh Glass Finance B.V. and rank senior in right of payment to all unsecured debt of Ardagh Glass Finance B.V. that is subordinated in right of payment to the 2003 Notes; rank equally in right of payment to all unsecured debt of Ardagh Glass Finance B.V. that is not subordinated in right of payment to the 2003 Notes; and are subordinated in right of payment to all secured debt of Ardagh Glass Finance B.V., to the extent of the assets securing such debt.

At any time prior to July 1, 2008, Ardagh Glass Finance B.V. may redeem any or all of the 2003 Notes at 100% of their principal amount plus accrued and unpaid interest, if any, plus a redemption premium. On or after July 1, 2008, Ardagh Glass Finance B.V. may redeem any or all of the 2003 Notes initially at 104.4375% of their principal amount plus accrued and unpaid interest, if any, with the premium declining after that date.

If an event treated as a change of control of Ardagh Glass Finance B.V. occurs, then Ardagh Glass Finance B.V. or Ardagh Glass Limited must make an offer to repurchase the 2003 Notes at a purchase price in cash in an amount equal to 101% of the principal amount thereof, plus accrued and unpaid interest, if any, to the date of purchase.

The 2003 Notes are guaranteed on a senior basis by Ardagh Glass Holdings Limited and on a senior subordinated basis by nine wholly-owned subsidiaries of Ardagh Glass Limited. Upon the closing of the Acquisition, any subsidiary of Ardagh that guarantees the notes offered hereby will also become a subsidiary guarantor of the 2003 Notes.

New Intercreditor Agreement

In connection with the Transactions, Ardagh Glass Holdings Limited and certain of its subsidiaries, including the Issuer of the notes offered hereby, the issuer of the 2003 Notes and certain Subsidiary Guarantors, will enter into an intercreditor agreement (the "Intercreditor Agreement") with, among others, Anglo Irish Bank Corporation Plc, Barclays Bank PLC and The Bank of New York, in its capacity as trustee for the notes and for the 2003 Notes, on or prior to the date of the completion of the Acquisition. The Intercreditor Agreement will replace the intercreditor agreement dated July 11, 2003 which we entered into in connection with the issuance of the 2003 Notes and which was amended and restated on November 20, 2003. The 2003 intercreditor agreement will be terminated effective the date the new Intercreditor Agreement is entered into in connection with the completion of the Acquisition. The Intercreditor Agreement will constitute a Senior Finance Document under the New

Anglo Irish Senior Secured Credit Facility and the Existing Anglo Irish Senior Secured Credit Facility, and a breach of its terms by us may give rise to an event of default under those facilities.

With respect to the ranking of the guarantees of the notes, the Intercreditor Agreement will incorporate the relevant terms of the Indenture for the notes and will therefore not affect the ranking of the guarantees of the notes as described elsewhere in this Offering Memorandum. See "Description of the Notes—Ranking of the Notes and the Guarantees; Subordination". The Intercreditor Agreement will also provide that the senior guarantees by the Parent Guarantor of the notes offered hereby and the 2003 Notes, respectively, will rank pari passu with each other and that the senior subordinated guarantees by the Subsidiary Guarantors of the notes offered hereby and of the 2003 Notes will rank pari passu with each other.

The Intercreditor Agreement will establish the ranking among certain of our senior debt obligations, including the New Anglo Irish Senior Secured Credit Facility, the Existing Anglo Irish Senior Secured Credit Facility, the Barclays Invoice Discounting Facility and certain finance leases relating to our Rockware operations. These senior debt obligations are described below. According to the Intercreditor Agreement, our obligations under the New Anglo Irish Senior Secured Credit Facility, the Existing Anglo Irish Senior Secured Credit Facility and certain Rockware finance leases will rank prior to our obligations under the Barclays Invoice Discounting Facility in right of payment and enforcement, subject to certain rights of Barclays Bank PLC under the Barclays Invoice Discounting Facility with respect to the operation of that facility and pursuant to security interests in certain of our receivables. In addition, the Intercreditor Agreement will provide for the subordination, in right of payment and enforcement, of all intercompany debt to all of the aforementioned senior debt and to the notes offered hereby and the 2003 Notes and the respective guarantees thereof.

The Intercreditor Agreement will also contain other customary provisions requiring the subordinated parties thereunder to turn over proceeds to senior parties in certain prescribed circumstances and restricting amendments that would adversely affect the interests of the senior parties. The Intercreditor Agreement will authorize the trustee, without the consent of the holders of the notes, to enter into an amended intercreditor agreement provided (a) there is no existing event of default or potential event of default, (b) the amended intercreditor agreement does not (i) prejudice the subordinated rights of the noteholders in respect of their claims and ranking under the guarantees, or (ii) impose any personal obligations on the trustee or adversely affect the rights, duties, liabilities or immunities of the trustee under the Indenture or the Intercreditor Agreement, and (c) the trustee receives a certificate to the effect of (a) and (b).

New Anglo Irish Senior Secured Credit Facility

Ardagh Glass Holdings Limited has entered into a facility agreement dated March 9, 2007 with Anglo Irish Bank Corporation Plc, as the original lender, arranger, agent and security agent, providing for borrowings in an aggregate principal amount of up to €495 million, of which €320.1 million are expected to be borrowed on the closing of the Acquisition. The New Anglo Irish Senior Secured Credit Facility comprises:

- a €295 million senior secured term loan facility to be used to finance a portion of the total purchase price for the Acquisition (Tranche A);
- a €50 million senior secured term loan facility to be used for capital expenditure and restructuring and reconstruction costs of the Group (Tranche B); and
- a €150 million senior secured revolving credit facility for general corporate and working capital requirements of the Group, of which up to €50 million will be available in connection with the Acquisition (Tranche C). See "The Transactions—Sources and Uses of Funds".

The final maturity date for all three tranches is seven years after the completion of the Acquisition. Interest on Tranche A, Tranche B and Tranche C advances is payable at a rate per annum equal to EURIBOR plus an agreed margin and any applicable Associated Costs Rate (as defined in the facility agreement) to compensate the lenders for costs arising due to reserve ratios or similar bank regulatory requirements.

Tranche A is an amortizing term loan facility and was available to Ardagh Glass Holdings Limited for a single drawdown on the closing date of the Acquisition. Principal in respect of Tranche A is repayable in equal quarterly installments of €2.8 million, starting on the last day of the fiscal quarter during which the closing of the Acquisition occurred.

Tranche B is a non-amortizing term loan facility and any amounts drawn under it will become due for repayment on the final maturity date.

Interest on Tranche A and Tranche B borrowings will be payable on a one-, three- or six-month basis at the option of Ardagh. The margin over EURIBOR on Tranche A and Tranche B advances is initially 2.50%, but can be reduced to 2.25% or 2.00% depending on the ratio of consolidated net senior debt to consolidated EBITDA for the preceding fiscal quarter (each as defined in the facility agreement) and on the extent to which the principal amount of the Tranche A facility has been repaid. Borrowings under Tranches A or B which have been repaid or prepaid may not be redrawn.

The Tranche C revolving facility is subject to certain agreed availability limits based on the amount of consolidated receivables and inventory of the Ardagh group at the time of the relevant drawdown request. Any amount drawn under the Tranche C revolving facility to finance a portion of the purchase price for the Acquisition will be available for reborrowing as part of the revolving credit facility. All principal outstanding under the Tranche C revolving facility falls due for repayment on the final maturity date. Interest on Tranche C borrowings will be payable every month. The margin over EURIBOR on Tranche C advances is 2.25%.

Subject to certain conditions, including the giving of at least ten business days' notice, the facility provides for the voluntary prepayment of borrowings under it. Prepayment amounts are applied first in prepayment of Tranche A and once Tranche A has been prepaid in full in prepayment of Tranche B. The facility agreement also provides for mandatory prepayment of all amounts borrowed under the facility upon a change of control (defined substantially similar to a Change of Control under the indenture for the notes—see "Description of the Notes—Purchase of Notes upon a Change of Control"). In addition, the facility agreement requires the net proceeds from certain asset disposals that are not applied within 12 months towards the purchase of a replacement asset or fixed asset, the reinstatement or repair of an asset, or the payment of a liability related to the asset in respect of which the disposal proceeds arose to be applied in prepayment of amounts drawn under the facility.

The facility is guaranteed by each Guarantor and is secured by security interests in respect of the property and assets of each Guarantor, subject to certain agreed security principles. In the facility agreement, Ardagh Glass Holdings Limited has undertaken to procure that any member of the Ardagh group which is a material subsidiary shall, as soon as possible after becoming a material subsidiary, become an additional guarantor of the facility and, subject to the agreed security principles, shall grant security over its assets and shall accede to the New Intercreditor Agreement. In the facility agreement, "material subsidiary" is defined as any subsidiary which has EBITDA or total assets representing 5% or more of the consolidated EBITDA or total assets of the Ardagh group.

The facility agreement contains customary representations and warranties. It also contains financial covenants usual to this type of agreement, including covenants to maintain certain minimum levels of consolidated EBITDA to consolidated senior debt, consolidated EBITDA to consolidated total debt, consolidated EBITDA to consolidated total senior debt interest payable, and consolidated EBITDA to consolidated total cash interest payable, minimum tangible net worth and a maximum capital expenditure (as such metrics are defined in the facility agreement). In addition, certain negative covenants restrict the ability of each member of the Ardagh group, without the prior consent of the agent and subject to specified exceptions, to, among other things:

- create, agree to create or permit to subsist any encumbrance on its present or future assets or any part of them;
- incur or permit to subsist borrowings;
- sell or dispose of its undertaking, business or assets;
- provide loans, credit, financial guarantees, bonds or indemnities or assume any liability or give any assurance in respect of any person;
- make any material change to the nature of its business or discontinue any material part of the Ardagh group's business as a whole; and
- in the case of Ardagh Glass Holdings Limited only, redeem or purchase any of its shares or otherwise reduce its share capital or declare or pay any dividends or make payments or distributions of capital or income or issue any further shares.

The facility agreement also contains certain events of default, including, among other things:

- non-payment by any obligor under the facility agreement of principal, interest, fees or other amounts due under the facility agreement or related documents;
- breach of any representation, warranty or statement made by or in relation to any member of the Ardagh Group in the facility agreement or related documents unless the relevant underlying circumstances are remedied within 30 days (subject to a cleanup period of 90 days from the closing of the Acquisition for certain breaches relating only to the Acquired Business);
- breach of certain negative or financial covenants;
- failure to comply with any other provision of the facility agreement or related documents and such default remains unremedied for 30 days (subject to a cleanup period of 90 days from the closing of the Acquisition for certain breaches relating only to the Acquired Business);
- non-payment by any member of the Ardagh group of certain borrowings due and payable or due and payable before their stated maturity by reason of an event of default, in each case in excess of a certain amount;
- the suspension of payments, execution or appropriation of assets, enforcement proceedings, bankruptcy, insolvency, liquidation, winding up, dissolution, administration or assignment for the benefit of creditors or related matters in respect of any material subsidiary;
- the unlawfulness or invalidity of the facility agreement or related documents or the obligations thereunder;
- the occurrence of a Material Adverse Effect (as defined in the facility agreement); and
- the failure by any obligor to comply with its obligations in or the provisions of the New Intercreditor Agreement which would have a Material Adverse Effect (as defined in the facility agreement).

If an event of default occurs and is continuing, the agent may cancel any unborrowed amount of the facility, reducing the commitment of each lender thereunder to zero, and/or declare all amounts outstanding under the facility, together with accrued interest, fees and all other amounts payable under the agreement, to be immediately due and payable, without demand or other notice.

Existing Anglo Irish Senior Secured Credit Facility

Ardagh Glass (UK) Limited and Ardagh Treasury Limited have entered into a facility agreement dated June 26, 2003, with Anglo Irish Bank Corporation Plc, as the original lender, arranger, agent and security agent, providing for borrowings in an aggregate principal amount of up to £65,000,000, all of which was borrowed on the closing of the offering of the 2003 Notes. The facility agreement provides for a term loan in an aggregate principal amount of up to £28,000,000 pursuant to two separate tranches, which we refer to respectively as Tranche A and Tranche B. In addition, the facility provides for a Tranche C facility in an aggregate principal amount of up to £37,000,000.

Tranche A is an amortizing term loan facility in an aggregate principal amount of up to £28,000,000 and was available to Ardagh Treasury Limited for a single drawdown on the closing date of the issuance of the 2003 Notes. Tranche A has been fully repaid in accordance with its repayment schedule.

Additional borrowings are available to Ardagh Glass (UK) Limited from time to time under Tranche B to the extent that borrowings under Tranche A have been repaid in accordance with the terms of this facility. Advances made pursuant to Tranche B are repayable in full on December 31, 2008. Ardagh Glass (UK) Limited is obliged to make mandatory prepayments under Tranche B on April 20 of each year, beginning on April 20, 2006, to the extent of the net residual cash flow (as defined therein for each twelve-month period, commencing with the period ending March 31, 2006) available in respect of Ardagh Glass (UK) Limited, Ardagh Treasury Limited and their respective subsidiaries, which include Rockware Group Limited and Rockware (collectively, the "Anglo Irish Credit Facility Group"). Such mandatory prepayments are subject to a maximum prepayment of £5,000,000 in respect of each twelve-month period. Borrowings under Tranche B which are repaid or prepaid may not be redrawn.

Borrowings under Tranche C were available to Ardagh Glass (UK) Limited for a single drawdown on the closing date of the issuance of the 2003 Notes. Principal in respect of £20,000,000 aggregate principal amount of Tranche C borrowings are repayable quarterly, in equal payments of £1,250,000, beginning on March 31, 2005 and with the final payment becoming due on December 31, 2008. €26.8 million of borrowings under Tranche C was replaced with certain equipment lease arrangements on November 20, 2003. The balance of borrowings under Tranche C not repaid and replaced with equipment lease arrangements have continued as term loan borrowings under Tranche C and are due and payable on December 31, 2008. Interest on Tranche A, Tranche B and Tranche C advances are payable at a rate per annum equal to LIBOR plus a margin of 1.65% and any applicable Additional Cost Rate (as defined therein).

Pursuant to an amendment of the facility in March 2006, the final maturity date for Tranches B and C was extended until December 31, 2010.

Subject to certain conditions, including the giving of at least ten business days' notice, the facility provides for the voluntary prepayment of borrowings under the facility. Prepayment amounts are applied first, to borrowings made under Tranche B. Upon repayment in full of Tranche B, prepayments are applied first to the non-amortizing portion of Tranche C borrowings, and then to the amortizing portion of Tranche C borrowings and, if existing, to the equipment lease arrangements. Finally, upon prepayment of all amounts due under Tranche C and under any of the equipment lease arrangements, voluntary prepayments are applied in prepayment of amounts borrowed under Tranche A. In the event that Ardagh International Holdings Limited ceases to hold at least 50.1% of the entire issued share capital of Ardagh Treasury Limited or Ardagh Glass (UK) Limited or in the event that more than 50% of the issued equity share capital of Ardagh Treasury Limited or Ardagh Glass (UK) Limited is held by persons other than Ardagh Glass Limited and those of its subsidiaries that are not members of the Anglo Irish Credit Facility Group, then mandatory prepayment is required under each Tranche together with other amounts payable under the Senior Finance Documents (as defined below).

The facility is secured by a guarantee and debenture granted by each member of the Anglo Irish Credit Facility Group in favor of the security agent creating fixed and floating charges over the property and assets of the applicable member of the Anglo Irish Credit Facility Group. Property or assets situated in Scotland or governed by Scottish law are charged pursuant to Scottish law standard security documents.

The facility agreement contains customary representations and warranties. It also contains financial covenants usual to this type of agreement, including covenants to maintain, in respect of the Anglo Irish Credit Facility Group, a minimum level of consolidated EBIT to consolidated total net senior debt interest payable, a minimum level of consolidated EBIT to consolidated total net cash interest payable, minimum tangible net worth and a maximum capital expenditure (as such ratios are defined therein). Pursuant to an amendment of the facility in March 2006, the testing of these covenants (other than the covenant relating to maximum capital expenditure) has been suspended until March 31, 2009. In addition, certain negative covenants restrict the ability of each member of the Anglo Irish Credit Facility Group, without the prior consent of the agent and subject to specified exceptions, to:

- create, agree to create or permit to subsist any encumbrance on its present or future assets or any part of them;
- incur or permit to subsist borrowings;
- sell or dispose of its undertaking, business or assets;
- provide loans, credit, financial guarantees, bonds or indemnities or assume any liability or give any assurance in respect of any person;
- acquire or subscribe for any business (or a substantial part thereof) or shares;
- make any material change to the nature of its business or discontinue any material part of the Anglo Irish Credit Facility Group's business as a whole; and
- reduce its share capital or declare or pay any dividends or make payments or distributions of capital or income.

The agreement also contains certain events of default, including, among other things:

- non-payment by any member of the Anglo Irish Credit Facility Group of principal, interest, fees or other amounts due under (1) this agreement, (2) the Security Documents (as defined therein), (3) the fees letter relating to fees payable under this agreement, (4) the Hedging Agreements (as defined therein), (5) the Intercreditor Agreement (as described therein), and (6) any Transfer Certificate (as defined therein) (each, a "Senior Finance Document");
- breach of any representation, warranty or statement made by or in relation to any member of the Anglo Irish Credit Facility Group in any Senior Finance Document unless the relevant underlying circumstances are remedied within 21 days;
- breach by any member of the Anglo Irish Credit Facility Group of certain negative or financial covenants;
- failure by any member of the Anglo Irish Credit Facility Group to comply with any other provision of any Senior Finance Document and such default remains unremedied for 21 days;
- non-payment by any member of the Anglo Irish Credit Facility Group of certain borrowings due and payable or due and payable before their stated maturity by reason of an event of default, in each case in excess of a certain amount;

- the exercise of any redemption option in respect of the 2003 Notes or the 2003 Notes become due and payable before their stated maturity, whether or not by reason of any event of default, or a demand is made or capable of being made under the guarantees supporting the 2003 Notes;
- Ardagh Glass Finance B.V. breaches the limitation on debt incurrence covenant contained in the indenture governing the 2003 Notes;
- the suspension or threatened suspension of operations, execution or appropriation of assets, enforcement proceedings, bankruptcy, insolvency, liquidation, winding up, dissolution, administration or assignment for the benefit of creditors or related matters in respect of any member of the Anglo Irish Credit Facility Group;
- the occurrence of a Material Adverse Change (as defined therein);
- the failure by any member of the Anglo Irish Credit Facility Group to comply with its obligations in or the provisions of the New Intercreditor Agreement;
- Ardagh International Holdings Limited's beneficial interest in the fully paid issued share capital of each of Ardagh Glass (UK) Limited and Ardagh Treasury Limited is less than 50.1% of their respective entire issued share capital; and
- the occurrence of defaults or events of default under certain other credit facilities.

If an event of default occurs and is continuing, the agent may cancel any unborrowed amount of the facility, reducing the commitment of each lender thereunder to zero, and/or declare all amounts outstanding under the facility, together with accrued interest, fees and all other amounts payable under the agreement, to be immediately due and payable, without demand or other notice.

Effective upon the completion of the Acquisition, the final maturity date of the Existing Anglo Irish Senior Secured Credit Facility will be extended to coincide with the final maturity date of the New Anglo Irish Senior Secured Credit Facility, which is seven years after the completion of the Acquisition. Also effective upon completion of the Acquisition, all financial covenants in the Existing Anglo Irish Senior Secured Credit Facility will be replaced by an undertaking to procure full compliance with the financial covenants of the New Anglo Irish Senior Secured Credit Facility. In addition, all references to Ardagh International Holdings Limited will be replaced with references to Ardagh Glass Holdings Limited, and the margin will be increased to 2.5%.

Barclays Bank Invoice Discounting Facility Agreement

Rockware entered into a facility agreement dated November 20, 2003 with Barclays Bank PLC pursuant to which Barclays Bank PLC has made available an invoice discounting facility of up to a maximum aggregate principal amount of £35 million for a minimum period of 36 months and renewable annually. As security for this facility, Rockware has granted Barclays Bank PLC an assignment over certain of its receivables. Interest charges are based on LIBOR plus a margin.

Barclays Bank Revolving Credit Facility Agreement

Rockware Glass Limited, Ardagh Glass (UK) Limited and Ardagh Treasury Limited are parties to a facility agreement dated November 20, 2003 with Barclays Bank PLC pursuant to which Barclays Bank PLC has made available a multicurrency revolving loan facility of up to a maximum aggregate principal amount of £4 million.

The facility is secured by a guarantee and debenture creating fixed and floating charges over the property and other assets of each member of the Ardagh Glass (UK) Limited sub-group and Ardagh Treasury Limited. Interest charges are based on LIBOR plus a margin.

This facility ranks *pari passu* with the Existing Anglo Irish Senior Secured Credit Facility and the New Anglo Senior Secured Credit Facility. Many terms of this Barclays facility mirror those of the Anglo Irish agreements, particularly with respect to security, access to cash flow, events of default and negative covenants. This facility will be repaid concurrently with the completion of the Acquisition. See "The Transactions—The Financing".

Barclays Bank Multi Option Facility Agreement

Pursuant to a multi option facility agreement dated November 20, 2003, Barclays Bank PLC has made available to Rockware Glass Limited an overdraft and ancillary facility of up to a maximum aggregate principal amount of £2 million.

This facility is secured by a guarantee and debenture creating fixed and floating charges over the property and other assets of each member of the Ardagh Glass (UK) Limited sub-group and Ardagh Treasury Limited. Interest charges are based on LIBOR plus a margin.

This facility ranks *pari passu* with the Existing Anglo Irish Senior Secured Credit Facility and the New Anglo Irish Senior Secured Credit Facility. Many terms of this Barclays facility mirror those of the Anglo Irish agreements, particularly with respect to security, access to cash flow, events of default and negative covenants. This facility will be repaid concurrently with the completion of the Acquisition. See "The Transactions—The Financing".

HVB (Bayerische Hypo- und Vereinsbank) Working Capital and Performance Guarantee Credit Lines

Heye International supports its business activities with two open lines of credit from Bayerische Hypo- und Vereinsbank. Heye International is entitled to draw up to €1 million on one of the lines of credit for the purposes of financing its short-term working capital requirements. The second credit line is available for up to €15 million of guarantee payments relating to Heye International's project business.

These facilities are secured by a pledge of all Heye International's present and future property, plant and equipment and intangible assets, an assignment over all present and future claims resulting from delivery of goods and services to domestic and foreign customers and an assignment over all existing and future trade receivables.

Heye Glas Receivables Discounting Facility

Heye Glas and Utexam Trade Ltd ("UTL"), an affiliate of BNP Paribas, are parties to a discounting agreement dated April 7, 2005 up to an aggregate principal amount of €25,000,000. Pursuant to this agreement, Heye Glas has agreed to offer to sell to UTL on an ongoing basis all of its future trade receivables in respect of product sales. UTL has agreed to make scheduled advanced payments to Heye Glas based on 80% of the value of the applicable trade receivables, subject to certain limits and exceptions. Interest charges are based on EURIBOR plus a margin. This facility will be repaid concurrently with the completion of the Acquisition. See "The Transactions—The Financing".

Heye Glas Inventory Discounting Facility

Heye Glas and Utexam Logistics Ltd ("ULL"), an affiliate of BNP Paribas, are parties to a discounting agreement dated April 7, 2005 up to an aggregate principal amount of €15,000,000. Pursuant to this agreement, Heye Glas has agreed to offer to sell to ULL, on an ongoing basis, all of its future finished goods inventory. ULL has agreed to make scheduled advanced payments to Heye Glas based on 80% of the value of the finished goods inventory, subject to certain limits and exceptions. Interest charges are based on EURIBOR plus a margin. This facility will be repaid concurrently with the completion of the Acquisition. See "The Transactions—The Financing".

Anglo Irish Heye Glas Term Loan

Ardagh Glass Limited and Heye International provided guarantees each in an aggregate principal amount of €500,000, in respect of borrowings by Heye Glas under a secured credit facility entered into on October 28, 2003 between Anglo Irish Bank Corporation Plc and Heye Glas. Pursuant to the facility, Anglo Irish Bank Corporation Plc made available to Heye Glas an amount up to an aggregate maximum of €10,000,000 exclusively for the purposes of capital expenditure at its Obernkirchen and Germersheim plants. The facility contains covenants and conditions usual to this type of agreement. Payments of principal commenced on December 31, 2004 and are payable annually, in payments of about €1,111,000. The last principal payment will be on December 31, 2012. Interest is payable quarterly at a per annum rate of 2.25% above EURIBOR. The term of the facility is ten years. In addition to the guarantees provided by Ardagh Glass Limited and Heye International, borrowings under the facility are unconditionally guaranteed in an aggregate amount of €8,000,000 by the Federal States of Lower Saxony and Rhineland Palatinate. A guarantee fee is payable quarterly at a per annum rate of 0.75% in respect of amounts drawn under the facility and 0.375% in respect of amounts not drawn down under the facility. As security, Heye Glas granted in favor of Anglo Irish Bank Corporation a land charge in respect of the Obernkirchen and Germersheim premises and certain other security assignments. It is expected that this facility will be refinanced concurrently with the completion of the Acquisition with a portion of the New Anglo Irish Senior Secured Credit Facility.

HSU Zachodni WBK S.A. Overdraft & HSU Pekao S.A. Overdraft

WBK S.A. and Pekao S.A. have each made overdraft facilities of up to PLZ 5.0 million available to HSU. These facilities are secured by a charge over certain receivables and inventory. Interest charges are based on WIBOR plus a margin.

Voivodship Environmental Protection Loan

Pursuant to a facility agreement dated December 16, 2003 HSU received funding of PLZ 2.1 million on preferential terms from a Polish State agency charged with promoting environmental protection. This facility is secured, to a maximum amount of PLZ 2.1 million, by certain specific receivables of HSU. Interest is based on a fraction of WIBOR.

Rockware Finance Lease Real Estate

Redfearn (now part of Rockware) entered into a sale and leaseback arrangement with Enville Limited, an affiliate of Anglo Irish Bank Corporation Plc, on May 24, 2005, whereby it sold all its land and buildings to Enville for £18.0 million and leased them back over a 15-year period in exchange for fixed rental payments which are subject to rent review every five years. Associated with these arrangements Ardagh Glass (U.K.) Limited has given certain guarantees and indemnities to Anglo Irish Bank Corporation Plc and on the occurrence of specified events Ardagh Glass (U.K.) Limited could be required to acquire Anglo Irish Bank Corporation Plc's interest in Enville. In compliance with IFRS, the portion of the lease relating to the land value, £6.5 million, is accounted for as an operating lease while the balance of the lease is accounted for as a finance lease.

Rockware Finance Lease Plant and Equipment

Redfearn (now part of Rockware) entered into a finance lease arrangement with Anglo Irish Asset Finance plc on May 24, 2005, whereby it sold a substantial portion of its moveable plant and equipment to Anglo Irish Asset Finance plc and leased it back over a period of seven years. Associated with these arrangements Ardagh Glass (U.K.) Limited has given certain guarantees and indemnities to Anglo Irish Asset Finance plc and on the occurrence of specified events Ardagh Glass (U.K.) Limited could be required to acquire Anglo Irish Asset Finance plc interest in the leased assets. In compliance with IFRS the entire lease is accounted for as a finance lease.

DESCRIPTION OF THE NOTES

The definitions of certain terms used in this description are set forth under the subheading "—Certain Definitions". In this "Description of the Notes", the word "Issuer" refers only to Ardagh Glass Finance plc and the words "Parent Guarantor" refer only to Ardagh Glass Holdings Limited and not to any of its Subsidiaries, except for the purpose of financial data determined on a consolidated or combined basis, as the case may be. In addition, the words "Subsidiary Guarantors" refer to any Restricted Subsidiary that incurs a Guarantee, and the word "Guarantors" refers to the Parent Guarantor and the Subsidiary Guarantors collectively. For a list of Restricted Subsidiaries that will provide a Guarantee upon the completion of the Acquisition, see "Unaudited Supplemental Information on the Subsidiary Guarantors". Each of the Issuer and each Subsidiary Guarantor is a wholly-owned direct or indirect Restricted Subsidiary. The word "Notes" refers also to "book-entry interests" in the Notes, as defined herein.

The Issuer will issue and the Guarantors will guarantee €310 million aggregate principal amount of senior notes due 2017 (the "Notes") under an indenture (the "Indenture") among the Issuer, the Guarantors and The Bank of New York, as trustee. Except as set forth herein, the terms of the Notes include those set forth in the Indenture. The Indenture in turn includes certain provisions of the US Trust Indenture Act of 1939 (the "Trust Indenture Act") that are incorporated by reference in the Indenture. The Indenture is not, however, required to be nor will it be qualified under the Trust Indenture Act.

The following description is a summary of the material terms of the Indenture. It does not, however, restate the Indenture in its entirety, and where reference is made to particular provisions of the Indenture, such provisions, including the definitions of certain terms, are qualified in their entirety by reference to all of the provisions of the Notes and the Indenture. You should read the Indenture because it contains additional information and because it and not this description defines your rights as a holder of the Notes. A copy of the form of the Indenture may be obtained by requesting it from the Issuer at the address indicated under "Listing and General Information" or, if and so long as the Notes are listed on the Irish Stock Exchange, and the rules of the Irish Stock Exchange so require, from the specified office of the paying agent in Ireland.

The Issuer has made an application for the Notes to be listed on the Alternative Securities Market of the Irish Stock Exchange. The Issuer can provide no assurance that this application will be accepted. If and so long as the Notes are listed on the Irish Stock Exchange, the Issuer will maintain a paying or transfer agent in Ireland. See "—Payments on the Notes; Paying Agent".

Brief Description of the Notes

The Notes will:

(a) be the Issuer's general unsecured obligations;

(b) mature on June 15, 2017;

(c) initially be secured on a first-priority basis by the proceeds placed in a closing date holding account controlled by the trustee (the "Closing Date Holding Account") pending the completion of the Acquisition; and

(d) upon completion of the Acquisition, be guaranteed on a senior basis by the Parent Guarantor and on a senior subordinated basis by the Subsidiary Guarantors.

Security

The Notes will initially be secured by first-priority liens on the funds deposited in the Closing Date Holding Account, as described below under "—Disbursement of Funds; Closing Date Holding Account." The funds deposited in the Closing Date Holding Account will not be pledged to secure the obligations under the Senior Credit Facilities or the 2003 Notes. Upon the release of the funds deposited in the Closing Date Holding Account in connection with the Acquisition, the first priority liens over these funds will be released.

The Guarantees

Upon completion of the Acquisition, the Guarantors will jointly and severally guarantee the due and punctual payment of all amounts payable under the Notes, including principal, premium, if any, and interest payable under the Notes.

The obligations of each Guarantor under its Guarantee will be limited to an amount not to exceed the maximum amount that can be guaranteed by such Guarantor without resulting in its obligations under its Guarantee being voidable or unenforceable under applicable laws relating to fraudulent transfer, or under similar laws affecting the rights of creditors generally or the maximum amount otherwise permitted by law. In particular, each Guarantee will be limited as required to comply with corporate benefit, financial assistance, maintenance of capital and other laws applicable in the jurisdiction of the relevant Guarantor. By virtue of these limitations, a guarantor's obligations under its Guarantee could be significantly less than amounts payable in respect of the Notes, or a Guarantor may have effectively no obligations under its Guarantee. See "Risk Factors—Corporate benefit and financial assistance laws and other limitations on guarantees may adversely affect the validity and enforceability of the guarantees of the notes".

Each Guarantor that makes a payment or distribution under its Guarantee will be entitled to contribution from any other Guarantor.

All of the Guarantees will be released upon Legal Defeasance and Satisfaction and Discharge, as described in "—Legal Defeasance or Covenant Defeasance of Indenture" and "—Satisfaction and Discharge". In addition, a Subsidiary Guarantor's Guarantee will be released on an enforcement by the Banks of their pledge over the Capital Stock of the Subsidiary Guarantors and upon certain other conditions being met, as described in "—Ranking of the Notes and the Guarantees; Subordination".

Ranking of the Notes and the Guarantees; Subordination

The Notes

The Notes will:

(a) be the Issuer's general unsecured obligations;

(b) initially be secured by first-priority liens on the funds deposited in the Closing Date Holding Account, as described below under "—Disbursement of Funds; Closing Date Holding Account" and as described above under "—Security";

(c) rank senior in right of payment to any and all of the Issuer's existing and future indebtedness that is subordinated in right of payment to the Notes;

(d) rank equally in right of payment with all of the Issuer's existing and future unsecured indebtedness that is not subordinated in right of payment to the Notes; and

(e) effectively be subordinated in right of payment to all existing and future secured indebtedness of the Issuer to the extent of the assets securing such indebtedness.

The Parent Guarantor's Guarantee

The Parent Guarantor's Guarantee will:

(a) be the Parent Guarantor's general unsecured obligation;

(b) rank senior in right of payment to any and all of the Parent Guarantor's existing and future indebtedness that is subordinated in right of payment to its Guarantee;

(c) rank equally in right of payment with all of the Parent Guarantor's existing and future unsecured indebtedness that is not subordinated in right of payment to its Guarantee;

(d) effectively be subordinated in right of payment to all existing and future secured indebtedness of the Parent Guarantor to the extent of the assets securing such indebtedness;

(e) be structurally subordinated in right of payment to all existing and future indebtedness of the Parent Guarantor's subsidiaries; and

(f) not be subject to the restrictions on enforcement described below applicable to each Subsidiary Guarantors' Guarantee.

The Subsidiary Guarantors' Guarantees

Each Subsidiary Guarantor's Guarantee will:

(a) be a general unsecured obligation of the Subsidiary Guarantor that granted such Guarantee;

(b) be subordinated in right of payment to the payment in full in cash of all of such Subsidiary Guarantor's existing and future Senior Debt, including its obligations under the Senior Credit Facilities;

(c) rank equally in right of payment with any and all of such Subsidiary Guarantor's existing and future unsecured indebtedness that is not subordinated and is not senior in right of payment of its Guarantee;

(d) rank senior in right of payment to any and all of such Subsidiary Guarantor's existing and future indebtedness that is subordinated in right of payment to its Guarantee; and

(e) be subject to the restrictions on enforcement described below.

At March 31, 2007, on a pro forma basis after giving effect to the Transactions, including the issuance and sale of the Notes and the application of the proceeds thereof as described under "Use of Proceeds," and after excluding intercompany balances:

(a) on an unconsolidated basis, the Issuer would not have had any indebtedness other than the Notes and no trade payables or deferred taxes;

(b) on an unconsolidated basis, in addition to its Guarantee of the Notes, the Parent Guarantor would have had outstanding its guarantee of the €320.1 million borrowed under the New Anglo Irish Senior Secured Credit Facility, its guarantee of the 2003 Notes and no other indebtedness and no trade payables or deferred taxes;

(c) on a consolidated basis, the Subsidiary Guarantors would have had (i) total Senior Debt of €475.4 million, substantially all of which would have been secured, (ii) total Pari passu Debt of €175.0 million and (iii) €195.4 million of trade payables and deferred taxes; and

(d) on a consolidated basis, the non-guarantor Restricted Subsidiaries would have had (i) no indebtedness and (ii) €12.5 million of trade payables and deferred taxes.

Although the Indenture will contain limitations on the amount of additional Debt that the Issuer, the Parent Guarantor and the Restricted Subsidiaries may incur, the amount of such additional Debt could be substantial. The Indenture will permit all Senior Debt to be secured.

As a result of the enforcement standstills and the various subordination provisions described below, in the event of an insolvency, bankruptcy, liquidation or reorganization of any Subsidiary

Guarantor, holders of Notes may recover less, ratably, than other creditors of the Subsidiary Guarantors (including trade creditors).

Enforcement Standstills in Relation to the Subsidiary Guarantors' Guarantees

The Indenture will provide that no Subsidiary Guarantor's Guarantee may become due, and that neither the holders of the Notes nor the trustee may take any Enforcement Action against a Subsidiary Guarantor without the prior consent of the applicable Senior Agent or Agents unless:

(a) certain insolvency or reorganization events have occurred in relation to such Subsidiary Guarantor; or

(b) the holders of Designated Senior Debt have taken any Enforcement Action in relation to such Subsidiary Guarantor; or

(c) a default has occurred under the Notes; and

  (i) the holders of the Notes or the trustee has notified the applicable Senior Agents; and

  (ii) a period of not less than 90 days (in the case of a payment default) or 179 days (in the case of a non-payment default) has passed from the date the applicable Senior Agents were notified of the default (a "Standstill Period"); and

  (iii) at the end of the Standstill Period, the default is continuing and has not been waived by the holders of the Notes.

Release of the Guarantees

A Subsidiary Guarantor's Guarantee (and the Guarantee, if any, of any Subsidiary of such Subsidiary Guarantor) will be automatically and unconditionally released:

(a) upon any sale or disposition of (i) Capital Stock of a Subsidiary Guarantor following which such Subsidiary Guarantor is no longer a Restricted Subsidiary or, (ii) all or substantially all of the properties and assets of a Subsidiary Guarantor to a Person that is not (either before or after giving effect to such transaction) the Parent Guarantor, a Restricted Subsidiary or any Affiliate of the Parent Guarantor that complies with the covenant described in "—Certain Covenants—Limitation on Sale of Certain Assets";

(b) in the event that all of the Capital Stock of such Subsidiary Guarantor is sold or otherwise disposed of pursuant to an enforcement of the Banks' security over the Capital Stock of such Subsidiary Guarantor under the applicable security agreements securing obligations under the Senior Credit Facilities, immediately upon such sale of Capital Stock provided that:

  (i) such Subsidiary Guarantor is simultaneously, irrevocably and unconditionally released (and such obligations are not assumed by the buyer or an affiliate of the buyer) from all claims with respect to its obligations under, or in respect of, the Senior Credit Facilities and any Subordinated Debt; and

  (ii) either (x) the sale or disposition is made pursuant to a public auction or competitive bid process (in which the holders of the Notes have a right to participate) or (y) an internationally recognized investment bank selected by a representative of the Banks has delivered to the trustee an opinion that the sale price of the Capital Stock of the Subsidiary Guarantor is fair from a financial point of view after taking into account all relevant circumstances including, without limitation, the method of enforcement;

(c) upon the designation of such Subsidiary Guarantor as an Unrestricted Subsidiary;

(d) upon Legal Defeasance or Covenant Defeasance as described under "—Legal Defeasance or Covenant Defeasance of Indenture" or if its obligations under the Indenture are discharged in accordance with the terms of the Indenture, in each case in accordance with the terms and conditions in the Indenture and the Intercreditor Agreement; and

(e) in the circumstances set forth in the third paragraph of "—Certain Covenants—Consolidation, Merger and Sale of Assets".

Subordination on Insolvency

The Indenture will provide that, in the event of any distribution to the creditors of a Subsidiary Guarantor:

(a) in a liquidation or dissolution of such Subsidiary Guarantor;

(b) in an insolvency, bankruptcy, reorganization, composition, receivership, administration, voluntary arrangement or similar proceeding relating to such Subsidiary Guarantor or its property;

(c) in an assignment for the benefit of the creditors of such Subsidiary Guarantor; or

(d) in any marshalling of such Subsidiary Guarantor's assets and liabilities,

the holders of Senior Debt of such Subsidiary Guarantor will be entitled to receive payment in full in cash of all obligations in respect of such Senior Debt (including interest after the commencement of any proceeding at the rate specified in the applicable Senior Debt whether or not allowed or allowable in any such proceeding) before the holders of Notes will be entitled to receive any payment with respect to the Guarantee of such Subsidiary Guarantor (except that holders of Notes may receive and retain Permitted Junior Securities and payments made from the trust (if any) described under "—Legal Defeasance or Covenant Defeasance of Indenture").

Payment Blockage Provisions

The Indenture also will provide that a Subsidiary Guarantor may not make any payment in respect of its Guarantee (except for certain trustee expenses and except in Permitted Junior Securities or from the trust (if any) described under "—Legal Defeasance or Covenant Defeasance of Indenture") if:

(a) a payment default on Designated Senior Debt of such Subsidiary Guarantor has occurred and is continuing beyond any applicable grace period; or

(b) any other default occurs and is continuing on any Designated Senior Debt of such Subsidiary Guarantor that permits the holders of that Designated Senior Debt to accelerate its maturity and the trustee receives a notice of such default (a "Payment Blockage Notice") from the Issuer or the holders of such Designated Senior Debt.

Payments on any such Guarantee of a Subsidiary Guarantor may and will be resumed:

(i) in the case of a payment default, when such default is cured or waived; or

(ii) in the case of a non-payment default, upon the earlier of the date on which such non-payment default is cured or waived and 179 days after the date on which the applicable Payment Blockage Notice is received, unless the maturity of any Designated Senior Debt has been accelerated.

No new Payment Blockage Notice may be delivered unless and until (x) 360 days have elapsed since the delivery of the immediately prior Payment Blockage Notice and (y) all scheduled payments of principal, premium, if any, and interest on the Notes that have come due have been paid in full in cash.

No non-payment default that existed or was continuing on the date of delivery of a Payment Blockage Notice to the trustee will be, or be made, the basis for a subsequent Payment Blockage Notice.

Turnover

If the trustee for the Notes receives a payment in respect of the Notes or the Guarantees (except for certain trustee expenses and except in Permitted Junior Securities or from the trust (if any) described under "—Legal Defeasance or Covenant Defeasance of Indenture") when:

(a) the payment is prohibited by the subordination provisions of the Indenture described in this "—Ranking of the Notes and the Guarantees; Subordination" section; and

(b) the trustee or the holder has actual knowledge that payment is so prohibited prior to distributing that payment in accordance with the terms of the Indenture,

then the trustee will hold the payment on trust for the benefit of the holders of the relevant Senior Debt and, upon the proper written request of the holders of the relevant Senior Debt, the trustee will deliver the amounts in trust to the Senior Agent or any other proper representative of the holders of the relevant Senior Debt.

Intercreditor Agreement

The Indenture will provide that each Subsidiary Guarantor and the trustee will be authorized (without any further consent of the holders of the Notes) to enter into any intercreditor agreement or deed in favor of the holders of Designated Senior Debt of the Subsidiary Guarantors to give effect to the preceding subordination provisions of the Indenture described in this "—Ranking of the Notes and the Guarantees; Subordination" section. The Indenture shall provide that such preceding subordination provisions shall constitute a continuing offer to all persons who become holders of or continue to hold Senior Debt, and such provisions are made for the benefit of the holders of Senior Debt and such holders will be obligees under the Indenture and any one or more of them may enforce such subordination provisions.

The subordination provisions may not be amended or modified with respect to each holder of Senior Debt without the written consent of such holder.

The Indenture will also provide that each holder of a Note, by accepting such Note, will be deemed to have:

(a) appointed and authorized the trustee to give effect to such subordination provisions;

(b) authorized the trustee to become a party to any future intercreditor arrangements described above;

(c) agreed to be bound by such subordination provisions and the provisions of any future intercreditor arrangements described above that do not materially adversely affect the rights of holders of the Notes; and

(d) irrevocably appointed the trustee to act on its behalf to enter into and comply with such subordination provisions and the provisions of any future intercreditor arrangements described above.

The trustee will enter into such an intercreditor agreement on or about the date on which the Acquisition is completed. For a description of this agreement, see "Description of Other Indebtedness—New Intercreditor Agreement".

Principal, Maturity and Interest

The Notes will mature on June 15, 2017 and 100% of the principal amount thereof shall be payable on such date, unless redeemed prior thereto as described herein. The Issuer will issue an aggregate principal amount of €310 million of Notes in this offering. Subject to the covenant described under "—Certain Covenants—Limitation on Debt", the Issuer is permitted to issue additional Notes as part of a further issue under the Indenture ("Additional Notes") from time to time; provided that Additional Notes may only be issued to the extent that such notes are fungible with the Original Notes for U.S. federal income tax purposes. The Notes and the Additional Notes that are actually issued will be treated as a single class for all purposes of the Indenture, including waivers, amendments, redemptions and offers to purchase, except for certain waivers and amendments. Unless the context otherwise requires, references to the "Notes" for all purposes of the Indenture and in this "Description of the Notes" include references to any Additional Notes that are actually issued. The Notes will be issued in minimum denominations of €50,000 and in integral multiples of €1,000 in excess thereof.

Interest on the Notes will accrue at the rate of 7.125% per annum and will be payable semi-annually in arrears from the date of the Indenture or from the most recent interest payment date to which interest has been paid or provided for, whichever is the later. Interest will be payable on each Note on June 15 and December 15 of each year, commencing on December 15, 2007. The Issuer will pay interest on each Note in respect of the principal amount thereof outstanding as of the immediately preceding June 15 or December 15, as the case may be. Interest will be computed on the basis of a 360-day year comprised of twelve 30-day months and will be paid on overdue principal and other overdue amounts at the same rate.

Disbursement of Funds; Closing Date Holding Account

If the Acquisition has not been completed on or prior to the Issue Date, an amount equal to the gross proceeds from the sale of Notes in the offering, together with an additional amount equivalent to interest on the notes from the issue date until October 31, 2007 (the "Escrowed Funds"), will be deposited into a deposit account held by the Issuer at Citibank, N.A. (the "Closing Date Holding Account"). Pursuant to a closing date holding account charge (the "Closing Date Holding Account Charge") dated as of the Notes Closing Date between the Issuer and the trustee, as security agent, the Issuer will grant a first-priority security interest in the Escrowed Funds to the trustee for the benefit of the holders of the Notes. The trustee will act as escrow agent with respect to the Escrowed Funds pursuant to an escrow agreement (the "Escrow Agreement") dated as of the Issue Date among the Issuer, Citibank, N.A., as account bank and the trustee as escrow agent and security trustee on behalf of the holders of the Notes.

The Escrow Agreement will provide that the Escrowed Funds will be released upon certification by the Issuer to the trustee in accordance with the terms of the Escrow Agreement (the "Offer Conditions Certificate") that (i) all the terms and conditions to the Acquisition have been met or waived, (ii) the Escrowed Funds will be applied, directly or through intercompany transfers, in the manner described under the heading "Use of Proceeds" and, following such application, the Acquisition will be completed and (iii) no bankruptcy or insolvency Event of Default has occurred and is continuing under the Indenture.

If the Acquisition has not been completed on or prior to October 31, 2007 or the Issuer certifies to the trustee that the Acquisition will not take place or that the Share Purchase Agreement has been terminated (the "Special Mandatory Redemption Certificate"), the Issuer will redeem the Notes (a "Special Mandatory Redemption") in accordance with the provisions of the Indenture described below under "—Special Mandatory Redemption" and the trustee will instruct Citibank, N.A. as account bank to release the Escrowed Funds to the paying agent for the redemption in accordance with the Escrow Agreement. See "—Special Mandatory Redemption."

Form of Notes

The Notes will be issued on the date of the Indenture only in fully registered form without coupons and only in minimum denominations of €50,000 and in integral multiples of €1,000 in excess thereof.

The Notes will be initially in the form of one or more global notes (the "Global Notes"). The Global Notes will be deposited with a common depositary for Euroclear and Clearstream Banking, or a nominee of such common depositary. Ownership of interests in the Global Notes, referred to as "book-entry interests", will be limited to persons that have accounts with Euroclear or Clearstream Banking or their respective participants. Book-entry interests will be shown on, and transfers thereof will be effected only through, records maintained in book-entry form by Euroclear and Clearstream Banking and their participants. The terms of the Indenture will provide for the issuance of definitive registered Notes in certain circumstances. See "Book-Entry; Delivery and Form".

Transfer and Exchange

The Global Notes may be transferred in accordance with the Indenture, which will provide for, among other things, the transfer of the Notes by the Irish Transfer Agent so long as the Notes are listed on the Irish Stock Exchange and the rules of the Irish Stock Exchange so require. All transfers of book-entry interests between participants in Euroclear or Clearstream Banking will be effected by Euroclear or Clearstream Banking pursuant to customary procedures and subject to applicable rules and procedures established by Euroclear or Clearstream Banking and their respective participants. See "Book-Entry; Delivery and Form".

The Notes will be subject to certain restrictions on transfer and certification requirements, as described under "Notice to Investors".

Payments on the Notes; Paying Agent

The Issuer will make all payments, including principal of, premium, if any, and interest on the Notes, at its office or through an agent in London, England that it will maintain for these purposes. Initially that agent will be the corporate trust office of the trustee. In addition, so long as the Notes are listed on the Irish Stock Exchange there will be a paying agent in Ireland. Davy will initially act as paying agent in Ireland. The Issuer may change the paying agent without prior notice to the holders of the Notes. In addition, the Issuer or any of its Subsidiaries may act as paying agent in connection with the Notes other than for the purposes of effecting a redemption described under "—Optional Redemption" or an offer to purchase the Notes described under "—Purchase of Notes upon a Change of Control" or "—Certain Covenants—Limitation on Sale of Certain Assets". The Issuer will make payments on the Global Notes to the common depositary as the registered holder of the Global Notes. The Issuer will make all payments in same-day funds.

The Issuer undertakes that it will maintain a paying agent in an EU Member State that is not obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of November 26-27, 2000 or any law implementing or complying with, or introduced in order to conform to, such Directive.

No service charge will be made for any registration of transfer, exchange or redemption of the Notes, but the Issuer may require payment of a sum sufficient to cover any transfer tax or similar governmental charge payable in connection with any such registration of transfer or exchange.

Additional Amounts

All payments that the Issuer makes under or with respect to the Notes or that the Guarantors make under or with respect to the Guarantees will be made free and clear of and without withholding or deduction for or on account of any present or future tax, duty, levy, impost, assessment or other governmental charge (including, without limitation, penalties, interest and other similar liabilities related thereto) of whatever nature (collectively, "Taxes") imposed or levied on such payments by or on behalf of any jurisdiction in which the Issuer or any Guarantor is incorporated or resident for tax purposes or from or through which any of the foregoing makes any payment on the Notes or by or within any department, political subdivision or governmental authority of or in any of the foregoing having power to tax (each, a "Relevant Taxing Jurisdiction"), unless the Issuer or such Guarantor, as the case may be, is required to withhold or deduct Taxes by law or by the interpretation or administration of law. If the Issuer or a Guarantor is required to withhold or deduct any amount for or on account of Taxes imposed or levied on behalf of a Relevant Taxing Jurisdiction from any payment made under or with respect to the Notes, the Issuer or the Guarantor, as the case may be, will pay additional amounts ("Additional Amounts") as may be necessary to ensure that the net amount received by each holder of the Notes (including Additional Amounts) after such withholding or deduction will not be less than the amount the holder would have received if such Taxes had not been withheld or deducted.

Neither the Issuer nor any Guarantor will, however, pay Additional Amounts in respect or on account of:

(a) any Taxes that are imposed or levied by a Relevant Taxing Jurisdiction by reason of the holder's present or former connection with such Relevant Taxing Jurisdiction (other than the mere receipt or holding of Notes or by reason of the receipt of payments thereunder or the exercise or enforcement of rights under any Notes, the Indenture or any Guarantee);

(b) any Taxes that are imposed or withheld by reason of the failure of the holder or beneficial owner of Notes, following the Issuer's written request addressed to the holder or beneficial owner, to comply with any certification, identification, information or other reporting requirements, whether required by statute, treaty, regulation or administrative practice of a Relevant Taxing Jurisdiction, as a precondition to exemption from, or reduction in the rate of deduction or withholding of, Taxes imposed by the Relevant Taxing Jurisdiction (including, without limitation, a certification that the holder or beneficial owner is not resident in the Relevant Taxing Jurisdiction);

(c) any estate, inheritance, gift, sales, transfer, personal property or similar Taxes;

(d) any Tax which is payable otherwise than by deduction or withholding from payments made under or with respect to the Notes;

(e) any Tax imposed on or with respect to any payment by the Issuer or Guarantor to the holder if such holder is a fiduciary or partnership or person other than the sole beneficial owner of such payment to the extent that Taxes would not have been imposed on such payment had such holder been the sole beneficial owner of such Note;

(f) any Tax that is imposed on or with respect to a payment made to a holder or beneficial owner who would have been able to avoid such withholding or deduction by presenting the relevant Notes to another paying agent in a member state of the European Union; or

(g) any withholding or deduction in respect of any Taxes where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any Directive implementing the conclusions of the ECOFIN Council meetings of November 26 and 27, 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, any such Directive.

The Issuer and the Guarantors will (i) make such withholding or deduction required by applicable law and (ii) remit the full amount deducted or withheld to the relevant authority in accordance with applicable law.

At least 30 calendar days prior to each date on which any payment under or with respect to the Notes is due and payable, if the Issuer or a Guarantor will be obligated to pay Additional Amounts with respect to such payment (unless such obligation to pay Additional Amounts arises after the 30th day prior to the date on which payment under or with respect to the Notes is due and payable, in which case it will be promptly thereafter), the Issuer will deliver to the trustee an Officer's Certificate stating that such Additional Amounts will be payable and the amounts so payable and will set forth such other information necessary to enable the trustee to pay such Additional Amounts to holders on the payment date. The trustee shall be entitled to rely solely on such Officer's Certificate as conclusive proof that such payments are necessary. The Issuer will promptly publish a notice in accordance with the provisions set forth in "—Notices" stating that such Additional Amounts will be payable and describing the obligation to pay such amounts.

In addition, the Issuer and the Guarantors will pay any present or future stamp, issue, registration, court documentation, excise or property taxes or other similar taxes, charges and duties, including interest and penalties with respect thereto, imposed by or in any Relevant Taxing Jurisdiction in respect of the execution, issue, delivery or registration of the Notes, the Indenture any Guarantee or any other document or instrument referred to thereunder and any such taxes, charges or similar levies imposed by any jurisdiction as a result of, or in connection with, the enforcement of the Notes, the Guarantees and/or any other such document or instrument following the occurrence of any Event of Default with respect to the Notes.

Upon request, the Issuer or a Guarantor will furnish to the trustee or a holder within a reasonable time certified copies of tax receipts evidencing the payment by the Issuer or such Guarantor of any Taxes imposed or levied by a Relevant Taxing Jurisdiction, in accordance with the procedures described in "—Notices" hereafter, in such form as provided in the normal course by the taxing authority imposing such Taxes. If, notwithstanding, the efforts of the Issuer or Guarantor to obtain such receipts, the same are not obtainable, the Issuer or such Guarantor will provide the trustee or such holder with other evidence reasonably satisfactory to the trustee or holder of such payments by the Issuer or Guarantor. The Issuer or Guarantor shall attach to each copy a certificate stating (i) that the amount of withholding Taxes evidenced by the certified copy was paid in connection with payments in respect of the principal amount of Notes then outstanding, and (ii) the amount of such withholding Taxes paid per €50,000 principal amount of the Notes.

Whenever the Indenture or this "Description of the Notes" refers to, in any context, the payment of principal, premium, if any, interest or any other amount payable under or with respect to any Note (including payments thereof made pursuant to a Guarantee), such reference includes the payment of Additional Amounts, if applicable.

The preceding provisions will survive any termination, defeasance or discharge of the Indenture and shall apply *mutatis mutandis* to any jurisdiction in which any successor person to the Issuer or Surviving Entity is incorporated or resident for tax purposes or from or through such person which makes any payment on the Note and any political subdivision or taxing authority or agency thereof or therein.

Currency Indemnity

Euro is the sole currency of account and payment for all sums payable under the Notes, the Guarantees and the Indenture. Any amount received or recovered in respect of the Notes or the Guarantees in a currency other than euro (whether as a result of, or of the enforcement of, a judgment or order of a court of any jurisdiction, in the winding up or dissolution of the Issuer, any Subsidiary or otherwise) by the trustee or a holder of the Notes in respect of any sum expressed to be due to such holder from the Issuer or the Guarantors will constitute a discharge of their obligation only to the extent of the euro amount which the recipient is able to purchase with the amount so received or recovered in such other currency on the date of that receipt or recovery (or, if it is not possible to purchase euro on that date, on the first date on which it is possible to do so). If the euro amount to be recovered is less than the euro amount expressed to be due to the recipient under any Note, the Issuer or the Guarantors will indemnify the recipient against the cost of making any further purchase of euro in an amount equal to such difference. For the purposes of this paragraph, it will be sufficient for the holder to certify that it would have suffered a loss had the actual purchase of euro been made with the amount so received in that other currency on the date of receipt or recovery (or, if a purchase of euro on that date had not been possible, on the first date on which it would have been possible). These indemnities, to the extent permitted by law:

(a) constitute a separate and independent obligation from the Issuer's and the Guarantors' other obligations;

(b) give rise to a separate and independent cause of action;

(c) apply irrespective of any waiver granted by any holder of a note; and

(d) will continue in full force and effect despite any other judgment, order, claim or proof for a liquidated amount in respect of any sum due under any Note or any other judgment or order.

Optional Redemption

Optional Redemption prior to June 15, 2010 upon Public Equity Offering

At any time prior to June 15, 2010, upon not less than 30 nor more than 60 days' notice, the Issuer may on any one or more occasions redeem up to 35% of the aggregate principal amount of Notes at a redemption price of 107.125% of their principal amount, plus accrued and unpaid interest, if any, to the redemption date, with the net proceeds from one or more Public Equity Offerings. The Issuer may only do this, however, if:

(a) at least 65% of the aggregate principal amount of Notes that were initially issued would remain outstanding immediately after the proposed redemption; and

(b) the redemption occurs within 90 days after the closing of such Public Equity Offering.

Optional Redemption prior to June 15, 2012

At any time prior to June 15, 2012, upon not less than 30 nor more than 60 days' notice, the Issuer may also redeem all or part of the Notes, at a redemption price equal to 100% of the principal amount thereof plus the Applicable Redemption Premium and accrued and unpaid interest to the redemption date.

"Applicable Redemption Premium" means, with respect to any Note on any redemption date, the greater of:

(a) 1.0% of the principal amount of the Note; and

(b) the excess of:

    (i) the present value at such redemption date of (x) the redemption price of such Note at June 15, 2012 (such redemption price being set forth in the table appearing below under the caption "—Optional Redemption on or after June 15, 2012"), plus (y) all required interest payments that would otherwise be due to be paid on such Note during the period between the redemption date and June 15, 2012 (excluding accrued but unpaid interest), computed using a discount rate equal to the Bund Rate at such redemption date plus 50 basis points; over

(ii) the outstanding principal amount of the Note.

Optional Redemption on or after June 15, 2012

At any time on or after June 15, 2012 and prior to maturity, upon not less than 30 nor more than 60 days' notice, the Issuer may redeem all or part of the Notes. These redemptions will be in amounts of €1,000 or integral multiples thereof at the following redemption prices (expressed as percentages of their principal amount at maturity), plus accrued and unpaid interest, if any, to the redemption date, if redeemed during the 12-month period commencing on June 15 of the years set forth below. This redemption is subject to the right of holders of record on the relevant regular record date that is prior to the redemption date to receive interest due on an interest payment date.

Year	Redemption Price
2012	103.563%
2013	102.375%
2014	101.188%
2015 and thereafter	100.000%

Redemption Upon Changes in Withholding Taxes

If, as a result of:

(a) any amendment after the date of the Indenture to, or change after the date of the Indenture in, the laws (or regulations or rulings promulgated thereunder) of any Relevant Taxing Jurisdiction; or

(b) any change after the date of the Indenture in the official application or official interpretation of the laws, treaties, regulations or rulings (including a holding, judgment or order by a court competent jurisdiction) of any Relevant Taxing Jurisdiction applicable to the Issuer or any Guarantor (each of the foregoing clauses (a) and (b), a "change in Tax Law"),

the Issuer or any Guarantor would be obligated to pay, on the next date for any payment and as a result of that amendment or change, Additional Amounts as described above under "—Additional Amounts" with respect to the Relevant Taxing Jurisdiction, which the Issuer or Guarantor cannot avoid by the use of reasonable measures available to it, then the Issuer may redeem all, but not less than all, of the Notes, at any time thereafter, upon not less than 30 nor more than 60 days' notice (which notice shall be irrevocable and given in accordance with the procedures described in "—Notices"), at a redemption price of 100% of their principal amount, plus accrued and unpaid interest, if any, to the redemption date. Prior to the giving of any notice of the redemption described in this paragraph, the Issuer will deliver to the trustee:

(a) an Officer's Certificate stating that the obligation to pay such Additional Amounts cannot be avoided by the Issuer's or Guarantor's taking reasonable measures available to it; and

(b) a written opinion of independent tax counsel to the Issuer of recognized standing qualified under the laws of the Relevant Taxing Jurisdiction and reasonably satisfactory to the trustee to the effect that the Issuer or Guarantor has or will become obligated to pay such Additional Amounts as a result of a Change in Tax Law.

Notwithstanding the foregoing, no such notice of redemption will be given (a) earlier than 90 days prior to the earliest date on which the Issuer would be obliged to make such payment of Additional Amounts or withholding if a payment in respect of the Notes of Guarantee, as the case may be, were then due and (b) unless at the time such notice is given, the obligation to pay Additional Amounts remains in effect.

Notice of Optional Redemption

The Issuer will publish a notice of any optional redemption of the Notes described above in accordance with the provisions of the Indenture described under "—Notices". These notice provisions include a requirement to publish any such notice in a newspaper having general circulation in Ireland (which is expected to be *The Irish Times*) if and so long as the Notes are listed on the Irish Stock Exchange and the rules of such exchange so require. The Issuer will inform the Irish Stock Exchange of the principal amount of the Notes that have not been redeemed in connection with any optional redemption. If fewer than all the Notes are to be redeemed at any time, the trustee will select the Notes by a method that complies with the requirements, as certified to the trustee by the Issuer, of the principal securities exchange, if any, on which the Notes are listed at such time or, if the Notes are not listed on a securities exchange, pro rata, by lot or by such other method as the trustee in its sole discretion shall deem fair and appropriate; provided, however, that no such partial redemption shall reduce the portion of the principal amount of a Note not redeemed to less than €1,000. The trustee shall not be liable for any selections made by it in accordance with this paragraph.

Special Mandatory Redemption

If the Acquisition has not been completed on or prior to October 31, 2007, or upon delivery by the Issuer to the trustee of a Special Mandatory Redemption Certificate, the Issuer will effect a Special Mandatory Redemption at 100% of the issue price of the Notes plus accrued and unpaid interest thereon through to but not including the redemption date. The trustee will instruct Citibank, N.A. to release the Escrowed Funds to the paying agent for the purposes of paying the redemption price.

Notice of any Special Mandatory Redemption (any such notice a "Special Redemption Notice") will be mailed by first class mail to each Holder at its registered address on the first Business Day following the date the Issuer becomes required to effect a Special Mandatory Redemption and will be given in accordance with applicable rules of the Irish Stock Exchange. The redemption date will be three Business Days after the mailing of the Special Redemption Notice.

Sinking Fund; Offers to Purchase; Open Market Purchases

The Issuer is not required to make any mandatory redemption or sinking fund payments with respect to the Notes. However, under certain circumstances, the Issuer or the Parent Guarantor may be required to offer to purchase the Notes as described under the captions "—Purchase of Notes upon a Change of Control" and "—Certain Covenants—Limitation on Sale of Certain Assets". The Parent Guarantor and the Restricted Subsidiaries, including the Issuer, may at any time and from time to time purchase Notes in the open market or otherwise.

Purchase of Notes upon a Change of Control

If a Change of Control occurs at any time, then the Issuer or the Parent Guarantor must make an offer (a "Change of Control Offer") to each holder of Notes to purchase such holder's Notes, at a purchase price (the "Change of Control Purchase Price") in cash in an amount equal to 101% of the principal amount thereof, plus accrued and unpaid interest, if any, to the date of purchase (the "Change of Control Purchase Date") (subject to the rights of holders of record on relevant regular record dates that are prior to the Change of Control Purchase Date to receive interest due on an interest payment date). Purchases made under a Change of Control Offer will also be subject to other procedures set forth in the Indenture.

Within 30 days following any Change of Control, the Issuer or the Parent Guarantor will:

(a) cause a notice of the Change of Control Offer to be published (i) in a leading newspaper having a general circulation in each of London (which is expected to be the *Financial Times*) and in New York (which is expected to be *The Wall Street Journal*); (ii) through the newswire service of Bloomberg, or if Bloomberg does not then operate, any similar agency; and (iii) if at the time of such notice the Notes are listed on the Irish Stock Exchange and the rules of the Irish Stock Exchange so require, in the *The Irish Times* (or another leading newspaper of general circulation in Ireland); and

(b) send notice of the Change of Control Offer by first class mail, with a copy to the trustee, to each holder of Notes to the address of such holder appearing in the security register, which notice will state:

(i) that a Change of Control has occurred, and the date it occurred;

(ii) the circumstances and relevant facts regarding such Change of Control (including, but not limited to, applicable information with respect to pro forma historical income, cash flow and capitalization after giving effect to the Change of Control);

(iii) the Change of Control Purchase Price and the Change of Control Purchase Date, which will be a business day no earlier than 30 days nor later than 60 days from the date such notice is mailed, or such later date as is necessary to comply with requirements under the Exchange Act and any applicable securities laws or regulations;

(iv) that any Note accepted for payment pursuant to the Change of Control Offer will cease to accrue interest after the Change of Control Purchase Date unless the Change of Control Purchase Price is not paid;

(v) that any Note (or part thereof) not tendered will continue to accrue interest; and

(vi) any other procedures that a holder of Notes must follow to accept a Change of Control Offer or to withdraw such acceptance (which procedures may also be performed at the office of the paying agent in Ireland as long as the Notes are listed on the Irish Stock Exchange).

The trustee will promptly authenticate and deliver a new Note or Notes equal in principal amount to any unpurchased portion of Notes surrendered, if any, to the holder of Notes in global form or to each holder of certificated Notes. The Issuer or the Parent Guarantor will publicly announce the results of a Change of Control Offer on or as soon as practicable after the Change of Control Purchase Date.

The ability of the Issuer or the Parent Guarantor to repurchase Notes pursuant to a Change of Control Offer may be limited by a number of factors. The occurrence of certain of the events that would constitute a Change of Control could constitute a default under the Senior Credit Facilities or could constitute a change of control under the Existing Ardagh Bonds. In addition, certain events that may constitute a change of control under the Senior Credit Facilities or the Existing Ardagh Bonds may not constitute a Change of Control under the Indenture. The Parent Guarantor's future indebtedness and the future indebtedness of its Subsidiaries may also require such indebtedness to be repurchased upon a Change of Control. Moreover, the exercise by the holders of the Notes of their right to require a repurchase of the Notes upon a Change of Control could cause a default under such indebtedness, even if the Change of Control itself does not, due to the possible financial effect on the Issuer or the Parent Guarantor of such repurchase.

If a Change of Control Offer is made, neither the Issuer nor the Parent Guarantor can provide any assurance that they will have available funds sufficient to pay the Change of Control Purchase Price for all the Notes that might be delivered by holders of the Notes seeking to accept the Change of

Control Offer. If the Issuer or the Parent Guarantor fails to make or consummate a Change of Control Offer or pay the Change of Control Purchase Price when due, such failure would result in an Event of Default and would give the trustee and the holders of the Notes the rights described under "—Events of Default".

Even if sufficient funds were otherwise available, the terms of the other indebtedness of the Parent Guarantor and its Subsidiaries may prohibit the prepayment of the Notes prior to their scheduled maturity. If the Issuer or the Parent Guarantor were not able to prepay any indebtedness containing any such restrictions or obtain requisite consents, the Issuer and the Parent Guarantor would be unable to fulfill their repurchase obligations to holders of Notes who exercise their right to redeem their Notes following a Change of Control, which would cause a Default under the Indenture. A Default under the Indenture, unless waived by holders, would result in a cross default under certain of the financing arrangements described under "Description of Other Indebtedness".

Neither the Issuer nor the Parent Guarantor will be required to make a Change of Control Offer if a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth in the Indenture applicable to a Change of Control Offer made by the Issuer or the Parent Guarantor and purchases all Notes validly tendered and not withdrawn under such Change of Control Offer. The Change of Control provisions described above will be applicable whether or not any other provisions of the Indenture are applicable. Except as described above with respect to a Change of Control, the provisions of the Indenture will not give holders the right to require the Issuer or the Parent Guarantor to repurchase the Notes in the event of certain highly leveraged transactions, or certain other transactions, including a reorganization, restructuring, merger or similar transaction and, in certain circumstances, an acquisition by the Parent Guarantor's management or its Affiliates, that may adversely affect holders of the Notes, if such transaction is not a transaction defined as a Change of Control. Any such transaction, however, would have to comply with the applicable provisions of the Indenture, including the "Limitation on Debt" covenant. The existence of a holder of the Notes' right to require the Issuer or the Parent Guarantor to repurchase such holder's Notes upon a Change of Control may deter a third party from acquiring the Parent Guarantor or its Subsidiaries in a transaction which constitutes a Change of Control.

The Issuer and the Parent Guarantor will comply with the applicable tender offer rules, including Rule 14e-1 under the Exchange Act, and any other applicable securities laws and regulations (including those of Ireland) in connection with a Change of Control Offer. To the extent that the provisions of any securities laws or regulations conflict with provisions of the Indenture, the Issuer and the Parent Guarantor will comply with the applicable securities laws and regulations and will not be deemed to have breached their obligations under the Indenture by virtue of such conflict.

"Change of Control" means the occurrence of any of the following events:

(a) the consummation of any transaction (including a merger or consolidation) the result of which is that (i) any person or group, other than one or more Permitted Holders, is or as a result of such transaction becomes, the beneficial owner, directly or indirectly, or more than 35% of the total voting power of the Voting Stock of the Parent Guarantor and (ii) the Permitted Holders, individually or in the aggregate, do not beneficially own, directly or indirectly, a larger percentage of the total voting power of such Voting Stock than such other person or group;

(b) the sale, transfer, conveyance or other disposition (other than by way of merger, consolidation or transfer of the Parent Guarantor's Voting Stock) of all or substantially all of the assets (other than Capital Stock, Debt or other securities of any Unrestricted Subsidiary) of the Parent Guarantor, the Issuer and its Restricted Subsidiaries, on a consolidated basis, (i) if following such sale, transfer, conveyance or other disposition, the transferee entity is not listed on a stock exchange or automated quoting system and any person or group, other than one or more Permitted Holders, is or as a result of such sale, transfer, conveyance or other disposition becomes the beneficial owner, directly or indirectly, of a larger percentage of the total voting power of the Voting Stock of the transferee entity than the Permitted Holders, individually or in the aggregate or (ii) if the transferee entity is and is expected to continue to be listed on a stock exchange or automated quotation system following such sale, transfer, conveyance or other disposition (x) any person or group other than one or more Permitted Holders, is or as a result of such transaction becomes the beneficial owner, directly or indirectly, of more than 35% of the total voting power of the Voting Stock of the transferee entity and (y) the Permitted Holders, individually or in the aggregate, do not beneficially own, directly or indirectly, a larger percentage of the total voting power of such Voting Stock than such other person or groups;

(c) during any consecutive two-year period following the date of the Indenture, individuals who at the beginning of such period constituted the Parent Guarantor's Board of Directors (together with any new members whose election to such board, or whose nomination for election by the Parent Guarantor's shareholders, was approved by a vote of at least a majority of the members of the Parent Guarantor's Board of Directors then still in office who were either members at the beginning of such period or whose election or nomination for election was previously so approved) cease for any reason to constitute a majority of the members of the Parent Guarantor's Board of Directors then in office;

(d) the Parent Guarantor or the Issuer is liquidated or dissolved or adopts a plan of liquidation or dissolution other than in a transaction which complies with the provisions described under "—Certain Covenants—Consolidation, Merger and Sale of Assets"; or

(e) the Parent Guarantor or any Surviving Entity ceases to beneficially own, directly or indirectly, 100% of the Voting Stock of the Issuer, other than director's qualifying shares and other shares required to be issued by law.

For the purposes of this definition, (i) "person" and "group" have the meanings they have in Sections 13(d) and 14(d) of the Exchange Act; (ii) "beneficial owner" is used as defined in Rules 13d-3 and 13d-5 under the Exchange Act, except that a person shall be deemed to have "beneficial ownership" of all securities that such Person has the right to acquire, whether such right is exercisable immediately or only after the passage of time; and (iii) a Person or group will be deemed to beneficially own all Voting Stock of an entity held by a parent entity, if such Person or group is or becomes the beneficial owner, directly or indirectly, of more than 35% of the total voting power of the Voting Stock of such parent entity and the Permitted Holders, individually or in the aggregate, do not beneficially own, directly or indirectly, a larger percentage of the total voting power of such Voting Stock than such Person or group.

Certain Covenants

The Indenture will contain, among others, the following covenants.

Limitation on Debt

(1) The Parent Guarantor will not, and will not permit any Restricted Subsidiary to, create, issue, incur, assume, guarantee or in any manner become directly or indirectly liable with respect to or otherwise become responsible for, contingently or otherwise, the payment of (individually and collectively, to "incur" or, as appropriate, an "incurrence"), any Debt (including any Acquired Debt); provided that the Parent Guarantor, the Issuer and any Restricted Subsidiary will be permitted to incur Debt (including Acquired Debt) if in each case (a) after giving effect to the incurrence of such Debt and the application of the proceeds thereof, on a pro forma basis, no Default or Event of Default would occur or be continuing and (b) at the time of such incurrence and after giving effect to the

incurrence of such Debt and the application of the proceeds thereof, on a pro forma basis, the Consolidated Fixed Charge Coverage Ratio for the four full fiscal quarters for which financial statements are available immediately preceding the incurrence of such Debt, taken as one period, would be greater than 2.0 to 1.0.

(2) This covenant will not, however, prohibit the following (collectively, "Permitted Debt"):

(a) the incurrence by the Parent Guarantor or any Restricted Subsidiary of Debt under Credit Facilities in an aggregate principal amount at any one time outstanding not to exceed the greater of (i) €625 million and (ii) the sum of €250 million and the sum of (x) 60% of the total book value of the inventory of the Parent Guarantor and its Subsidiaries and (y) 85% of the book value of the accounts receivable of the Parent Guarantor and its Subsidiaries minus, in either case, the amount of any permanent repayments or prepayments of such Debt with the proceeds of Asset Sales made in accordance with "—Limitation on Sale of Certain Assets" (but only to the extent of any corresponding commitment reduction if such Debt is revolving credit borrowings);

(b) the incurrence by the Issuer of Debt pursuant to the Notes (other than Additional Notes) and the incurrence of Debt by the Guarantors pursuant to the Guarantees;

(c) any Debt of the Parent Guarantor or any Restricted Subsidiary (other than Debt described in clauses (a) and (b) of this paragraph) outstanding on the date of the Indenture or incurred to finance the Acquisition;

(d) the incurrence by the Parent Guarantor or any Restricted Subsidiary of intercompany Debt between the Parent Guarantor and any Restricted Subsidiary or between or among Restricted Subsidiaries; provided that:

(i) if the Issuer or a Guarantor is the obligor on any such Debt, unless required by a Credit Facility, it is unsecured; and

(ii) (x) any disposition, pledge or transfer of any such Debt to a Person (other than a disposition, pledge or transfer to the Parent Guarantor or a Restricted Subsidiary) and (y) any transaction pursuant to which any Restricted Subsidiary that has Debt owing by the Parent Guarantor or another Restricted Subsidiary ceases to be a Restricted Subsidiary, will, in each case, be deemed to be an incurrence of such Debt not permitted by this clause (d);

(e) guarantees of the Parent Guarantor's Debt or Debt of any Restricted Subsidiary by any Restricted Subsidiary that are permitted by and made in accordance with the provisions of the "Limitation on Guarantees of Debt by Restricted Subsidiaries" covenant described below;

(f) the incurrence by the Parent Guarantor or any Restricted Subsidiary of Debt represented by Capitalized Lease Obligations, mortgage financings, purchase money obligations or other Debt incurred or assumed in connection with the acquisition or development of real or personal, movable or immovable, property or assets, in each case, incurred for the purpose of financing or refinancing all or any part of the purchase price, lease expense or cost of construction or improvement of property plant or equipment used in the Parent Guarantor's or any Restricted Subsidiary's business (including any reasonable related fees or expenses incurred in connection with such acquisition or development); provided that the principal amount of such Debt so incurred when aggregated with other Debt previously incurred in reliance on this clause (f) and still outstanding shall not in the aggregate exceed the greater of €50 million and 3.75% of Total Assets, and provided further that the total principal amount of any Debt incurred in connection with an acquisition or development permitted under this clause (f) did not in each case at the time of incurrence exceed (i) the Fair Market Value of the acquired or constructed asset or improvement so financed or (ii) in the case of an uncompleted constructed asset, the amount of the asset to be constructed, as determined on the date the contract for construction of such asset was entered into by the Parent Guarantor or the relevant Restricted Subsidiary (including, in each case, any reasonable related fees and expenses incurred in connection with such acquisition, construction or development);

(g) the incurrence by the Parent Guarantor or any Restricted Subsidiary of Debt arising from agreements providing for guarantees, indemnities or obligations in respect of purchase price adjustments in connection with the acquisition or disposition of assets, including, without limitation, shares of Capital Stock, other than guarantees or similar credit support given by the Parent Guarantor or any Restricted Subsidiary of Debt incurred by any Person acquiring all or any portion of such assets for the purpose of financing such acquisition, provided that the maximum aggregate liability in respect of all such Debt permitted pursuant to this clause (g) will at no time exceed the net proceeds, including non-cash proceeds (the Fair Market Value of such non-cash proceeds being measured at the time received and without giving effect to any subsequent changes in value) actually received from the sale of such assets;

(h) the incurrence by the Parent Guarantor or any Restricted Subsidiary of Debt under Commodity Hedging Agreements entered into in the ordinary course of business and not for speculative purposes;

(i) the incurrence by the Parent Guarantor or any Restricted Subsidiary of Debt under Currency Agreements entered into in the ordinary course of business and not for speculative purposes;

(j) the incurrence by the Parent Guarantor or any Restricted Subsidiary of Debt under Interest Rate Agreements entered into in the ordinary course of business and not for speculative purposes;

(k) the incurrence of Debt by the Parent Guarantor or any Restricted Subsidiary of Debt in respect of workers' compensation and claims arising under similar legislation, or pursuant to self-insurance obligations and not in connection with the borrowing of money or the obtaining of advances or credit;

(l) the incurrence of Debt by the Parent Guarantor or any Restricted Subsidiary arising from (i) the honoring by a bank or other financial institution of a check, draft or similar instrument inadvertently (except in the case of daylight overdrafts) drawn against insufficient funds in the ordinary course of business; provided that such Debt is extinguished within 5 business days of incurrence, (ii) bankers' acceptances, performance, surety, judgment, appeal or similar bonds, instruments or obligations, (iii) completion guarantees provided or letters of credit obtained by the Parent Guarantor or any Restricted Subsidiary in the ordinary course of business; and (iv) the financing of insurance premiums in the ordinary course of business;

(m) any Debt of the Parent Guarantor or any Restricted Subsidiary incurred pursuant to the Barclays Invoice Discounting Facility or any other Permitted Receivables Financing in an aggregate principal amount at any one time outstanding not to exceed the sum of the maximum principal amount available on the date of the Indenture for borrowing under the Barclays Invoice Discounting Facility and €20 million;

(n) the incurrence by a Person of Permitted Refinancing Debt in exchange for or the net proceeds of which are used to refund, replace or refinance Debt incurred by it pursuant to, or described in, paragraphs (1), 2(b) and (c) of this covenant, as the case may be; and

(o) the incurrence of Debt by the Parent Guarantor or any Restricted Subsidiary (other than and in addition to Debt permitted under clauses (a) through (n) above) in an aggregate principal amount at any one time outstanding not to exceed €50 million.

Accrual of interest or dividends, the accretion of accreted value, the accretion or amortization of original issue discount and the payment of interest or dividends in the form of additional Debt of the same class will not be deemed to be an incurrence of Debt for purposes of this covenant.

(3) For purposes of determining compliance with any restriction on the incurrence of Debt in euros where Debt is denominated in a different currency, the amount of such Debt will be the Euro Equivalent determined on the date of such determination, provided that if any such Debt denominated in a different currency is subject to a Currency Agreement (with respect to euros) covering principal amounts payable on such Debt, the amount of such Debt expressed in euros will be adjusted to take into account the effect of such agreement. The principal amount of any Permitted Refinancing Debt incurred in the same currency as the Debt being refinanced will be the Euro Equivalent of the Debt refinanced determined on the date such Debt being refinanced was initially incurred. Notwithstanding any other provision of this covenant, for purposes of determining compliance with this "Limitation on Debt" covenant, increases in Debt solely due to fluctuations in the exchange rates of currencies will not be deemed to exceed the maximum amount that the Parent Guarantor or a Subsidiary Guarantor may incur under the "Limitation on Debt" covenant.

(4) For purposes of determining any particular amount of Debt under the "Limitation on Debt" covenant:

(a) obligations with respect to letters of credit, guarantees or Liens, in each case supporting Debt otherwise included in the determination of such particular amount will not be included;

(b) any Liens granted pursuant to the equal and ratable provisions referred to in the "Limitation on Liens" covenant will not be treated as Debt; and

(c) accrual of interest, accrual of dividends, the accretion of accreted value, the obligation to pay commitment fees and the payment of interest in the form of additional Debt will not be treated as Debt.

(5) In the event that an item of Debt meets the criteria of more than one of the types of Debt described in the "Limitation on Debt" covenant, the Parent Guarantor, in its sole discretion, will classify items of Debt and will only be required to include the amount and type of such Debt in one of such clauses and the Parent Guarantor will be entitled to divide and classify an item of Debt in more than one of the types of Debt described in the "Limitation on Debt" covenant, and may change the classification of an item of Debt (or any portion thereof) to any other type of Debt described in the "Limitation on Debt" covenant at any time.

Limitation on Restricted Payments

(1) The Parent Guarantor will not, and will not permit any Restricted Subsidiary to, directly or indirectly, take any of the following actions (each of which is a "Restricted Payment" and which are collectively referred to as "Restricted Payments"):

(a) declare or pay any dividend on or make any distribution (whether made in cash, securities or other property) with respect to any of the Parent Guarantor's or any Restricted Subsidiary's Capital Stock (including, without limitation, any payment in connection with any merger or consolidation involving the Parent Guarantor or any Restricted Subsidiary) (other than (i) to the Parent Guarantor or any Wholly Owned Restricted Subsidiary or (ii) to all holders of Capital Stock of such Restricted Subsidiary on a pro rata basis or on a basis that results in the receipt by the Parent Guarantor or a Restricted Subsidiary of dividends or distributions of greater value than the Parent Guarantor or such Restricted Subsidiary would receive on a pro rata basis, provided that any amount so paid or distributed to holders of Capital Stock of a Restricted Subsidiary other than the Parent Guarantor or a Restricted Subsidiary shall be included in the calculation of the aggregate amount of all Restricted Payments declared or made after the date of the Indenture for the purposes of paragraph (2) of this "Limitation on Restricted Payments" covenant) and any payment of cash interest on Deeply Subordinated Funding, except for dividends or distributions payable solely in shares of the Parent Guarantor's Qualified Capital Stock or in options, warrants or other rights to acquire such shares of Qualified Capital Stock;

(b) purchase, redeem or otherwise acquire or retire for value (including, without limitation, in connection with any merger or consolidation), directly or indirectly, any shares of the Parent Guarantor's Capital Stock or any Capital Stock of any Affiliate of the Parent Guarantor held by persons other than the Parent Guarantor or a Restricted Subsidiary (other than Capital Stock of any Restricted Subsidiary or any entity that becomes a Restricted Subsidiary as a result thereof) or any options, warrants or other rights to acquire such shares of Capital Stock;

(c) make any principal payment on, or repurchase, redeem, defease or otherwise acquire or retire for value, prior to any scheduled principal payment, sinking fund payment or maturity, any Subordinated Debt or any Deeply Subordinated Funding; or

(d) make any Investment (other than any Permitted Investment) in any Person.

If any Restricted Payment described above is not made in cash, the amount of the proposed Restricted Payment will be the Fair Market Value of the asset to be transferred as of the date of transfer.

(2) Notwithstanding paragraph (1) above, the Parent Guarantor or any Restricted Subsidiary may make a Restricted Payment if, at the time of and after giving pro forma effect to such proposed Restricted Payment:

(a) no Default or Event of Default has occurred and is continuing;

(b) the Parent Guarantor could incur at least €1.00 of additional Debt (other than Permitted Debt) pursuant to the "Limitation on Debt" covenant; and

(c) the aggregate amount of all Restricted Payments declared or made after the date of the Indenture does not exceed the sum of:

(i) 50% of aggregate Consolidated Adjusted Net Income on a cumulative basis during the period beginning on June 1, 2007 and ending on the last day of the Parent Guarantor's last fiscal quarter ending prior to the date of such proposed Restricted Payment (or, if such aggregate cumulative Consolidated Adjusted Net Income shall be a negative number, minus 100% of such negative amount); plus

(ii) the aggregate Net Cash Proceeds received by the Parent Guarantor after the date of the Indenture as capital contributions or from the issuance or sale (other than to any Subsidiary) of shares of the Parent Guarantor's Qualified Capital Stock or Deeply Subordinated Funding (including upon the exercise of options, warrants or rights) or warrants, options or rights to purchase shares of the Parent Guarantor's Qualified Capital Stock or Deeply Subordinated Funding (except, in each case to the extent such proceeds are used to purchase, redeem or otherwise retire Capital Stock or Subordinated Debt or Deeply Subordinated Funding as set forth in clause (b) or (c) of paragraph (3) below) (excluding the Net Cash Proceeds from the issuance of the Parent Guarantor's Qualified Capital Stock or Deeply Subordinated Funding financed, directly or indirectly, using funds borrowed from the Parent Guarantor or any Subsidiary until and to the extent such borrowing is repaid), plus

(iii) (x) the amount by which the Parent Guarantor's Debt or Debt of any Restricted Subsidiary is reduced on the Parent Guarantor's consolidated balance sheet after the date of the Indenture upon the conversion or exchange (other than by the Parent Guarantor or its Subsidiary) of such Debt into the Parent Guarantor's Qualified Capital Stock or Deeply Subordinated Funding, and (y) the aggregate Net Cash Proceeds received after the date of the Indenture by the Parent Guarantor from the issuance or sale (other than to any Subsidiary) of Redeemable Capital Stock that has been converted into or exchanged for the Parent Guarantor's Qualified Capital Stock or Deeply Subordinated Funding, to the extent such Redeemable Capital Stock was originally sold for cash or Cash Equivalents, together with, in the case of both clauses (x) and (y), the aggregate Net Cash Proceeds received by the Parent Guarantor at the time of such conversion or exchange (excluding the Net Cash Proceeds from the issuance of the Parent Guarantor's Qualified Capital Stock or Deeply Subordinated Funding financed, directly or indirectly, using funds borrowed from the Parent Guarantor or any Subsidiary until and to the extent such borrowing is repaid), plus

(iv) (x) in the case of the disposition or repayment of any Investment constituting a Restricted Payment made after the date of the Indenture, an amount (to the extent not included in Consolidated Adjusted Net Income) equal to the lesser of the return of capital with respect to such Investment and the initial amount of such Investment, in either case, less the cost of the disposition of such Investment and net of taxes, and (y) in the case of the designation of an Unrestricted Subsidiary as a Restricted Subsidiary (as long as the designation of such Subsidiary as an Unrestricted Subsidiary was deemed a Restricted Payment), the Fair Market Value of the Parent Guarantor's interest in such Subsidiary provided that such amount will not in any case exceed the amount of the Restricted Payment deemed made at the time that the Subsidiary was designated as an Unrestricted Subsidiary.

(3) Notwithstanding paragraphs (1) and (2) above, the Parent Guarantor and any Restricted Subsidiary may take the following actions so long as (with respect to clauses (b) through (f) and clauses (h) and (i) below) no Default or Event of Default has occurred and is continuing:

(a) the payment of any dividend within 60 days after the date of its declaration if at such date of its declaration such payment would have been permitted by the provisions of this covenant;

(b) the repurchase, redemption or other acquisition or retirement for value of any shares of the Parent Guarantor's Capital Stock or options, warrants or other rights to acquire such Capital Stock in exchange for (including any such exchange pursuant to the exercise of a conversion right or privilege in connection with which cash is paid in lieu of the issuance of fractional shares or scrip), or out of the Net Cash Proceeds of a substantially concurrent issuance and sale (other than to a Subsidiary) of, shares of the Parent Guarantor's Qualified Capital Stock or options, warrants or other rights to acquire such Capital Stock or Deeply Subordinated Funding;

(c) the repurchase, redemption, defeasance or other acquisition or retirement for value or payment of principal of any Subordinated Debt or Deeply Subordinated Funding in exchange for, or out of the Net Cash Proceeds of a substantially concurrent issuance and sale (other than to a Subsidiary) of, shares of the Parent Guarantor's Qualified Capital Stock or Deeply Subordinated Funding;

(d) the purchase, redemption, defeasance or other acquisition or retirement for value of Subordinated Debt (other than Redeemable Capital Stock) in exchange for, or out of the Net Cash Proceeds of a substantially concurrent incurrence (other than to a Subsidiary) of, Permitted Refinancing Debt;

(e) the repurchase of Capital Stock deemed to occur upon the exercise of stock options with respect to which payment of the cash exercise price has been forgiven if the cumulative aggregate value of such deemed repurchases does not exceed the cumulative aggregate amount of the exercise price of such options received;

(f) payments or distributions to dissenting shareholders pursuant to applicable law in connection with or in contemplation of a merger, consolidation or transfer of assets that complies with the provisions of the Indenture relating to mergers, consolidations or transfers of substantially all of the Parent Guarantor's assets;

(g) cash payments in lieu of issuing fractional shares pursuant to the exchange or conversion of any exchangeable or convertible securities;

(h) cash payments, advances, loans or expense reimbursements made to any parent company of the Parent Guarantor to permit any such company to pay (i) general operating expenses, customary directors' fees, accounting, legal, corporate reporting and administrative expenses incurred in the ordinary course of business in an amount not to exceed €5.0 million in the aggregate in any fiscal year, and (ii) any taxes, duties or similar governmental fees of any such parent company to the extent such tax obligations are directly attributable to its ownership of the Parent Guarantor and its Restricted Subsidiaries; and

(i) any other Restricted Payment, provided that the total aggregate amount of Restricted Payments made under this clause (i) does not exceed €30 million.

The actions described in clauses (a), (f) and (i) of this paragraph (3) are Restricted Payments that will be permitted to be made in accordance with this paragraph (3) but that reduce the amount that would otherwise be available for Restricted Payments under clause (c) of paragraph (2) above.

Limitation on Issuances and Sales of Capital Stock of Restricted Subsidiaries

The Parent Guarantor will not sell, pledge or otherwise dispose of, and will not permit any Restricted Subsidiary (other than as permitted under the "Limitation on Liens" covenant), directly or indirectly, to issue or sell, any shares of Capital Stock of a Restricted Subsidiary (including options, warrants or other rights to purchase shares of such Capital Stock). The foregoing sentence, however, will not apply to:

(a) any issuance or sale of shares of Capital Stock of a Restricted Subsidiary to the Parent Guarantor or a Restricted Subsidiary;

(b) any issuance or sale to directors of directors' qualifying shares or issuances or sales of shares of Capital Stock of Restricted Subsidiaries to be held by third parties, in each case to the extent required by applicable law;

(c) any issuance or sale of shares of Capital Stock of a Restricted Subsidiary if, immediately after giving effect to such issuance or sale, such Restricted Subsidiary would no longer constitute a Restricted Subsidiary and any remaining Investment in such Person would have been permitted to be made under the "Limitation on Restricted Payments" covenant if made on the date of such issuance or sale;

(d) any issuance of shares of Capital Stock of a Restricted Subsidiary, if after giving effect to such issuance, such Restricted Subsidiary remains a Restricted Subsidiary; and

(e) Capital Stock issued by a Person prior to the time:

(i) such Person becomes a Restricted Subsidiary,

(ii) such Person consolidates or merges with or into a Restricted Subsidiary, or

(iii) a Restricted Subsidiary consolidates or merges with or into such Person,

but only if such Capital Stock was not issued or incurred by such Person in anticipation of it becoming a Restricted Subsidiary.

Limitation on Transactions with Affiliates

The Parent Guarantor will not, and will not permit any Restricted Subsidiary to, directly or indirectly, enter into or suffer to exist any transaction or series of related transactions (including, without limitation, the sale, purchase, exchange or lease of assets or property or the rendering of any service), with, or for the benefit of, any Affiliate of the Parent Guarantor or any Restricted Subsidiary's Affiliate unless such transaction or series of transactions is entered into in good faith (and, in the case of such a transaction or series of transactions having a value greater than €10 million, in writing) and:

(a) such transaction or series of transactions is on terms that, taken as a whole, are not materially less favorable to the Parent Guarantor or such Restricted Subsidiary, as the case may be, than those that could have been obtained in a comparable arm's length transaction with third parties that are not Affiliates;

(b) with respect to any transaction or series of related transactions involving aggregate payments or the transfer of assets or provision of services, in each case having a value greater than €10 million, the Parent Guarantor will deliver a resolution of its board of directors (set out in an Officer's Certificate to the trustee) resolving that such transaction complies with clause (a) above and that the fairness of such transaction has been approved by a majority of the Disinterested Directors (or in the event there is only one Disinterested Director, by such Disinterested Director) of the Parent Guarantor's board of directors; and

(c) with respect to any transaction or series of related transactions involving aggregate payments or the transfer of assets or the provision of services, in each case having a value greater than €20 million, the Parent Guarantor will deliver to the trustee a written opinion of an accounting, appraisal, investment banking or advisory firm of international standing stating that the transaction or series of transactions is fair to the Parent Guarantor or such Restricted Subsidiary from a financial point of view.

Notwithstanding the foregoing, the restrictions set forth in this description will not apply to:

(i) customary directors' fees, indemnification and similar arrangements (including the payment of directors' and officers' insurance premiums), consulting fees, employee salaries, bonuses, employment agreements and arrangements, compensation or employee benefit arrangements, including stock options or legal fees, so long as the Parent Guarantor's board of directors has approved the terms thereof and deemed the services theretofore or thereafter to be performed for such compensation or payments to be fair consideration therefor, provided that the restrictions set forth in this description will apply to any fees paid in respect of engineering or other similar services to any Unrestricted Subsidiary or any employee thereof;

(ii) any Restricted Payments not prohibited by the "Limitation on Restricted Payments" covenant or the making of an Investment that is a Permitted Investment;

(iii) the Transactions and agreements and arrangements existing on the date of the Indenture and any amendment, modification or supplement thereto, provided that any such amendment, modification or supplement to the terms thereof is not more disadvantageous to the holders of the Notes and to the Parent Guarantor and the Restricted Subsidiaries, as applicable, in any material respect than the original agreement or arrangement as in effect on the date of the Indenture and provided, further, that such amendment or modification is (x) on a basis substantially similar to that which would be conducted in an arm's length transaction with third parties who are not Affiliates and (y) in the case of any transaction having a Fair Market Value of greater than €10 million, approved by the Parent Guarantor's board of directors (including a majority of the Disinterested Directors);

(iv) any payments or other transactions pursuant to a tax sharing agreement between the Parent Guarantor and any other Person with which the Parent Guarantor files a consolidated tax return or with which the Parent Guarantor is part of a consolidated group for tax purposes or any tax advantageous group contribution made pursuant to applicable legislation;

(v) the issuance of securities pursuant to, or for the purpose of the funding of, employment arrangements, stock options, and stock ownership plans, as long as the terms thereof are or have been previously approved by the Parent Guarantor's board of directors;

(vi) the granting and performance of registration rights for the Parent Guarantor's securities;

(vii) (A) issuances or sales of Qualified Capital Stock of the Parent Guarantor or Deeply Subordinated Funding and (B) any amendment, waiver or other transaction with respect to any Deeply Subordinated Funding in compliance with the other provisions of the Indenture; and

(viii) transactions between or among the Parent Guarantor and the Restricted Subsidiaries or between or among Restricted Subsidiaries.

Limitation on Liens

The Parent Guarantor will not, and will not permit any Restricted Subsidiary to, directly or indirectly, create, incur, assume or suffer to exist any Lien of any kind (except for Permitted Liens) or assign or otherwise convey any right to receive any income, profits or proceeds on or with respect to any of the Parent Guarantor's or any Restricted Subsidiary's property or assets, including any shares of stock or any Debt of any Restricted Subsidiary but excluding any Capital Stock, Debt or other securities of any Unrestricted Subsidiary, whether owned at or acquired after the date of the Indenture, or any income, profits or proceeds therefrom unless:

(a) in the case of any Lien securing Subordinated Debt, the Issuer's obligations in respect of the Notes, (or a Guarantee in the case of Liens securing Subordinated Debt of a Guarantor) are directly secured by a Lien on such property, assets or proceeds that is senior in priority to the Lien securing the Subordinated Debt until such time as the Subordinated Debt is no longer secured by a Lien; and

(b) in the case of any other Lien, the Issuer's obligations in respect of the Notes (or a Guarantee in the case of Liens securing Indebtedness of a Guarantor), and all other amounts due under the Indenture are equally and ratably secured with the obligation or liability secured by such Lien.

Limitation on Sale of Certain Assets

(1) The Parent Guarantor will not, and will not permit any Restricted Subsidiary to, consummate any Asset Sale unless:

(a) the consideration the Parent Guarantor or such Restricted Subsidiary receives for such Asset Sale is not less than the Fair Market Value of the assets sold (as determined in good faith by the Parent Guarantor's board of directors);

(b) at least 75% of the consideration the Parent Guarantor or such Restricted Subsidiary receives in respect of such Asset Sale consists of (i) cash (including any Net Cash Proceeds received from the conversion within 90 days of such Asset Sale of securities, notes or other obligations received in consideration of such Asset Sale); (ii) Cash Equivalents; (iii) the assumption by the purchaser of (x) the Parent Guarantor's Debt or Debt of any Restricted Subsidiary (other than Subordinated Debt) as a result of which neither the Parent Guarantor nor any of the Restricted Subsidiaries remains obligated in respect of such Debt or (y) Debt of a Restricted Subsidiary that is no longer a Restricted Subsidiary as a result of such Asset Sale, if the Parent Guarantor and each other Restricted Subsidiary is released from any guarantee of such Debt as a result of such Asset Sale; (iv) Replacement Assets; or (v) a combination of the consideration specified in clauses (i) to (iv); and

(c) the Parent Guarantor delivers an Officer's Certificate to the trustee certifying that such Asset Sale complies with the provisions described in the foregoing clauses (a) and (b).

(2) If the Parent Guarantor or any Restricted Subsidiary consummates an Asset Sale, the Net Cash Proceeds of the Asset Sale, within 360 days after the consummation of such Asset Sale, may be used by the Parent Guarantor or such Restricted Subsidiary to (a) permanently repay or prepay any then outstanding Senior Debt of the Parent Guarantor or any Restricted Subsidiary (and to effect a corresponding commitment reduction if such Senior Debt is revolving credit borrowings) owing to a Person other than the Parent Guarantor or a Restricted Subsidiary, or (b) invest in any Replacement Assets, or (c) any combination of the foregoing. The amount of such Net Cash Proceeds not so used as set forth in this paragraph (2) constitutes "Excess Proceeds". The Parent Guarantor may reduce revolving credit borrowings or otherwise invest such Net Cash Proceeds in any manner that is not prohibited by the terms of the Indenture.

(3) When the aggregate amount of Excess Proceeds exceeds €25 million, the Parent Guarantor or the Issuer will, within 20 Business Days, make an offer to purchase (an "Excess Proceeds Offer") from all holders of Notes and from the holders of any Pari passu Debt, to the extent required by the terms thereof, on a pro rata basis, in accordance with the procedures set forth in the Indenture or the agreements governing any such Pari passu Debt, the maximum principal amount (expressed as a multiple of €1,000) of the Notes and any such Pari passu Debt that may be purchased with the amount of the Excess Proceeds. The offer price as to each Note and any such Pari passu Debt will be payable in cash in an amount equal to (solely in the case of the Notes) 100% of the principal amount of such Note and (solely in the case of Pari passu Debt) no greater than 100% of the principal amount (or accreted value, as applicable) of such Pari passu Debt, plus in each case accrued and unpaid interest, if any, to the date of purchase.

To the extent that the aggregate principal amount of Notes and any such Pari passu Debt tendered pursuant to an Excess Proceeds Offer is less than the aggregate amount of Excess Proceeds, the Parent Guarantor may use the amount of such Excess Proceeds not used to purchase Notes and Pari passu Debt for general corporate purposes that are not otherwise prohibited by the Indenture. If the aggregate principal amount of Notes and any such Pari passu Debt validly tendered and not withdrawn by holders thereof exceeds the aggregate amount of Excess Proceeds, the Notes and any such Pari passu Debt to be purchased will be selected by the trustee on a pro rata basis (based upon the principal amount of Notes and the principal amount or accreted value of such Pari passu Debt tendered by each holder). Upon completion of each such Excess Proceeds Offer, the amount of Excess Proceeds will be reset to zero.

(4) If the Parent Guarantor or the Issuer is obligated to make an Excess Proceeds Offer, the Parent Guarantor or the Issuer will purchase the Notes and Pari passu Debt, at the option of the holders thereof, in whole or in part in integral multiples of €1,000, on a date that is not earlier than 30 days and not later than 60 days from the date the notice of the Excess Proceeds Offer is given to such holders, or such later date as may be required under the Exchange Act.

If the Parent Guarantor or the Issuer is required to make an Excess Proceeds Offer, the Parent Guarantor and the Issuer will comply with the applicable tender offer rules, including Rule 14e-1 under the Exchange Act, and any other applicable securities laws and regulations, including any securities laws of Ireland and the requirements of any applicable securities exchange on which Notes or the Existing Ardagh Bonds are then listed. To the extent that the provisions of any securities laws or regulations conflict with the provisions of this covenant, we will comply with such securities laws and regulations and will not be deemed to have breached our obligations described in this covenant by virtue thereof.

Limitation on Sale and Leaseback Transactions

The Parent Guarantor will not, and will not permit any Restricted Subsidiary to, enter into any sale and leaseback transaction with respect to any property or assets (whether now owned or hereafter acquired), unless:

(a) the sale or transfer of such property or assets to be leased is treated as an Asset Sale and the Parent Guarantor and the Restricted Subsidiaries comply with the "Limitation on Sale of Certain Assets" covenant, including the provisions concerning the application of Net Cash Proceeds (treating all of the consideration received in such sale and leaseback transaction as Net Cash Proceeds for the purposes of such covenant);

(b) the Parent Guarantor or such Restricted Subsidiary, as applicable, would be permitted to incur Debt under the "Limitation on Debt" covenant in the amount of the Attributable Debt incurred in respect of such sale and leaseback transaction; and

(c) the Parent Guarantor or such Restricted Subsidiary, as applicable, would be permitted to grant a Lien to secure Debt under the "Limitation on Liens" covenant in the amount of the Attributable Debt in respect of such sale and leaseback transaction.

Notwithstanding the foregoing, nothing shall prevent the Parent Guarantor or any Restricted Subsidiary from engaging in a sale and leaseback transaction solely between the Parent Guarantor and any Restricted Subsidiary or solely between or among Restricted Subsidiaries.

Limitation on Guarantees of Debt by Restricted Subsidiaries

(1) The Parent Guarantor will not permit any Restricted Subsidiary that is not a Guarantor, directly or indirectly, to guarantee, assume or in any other manner become liable for the payment of any Pari passu Debt or Subordinated Debt of the Issuer (other than the Notes), the Parent Guarantor or any Subsidiary Guarantor, unless:

(a) (i) such Restricted Subsidiary simultaneously executes and delivers a supplemental indenture to the Indenture providing for a Guarantee of payment of the Notes by such Restricted Subsidiary on the same terms as the guarantee of such Debt; and

(ii) with respect to any guarantee of Subordinated Debt by such Restricted Subsidiary, any such guarantee shall be subordinated to such Restricted Subsidiary's Guarantee with respect to the Notes at least to the same extent as such Subordinated Debt is subordinated to the Notes; and

(b) such Restricted Subsidiary waives and will not in any manner whatsoever claim or take the benefit or advantage of, any rights of reimbursement, indemnity or subrogation or any other rights against the Parent Guarantor or any other Restricted Subsidiary as a result of any payment by such Restricted Subsidiary under its Guarantee.

This paragraph (1) will not be applicable to any guarantees of any Restricted Subsidiary:

(i) guaranteeing Debt under Credit Facilities permitted to be incurred pursuant to paragraphs (1) and (2)(a) of "—Certain Covenants—Limitation on Debt" or existing on the date of the Indenture;

(ii) that existed at the time such Person became a Restricted Subsidiary if the guarantee was not incurred in connection with, or in contemplation of, such Person becoming a Restricted Subsidiary; or

(iii) given to a bank or trust company having combined capital and surplus and undivided profits of not less than €500 million, whose debt has a rating, at the time such guarantee was given, of at least A or the equivalent thereof by S&P and at least A2 or the equivalent thereof by Moody's, in connection with the operation of cash management programs established for the Parent Guarantor's benefit or that of any Restricted Subsidiary.

(2) Notwithstanding the foregoing, any Guarantee of the Notes created pursuant to the provisions described in paragraph (1) above may provide by its terms that it will be automatically and unconditionally released and discharged upon:

(a) any sale, exchange or transfer, to any Person who is not the Parent Guarantor's Affiliate, of all of the Capital Stock owned by the Parent Guarantor and its other Restricted Subsidiaries in, or all or substantially all the assets of, such Restricted Subsidiary (which sale, exchange or transfer is not prohibited by the Indenture); or

(b) (with respect to any Guarantee created after the date of the Indenture) the release by the holders of the Issuer's, the Parent Guarantor's or the Subsidiary Guarantor's Debt described in paragraph (1) above, of their guarantee by such Restricted Subsidiary (including any deemed release upon payment in full of all obligations under such Debt other than as a result of payment under such guarantee), at a time when:

  (i) no other Debt of the Issuer, the Parent Guarantor or any Subsidiary Guarantor has been guaranteed by such Restricted Subsidiary; or

  (ii) the holders of all such other Debt that is guaranteed by such Restricted Subsidiary also release their guarantee by such Restricted Subsidiary (including any deemed release upon payment in full of all obligations under such Debt other than as a result of payment under such guarantee); or

(c) the release of the Guarantees on the terms and conditions and in the circumstances described in "—Ranking of the Notes and the Guarantees; Subordination—Release of the Guarantees".

Limitation on Dividends and Other Payment Restrictions Affecting Restricted Subsidiaries

(1) The Parent Guarantor will not, and will not permit any Restricted Subsidiary to, directly or indirectly, create or otherwise cause or suffer to exist or become effective any consensual encumbrance or restriction of any kind on the ability of any Restricted Subsidiary to:

(a) pay dividends, in cash or otherwise, or make any other distributions on or in respect of its Capital Stock or any other interest or participation in, or measured by, its profits;

(b) pay any Debt owed to the Parent Guarantor or any other Restricted Subsidiary;

(c) make loans or advances to the Parent Guarantor or any other Restricted Subsidiary; or

(d) transfer any of its properties or assets to the Parent Guarantor or any other Restricted Subsidiary.

(2) The provisions of the covenant described in paragraph (1) above will not apply to:

(a) encumbrances and restrictions imposed by the Notes, the Indenture, the Senior Credit Facilities, the Intercreditor Agreement, the Existing Ardagh Bonds, the Senior PIK Notes and the security documents related thereto or by other indentures or agreements governing other Debt we incur ranking equally with the Notes provided that the encumbrances or restrictions imposed by such other indentures or agreements are not materially more restrictive, taken as a whole, than the encumbrances or restrictions imposed by the Indenture;

(b) any customary encumbrances or restrictions created under any agreements with respect to Debt of the Parent Guarantor or any Restricted Subsidiary permitted to be incurred subsequent to the date of the Indenture pursuant to the provisions of "—Limitation on Debt", including encumbrances or restrictions imposed by Debt permitted to be incurred under Credit Facilities or any guarantees thereof in accordance with such covenant; provided that such agreements do not prohibit the payment of interest with respect to the Notes or the Guarantees absent a default or event of default under such agreement;

(c) encumbrances or restrictions contained in any agreement in effect on the date of the Indenture (other than an agreement described in another clause of this paragraph (2));

(d) with respect to restrictions or encumbrances referred to in clause (1)(d) above, encumbrances and restrictions that restrict in a customary manner the subletting, assignment or transfer of any properties or assets that are subject to a lease, license, conveyance or other similar agreement to which the Parent Guarantor or any Restricted Subsidiary is a party;

(e) encumbrances or restrictions contained in any agreement or other instrument of a Person (including its Subsidiaries), acquired by the Parent Guarantor or any Restricted Subsidiary in effect at the time of such acquisition (but not created in contemplation thereof), which encumbrance or restriction is not applicable to any Person, or the properties or assets of any Person, other than the Person, or the property or assets of the Person, so acquired (including its Subsidiaries);

(f) encumbrances or restrictions contained in contracts for sales of Capital Stock or assets permitted by the "Limitation on Sale of Certain Assets" covenant with respect to the assets or Capital Stock to be sold pursuant to such contract or in customary merger or acquisition agreements (or any option to enter into such contract) for the purchase or acquisition of Capital Stock or assets or any of the Parent Guarantor's Subsidiaries by another Person;

(g) with respect to restrictions or encumbrances referred to in clause (1)(d) above, any customary encumbrances or restrictions pertaining to any asset or property subject to a Lien to the extent set forth in the security document or any related document governing such Lien;

(h) encumbrances or restrictions imposed by applicable law or regulation or by governmental licenses, concessions, franchises or permits;

(i) encumbrances or restrictions on cash or other deposits or net worth imposed by customers under contracts entered into the ordinary course of business;

(j) customary limitations on the distribution or disposition of assets or property in joint venture agreements entered into the ordinary course of business and in good faith by any Restricted Subsidiary; provided that such encumbrance or restriction is applicable only to such Restricted Subsidiary and its Subsidiaries and provided that:

  (i) the encumbrance or restriction is not materially more disadvantageous to the holders of the Notes than is customary in comparable agreements (as determined by the Parent Guarantor); and

(ii) the Parent Guarantor determines that any such encumbrance or restriction will not materially affect the ability of the Issuer or any Guarantor to make any anticipated principal or interest payments on the Notes;

(k) in the case of clause 1(d) above, customary encumbrances or restrictions in connection with purchase money obligations, mortgage financings and Capitalized Lease Obligations for property acquired in the ordinary course of business;

(l) any encumbrance or restriction arising by reason of customary non-assignment provisions in agreements;

(m) encumbrances or restrictions with respect to any Permitted Receivables Financing; provided that such encumbrances or restrictions are customarily required by the institutional sponsor or arranger of such Permitted Receivables Financing in similar types of documents relating to the purchase of similar receivables in connection with the financing thereof; or

(n) any encumbrances or restrictions existing under any agreement that extends, renews, amends, modifies, restates, supplements, refunds, refinances or replaces the agreements containing the encumbrances or restrictions in the foregoing clauses (2)(a) through (m); provided that the terms and conditions of any such encumbrances or restrictions are not materially less favorable, taken as a whole, to the holders of the Notes than those under or pursuant to the agreement so extended, renewed, amended, modified, restated, supplemented, refunded, refinanced or replaced.

Limitation on Layered Debt

The Subsidiary Guarantors will not incur, create, issue, assume, guarantee or otherwise become liable for any Debt that is subordinate or junior in right of payment to any Senior Debt of the Subsidiary Guarantors and senior in any respect in right of payment to the Guarantees or any other Pari passu Debt of the Subsidiary Guarantors, provided that the foregoing limitation will not apply to distinctions between categories of Senior Debt that exist by reason of any Liens or guarantees arising or created in respect of some but not all of such Senior Debt or pursuant to the Intercreditor Agreement.

Designation of Unrestricted and Restricted Subsidiaries

The Parent Guarantor's board of directors may designate any Subsidiary (including newly acquired or newly established Subsidiaries) to be an "Unrestricted Subsidiary" only if:

(a) no Default has occurred and is continuing at the time of or after giving effect to such designation;

(b) the Parent Guarantor would be permitted to make an Investment (including a Permitted Investment described in clause (n) of the definition of Permitted Investment but excluding any other Permitted Investment) at the time of designation (assuming the effectiveness of such designation) pursuant to the "Limitation on Restricted Payments" covenant in an amount equal to the greater of (i) the net book value of the Parent Guarantor's interest in such Subsidiary calculated in accordance with GAAP or (ii) the Fair Market Value of the Parent Guarantor's interest in such Subsidiary;

(c) neither the Parent Guarantor nor any Restricted Subsidiary has a contract, agreement, arrangement, understanding or obligation of any kind, whether written or oral, with such Subsidiary unless the terms of such contract, arrangement, understanding or obligation are no less favorable to the Parent Guarantor or such Restricted Subsidiary than those that might be obtained at the time from Persons who are not Affiliates of the Parent Guarantor or of any Restricted Subsidiary;

(d) such Subsidiary does not own any Capital Stock, Redeemable Capital Stock or Debt of, or own or hold any Lien on any property or assets of, or have any Investment in, the Parent Guarantor or any other Restricted Subsidiary;

(e) such Subsidiary is not liable, directly or indirectly, with respect to any Debt, Lien or other obligation that, if in default, would result (with the passage of time or notice or otherwise) in a default on any of the Parent Guarantor's Debt or Debt of any Restricted Subsidiary, provided that an Unrestricted Subsidiary may provide a Guarantee for the Notes;

(f) such Subsidiary, either alone or in the aggregate with all other Unrestricted Subsidiaries, does not operate, directly or indirectly, all or substantially all of the business of the Parent Guarantor and its Subsidiaries; and

(g) such Subsidiary is a Person with respect to which neither the Parent Guarantor nor any of the Restricted Subsidiaries has any direct or indirect obligation to:

  (i) subscribe for additional Capital Stock of such Person; or

  (ii) maintain or preserve such Person's financial condition or to cause such Person to achieve any specified levels of operating results.

In the event of any such designation, the Parent Guarantor will be deemed to have made an Investment constituting a Restricted Payment pursuant to the "Limitation on Restricted Payments" covenant for all purposes of the Indenture in an amount equal to the greater of (i) the net book value of the Parent Guarantor's interest in such Subsidiary calculated in accordance with GAAP or (ii) the Fair Market Value of the Parent Guarantor's interest in such Subsidiary.

The Indenture will further provide that neither the Parent Guarantor nor any Restricted Subsidiary will at any time:

(a) provide a guarantee of, or similar credit support to, any Debt of any Unrestricted Subsidiary (including of any undertaking, agreement or instrument evidencing such Debt); provided that the Parent Guarantor or any Restricted Subsidiary may pledge Capital Stock or Debt of any Unrestricted Subsidiary on a nonrecourse basis as long as the pledgee has no claim whatsoever against the Parent Guarantor or any Restricted Subsidiary other than to obtain such pledged property, except to the extent permitted under the "Limitation on Restricted Payments" and "Limitation on Transactions with Affiliates" covenants;

(b) be directly or indirectly liable for any Debt of any Unrestricted Subsidiary, except to the extent permitted under the "Limitation on Restricted Payments" and "Limitation on Transactions with Affiliates" covenants; or

(c) be directly or indirectly liable for any other Debt that provides that the holder thereof may (upon notice, lapse of time or both) declare a default thereon (or cause the payment thereof to be accelerated or payable prior to its final scheduled maturity) upon the occurrence of a default with respect to any other Debt that is Debt of an Unrestricted Subsidiary (including any corresponding right to take enforcement action against such Unrestricted Subsidiary).

The Parent Guarantor's board of directors may designate any Unrestricted Subsidiary as a Restricted Subsidiary if:

(a) no Default or Event of Default has occurred and is continuing at the time of or will occur and be continuing after giving effect to such designation; and

(b) unless such redesignated Subsidiary shall not have any Debt outstanding (other than Debt that would be Permitted Debt), immediately before and after giving effect to such proposed designation, and after giving pro forma effect to the incurrence of any such Debt of such redesignated Subsidiary as if such Debt was incurred on the date of the redesignation, the Parent Guarantor could incur €1.00 of additional Debt (other than Permitted Debt) pursuant to the "Limitation on Debt" covenant.

Any such designation as an Unrestricted Subsidiary or Restricted Subsidiary by the Parent Guarantor's board of directors will be evidenced to the trustee by filing a resolution of the Parent Guarantor's board of directors with the trustee giving effect to such designation and an Officer's Certificate certifying that such designation complies with the foregoing conditions, and giving the effective date of such designation. Any such filing with the trustee must occur within 45 days after the end of the Parent Guarantor's fiscal quarter in which such designation is made (or, in the case of a designation made during the last fiscal quarter of the Parent Guarantor's fiscal year, within 90 days after the end of such fiscal year).

Reports to Holders

So long as any Notes are outstanding, the Issuer or the Parent Guarantor will furnish to the trustee (who, at the Issuer's or the Parent Guarantor's expense, will furnish by mail to holders of the Notes):

(a) within 120 days following the end of each of the Parent Guarantor's fiscal years, an annual report containing substantially the same information as would be required to be contained in an annual report filed with the Commission on Form 20-F (as in effect on the date of the Indenture) other than (i) the information required: under Item 3.A of Form 20-F entitled "Selected Financial Data"; Item 8 of Form 20-F entitled "Financial Information"; Item 9.A.4 of Form 20-F entitled "Offer and Listing Details" regarding the price history of the Parent Guarantor's securities; Item 10 of Form 20-F entitled "Additional Information" regarding the Parent Guarantor's share capital, constitutional documents and any material contracts to which the Parent Guarantor or the Restricted Subsidiaries are party other than contracts entered into in ordinary course of business; Item 15 of Form 20-F entitled "Controls and Procedures" regarding internal disclosure controls and procedures; and Items 17 and 18 entitled "Financial Statements"; but including (ii) annual audited balance sheets, statements of income, statements of shareholders equity, and statements of cash flows (with notes thereto) for (x) the Parent Guarantor and its Subsidiaries on a consolidated basis and (y) the Parent Guarantor and the Restricted Subsidiaries on a consolidated basis, in each case for the year then ended and the prior fiscal year and prepared in accordance with GAAP, which need not, however, contain any reconciliation to U.S. GAAP or otherwise comply with Regulation S-X of the Commission;

(b) within 60 days following the end of the first three fiscal quarters in each of the Parent Guarantor's fiscal years, quarterly reports containing unaudited balance sheets, statements of income, statements of shareholders equity and statements of cash flows for (i) the Parent Guarantor and its Subsidiaries on a consolidated basis and (ii) the Parent Guarantor and the Restricted Subsidiaries on a consolidated basis, in each case for the quarterly period then ended and the corresponding quarterly period in the prior fiscal year and prepared in accordance with GAAP, which need not, however, contain any reconciliation to U.S. GAAP or otherwise comply with Regulation S-X of the Commission, together with an operating and financial review for such quarterly period and condensed footnote disclosure; and

(c) promptly from time to time after the occurrence of an event required to be reported therein, such other reports containing substantially the same information required to be contained in Form 6-K (or any successor form) of the Commission.

In addition, the Issuer or the Parent Guarantor shall furnish to the holders of the Notes and to prospective investors, upon the requests of such holders, any information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act so long as the Notes are not freely transferable under the Exchange Act by Persons who are not "affiliates" under the Securities Act.

The Issuer or the Parent Guarantor will also make available copies of all reports furnished to the trustee (a) on the Parent Guarantor's website; (b) through the newswire service of Bloomberg, or, if Bloomberg does not then operate, any similar agency; and (c) if and so long as the Notes are listed on the Irish Stock Exchange and the rules of the Irish Stock Exchange so require, copies of such reports furnished to the trustee will also be made available at the specified office of the paying agent in Ireland.

Consolidation, Merger and Sale of Assets

The Parent Guarantor will not, in a single transaction or through a series of transactions, consolidate or merge with or into any other Person or sell, assign, convey, transfer, lease or otherwise dispose of, or take any action pursuant to any resolution passed by the Parent Guarantor's board of directors or shareholders with respect to a demerger or division pursuant to which the Parent Guarantor would dispose of, all or substantially all of the Parent Guarantor's properties and assets (other than Capital Stock, Debt or other securities of any Unrestricted Subsidiary) to any other Person or Persons and the Parent Guarantor will not permit any Restricted Subsidiary to enter into any such transaction or series of transactions if such transaction or series of transactions, in the aggregate, would result in the sale, assignment, conveyance, transfer, lease or other disposition of all or substantially all of the properties and assets (other than Capital Stock, Debt or other securities of any Unrestricted Subsidiary) of the Parent Guarantor and its Restricted Subsidiaries on a consolidated basis to any other Person or Persons. The previous sentence will not apply if:

(a) at the time of, and immediately after giving effect to, any such transaction or series of transactions, either (i) the Parent Guarantor will be the continuing corporation or (ii) the Person (if other than the Parent Guarantor) formed by or surviving any such consolidation or merger or to which such sale, assignment, conveyance, transfer, lease or disposition of all or substantially all the properties and assets of the Parent Guarantor and the Restricted Subsidiaries on a consolidated basis has been made (the "Surviving Entity"):

  (x) will be a corporation duly incorporated and validly existing under the laws of any member state of the European Union or the European Economic Area, the United States of America, any state thereof, the District of Columbia, Canada, Switzerland, Australia or Bermuda; and

  (y) will expressly assume, by a supplemental indenture in form satisfactory to the trustee, the Parent Guarantor's obligations under the Notes and the Indenture, and the Notes and the Indenture will remain in full force and effect as so supplemented;

(b) immediately after giving effect to such transaction or series of transactions on a pro forma basis (and treating any obligation of the Parent Guarantor or any Restricted Subsidiary incurred in connection with or as a result of such transaction or series of transactions as having been incurred by the Parent Guarantor or such Restricted Subsidiary at the time of such transaction), no Default or Event of Default will have occurred and be continuing;

(c) immediately before and immediately after giving effect to such transaction or series of transactions on a pro forma basis (on the assumption that the transaction or series of transactions occurred on the first day of the four-quarter fiscal period immediately prior to the consummation of such transaction or series of transactions with the appropriate adjustments with respect to the transaction or series of transactions being included in such pro forma calculation), the Parent Guarantor (or the Surviving Entity if the Parent Guarantor is not the continuing obligor under the Indenture) could incur at least €1.00 of additional Debt under the provisions of the "Limitation on Debt" covenant;

(d) any Subsidiary Guarantor, unless it is the other party to the transactions described above, will have by supplemental indenture confirmed that its Guarantee will apply to such Person's obligations under the Indenture and the Notes;

(e) any of the Parent Guarantor's or any Restricted Subsidiary's property or assets would thereupon become subject to any Lien, the provisions of the "Limitation on Liens" covenant are complied with; and

(f) the Parent Guarantor or the Surviving Entity will have delivered to the trustee, in form and substance satisfactory to the trustee, an Officers' Certificate (attaching the computations to demonstrate compliance with clauses (b)(ii) and (c) above) and an opinion of independent counsel, each stating that such consolidation, merger, sale, assignment, conveyance, transfer, lease or other disposition, and if a supplemental indenture is required in connection with such transaction, such supplemental indenture, comply with the requirements of the Indenture and that all conditions precedent in the Indenture relating to such transaction have been satisfied and that the Indenture and the Notes constitute legal, valid and binding obligations of the continuing person, enforceable in accordance with their terms.

The Surviving Entity will succeed to, and be substituted for, and may exercise every right and power of, the Parent Guarantor under the Indenture, but, in the case of a lease of all or substantially all of the Parent Guarantor's assets, the Parent Guarantor will not be released from the obligation to pay the principal of, premium, if any, and interest, on the Notes.

Nothing in the Indenture will prevent (i) any Restricted Subsidiary from consolidating with, merging into or transferring all or substantially all of its properties and assets to the Parent Guarantor or any other Restricted Subsidiary, (ii) any Subsidiary Guarantor from consolidating with, merging into or transferring all or substantially all of its properties and assets to the Parent Guarantor or another Subsidiary Guarantor (and upon any such transfer, the Guarantee of the transferring Subsidiary Guarantor shall automatically be released), or (iii) any consolidation, merger or transfer made as part of the Acquisition.

Although there is a limited body of case law interpreting the phrase "all or substantially all", there is no precise established definition of the phrase under applicable law. Accordingly, in certain circumstances there may be a degree of uncertainty as to whether a particular transaction would involve "all or substantially all" of the property or assets of a Person.

The Parent Guarantor will publish a notice of any consolidation, merger or sale of assets described above in accordance with the provisions of the Indenture described under "—Notices" and, so long as the rules of the Irish Stock Exchange so require, notify such exchange of any such consolidation, merger or sale.

Events of Default

(1) Each of the following will be an "Event of Default" under the Indenture:

(a) default for 30 days in the payment when due of any interest or any Additional Amounts on any Note;

(b) default in the payment of the principal of or premium, if any, on any Note at its Maturity (upon acceleration, optional or mandatory redemption, if any, required repurchase or otherwise);

(c) failure to comply with the provisions of "—Certain Covenants—Consolidation, Merger and Sale of Assets";

(d) failure to make or consummate an Excess Proceeds Offer in accordance with the provisions of "—Certain Covenants—Limitation on Sale of Certain Assets";

(e) failure to make or consummate a Change of Control Offer in accordance with the provisions of "—Purchase of Notes upon a Change of Control";

(f) failure to comply with any covenant or agreement of the Parent Guarantor or of any Restricted Subsidiary that is contained in the Indenture or any Guarantees (other than specified in clause (a), (b), (c), (d) or (e) above) and such failure continues for a period of 30 days or more after the written notice specified in clause (2) below;

(g) default under the terms of any instrument evidencing or securing the Debt of the Parent Guarantor or any Restricted Subsidiary having an outstanding principal amount in excess of €20 million individually or in the aggregate, if that default: (x) results in the acceleration of the payment of such Debt or (y) is caused by the failure to pay such Debt at final maturity thereof after giving effect to the expiration of any applicable grace periods and other than by regularly scheduled required prepayment, and such failure to make any payment has not been waived or the maturity of such Debt has not been extended, and in either case the total amount of such Debt unpaid or accelerated exceeds €20 million or its equivalent at the time;

(h) any Guarantee ceases to be, or shall be asserted in writing by any Guarantor, or any Person acting on behalf of any Guarantor, not to be in full force and effect or enforceable in accordance with its terms (other than as provided for in the Indenture, any Guarantee or the Intercreditor Agreement);

(i) one or more final judgments, orders or decrees (not subject to appeal and not covered by insurance) shall be rendered against the Parent Guarantor or any Material Subsidiary, either individually or in an aggregate amount, in excess of €20 million, and either a creditor shall have commenced an enforcement proceeding upon such judgment, order or decree or there shall have been a period of 60 consecutive days or more during which a stay of enforcement of such judgment, order or decree was not (by reason of pending appeal or otherwise) in effect; and

(j) the occurrence of certain events of bankruptcy, insolvency, receivership or reorganization with respect to the Parent Guarantor or any Material Subsidiary.

(2) If an Event of Default (other than as specified in clause (1)(j) above) occurs and is continuing, the trustee or the holders of not less than 25% in aggregate principal amount of the Notes then outstanding by written notice to the Issuer and the Parent Guarantor (and to the trustee if such notice is given by the holders) may, and the trustee, upon the written request of such holders, shall, declare the principal of, premium, if any, and any Additional Amounts and accrued interest on all of the outstanding Notes immediately due and payable, and upon any such declaration all such amounts payable in respect of the Notes will become immediately due and payable.

(3) If an Event of Default specified in clause (1)(j) above occurs and is continuing, then the principal of, premium, if any, and Additional Amounts and accrued and unpaid interest on all of the outstanding Notes shall become and be immediately due and payable without any declaration or other act on the part of the trustee or any holder of Notes.

(4) At any time after a declaration of acceleration under the Indenture, but before a judgment or decree for payment of the money due has been obtained by the trustee, the holders of a majority in aggregate principal amount of the outstanding Notes, by written notice to the Issuer, the Parent Guarantor and the trustee, may rescind such declaration and its consequences if:

(a) the Parent Guarantor or the Issuer has paid or deposited with the trustee a sum sufficient to pay:

(i) all overdue interest and Additional Amounts on all Notes then outstanding;

(ii) all unpaid principal of and premium, if any, on any outstanding Notes that has become due otherwise than by such declaration of acceleration and interest thereon at the rate borne by the Notes;

(iii) to the extent that payment of such interest is lawful, interest upon overdue interest and overdue principal at the rate borne by the Notes; and

(iv) all sums paid or advanced by the trustee under the Indenture and the reasonable compensation, expenses, disbursements and advances of the trustee, its agents and counsel;

(b) the rescission would not conflict with any judgment or decree of a court of competent jurisdiction; and

(c) all Events of Default, other than the non-payment of amounts of principal of, premium, if any, and any Additional Amounts and interest on the Notes that has become due solely by such declaration of acceleration, have been cured or waived.

No such rescission shall affect any subsequent default or impair any right consequent thereon.

(5) The holders of not less than a majority in aggregate principal amount of the outstanding Notes may, on behalf of the holders of all the Notes, waive any past defaults under the Indenture, except a default:

(a) in the payment of the principal of, premium, if any, and Additional Amounts or interest on any note; or

(b) in respect of a covenant or provision which under the Indenture cannot be modified or amended without the consent of the holder of each Note outstanding.

(6) No holder of any of the Notes has any right to institute any proceedings with respect to the Indenture or any remedy thereunder, unless the holders of at least 25% in aggregate principal amount of the outstanding Notes have made a written request to, and offered indemnity or security satisfactory to, the trustee to institute such proceeding as trustee under the Notes and the Indenture, the trustee has failed to institute such proceeding within 30 days after receipt of such notice and indemnity or security and the trustee within such 30-day period has not received directions inconsistent with such written request by holders of a majority in aggregate principal amount of the outstanding Notes. Such limitations do not, however, apply to a suit instituted by a holder of a Note for the enforcement of the payment of the principal of, premium, if any, and Additional Amounts or interest on such Note on or after the respective due dates expressed in such Note.

(7) If a Default or an Event of Default occurs and is continuing and is known to the trustee, the trustee will mail to each holder of the Notes notice of the Default or Event of Default within 15 Business Days after its occurrence. Except in the case of a Default or an Event of Default in payment of principal of, premium, if any, Additional Amounts or interest on any Notes, the trustee may withhold the notice to the holders of such Notes if a committee of its trust officers in good faith determines that withholding the notice is in the interests of the holders of the Notes.

(8) The Issuer and the Parent Guarantor are required to furnish to the trustee annual statements as to the performance of the Issuer, the Parent Guarantor and the Restricted Subsidiaries under the Indenture and as to any default in such performance. The Issuer and the Parent Guarantor are also required to notify the trustee within 15 Business Days of the occurrence of any Default stating what action, if any, they are taking with respect to that Default.

Legal Defeasance or Covenant Defeasance of Indenture

The Indenture will provide that the Issuer and the Parent Guarantor may, at their option and at any time prior to the Stated Maturity of the Notes, elect to have the obligations of the Issuer, the Parent Guarantor and the Subsidiary Guarantors discharged with respect to the outstanding Notes ("Legal Defeasance"). Legal Defeasance means that the Issuer will be deemed to have paid and discharged the entire Debt represented by the outstanding Notes except as to:

(a) the rights of holders of outstanding Notes to receive payments in respect of the principal of, premium, if any, and interest on such Notes when such payments are due;

(b) the Issuer's obligations to issue temporary Notes, register, transfer or exchange any Notes, replace mutilated, destroyed, lost or stolen Notes, maintain an office or agency for payments in respect of the Notes and segregate and hold such payments in trust;

(c) the rights, powers, trusts, duties and immunities of the trustee and the obligations of the Issuer, the Parent Guarantor and the Subsidiary Guarantors in connection therewith; and

(d) the Legal Defeasance provisions of the Indenture.

In addition, the Issuer and the Parent Guarantor may, at their option and at any time, elect to have the obligations of the Issuer, the Parent Guarantor and the Subsidiary Guarantors released with respect to certain covenants set forth in the Indenture ("Covenant Defeasance"), and thereafter any omission to comply with such covenants will not constitute a Default or an Event of Default with respect to the Notes. In the event Covenant Defeasance occurs, certain events described under "—Events of Default" will no longer constitute an Event of Default with respect to the Notes. These events do not include events relating to non-payment, bankruptcy, insolvency, receivership and reorganization. The Issuer and the Parent Guarantor may exercise their Legal Defeasance option regardless of whether they previously exercised Covenant Defeasance.

In order to exercise either Legal Defeasance or Covenant Defeasance:

(a) the Issuer or the Parent Guarantor must irrevocably deposit or cause to be deposited in trust with the trustee, for the benefit of the holders of the Notes, cash in euro, European Government Obligations, or a combination thereof, in such amounts as will be sufficient, in the opinion of an internationally recognized firm of independent public accountants, to pay and discharge the principal of, premium, if any, and interest, on the outstanding Notes on the Stated Maturity or on the applicable redemption date, as the case may be, and the Issuer or the Parent Guarantor must (i) specify whether the Notes are being defeased to maturity or to a particular redemption date; and (ii) if applicable, have delivered to the trustee an irrevocable notice to redeem all of the outstanding Notes of such principal, premium, if any, or interest;

(b) in the case of Legal Defeasance, the Issuer or the Parent Guarantor must have delivered to the trustee an opinion of counsel reasonably acceptable to the trustee stating that (x) the Issuer has received from, or there has been published by, the US Internal Revenue Service a ruling, or (y) since the date of the Indenture, there has been a change in applicable US federal income tax law, in either case to the effect that, and based thereon such opinion shall confirm that, the beneficial owners of the outstanding Notes will not recognize income, gain or loss for US federal income tax purposes as a result of such Legal Defeasance and will be subject to US federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Legal Defeasance had not occurred;

(c) in the case of Legal Defeasance, the Issuer or the Parent Guarantor must have delivered to the trustee an opinion of counsel reasonably acceptable to the trustee to the effect that the beneficial owners of the outstanding Notes will not recognize income, gain or loss for tax purposes in the United Kingdom as a result of such Legal Defeasance and will be subject to tax in the United Kingdom on the same amounts, in the same manner and at the same times as would have been the case if such legal defeasance had not occurred;

(d) in the case of Covenant Defeasance, the Issuer or the Parent Guarantor must have delivered to the trustee an opinion of counsel reasonably acceptable to the trustee to the effect that the beneficial owners of the outstanding Notes will not recognize income, gain or loss for US federal income tax purposes as a result of such Covenant Defeasance and will be subject to US federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Covenant Defeasance had not occurred;

(e) in the case of Covenant Defeasance, the Issuer or the Parent Guarantor must have delivered to the trustee an opinion of counsel reasonably acceptable to the trustee to the effect that the beneficial owners of the outstanding Notes will not recognize income, gain or loss for tax purposes in the United Kingdom as a result of such Covenant Defeasance and will be subject to tax in the United Kingdom on the same amounts, in the same manner and at the same times as would have been the case if such Covenant Defeasance had not occurred;

(f) no Default or Event of Default will have occurred and be continuing (i) on the date of such deposit (other than a Default or Event of Default resulting from the borrowing of funds to be applied to such deposit) or (ii) insofar as bankruptcy or insolvency events described in clause (1)(j) of "—Events of Default" above is concerned, at any time during the period ending on the 123rd day after the date of such deposit;

(g) such Legal Defeasance or Covenant Defeasance shall not cause the trustee for the Notes to have a conflicting interest as defined in the Indenture and for purposes of the Trust Indenture Act with respect to any of the Issuer's securities;

(h) such Legal Defeasance or Covenant Defeasance will not result in a breach or violation of, or constitute a default under (other than a Default or Event of Default resulting from the borrowing of funds to be applied to such deposit), the Indenture or any material agreement or instrument to which the Parent Guarantor or any Restricted Subsidiary is a party or by which the Parent Guarantor or any Restricted Subsidiary is bound;

(i) such defeasance or Covenant Defeasance shall not result in the trust arising from such deposit constituting an investment company within the meaning of the US Investment Company Act of 1940 unless such trust shall be registered under such Act or exempt from registration thereunder;

(j) the Issuer or the Parent Guarantor must have delivered to the trustee an opinion of independent counsel in the country of the Issuer's incorporation to the effect that after the 123rd day following the deposit, the trust funds will not be subject to the effect of any applicable bankruptcy, insolvency, reorganization or similar laws affecting creditors' rights generally and an opinion of independent counsel reasonably acceptable to the trustee that the trustee shall have a perfected security interest in such trust funds for the ratable benefit of the holders of the Notes;

(k) the Issuer or the Parent Guarantor must have delivered to the trustee an Officer's Certificate stating that the deposit was not made by the Issuer or the Parent Guarantor with the intent of preferring the holders of the Notes over the other creditors of the Issuer or the Parent Guarantor with the intent of defeating, hindering, delaying or defrauding creditors of the Issuer the Parent Guarantor or others, or removing assets beyond the reach of the relevant creditors or increasing debts of the Issuer or the Parent Guarantor to the detriment of the relevant creditors;

(l) no event or condition shall exist that would prevent the Issuer from making payments of the principal of, premium, if any, and interest on the Notes on the date of such deposit or at any time ending on the 123rd day after the date of such deposit; and

(m) the Issuer or the Parent Guarantor must have delivered to the trustee an Officer's Certificate and an opinion of counsel, each stating that all conditions precedent provided for relating to the Legal Defeasance or the Covenant Defeasance, as the case may be, have been complied with.

If the funds deposited with the trustee to effect Covenant Defeasance are insufficient to pay the principal of, premium, if any, and interest on the Notes when due because of any acceleration occurring after an Event of Default, then the Issuer and the Guarantors will remain liable for such payments.

Satisfaction and Discharge

The Indenture will be discharged and will cease to be of further effect (except as to surviving rights of registration of transfer or exchange of the Notes as expressly provided for in the Indenture) when:

(a) the Issuer or the Parent Guarantor has irrevocably deposited or caused to be deposited with the trustee as funds in trust for such purpose an amount in euro or European Government Obligations sufficient to pay and discharge the entire Debt on such Notes that have not, prior to such time, been delivered to the trustee for cancellation, for principal of, premium, if any, and any Additional Amounts and accrued and unpaid interest on the Notes to the date of such deposit (in the case of Notes which have become due and payable) or to the Stated Maturity or redemption date, as the case may be and the Issuer or the Parent Guarantor has delivered irrevocable instructions to the trustee under the Indenture to apply the deposited money toward the payment of Notes at Maturity or on the redemption date, as the case may be and either:

    (i) all the Notes that have been authenticated and delivered (other than destroyed, lost or stolen Notes that have been replaced or paid and Notes for whose payment money has been deposited in trust or segregated and held in trust by the Issuer and thereafter repaid to the Issuer or discharged from such trust as provided for in the Indenture) have been delivered to the trustee for cancellation; or

    (ii) all Notes that have not been delivered to the trustee for cancellation (x) have become due and payable (by reason of the mailing of a notice of redemption or otherwise), (y) will become due and payable at Stated Maturity within one year or (z) are to be called for redemption within one year under arrangements satisfactory to the trustee for the giving of notice of redemption by the trustee in the Issuer's name, and at the Issuer's expense; and

(b) the Issuer or the Parent Guarantor has paid or caused to be paid all sums payable by the Issuer under the Indenture;

(c) the Issuer or the Parent Guarantor has delivered to the trustee an Officer's Certificate and an opinion of counsel, each stating that:

  (i) all conditions precedent provided in the Indenture relating to the satisfaction and discharge of the Indenture have been satisfied; and

  (ii) such satisfaction and discharge will not result in a breach or violation of, or constitute a default under, the Indenture or any other agreement or instrument to which the Issuer or any Subsidiary is a party or by which the Issuer or any Subsidiary is bound.

Amendments and Waivers

The Indenture will contain provisions permitting the Issuer, the Guarantors and the trustee to enter into a supplemental indenture without the consent of the holders of the Notes for certain limited purposes, including, among other things, curing ambiguities, defects or inconsistencies, or making any change that does not adversely affect the rights of any holder of the Notes in any material respect. With the consent of the holders of not less than a majority in aggregate principal amount of the Notes then outstanding, the Issuer, the Guarantors and the trustee are permitted to amend or supplement the Indenture; provided that no such modification or amendment may, without the consent of the holders of 90% of the outstanding Notes, with respect to any such Notes held by a non-consenting holder:

(a) change the Stated Maturity of the principal of, or any installment of or Additional Amounts or interest on, any Note;

(b) reduce the principal amount of any Note (or Additional Amounts or premium, if any) or the rate of or change the time for payment of interest on any Note;

(c) change the coin or currency in which the principal of any note or any premium or any Additional Amounts or the interest thereon is payable;

(d) impair the right to institute suit for the enforcement of any payment on or after the Stated Maturity thereof (or, in the case of redemption, on or after the redemption date);

(e) amend, change or modify the obligation to make and consummate an Excess Proceeds Offer with respect to any Asset Sale in accordance with the "Limitation on Sale of Assets" covenant or the obligation to make and consummate a Change of Control offer in the event of a Change of Control in accordance with the "Purchase of Notes upon a Change of Control" covenant, including, in each case, amending, changing or modifying any definition relating thereto;

(f) reduce the principal amount of Notes whose holders must consent to any amendment, supplement or waiver of provisions of the Indenture;

(g) modify any of the provisions relating to supplemental indentures requiring the consent of holders of the Notes or relating to the waiver of past defaults or relating to the waiver of certain covenants, except to increase the percentage of outstanding Notes required for such actions or to provide that certain other provisions of the Indenture cannot be modified or waived without the consent of the holder of each Note affected thereby;

(h) make any change to the Intercreditor Agreement (or any amended Intercreditor Agreement or replacement thereof) or any provisions of the Indenture affecting the ranking of the Notes or the Guarantees, in each case in a manner that adversely affects the rights of the holders of the Notes; or

(i) make any change in the provisions of the Indenture described under "—Additional Amounts" that adversely affects the rights of any holder of the Notes or amend the terms of the Notes or the Indenture in a way that would result in a loss of an exemption from any of the Taxes described thereunder or an exemption from any obligation to withhold or deduct Taxes so described thereunder unless the Issuer or the Guarantors agree to pay Additional Amounts (if any) in respect thereof in the supplemental indenture.

Notwithstanding the foregoing, without the consent of any holder of the Notes, the Issuer, the Guarantors and the trustee may modify, amend or supplement the Indenture:

(i) to evidence the succession of another Person to the Parent Guarantor and the assumption by any such successor of the covenants in the Indenture and in the Notes in accordance with "—Certain Covenants—Consolidation, Merger and Sale of Assets";

(ii) to add to the Issuer's covenants and those of any Guarantor or any other obligor upon the Notes for the benefit of the holders of the Notes or to surrender any right or power conferred upon the Issuer or any Guarantor or any other obligor upon the Notes, as applicable, in the Indenture, in the Notes or in any Guarantees;

(iii) to cure any ambiguity, or to correct or supplement any provision in the Indenture, the Notes or any Guarantees that may be defective or inconsistent with any other provision in the Indenture, the Notes or any Guarantees or make any other provisions with respect to matters or questions arising under the Indenture, the Notes or any Guarantees; provided that, in each case, such provisions shall not adversely affect the interests of the holders of the Notes;

(iv) to release any Guarantor in accordance with and if permitted by the terms of and limitations set forth in the Indenture to add a Subsidiary Guarantor or other guarantor under the Indenture;

(v) to evidence and provide the acceptance of the appointment of a successor trustee under the Indenture;

(vi) to mortgage, pledge, hypothecate or grant a security interest in favor of the trustee for the benefit of the holders of the Notes as additional security for the payment and performance of the Issuer's and any Guarantor's obligations under the Indenture, in any property, or assets, including any of which are required to be mortgaged, pledged or hypothecated, or in which a security interest is required to be granted to the trustee pursuant to the Indenture or otherwise;

(vii) to provide for the issuance of Additional Notes in accordance with and if permitted by the terms of and limitations set forth in the Indenture.

In formulating its opinion on such matters, the trustee shall be entitled to require and rely on such evidence as it deems appropriate, including an opinion of counsel and an Officer's Certificate.

The Issuer will inform the Irish Stock Exchange of any material amendment to the Indenture or any supplement thereto. The Issuer will also publish a notice of any such material amendment in accordance with the provisions of the Indenture described immediately below under "—Notices".

Notices

Notices regarding the Notes will be:

(a) published in a leading newspaper having general circulation in London (which is expected to be the *Financial Times*) and in New York (which is expected to be *The Wall Street Journal*) and (ii) through the newswire service of Bloomberg or, if Bloomberg does not then operate, any similar agency, and (iii) if and so long as the Notes are listed on the Irish Stock Exchange and the rules and regulations of the Irish Stock Exchange so require, a newspaper having a general circulation in Ireland (which is expected to be *The Irish Times*); and

(b) in the case of certificated Notes, mailed to holders of such Notes by first class mail at their respective addresses as they appear on the registration books of the registrar.

Notices given by first class mail will be deemed given five calendar days after mailing and notices given by publication will be deemed given on the first date on which publication is made.

If and so long as the Notes are listed on any other securities exchange, notices will also be given in accordance with any applicable requirements of such securities exchange.

The Trustee

The Indenture and provisions of the Trust Indenture Act included or expressly incorporated therein, directly or by reference, contain limitations on the rights of the trustee under the Indenture in the event the trustee becomes a creditor of the Issuer or any Guarantor. These include limitations on the trustee's rights to obtain payment of claims in certain cases or to realize on certain property received by it in respect of any such claims, as security or otherwise.

The Indenture will contain provisions for the indemnification of the trustee and for its relief from responsibility, including provisions relieving it from taking action unless indemnified to its satisfaction.

No Personal Liability of Directors, Officers, Employees and Shareholders

No director, officer, employee, incorporator, member or shareholder of the Parent Guarantor, the Issuer or any Subsidiary Guarantor will have any liability for any obligations of the Parent Guarantor, the Issuer or any Subsidiary Guarantor under the Notes, any Guarantee or the Indenture or for any claim based on, in respect of, or by reason of such obligations or their creation. Each holder by accepting a Note waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Notes. Such waiver and release may not be effective to waive liabilities under the U.S. federal securities laws.

Governing Law

The Indenture, the Notes and the Guarantees will be governed by and construed in accordance with the laws of the State of New York, and will provide for the submission of the parties to the jurisdiction of the courts in the State of New York.

Certain Definitions

"Acquired Debt" means Debt of a Person:

(a) existing at the time such Person becomes a Restricted Subsidiary or is merged into or consolidated with the Parent Guarantor or any Restricted Subsidiary or

(b) assumed in connection with the acquisition of assets from any such Person,

in each case provided that such Debt was not incurred in connection with, or in contemplation of, such Person becoming a Restricted Subsidiary or such acquisition, as the case may be.

Acquired Debt will be deemed to be incurred on the date the acquired Person becomes a Restricted Subsidiary or the date of the related acquisition of assets from any Person.

"Acquisition" means the acquisition of the glass manufacturing business of Rexam PLC.

"Affiliate" means, with respect to any specified Person:

(a) any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person,

(b) any other Person that owns, directly or indirectly, 5% or more of such specified Person's Capital Stock or any officer or director of any such specified Person or other Person or, with respect to any natural Person, any Person having a relationship with such Person by blood, marriage or adoption not more remote than first cousin or

(c) any other Person 5% or more of the Voting Stock of which is beneficially owned or held, directly or indirectly by such specified Person.

For the purposes of this definition, "control", when used with respect to any specified Person, means the power to direct or cause the direction of the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling", "controlled" have meanings correlative to the foregoing.

"Anglo Irish Credit Facility" means the £65,000,000 Senior Secured Credit Facility dated June 26, 2003 among Ardagh Glass (UK) Limited, Ardagh Treasury Limited, Rockware Group Limited, Rockware Glass Limited and Anglo Irish Bank Corporation Plc, as agent, Arranger and Security Agent thereunder, as amended from time to time.

"Asset Sale" means any sale, issuance, conveyance, transfer, lease or other disposition (including, without limitation, by way of merger, consolidation or sale and leaseback transaction) (collectively, a "transfer"), directly or indirectly, in one or a series of related transactions, of:

(a) any Capital Stock of any Restricted Subsidiary (other than directors' qualifying shares or shares required by applicable law to be held by a Person other than the Parent Guarantor or a Restricted Subsidiary);

(b) all or substantially all of the properties and assets of any division or line of business of the Parent Guarantor or any Restricted Subsidiary; or

(c) any other of the Parent Guarantor's or any Restricted Subsidiary's properties or assets.

Notwithstanding the preceding, none of the following items will be deemed to be an Asset Sale:

(i) any transfer or disposition of assets that is governed by the provisions of the Indenture described under "—Certain Covenants—Consolidation, Merger and Sale of Assets" and "—Purchase of Notes upon a Change of Control";

(ii) any transfer or disposition of assets by the Parent Guarantor to the Issuer or any Subsidiary Guarantor, or by any Restricted Subsidiary to the Parent Guarantor, the Issuer or any Restricted Subsidiary in accordance with the terms of the Indenture;

(iii) any transfer or disposition of obsolete or permanently retired equipment or facilities that are no longer useful in the conduct of the Parent Guarantor's and any Restricted Subsidiary's business and that are disposed of in the ordinary course of business;

(iv) any disposition of accounts receivable and related assets in a Permitted Receivables Financing;

(v) any single transaction or series of related transactions that involves assets or Capital Stock having a Fair Market Value of less than €5 million;

(vi) for the purposes of "—Certain Covenants—Limitation on Sale of Certain Assets" only, the making of a Permitted Investment or a disposition permitted under "—Certain Covenants—Limitation on Restricted Payments";

(vii) the sale, lease or other disposition of equipment, inventory, property or other assets in the ordinary course of business;

(viii) the lease, assignment or sublease of any real or personal property in the ordinary course of business;

(ix) an issuance of Capital Stock by a Restricted Subsidiary to the Parent Guarantor or to another Restricted Subsidiary;

(x) a Permitted Investment or a Restricted Payment (or a transaction that would constitute a Restricted Payment but for the exclusions from the definition thereof) that is not prohibited by the "—Limitation on Restricted Payments" covenant;

(xi) any disposition of Capital Stock, Debt or other securities of any Unrestricted Subsidiary; or

(xii) sales of assets received by the Parent Guarantor or any Restricted Subsidiary upon the foreclosure on a Lien granted in favor of the Parent Guarantor or any Restricted Subsidiary.

"Attributable Debt" means, with respect to any sale and leaseback transaction at the time of determination, the present value (discounted at the interest rate implicit in the lease determined in accordance with GAAP or, if not known, at the Issuer's incremental borrowing rate) of the total obligations of the lessee of the property subject to such lease for rental payments during the remaining term of the lease included in such sale and leaseback transaction, including any period for which such lease has been extended or may, at the option of the lessor, be extended, or until the earliest date on which the lessee may terminate such lease without penalty or upon payment of penalty (in which case the rental payments shall include such penalty), after excluding from such rental payments all amounts required to be paid on account of maintenance and repairs, insurance, taxes, assessments, water, utilities and similar charges.

"Average Life" means, as of the date of determination with respect to any Debt, the quotient obtained by dividing:

(a) the sum of the products of:

(i) the numbers of years from the date of determination to the date or dates of each successive scheduled principal payment of such Debt multiplied by

(ii) the amount of each such principal payment;

by

(b) the sum of all such principal payments.

"Banks" means the lenders at any given time under the Senior Credit Facilities.

"Barclays Invoice Discounting Facility" means the £35,000,000 facility agreement dated November 20, 2003 between Rockware Glass Limited and Barclays Bank PLC relating to an invoice discounting facility.

"Barclays Revolving Credit Facility" means the £4,000,000 revolving credit facility agreement dated November 20, 2003 among Rockware Glass Limited, Ardagh Glass (UK) Limited, Ardagh Treasury Limited and Barclays Bank PLC.

"Barclays Multi Option Facility" means the £2,000,000 multi option facility agreement dated November 20, 2003 between Rockware Glass Limited and Barclays Bank PLC.

"Bund Rate" means, with respect to any redemption date, the rate per annum equal to the equivalent yield to maturity as of such redemption date of the Comparable German Bund issue, assuming a price for the Comparable German Bund issue (expressed as a percentage of its principal amount) equal to the Comparable German Bund Price for such redemption date, where:

(a) "Comparable German Bund Issues" means the German Bundesanleihe security selected by any Reference German Bund Dealer as having a fixed maturity most nearly equal to the period from such redemption date to June 15, 2012, and that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of euro denominated corporate debt securities in a principal amount approximately equal to the then outstanding principal amount of the notes and of a maturity most nearly equal to June 15, 2012; provided that if the period from such redemption date to June 15, 2012 is less than one year, a fixed maturity of one year shall be used;

(b) "Comparable German Bund Price" means, with respect to any redemption date, the average of the Reference German Bund Dealer Quotations for such redemption date, after excluding the highest and lowest such Reference German Bund Dealer Quotations, or if the Issuer obtains fewer than four such Reference German Bund Dealer Quotations, the average of all such quotations;

(c) "Reference German Bund Dealer" means any dealer of German Bundesanleihe securities appointed by the trustee in consultation with the Issuer; and

(d) "Reference German Bund Dealer Quotations" means, with respect to each Reference German Bund Dealer and any redemption date, the average as determined by the Issuer of the bid and offered prices for the Comparable German Bund issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Issuer by such Reference German Bund Dealer at 3:30 p.m. Frankfurt, Germany time on the third business day preceding such redemption date.

"Business Day" means a day of the year on which banks are not required or authorized by law to close in Dublin, New York City or London and, in relation to a transaction involving euro, any TARGET day.

"Capital Stock" means, with respect to any Person, any and all shares, interests, partnership interests (whether general or limited), participations, rights in or other equivalents (however designated) of such Person's equity, any other interest or participation that confers the right to receive a share of the profits and losses, or distributions of assets of, such Person and any rights (other than debt securities convertible into or exchangeable for Capital Stock), warrants or options exchangeable for or convertible into such Capital Stock, whether now outstanding or issued after the date of the Indenture.

"Capitalized Lease Obligation" means, with respect to any Person, any obligation of such Person under a lease of (or other agreement conveying the right to use) any property (whether real, personal or mixed), which obligation is required to be classified and accounted for as a capital lease obligation under GAAP, and, for purposes of the Indenture, the amount of such obligation at any date will be the capitalized amount thereof at such date, determined in accordance with GAAP and the Stated Maturity thereof will be the date of the last payment of rent or any other amount due under such lease prior to the first date such lease may be terminated without penalty.

"Cash Equivalents" means any of the following:

(a) any evidence of Debt with a maturity of 180 days or less from the date of acquisition issued or directly and fully guaranteed or insured by a member state of the European Union or European Economic Area, the United States of America, any state thereof or the District of Columbia, Canada, Switzerland, Australia or any agency or instrumentality thereof (each, an "Approved Jurisdiction");

(b) time deposit accounts, certificates of deposit, money market deposits or bankers' acceptances with a maturity of 180 days or less from the date of acquisition issued by a bank or trust company having combined capital and surplus and undivided profits of not less than €500 million, whose debt has a rating, at the time any investment is made therein, of at least A or the equivalent thereof by S&P and at least A2 or the equivalent thereof by Moody's;

(c) commercial paper with a maturity of 180 days or less from the date of acquisition issued by a corporation that is not the Issuer's or any Restricted Subsidiary's Affiliate and is at the time of acquisition, rated at least A-1 or the equivalent thereof by S&P or at least P-1 or the equivalent thereof by Moody's;

(d) repurchase obligations with a term of not more than seven days for underlying securities of the type described in clause (a) or (b) above entered into with a financial institution meeting the qualifications described in clause (b) above; and

(e) investments in money market mutual funds at least 95% of the assets of which constitute Cash Equivalents of the kind described in clauses (a) through (d) above.

"Change of Control" has the meaning given to such term under "—Purchase of Notes upon a Change of Control".

"Commission" means the US Securities and Exchange Commission.

"Commodity Hedging Agreements" means any type of commodity hedging agreement designed to protect against or manage exposure to fluctuations in commodity prices and entered into in good faith in the ordinary course of business for such purposes.

"Consolidated Adjusted Net Income" means, for any period, the Parent Guarantor's and the Restricted Subsidiaries' consolidated net income (or loss) for such period as determined in accordance with GAAP, adjusted by excluding (to the extent included in such consolidated net income or loss), without duplication:

(a) any net after-tax extraordinary gains or losses;

(b) any net after-tax gains or losses attributable to sales of assets of the Parent Guarantor or any Restricted Subsidiary that are not sold in the ordinary course of business;

(c) the portion of net income (but not the loss) of any Person (other than the Parent Guarantor or a Restricted Subsidiary), including Unrestricted Subsidiaries, in which the Parent Guarantor or any Restricted Subsidiary has an equity ownership interest, except that the Parent Guarantor's or a Restricted Subsidiary's equity in the net income of such Person for such period shall be included in such Consolidated Adjusted Net Income to the extent of the aggregate amount of dividends or other distributions actually paid to the Parent Guarantor or any Restricted Subsidiary in cash dividends or other distributions during such period;

(d) the net income (but not the loss) of any Restricted Subsidiary to the extent that the declaration or payment of dividends or similar distributions by such Restricted Subsidiary is not at the date of determination permitted, directly or indirectly, by operation of the terms of its charter or any agreement, instrument, judgment, decree, order, statute, rule or governmental regulation applicable to such Restricted Subsidiary or its shareholders (other than restrictions contained in the Credit Facilities and related agreements permitted by clause 2(a) of "—Certain Covenants—Limitation on Debt");

(e) net after-tax gains attributable to the termination of any employee pension benefit plan;

(f) any restoration to net income of any contingency reserve, except to the extent provision for such reserve was made out of income accrued at any time following the date of the Indenture;

(g) any net gain arising from the acquisition of any securities or extinguishment, under GAAP, of any Debt of such Person;

(h) the net income attributable to discontinued operations (including, without limitation, operations disposed of during such period whether or not such operations were classified as discontinued);

(i) any gains (but not losses) from currency exchange transactions not in the ordinary course of business;

(j) any extraordinary, exceptional, unusual or nonrecurring loss, expense or charge (including severance, relocation, plant closure, operational improvement or restructuring costs or reserves therefor) relating to, or directly or indirectly resulting from, or incurred in connection with, any Asset Sale, Investment, acquisition, reorganization, restructuring or operational improvement initiative, or offering of debt or equity securities, provided that for the purpose of determining the amount available for Restricted Payments under clause (c)(i) of paragraph (2) of the covenant described under "—Certain Covenants—Limitation on Restricted Payments", only the non-cash portion of any such loss, expense or charge shall be excluded;

(k) the non-cash accounting effects of any acquisition, purchase, merger, reorganization or other similar transaction, including any increase in amortization or depreciation resulting from adjustments to tangible or intangible assets, the consequence of any revaluation of inventory or other non-cash charges or effects;

(l) the cumulative effect of a change in accounting principles after the date of the Indenture; and

(m) any charge or expense recorded for non-cash or capitalized interest on Deeply Subordinated Funding;

"Consolidated EBITDA" means, for any period, an amount equal to the sum referred to in clause (a) of the definition of Consolidated Fixed Charge Coverage Ratio, as calculated in accordance with the provisos in such definition.

"Consolidated Fixed Charge Coverage Ratio" of the Parent Guarantor means, for any period, the ratio of:

(a) the sum of Consolidated Adjusted Net Income, plus in each case to the extent deducted in computing Consolidated Adjusted Net Income for such period:

  (i) Consolidated Net Interest Expense;

  (ii) Consolidated Tax Expense; and

  (iii) Consolidated Non-cash Charges, less all non-cash items increasing Consolidated Adjusted Net Income for such period and less all cash payments during such period relating to non-cash charges that were added back to Consolidated Adjusted Net Income in determining the Consolidated Fixed Charge Coverage Ratio in any prior period;

(b) to the sum of:

  (i) Consolidated Net Interest Expense; and

  (ii) cash and non-cash dividends due (whether or not declared) on the Parent Guarantor's and any Restricted Subsidiary's Preferred Stock (to any Person other than the Parent Guarantor and any Wholly Owned Restricted Subsidiary), in each case for such period,

provided that in calculating the Consolidated Fixed Charge Coverage Ratio or any element thereof for any period, pro forma effect will be given to any realized or expected synergies, cost efficiencies and cost savings relating to, or directly or indirectly resulting from, or associated with, any Asset Sale, Investment, acquisition, reorganization, restructuring or operational improvement initiative that has occurred during the period included in the calculation or any prior period as if such synergies, cost efficiencies or cost savings had been effective throughout the period included in the calculation;

provided further, without limiting the application of the previous proviso, that:

(w) if the Parent Guarantor or any Restricted Subsidiary has incurred any Debt since the beginning of such period that remains outstanding or if the transaction giving rise to the need to calculate the Consolidated Fixed Charge Coverage Ratio is an incurrence of Debt or both, Consolidated Adjusted Net Income and Consolidated Net Interest Expense for such period shall be calculated after giving effect on a pro forma basis to such Debt as if such Debt had been incurred on the first day of such period and the discharge of any other Debt repaid, repurchased, defeased or otherwise discharged with the proceeds of such new Debt as if such discharge had occurred on the first day of such period;

(x) if, since the beginning of such period, the Parent Guarantor or any Restricted Subsidiary shall have made any Asset Sale, Consolidated Adjusted Net Income for such period shall be reduced by an amount equal to the Consolidated Adjusted Net Income (if positive) directly attributable to the assets which are the subject of such Asset Sale for such period, or increased by an amount equal to the Consolidated Adjusted Net Income (if negative) directly attributable thereto, for such period and the Consolidated Net Interest Expense for such period shall be reduced by an amount equal to the Consolidated Net Interest Expense directly attributable to any Debt of the Parent Guarantor or of any Restricted Subsidiary repaid, repurchased, defeased or otherwise discharged with respect to the Parent Guarantor and the continuing Restricted Subsidiaries in connection with such Asset Sale for such period (or, if the Capital Stock of any Restricted Subsidiary is sold, the Consolidated Net Interest Expense for such period directly attributable to the Debt of such Restricted Subsidiary to the extent the Parent Guarantor and the continuing Restricted Subsidiaries are no longer liable for such Debt after such sale);

(y) if since the beginning of such period the Parent Guarantor or any Restricted Subsidiary (by merger or otherwise) shall have made an Investment in any Restricted Subsidiary (or any Person which becomes a Restricted Subsidiary) or an acquisition of assets, including any acquisition of an asset occurring in connection with a transaction causing a calculation to be made hereunder, which constitutes all or substantially all of an operating unit of a business, Consolidated Adjusted Net Income and Consolidated Net Interest Expense for such period shall be calculated after giving pro forma effect thereto (including the incurrence of any Debt) as if such Investment or acquisition occurred on the first day of such period; and

(z) if since the beginning of such period any Person (that subsequently became a Restricted Subsidiary or was merged with or into the Parent Guarantor or any Restricted Subsidiary since the beginning of such period) shall have made any Asset Sale or any Investment or acquisition of assets that would have required an adjustment pursuant to clause (x) or (y) above if made by the Parent Guarantor or a Restricted Subsidiary during such period, Consolidated Adjusted Net Income and Consolidated Net Interest Expense for such period shall be calculated after giving pro forma effect thereto as if such Asset Sale or Investment or acquisition occurred on the first day of such period.

If any Debt bears a floating rate of interest and is being given pro forma effect, the interest expense on such Debt shall be calculated as if the rate in effect on the date of determination had been the applicable rate for the entire period (taking into account any Interest Rate Agreement applicable to such Debt for a period equal to the remaining term of such Interest Rate Agreement).

"Consolidated Net Interest Expense" means, for any period, without duplication and in each case determined on a consolidated basis in accordance with GAAP, the sum of:

(a) the Parent Guarantor's and the Restricted Subsidiaries' total interest expense for such period, including, without limitation:

(i) amortization of debt discount;

(ii) the net costs of Commodity Hedging Agreements, Interest Rate Agreements and Currency Agreements (including amortization of fees and discounts);

(iii) commissions, discounts and other fees and charges owed with respect to letters of credit and bankers' acceptance financing and similar transactions;

(iv) the interest portion of any deferred payment obligation and amortization of debt issuance costs; plus

(b) the interest component of the Parent Guarantor's and the Restricted Subsidiaries' Capitalized Lease Obligations accrued and/or scheduled to be paid or accrued during such period other than the interest component of Capitalized Lease Obligations between or among the Parent Guarantor and any Restricted Subsidiary or between or among Restricted Subsidiaries; plus

(c) the Parent Guarantor's and the Restricted Subsidiaries non-cash interest expenses and interest that was capitalized during such period; plus

(d) the interest expense on Debt of another Person to the extent such Debt is guaranteed by the Parent Guarantor or any Restricted Subsidiary or secured by a Lien on the Parent Guarantor's or any Restricted Subsidiary's assets, but only to the extent that such interest is actually paid by the Parent Guarantor or such Restricted Subsidiary; minus

(e) the interest income of the Parent Guarantor and the Restricted Subsidiaries during such period.

Notwithstanding any of the foregoing, Consolidated Net Interest Expense shall not include any interest accrued, capitalized or paid in respect of Deeply Subordinated Funding.

"Consolidated Non-cash Charges" means, for any period, the aggregate depreciation, amortization and other non-cash expenses of the Parent Guarantor and the Restricted Subsidiaries for such period, determined on a consolidated basis in accordance with GAAP (excluding any such non-cash charge that requires an accrual of or reserve for cash charges for any future period).

"Consolidated Tax Expense" means, for any period with respect to any Relevant Taxing Jurisdiction, the provision for all national, local and foreign federal, state or other income taxes of the Parent Guarantor and the Restricted Subsidiaries for such period as determined on a consolidated basis in accordance with GAAP.

"Credit Facility" or "Credit Facilities" means one or more debt facilities, indentures or other arrangements (including the Senior Credit Facilities or commercial paper facilities) with banks, insurance companies, other financial institutions or investors providing for revolving credit loans, term loans, notes, receivables financings, letters of credit or other forms of guarantees and assurances, or other Debt, including overdrafts, in each case, as amended, restated, modified, renewed, refunded, replaced, restructured, repaid or refinanced (and whether in whole or in part and whether or not with the original administrative agent or lenders or another administrative agent or agents or other bank or institutions and whether provided under the Senior Credit Facilities and one or more other credit or other agreements, indentures, financing agreements or otherwise) and, for the avoidance of doubt, includes any agreement extending the maturity of, refinancing or restructuring all or any portion of the indebtedness under such agreements or any successor agreements.

"Currency Agreements" means, in respect of a Person, any spot or forward foreign exchange agreements and currency swap, currency option or other similar financial agreements or arrangements designed to protect such Person against or manage exposure to fluctuations in foreign currency exchange rates.

"Debt" means, with respect to any Person, without duplication:

(a) all liabilities of such Person for borrowed money (including overdrafts) or for the deferred purchase price of property or services, excluding any trade payables and other accrued current liabilities incurred in the ordinary course of business;

(b) all obligations of such Person evidenced by bonds, notes, debentures or other similar instruments;

(c) all obligations, contingent or otherwise, of such Person in connection with any letters of credit, bankers' acceptances, receivables facilities or other similar facilities;

(d) all indebtedness of such Person created or arising under any conditional sale or other title retention agreement with respect to property acquired by such Person (even if the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), but excluding trade payables arising in the ordinary course of business;

(e) all Capitalized Lease Obligations of such Person;

(f) all obligations of such Person under or in respect of Commodity Hedging Agreements, Interest Rate Agreements and Currency Agreements;

(g) all Debt referred to in (but not excluded from) the preceding clauses (a) through (f) of other Persons and all dividends of other Persons, the payment of which is secured by (or for which the holder of such Debt has an existing right, contingent or otherwise, to be secured by) any Lien upon or with respect to property (including, without limitation, accounts and contract rights) owned by such Person, even though such Person has not assumed or become liable for the payment of such Debt (the amount of such obligation being deemed to be the lesser of the fair market value of such property or asset and the amount of the obligation so secured);

(h) all guarantees by such Person of Debt referred to in this definition of any other Person;

(i) all Redeemable Capital Stock of such Person valued at the greater of its voluntary maximum fixed repurchase price and involuntary maximum fixed repurchase price plus accrued and unpaid dividends; and

(j) Preferred Stock of any Restricted Subsidiary,

provided that the term "Debt" shall not include (i) non-interest bearing installment obligations and accrued liabilities incurred in the ordinary course of business that are not more than 90 days past due; (ii) Debt in respect of the incurrence by the Parent Guarantor or any Restricted Subsidiary of Debt in respect of standby letters of credit, performance bonds or surety bonds provided by the Parent Guarantor or any Restricted Subsidiary in the ordinary course of business to the extent such letters of credit or bonds are not drawn upon or, if and to the extent drawn upon are honored in accordance with their terms and if, to be reimbursed, are reimbursed no later than the fifth business day following receipt by such Person of a demand for reimbursement following payment on the letter of credit or bond; (iii) anything accounted for as an operating lease in accordance with GAAP as at the date of the Indenture; (iv) any pension obligations of the Parent Guarantor or a Restricted Subsidiary; (v) Debt incurred by the Parent Guarantor or one of the Restricted Subsidiaries in connection with a transaction where (x) such Debt is borrowed from a bank or trust company, having a combined capital and surplus and undivided profits of not less than €500 million, whose debt has a rating immediately prior to the time such transaction is entered into, of at least A or the equivalent thereof by S&P and A2 or the equivalent thereof by Moody's and (y) a substantially concurrent Investment is made by the Parent Guarantor or a Restricted Subsidiary in the form of cash deposited with the lender of such Debt, or a Subsidiary or affiliate thereof, in amount equal to such Debt; and (vi) Deeply Subordinated Funding.

For purposes of this definition, the "maximum fixed repurchase price" of any Redeemable Capital Stock that does not have a fixed redemption, repayment or repurchase price will be calculated in accordance with the terms of such Redeemable Capital Stock as if such Redeemable Capital Stock were purchased on any date on which Debt will be required to be determined pursuant to the Indenture, and if such price is based upon, or measured by, the fair market value of such Redeemable Capital Stock, such fair market value will be determined in good faith by the board of directors of the issuer of such Redeemable Capital Stock; provided, that if such Redeemable Capital Stock is not then permitted to be redeemed, repaid or repurchased, the redemption, repayment or repurchase price shall be the book value of such Redeemable Capital Stock as reflected in the most recent financial statements of such Person.

"Deeply Subordinated Funding" means any funds provided to the Parent Guarantor pursuant to an agreement, note, security or other instrument, other than Capital Stock, that (i) is subordinated in right of payment to all Debt of the Parent Guarantor, (ii)(A) does not mature or require any amortization, redemption or other repayment of principal, (B) does not require payment of any cash interest or any similar cash amounts, and (C) contains no change of control or similar provisions and does not accelerate and has no right to declare a default or event of default or take any enforcement action or otherwise require any cash payment (other than as a result of insolvency proceedings of the Parent Guarantor), in each case prior to the 90th day following the repayment in full of the Notes and all other amounts due under the Indenture, (iii) does not provide for or require any security interest or encumbrance over any asset of the Parent Guarantor or any Restricted Subsidiary and (iv) does not contain any covenants (financial or otherwise) other than a covenant to pay such Deeply Subordinated Funding.

"Default" means any event that is, or after notice or passage of time or both would be, an Event of Default.

"Designated Senior Debt" means (a) any Debt outstanding under the Senior Credit Facilities, and (b) any other Senior Debt permitted under the Indenture the principal amount of which is €20 million or more as of the date of determination and that has been designated by the Issuer, the Parent Guarantor or the relevant Restricted Subsidiary as "Designated Senior Debt".

"Disinterested Director" means, with respect to any transaction or series of related transactions, a member of the Parent Guarantor's board of directors who does not have any material direct or indirect financial interest in or with respect to such transaction or series of related transactions or is not an Affiliate, or an officer, director or employee of any Person (other than the Parent Guarantor or any Restricted Subsidiary) who has any direct or indirect financial interest in or with respect to such transaction or series of related transactions; provided that no member of the Parent Guarantor's board of directors shall be deemed to have any such direct or indirect financial interest solely as a result of such member's ownership of Capital Stock of Ardagh Glass Group plc or any successor or holding company thereof or such member's serving on the board of directors of Ardagh Glass Group plc or any successor or holding company thereof.

"dollars" means the lawful currency of the United States of America.

"Enforcement Action" means, in relation to any Debt of a Subsidiary Guarantor, any action (whether taken by the relevant creditor or creditors or an agent or trustee on its or their behalf) to:

(a) demand payment, declare prematurely due and payable or otherwise seek to accelerate payment of all or any part of such Debt;

(b) recover all or any part of such Debt (including, by exercising any rights of set-off or combination of accounts);

(c) exercise or enforce any rights under or pursuant to any guarantee or other assurance given by such Subsidiary Guarantor in respect of such Debt;

(d) exercise or enforce any rights under any security interest whatsoever which secures such Debt;

(e) commence legal proceedings against any Person; or

(f) commence, or take any other steps which could lead to the commencement of:

(i) any insolvency, liquidation, dissolution, winding-up, administration, receivership, compulsory merger or judicial re-organization of any Person;

(ii) the appointment of a trustee in bankruptcy, or insolvency conciliator, ad hoc official, judicial administrator, a liquidator or other similar officer in respect of any Person; or

any other similar process or appointment.

"euro" or "€" means the lawful currency of the member states of the European Union who have agreed to share a common currency in accordance with the provisions of the Maastricht Treaty dealing with European monetary union.

"Euro Equivalent" means, with respect to any monetary amount in a currency other than euro, at any time for the determination thereof, the amount of euro obtained by converting such foreign currency involved in such computation into euro at the spot rate for the purchase of euro with the applicable foreign currency as published under "Currency Rates" in the section of the Financial Times entitled "Currencies, Bonds & Interest Rates" on the date two Business Days prior to such determination.

"European Government Obligations" means direct obligations (or certificates representing an ownership interest in such obligations) of a member state of the European Union as of the date of the Indenture (including any agency or instrumentality thereof) for the payment of which the full faith and credit of such government is pledged.

"Exchange Act" means the US Securities Exchange Act of 1934, as amended, or any successor statute, and the rules and regulations promulgated by the Commission thereunder.

"Existing Ardagh Bonds" means the €175,000,000 8⅞% senior notes due 2013 issued by Ardagh Glass Finance B.V. and guaranteed on a senior basis by Ardagh Glass Holdings Limited.

"Fair Market Value" means, with respect to any asset or property, the sale value that would be obtained in an arm's length free market transaction between an informed and willing seller under no compulsion to sell and an informed and willing buyer under no compulsion to buy, as determined in good faith by the Parent Guarantor's board of directors.

"Generally Accepted Accounting Principles" or "GAAP" means International Financial Reporting Standards as adopted by the European Union, as in effect from time to time.

"guarantees" means, as applied to any obligation,

(a) a guarantee (other than by endorsement of negotiable instruments for collection or deposit in the ordinary course of business), direct or indirect, in any manner, of any part or all of such obligation and

(b) an agreement, direct or indirect, contingent or otherwise, the practical effect of which is to assure in any way the payment or performance (or payment of damages in the event of non-performance) of all or any part of such obligation, including, without limiting the foregoing, by the pledge of assets and the payment of amounts drawn down under letters of credit.

"Guarantee" means any guarantee of the Issuer's obligations under the Indenture and the Notes by the Parent Guarantor, any Restricted Subsidiary or any other Person in accordance with the provisions of the Indenture, including the Guarantees by the Guarantors dated as of the date of the Indenture. When used as a verb, "Guarantee" shall have a corresponding meaning.

"Interest Rate Agreements" means, in respect of a Person, any interest rate protection agreements and other types of interest rate hedging agreements (including, without limitation, interest rate swaps, caps, floors, collars and similar agreements) designed to protect such Person against or manage exposure to fluctuations in interest rates.

"Intercreditor Agreement" means the Intercreditor Agreement to be entered into on or about the date on which the Acquisition is completed and as amended, restated, modified or replaced from time to time, by and among the Issuer, the Parent Guarantor, the Subsidiary Guarantors party thereto, Anglo Irish Bank Corporation Plc and The Bank of New York as trustee for the Notes and the 2003 Notes, the issuer of the 2003 Notes and others.

"Investment" means, with respect to any Person, any direct or indirect advance, loan or other extension of credit (including guarantees) or capital contribution to (by means of any transfer of cash or other property to others or any payment for property or services for the account or use of others), or any purchase, acquisition or ownership by such Person of any Capital Stock, bonds, notes, debentures or other securities or evidences of Debt issued or owned by, any other Person and all other items that would be classified as investments on a balance sheet prepared in accordance with GAAP. In addition, the portion (proportionate to the Parent Guarantor's equity interest in such Restricted Subsidiary) of the fair market value of the net assets of any Restricted Subsidiary at the time that such Restricted Subsidiary is designated an Unrestricted Subsidiary will be deemed to be an "Investment" that the Parent Guarantor made in such Unrestricted Subsidiary at such time. The portion (proportionate to the Parent Guarantor's equity interest in such Restricted Subsidiary) of the fair market value of the net assets of any Unrestricted Subsidiary at the time that such Unrestricted Subsidiary is designated a Restricted Subsidiary will be considered a reduction in outstanding Investments. "Investments" excludes extensions of trade credit on commercially reasonable terms in accordance with normal trade practices.

"Issue Date" means June 8, 2007.

"Lien" means any mortgage or deed of trust, charge, pledge, lien (statutory or otherwise), privilege, security interest, hypothecation, assignment for security, claim, or preference or priority or other encumbrance upon or with respect to any property of any kind, real or personal, movable or immovable, now owned or hereafter acquired. A Person will be deemed to own subject to a Lien any property which such Person has acquired or holds subject to the interest of a vendor or lessor under any conditional sale agreement, capital lease or other title retention agreement.

"Material Subsidiary" means any Restricted Subsidiary that represents 5% or more of the Total Assets or Consolidated EBITDA of the Parent Guarantor, measured, in the case of Total Assets, as of the last day of the most recent fiscal quarter for which financial statements are available, and in the case of Consolidated EBITDA, for the four fiscal quarters ended most recently for which financial statements are available.

"Maturity" means, with respect to any indebtedness, the date on which any principal of such indebtedness becomes due and payable as therein or herein provided, whether at the Stated Maturity with respect to such principal or by declaration of acceleration, call for redemption or purchase or otherwise.

"Moody's" means Moody's Investors Service, Inc. and its successors.

"Net Cash Proceeds" means:

(a) with respect to any Asset Sale, the proceeds thereof in the form of cash or Cash Equivalents including payments in respect of deferred payment obligations when received in the form of, or stock or other assets when disposed for, cash or Cash Equivalents (except to the extent that such obligations are financed or sold with recourse to the Parent Guarantor or any Restricted Subsidiary), net of:

  (i) brokerage commissions and other fees and expenses (including, without limitation, fees and expenses of legal counsel, accountants, investment banks and other consultants) related to such Asset Sale;

  (ii) provisions for all taxes paid or payable, or required to be accrued as a liability under GAAP as a result of such Asset Sale;

  (iii) all payments made on any Debt that is secured by any Property subject to such Asset Sale, in accordance with the terms of any Lien upon or other security agreement of any kind with respect to such Property, or which must by its terms, or in order to obtain a necessary consent to such Asset Sale, or by applicable law, be repaid out of the proceeds from such Asset Sale;

  (iv) all distributions and other payments required to be made to any Person (other than the Parent Guarantor or any Restricted Subsidiary) owning a beneficial interest in the assets subject to the Asset Sale; and

  (v) appropriate amounts required to be provided by the Parent Guarantor or any Restricted Subsidiary, as the case may be, as a reserve in accordance with GAAP against any liabilities associated with such Asset Sale and retained by the Parent Guarantor or any Restricted Subsidiary, as the case may be, after such Asset Sale, including, without limitation, pension and other post-employment benefit liabilities, liabilities related to environmental matters and liabilities under any indemnification obligations associated with such Asset Sale, all as reflected in an Officers' Certificate delivered to the trustee; and

(b) with respect to any capital contributions, issuance or sale of Capital Stock or options, warrants or rights to purchase Capital Stock, or debt securities or Capital Stock that have been converted into or exchanged for Capital Stock as referred to under "—Certain Covenants—Limitation on Restricted Payments," the proceeds of such issuance or sale in the form of cash or Cash Equivalents, payments in respect of deferred payment obligations when received in the form of, or stock or other assets when disposed of for, cash or Cash Equivalents (except to the extent that such obligations are financed or sold with recourse to the Parent Guarantor or any Restricted Subsidiary), net of attorney's fees, accountant's fees and brokerage, consultation, underwriting and other fees and expenses actually incurred in connection with such issuance or sale and net of taxes paid or payable as a result thereof.

"Officer's Certificate" means a certificate signed by an officer of the Parent Guarantor, of the Issuer, a Guarantor or a Surviving Entity, as the case may be, and delivered to the trustee.

"Pari passu Debt" means (a) any Debt of the Issuer that ranks equally in right of payment with the Notes or (b) with respect to any Guarantee, any Debt that ranks equally in right of payment to such Guarantee.

"Permitted Debt" has the meaning given to such term under "—Certain Covenants—Limitation on Debt".

"Permitted Holders" means (a) Yeoman International Holdings S.A., (b) any of Paul Coulson, Brendan Dowling, Houghton Fry, Edward Kilty, John Riordan or Niall Wall, and any trust created for the benefit of one or more of the foregoing or their respective natural person Affiliates, or the estate, executor, administrator, committee or beneficiaries of any thereof, and (c) any of their respective Affiliates.

"Permitted Investments" means any of the following:

(a) Investments in cash or Cash Equivalents;

(b) intercompany Debt to the extent permitted under clause (d) of the definition of "Permitted Debt";

(c) Investments in (i) the form of loans or advances to the Parent Guarantor, (ii) a Restricted Subsidiary or (iii) another Person if as a result of such Investment such other Person becomes a Restricted Subsidiary or such other Person is merged or consolidated with or into, or transfers or conveys all or substantially all of its assets to, the Parent Guarantor or a Restricted Subsidiary;

(d) Investments made by the Parent Guarantor or any Restricted Subsidiary as a result of or retained in connection with an Asset Sale permitted under or made in compliance with "—Certain Covenants—Limitation on Sale of Certain Assets" to the extent such Investments are non-cash proceeds permitted thereunder;

(e) expenses or advances to cover payroll, travel, entertainment, moving, other relocation and similar matters that are expected at the time of such advances to be treated as expenses in accordance with GAAP;

(f) Investments in the Notes;

(g) Investments existing at the date of the Indenture;

(h) Investments in Commodity Hedging Agreements, Interest Rate Agreements and Currency Agreements permitted under clauses (h), (i) and (j) of "—Certain Covenants—Limitation on Debt";

(i) Investments made in the ordinary course of business, the Fair Market Value of which in the aggregate does not exceed €1.0 million in any transaction or series of related transactions;

(j) loans and advances (or guarantees to third party loans) to directors, officers or employees of the Parent Guarantor or any Restricted Subsidiary made in the ordinary course of business and consistent with the Parent Guarantor's past practices or past practices of the Restricted Subsidiaries, as the case may be, in an amount outstanding not to exceed at any one time €5.0 million;

(k) Investments in a Person to the extent that the consideration therefor consists of the net proceeds of the issue and sale (other than to any Subsidiary) of shares of the Parent Guarantor's Qualified Capital Stock or Deeply Subordinated Funding; provided that the net proceeds of such sale have been excluded from, and shall not have been included in, the calculation of the amount determined under clause (2)(c)(ii) of "—Certain Covenants—Limitation on Restricted Payments";

(l) any payments or other transactions pursuant to a tax sharing agreement between the Parent Guarantor and any other Person with whom the Parent Guarantor files or filed a consolidated tax return or with which the Parent Guarantor is or was part of a consolidated group for tax purposes or any tax advantageous group contribution made pursuant to applicable legislation;

(m) Investments of the Parent Guarantor or the Restricted Subsidiaries described under item (v) to the proviso to the definition of "Debt";

(n) Investments of the Parent Guarantor or the Restricted Subsidiaries in Unrestricted Subsidiaries, the amount of which, measured by reference to the Fair Market Value of each such Investment on the date it was made, not to exceed the greater of €25.0 million and 2% of Total Assets in the aggregate outstanding at any one time;

(o) Investments resulting from the acquisition of a Person that at the time of such acquisition held instruments constituting Investments that were not acquired in contemplation of the acquisition of such Person;

(p) Investments by the Parent Guarantor or any Restricted Subsidiary in connection with a Permitted Receivables Financing; and

(q) (i) stock, obligations or securities received in satisfaction of judgments, foreclosure of liens or settlement of debts, and (ii) any Investments received in compromise of obligations of such persons incurred in the ordinary course of trade creditors or customers that were incurred in the ordinary course of business, including pursuant to any plan of reorganization or similar arrangement upon the bankruptcy or insolvency of any trade creditor or customer.

"Permitted Junior Securities" means, with respect to a Subsidiary Guarantor: (a) Capital Stock in such Subsidiary Guarantor; or (b) debt securities of the Subsidiary Guarantor that are subordinated to all Senior Debt and any debt securities issued in exchange for Senior Debt to substantially the same extent as, or to a greater extent that, the Notes are subordinated to Senior Debt pursuant to the Indenture.

"Permitted Liens" means the following types of Liens:

(a) Liens existing as of the date of the issuance of the Notes;

(b) Liens on any property or assets of the Parent Guarantor or a Restricted Subsidiary to secure Debt permitted to be incurred pursuant to paragraph (1) of "—Certain Covenants—Limitation on Debt";

(c) Liens securing Debt under Credit Facilities and any other Senior Debt permitted to be incurred pursuant to "—Certain Covenants—Limitation on Debt" and Liens on assets given, disposed of, or otherwise transferred in connection with a Permitted Receivables Financing permitted to be incurred pursuant to clause (m) of paragraph (2) of "—Certain Covenants—Limitation on Debt";

(d) Liens on any property or assets of a Restricted Subsidiary granted in favor of the Parent Guarantor, the Issuer or any Restricted Subsidiary;

(e) Liens on any of the Parent Guarantor's or any Restricted Subsidiary's property or assets securing the Notes or any Guarantees;

(f) any interest or title of a lessor under any Capitalized Lease Obligation and Liens to secure Debt (including Capitalized Lease Obligations) permitted under "—Certain Covenants—Limitation on Debt" covering only the assets acquired with such Debt;

(g) Liens arising out of conditional sale, title retention, consignment or similar arrangements for the sale of goods entered into by the Parent Guarantor or any Restricted Subsidiary in the ordinary course of business in accordance with the Parent Guarantor's or such Restricted Subsidiary's past practices prior to the date of the Indenture;

(h) statutory Liens of landlords and carriers, warehousemen, mechanics, suppliers, materialmen, repairmen, employees, pension plan administrators or other like Liens arising in the ordinary course of the Parent Guarantor's or any Restricted Subsidiary's business and with respect to amounts not yet delinquent or being contested in good faith by appropriate proceedings and for which a reserve or other appropriate provision, if any, as shall be required in conformity with GAAP shall have been made or Liens arising solely by virtue of any statutory or common law provisions relating to attorney's liens or bankers' liens, rights of set-off or similar rights and remedies as to deposit accounts or other funds maintained with a creditor depositary institution;

(i) Liens for taxes, assessments, government charges or claims that are not yet delinquent or that are being contested in good faith by appropriate proceedings promptly instituted and diligently conducted and for which a reserve or other appropriate provision, if any, as shall be required in conformity with GAAP shall have been made;

(j) Liens incurred or deposits made to secure the performance of tenders, bids or trade or government contracts, or to secure leases, statutory or regulatory obligations, surety or appeal bonds, performance bonds or other obligations of a like nature incurred in the ordinary course of business (other than obligations for the payment of money);

(k) zoning restrictions, easements, licenses, reservations, title defects, rights of others for rights-of-way, utilities, sewers, electrical lines, telephone lines, telegraph wires, restrictions, encroachments and other similar charges, encumbrances or title defects and incurred in the ordinary course of business that do not in the aggregate materially interfere with in any material respect the ordinary conduct of the business of the Parent Guarantor and its Restricted Subsidiaries on the properties subject thereto, taken as a whole;

(l) Liens arising by reason of any judgment, decree or order of any court so long as such Lien is adequately bonded and any appropriate legal proceedings that may have been duly initiated for the review of such judgment, decree or order shall not have been finally terminated or the period within which such proceedings may be initiated shall not have expired;

(m) Liens on property existing at the time such property is acquired or on property of, or on shares of Capital Stock or Debt of, any Person existing at the time such Person is acquired by, merged with or into or consolidated with, the Parent Guarantor or any Restricted Subsidiary; provided that such Liens (i) do not extend to or cover any property or assets of the Parent Guarantor or any Restricted Subsidiary other than (A) the property or assets acquired or (B) the property or assets of the Person acquired, merged with or into or consolidated with the Parent Guarantor or Restricted Subsidiary and (ii) were created prior to, and not in connection with or in contemplation of such acquisition, merger or consolidation;

(n) Liens securing the Parent Guarantor's or any Restricted Subsidiary's obligations under Commodity Hedging Agreements, Interest Rate Agreements or Currency Agreements permitted under clauses (h), (i) and (j) of paragraph (2) under "—Certain Covenants—Limitation on Debt" or any collateral for the Debt to which such Commodity Hedging Agreements, Interest Rate Agreements or Currency Agreements relate;

(o) Liens incurred or deposits made in the ordinary course of business in connection with workers' compensation, unemployment insurance and other types of social security or other insurance (including unemployment insurance);

(p) Liens incurred in connection with a cash management program established in the ordinary course of business for the Parent Guarantor's benefit or that of any Restricted Subsidiary in favor of a bank or trust company of the type described in paragraph (1) of "—Certain Covenants—Limitation on Guarantees of Debt by Restricted Subsidiaries";

(q) Liens encumbering deposits made to secure obligations arising from statutory, regulatory, contractual, or warranty requirements of the Parent Guarantor or any Restricted Subsidiary, including rights of offset and set-off;

(r) any extension, renewal or replacement, in whole or in part, of any Lien described in the foregoing clauses (a) through (q); provided that any such extension, renewal or replacement shall be no more restrictive in any material respect than the Lien so extended, renewed or replaced and shall not extend in any material respect to any additional property or assets;

(s) Liens securing Debt incurred to refinance Debt that has been secured by a Lien permitted by the Indenture, provided that (i) any such Lien shall not extend to or cover any assets not securing the Debt so refinanced and (ii) the Debt so refinanced shall have been permitted to be incurred pursuant to clause (n) of paragraph (2) of the "Limitation on Debt" covenant;

(t) purchase money Liens to finance property or assets of the Parent Guarantor or any Restricted Subsidiary acquired in the ordinary course of business; provided that (i) the related purchase money Debt shall not exceed the cost of such property or assets and shall not be secured by any property or assets of the Parent Guarantor or any Restricted Subsidiary other than the property and assets so acquired and (ii) the Lien securing such Debt shall be created within 90 days of such acquisitions; and

(u) Liens incurred in the ordinary course of business of the Parent Guarantor or any Restricted Subsidiary with respect to obligations that do not exceed €20 million at any one time outstanding and that (i) are not incurred in connection with the borrowing of money or the obtaining of advances or credit (other than trade credit in the ordinary course of business) and (ii) do not in the aggregate materially detract from the value of the property or materially impair the use thereof in the operation of the Parent Guarantor's or such Restricted Subsidiary's business.

"Permitted Receivables Financing" means any financing pursuant to which the Parent Guarantor or any Restricted Subsidiary may sell, convey or otherwise transfer to any other Person or grant a security interest in, any accounts receivable (and related assets) in an aggregate principal amount equivalent to the Fair Market Value of such accounts receivable (and related assets) of the Parent Guarantor or any Restricted Subsidiary; provided that (a) the covenants, events of default and other provisions applicable to such financing shall be customary for such transactions and shall be on market terms (as determined in good faith by the Parent Guarantor's board of directors) at the time such financing is entered into, (b) the interest rate applicable to such financing shall be a market interest rate (as determined in good faith by the Parent Guarantor's board of directors) at the time such financing is entered into and (c) such financing shall be non-recourse to the Parent Guarantor or any Restricted Subsidiary except to a limited extent customary for such transactions.

"Permitted Refinancing Debt" means any renewals, extensions, substitutions, refinancings or replacements (each, for purposes of this definition and paragraph (2)(n) of "—Certain Covenants—

Limitation on Debt," a "refinancing") of any Debt of the Parent Guarantor or a Restricted Subsidiary or pursuant to this definition, including any successive refinancings, so long as:

(a) such Debt is in an aggregate principal amount (or if incurred with original issue discount, an aggregate issue price) not in excess of the sum of (i) the aggregate principal amount (or if incurred with original issue discount, the aggregate accreted value) then outstanding of the Debt being refinanced and (ii) an amount necessary to pay any fees and expenses, including premiums and defeasance costs, related to such refinancing;

(b) the Average Life of such Debt is equal to or greater than the Average Life of the Debt being refinanced;

(c) the Stated Maturity of such Debt is no earlier than the Stated Maturity of the Debt being refinanced; and

(d) the new Debt is not senior in right of payment to the Debt that is being refinanced,

provided that Permitted Refinancing Debt will not include (i) Debt of a Subsidiary (other than a Guarantor) that refinances the Debt of any Guarantor or (ii) Debt of any Restricted Subsidiary that refinances Debt of an Unrestricted Subsidiary.

"Person" means any individual, corporation, limited liability company, partnership, joint venture, association, joint stock company, trust, unincorporated organization or government or any agency or political subdivision thereof.

"Preferred Stock" means, with respect to any Person, Capital Stock of any class or classes (however designated) of such Person which is preferred as to the payment of dividends or distributions, or as to the distribution of assets upon any voluntary or involuntary liquidation or dissolution of such Person, over the Capital Stock of any other class of such Person whether now outstanding, or issued after the date of the Indenture, and including, without limitation, all classes and series of preferred or preference stock of such Person.

"pro forma" means, with respect to any calculation made or required to be made pursuant to the terms of the Indenture, a calculation made in good faith by a responsible financial or accounting officer of the Parent Guarantor; provided that any such calculation shall (x) give effect to any realized or expected synergies, cost efficiencies and cost savings relating to, or directly or indirectly resulting from, or associated with, any Asset Sale, Investment, acquisition, reorganization, restructuring or operational improvement initiative that has occurred during the period included in the calculation or any prior period as if such synergies, cost efficiencies or cost savings had been effective throughout the period included in the calculation and (y) eliminate any extraordinary, exceptional, unusual or nonrecurring loss, expense or charge (including severance, relocation, plant closure, operational improvement or restructuring costs or reserves therefor) relating to, or directly or indirectly resulting from, or incurred in connection with, any Asset Sale, Investment, acquisition, reorganization, restructuring or operational improvement initiative, or offering of debt or equity securities.

"Property" means, with respect to any Person, any interest of such Person in any kind of property or asset, whether real, personal or mixed, or tangible or intangible, including Capital Stock, and other securities of, any other Person. For purposes of any calculation required pursuant to the Indenture, the value of any Property shall be its Fair Market Value.

"Public Equity Offering" means an underwritten public offer and sale of capital stock (which is Qualified Capital Stock) of the Parent Guarantor or any direct or indirect parent holding company of the Parent Guarantor with gross proceeds to the Issuer of at least €20 million (including any sale of Common Shares purchased upon the exercise of any over-allotment option granted in connection therewith).

"Qualified Capital Stock" of any Person means any and all Capital Stock of such Person other than Redeemable Capital Stock.

"Redeemable Capital Stock" means any class or series of Capital Stock that, either by its terms, by the terms of any security into which it is convertible or exchangeable, or by contract or otherwise, is, or upon the happening of an event or passage of time would be, required to be redeemed prior to the final Stated Maturity of the Notes or is redeemable at the option of the holder thereof at any time prior to such final Stated Maturity (other than upon a change of control of the Parent Guarantor in circumstances in which the holders of the Notes would have similar rights), or is convertible into or exchangeable for debt securities at any time prior to such final Stated Maturity; provided that any Capital Stock that would constitute Qualified Capital Stock but for provisions thereof giving holders thereof the right to require such Person to repurchase or redeem such Capital Stock upon the occurrence of any "asset sale" or "change of control" occurring prior to the Stated Maturity of the Notes will not constitute Redeemable Capital Stock if the "asset sale" or "change of control" provisions applicable to such Capital Stock are no more favorable to the holders of such Capital Stock than the provisions contained in "—Certain Covenants—Limitation on Sale of Certain Assets" and "—Purchase of Notes upon a Change of Control" covenants described herein and such Capital Stock specifically provides that such Person will not repurchase or redeem any such stock pursuant to such provision prior to the Parent Guarantor's or the Issuer's repurchase of such Notes as are required to be repurchased pursuant to "—Certain Covenants—Limitation on Sale of Certain Assets" and "—Purchase of Notes upon a Change of Control".

"Replacement Assets" means properties and assets that replace the properties and assets that were the subject of an Asset Sale or properties and assets that will be used in the Parent Guarantor's business or in that of the Restricted Subsidiaries or any and all businesses that in the good faith judgment of the board of directors of the Parent Guarantor are reasonably related.

"Restricted Subsidiary" means any Subsidiary of the Parent Guarantor other than an Unrestricted Subsidiary.

"S&P" means Standard and Poor's Ratings Service, a division of The McGraw-Hill Companies, Inc. and its successors.

"Securities Act" means the US Securities Act of 1933, as amended, or any successor statute, and the rules and regulations promulgated by the Commission thereunder.

"Senior Agent" means any agent or successor agent appointed under any Senior Credit Facility to which any Subsidiary Guarantor is a party or designated as "Senior Agent" in any instrument or document evidencing Senior Debt.

"Senior Credit Facilities" means any Credit Facility of the Guarantors, including the Senior Facilities Agreement, the Anglo Irish Credit Facility, the Barclays Invoice Discounting Facility, the Barclays Multi Option Facility and the Barclays Revolving Credit Facility.

"Senior Debt" means:

(a) all Debt under any Credit Facility permitted to be incurred under the provisions of the "Limitation on Debt" covenant and all Commodity Hedging Agreements, Currency Agreements and Interest Rate Agreements and other obligations with respect thereto;

(b) any other Debt permitted to be incurred by the Issuer, the Parent Guarantor or any Restricted Subsidiary that provides a Guarantee under the terms of the Indenture unless, with respect to such a Restricted Subsidiary, the instrument under which such Debt is incurred expressly provides that it is on a parity with or subordinated in right of payment to its Guarantee, as the case may be; and

(c) all obligations with respect to the items listed in the preceding clauses (a) and (b).

Notwithstanding anything to the contrary in the preceding, Senior Debt will not include:

(i) any liability for taxes owed or owing by the Issuer or the Guarantors;

(ii) any Debt that is incurred in violation of the Indenture or the terms of the Notes, as the case may be; or

(iii) any trade payables.

"Senior Facilities Agreement" means the Facility Agreement dated March 9, 2007 among the Parent Guarantor and Anglo Irish Bank Corporation Plc, as amended.

"Senior PIK Notes" means the €126,250,000 10.75% Senior PIK Notes due 2015 issued originally by Caona plc.

"Stated Maturity" means, when used with respect to any Note or any installment of interest thereon, the date specified in such Note as the fixed date on which the principal of such Note or such installment of interest, respectively, is due and payable, and, when used with respect to any other indebtedness, means the date specified in the instrument governing such indebtedness as the fixed date on which the principal of such indebtedness, or any installment of interest thereon, is due and payable.

"Sterling" or "£" means the lawful currency of the United Kingdom of Great Britain and Northern Ireland.

"Subordinated Debt" means Debt of the Issuer or any of the Guarantors that is subordinated in right of payment to the Notes or the Guarantees of such Guarantors, as the case may be.

"Subsidiary" means, with respect to any Person:

(a) a corporation a majority of whose Voting Stock is at the time, directly or indirectly, owned by such Person, by one or more Subsidiaries of such Person or by such Person and one or more Subsidiaries thereof; and

(b) any other Person (other than a corporation), including, without limitation, a partnership, limited liability company, business trust or joint venture, in which such Person, one or more Subsidiaries thereof or such Person and one or more Subsidiaries thereof, directly or indirectly, at the date of determination thereof, has at least majority ownership interest entitled to vote in the election of directors, managers or trustees thereof (or other Person performing similar functions).

"Subsidiary Guarantors" means the companies listed as "Subsidiary Guarantors" under "Unaudited Supplemental Information on the Subsidiary Guarantors".

"TARGET Day" means a day on which the trans-European Automated Real-time Gross Settlement Express Transfer system is operating.

"Total Assets" means the consolidated total assets of the Parent Guarantor and its Restricted Subsidiaries as shown on the most recent consolidated balance sheet of the Parent Guarantor.

"Total Receivables" means, as of any date, (a) the amount of accounts receivable of the Parent Guarantor and the Restricted Subsidiaries as of such date plus (b) the amount of accounts receivable of the Parent Guarantor and the Restricted Subsidiaries that has been sold, conveyed or otherwise transferred in Permitted Receivables Financings and is outstanding as of such date.

"Transactions" means the Acquisition and the other transactions described under "The Transactions".

"Trust Indenture Act" means the US Trust Indenture Act of 1939, as amended, or any successor statute, and the rules and regulations promulgated by the Commission thereunder.

"Unrestricted Subsidiary" means:

(a) any Subsidiary of the Parent Guarantor that at the time of determination is an Unrestricted Subsidiary (as designated by the Parent Guarantor's board of directors pursuant to the "Designation of Unrestricted and Restricted Subsidiaries" covenant); and

(b) any Subsidiary of an Unrestricted Subsidiary.

"Voting Stock" means any class or classes of Capital Stock pursuant to which the holders thereof have the general voting power under ordinary circumstances to elect at least a majority of the board of directors, managers or trustees (or Persons performing similar functions) of any Person (irrespective of whether or not, at the time, stock of any other class or classes shall have, or might have, voting power by reason of the happening of any contingency).

"Wholly Owned Restricted Subsidiary" means any Restricted Subsidiary, all of the outstanding Capital Stock (other than directors' qualifying shares or shares of Restricted Subsidiaries required to be owned by third parties pursuant to applicable law) of which are owned by the Parent Guarantor or by one or more other Wholly Owned Restricted Subsidiaries or by the Parent Guarantor and one or more other Wholly Owned Restricted Subsidiaries.

BOOK-ENTRY; DELIVERY AND FORM

General

The notes sold to qualified institutional buyers in reliance on Rule 144A under the U.S. Securities Act will be represented by a global note in registered form without interest coupons attached (the "Rule 144A Global Note"). The notes sold to non-U.S. persons in reliance on Regulation S under the U.S. Securities Act will be represented by a global note in registered form without interest coupons attached (the "Regulation S Global Note" and, together with the Rule 144A Global Note, the "Global Notes"). The Global Notes will be deposited with a common depositary and registered in the name of the nominee of the common depositary for the accounts of Euroclear and Clearstream Banking.

Ownership of interests in the Rule 144A Global Note ("Rule 144A Book-Entry Interests") and in the Regulation S Global Note (the "Regulation S Book-Entry Interests" and, together with the Rule 144A Book-Entry Interests, the "Book-Entry Interests") will be limited to persons that have accounts with Euroclear and/or Clearstream Banking, or persons that hold interests through such participants. Euroclear and Clearstream Banking will hold interests in the Global Notes on behalf of their participants through customers' securities accounts in their respective names on the books of their respective depositaries. Except under the limited circumstances described below, Book-Entry Interests will not be held in definitive certificated form.

Book-Entry Interests will be shown on, and transfers thereof will be done only through, records maintained in the book-entry form by Euroclear and Clearstream Banking and their participants. The laws of some jurisdictions, including certain states of the United States, may require that certain purchasers of securities take physical delivery of such securities in definitive certificated form. The foregoing limitations may impair the ability to own, transfer or pledge Book-Entry Interests. In addition, while the notes are in global form, holders of Book-Entry Interests will not be considered the owners or "holders" of notes for any purpose.

So long as the notes are held in global form, Euroclear and/or Clearstream Banking, as applicable (or their respective nominees), will be considered the sole holders of the Global Notes for all purposes under the indenture governing the notes. In addition, participants must rely on the procedures of Euroclear and/or Clearstream Banking, and indirect participants must rely on the procedures of Euroclear, Clearstream Banking and the participants through which they own Book-Entry Interests, to transfer their interests or to exercise any rights of holders under the indenture.

Neither we nor the trustee will have any responsibility, or be liable, for any aspect of the records relating to the Book-Entry Interests.

Redemption of the Global Notes

In the event any Global Note (or any portion thereof) is redeemed, Euroclear and/or Clearstream Banking, as applicable, will redeem an equal amount of the Book-Entry Interests in such Global Note from the amount received by it in respect of the redemption of such Global Note. The redemption price payable in connection with the redemption of such Book-Entry Interests will be equal to the amount received by Euroclear and Clearstream Banking, as applicable, in connection with the redemption of such Global Note (or any portion thereof). We understand that, under the existing practices of Euroclear and Clearstream Banking, if fewer than all of the notes are to be redeemed at any time, Euroclear and Clearstream Banking will credit their respective participants' accounts on a proportionate basis (with adjustments to prevent fractions), by lot or on such other basis as they deem fair and appropriate; provided, however, that no Book-Entry Interest of €50,000 principal amount or less may be redeemed in part.

Payments on Global Notes

We will make payments of any amounts owing in respect of the Global Notes (including principal, premium, if any, and interest) to the common depositary or its nominee for Euroclear and Clearstream Banking, which will distribute such payments to participants in accordance with their customary procedures. We will make payments of all such amounts without deduction or withholding for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature, except as may be required by law and as described under "Description of the Notes—Additional Amounts". If any such deduction or withholding is required to be made, then, to the extent described under "Description of the Notes—Additional Amounts" above, we will pay additional amounts as may be necessary in order that the net amounts received by any holder of the Global Notes or owner of Book-Entry Interests after such deduction or withholding will equal the net amounts that such holder or owner would have otherwise received in respect of such Global Note or Book-Entry Interest, as the case may be, absent such withholding or deduction. We expect that standing customer instructions and customary practices will govern payments by participants to owners of Book-Entry Interests held through such participants.

Under the terms of the indenture governing the notes, we and the trustee will treat the registered holder of the Global Notes (e.g., Euroclear or Clearstream Banking (or their respective nominees)) as the owner thereof for the purpose of receiving payments and for all other purposes. Consequently, none of us, the trustee or any of our or its respective agents has or will have any responsibility or liability for any aspect of the records of Euroclear, Clearstream Banking or any participant or indirect participant relating to, or payments made on account of, a Book-Entry Interest or for maintaining, supervising or reviewing the records of Euroclear, Clearstream Banking or any participant or indirect participant relating to, or payments made on account of, a Book-Entry Interest, or Euroclear, Clearstream Banking or any participant or indirect participant.

Currency of Payment for the Global Notes

The principal of, premium, if any, and interest on, and all other amounts payable in respect of, the Global Notes will be paid in euro.

Action by Owners of Book-Entry Interests

Euroclear and Clearstream Banking have advised us that they will take any action permitted to be taken by a holder of notes (including the presentation of notes for exchange as described below) only at the direction of one or more participants to whose account the Book-Entry Interests in the Global Notes are credited and only in respect of such portion of the aggregate principal amount of notes as to which such participant or participants has or have given such direction. Euroclear and Clearstream Banking will not exercise any discretion in the granting of consents, waivers or the taking of any other action in respect of the Global Notes. However, if there is an Event of Default under the indenture governing the notes, each of Euroclear and Clearstream Banking reserves the right to exchange the Global Notes for definitive registered notes in certificated form ("Definitive Registered Notes") and to distribute Definitive Registered Notes to its participants.

Transfers

Transfers between participants in Euroclear and Clearstream Banking will be effected in accordance with Euroclear and Clearstream Banking rules and will be settled in immediately available funds. If a holder requires physical delivery of Definitive Registered Notes for any reason, including to sell notes to persons in jurisdictions that require physical delivery of securities or to pledge such securities, such holder must transfer its interests in the Global Notes in accordance with the normal procedures of Euroclear and Clearstream Banking and in accordance with the procedures set forth in the indenture governing the notes.

The Global Note for Rule 144A Book-Entry Interests will have a legend to the effect set forth under "Notice to Investors". Book-Entry Interests in the Global Notes will be subject to the restrictions on transfers and certification requirements discussed under "Notice to Investors".

Rule 144A Book-Entry Interests may be transferred to a person who takes delivery in the form of a Regulation S Book-Entry Interest only upon delivery by the transferor of a written certification (in the form provided in the indenture governing the notes) to the effect that such transfer is being made in accordance with Regulation S or Rule 144 under the U.S. Securities Act or any other exemption (if available under the U.S. Securities Act).

In connection with transfers involving an exchange of a Regulation S Book-Entry Interest for a Rule 144A Book-Entry Interest, appropriate adjustments will be made to reflect a decrease in the principal amount of the Regulation S Global Note and a corresponding increase in the principal amount of the Rule 144A Global Note.

Any Book-Entry Interest in one of the Global Notes that is transferred to a person who takes delivery in the form of a Book-Entry Interest in any other Global Note will, upon transfer, cease to be a Book-Entry Interest in the first mentioned Global Note and become a Book-Entry Interest in such other Global Note, and accordingly will thereafter be subject to all transfer restrictions, if any, and other procedures applicable to Book-Entry Interests in such other Global Note for as long as it remains such a Book-Entry Interest.

Definitive Registered Notes

Under the terms of the indenture governing the notes, owners of the Book-Entry Interests will receive Definitive Registered Notes:

- if Euroclear or Clearstream Banking notifies us that it is unwilling or unable to continue to act as depositary and a successor depositary is not appointed by us within 120 days;
- if Euroclear or Clearstream Banking so requests following an Event of Default under the indenture; or
- if the owner of a Book-Entry Interest requests such an exchange in writing delivered through either Euroclear or Clearstream Banking following an Event of Default under the indenture.

In the case of the issuance of Definitive Registered Notes, the holder of a Definitive Registered Note may transfer such note by surrendering it to the registrar or transfer agent. In the event of a partial transfer or a partial redemption of a holding of Definitive Registered Notes represented by one Definitive Registered Note, a Definitive Registered Note will be issued to the transferee in respect of the part transferred and a new Definitive Registered Note in respect of the balance of the holding not transferred or redeemed will be issued to the transferor or the holder, as applicable; provided that no Definitive Registered Note in a denomination less than €50,000 will be issued. We will bear the cost of preparing, printing, packaging and delivering the Definitive Registered Notes.

We will not be required to register the transfer or exchange of Definitive Registered Notes for a period of 15 calendar days preceding (i) the record date for any payment of interest on the notes, (ii) any date fixed for redemption of the notes or (iii) the date fixed for selection of the notes to be redeemed in part. Also, we are not required to register the transfer or exchange of any notes selected for redemption. In the event of the transfer of any Definitive Registered Note, the trustee may require a holder, among other things, to furnish appropriate endorsements and transfer documents as described in the indenture. We may require a holder to pay any taxes and fees required by law and permitted by the indenture and the notes.

If Definitive Registered Notes are issued and a holder thereof claims that such Definitive Registered Note has been lost, destroyed or wrongfully taken, or if such Definitive Registered Note is mutilated and is surrendered to the registrar or at the office of the transfer agent, we will issue and the trustee will authenticate a replacement Definitive Registered Note if the trustee's and our requirements are met. We or the trustee may require a holder requesting replacement of a Definitive Registered Note to furnish an indemnity bond sufficient in the judgment of both to protect us, the trustee or the paying agent appointed pursuant to the indenture from any loss which any of them may suffer if a Definitive Registered Note is replaced. We may charge for any expenses incurred by us in replacing a Definitive Registered Note.

In case any such mutilated, destroyed, lost or stolen Definitive Registered Note has become or is about to become due and payable, or is about to be redeemed or purchased by us pursuant to the provisions of the indenture, we, in our discretion, may, instead of issuing a new Definitive Registered Note, pay, redeem or purchase such Definitive Registered Note, as the case may be.

Definitive Registered Notes may be transferred and exchanged only after the transferor first delivers to the trustee a written certification (in the form provided in the indenture governing the notes) to the effect that such transfer will comply with the transfer restrictions applicable to such notes. See "Notice to Investors".

So long as the notes are listed on the Irish Stock Exchange and the rules of such exchange so require, we will publish a notice of any issuance of Definitive Registered Notes in a newspaper having general circulation in Ireland (which we expect to be *The Irish Times*). Payment of principal, any repurchase price, premium and interest on Definitive Registered Notes will be payable at the office of our paying agent in Dublin so long as the notes are listed on the Irish Stock Exchange and the rules of such exchange so require.

Information Concerning Euroclear and Clearstream Banking

Our understanding with respect to the organization and operations of Euroclear and Clearstream Banking is as follows. Euroclear and Clearstream Banking hold securities for participating organizations. They also facilitate the clearance and settlement of securities transactions between their respective participants through electronic book-entry changes in accounts of such participants. Euroclear and Clearstream Banking provide various services to their participants, including the safekeeping, administration, clearance, settlement, lending and borrowing of internationally traded securities. Euroclear and Clearstream Banking interface with domestic securities markets. Euroclear and Clearstream Banking participants are financial institutions such as underwriters, securities brokers and dealers, banks, trust companies and certain other organizations. Indirect access to Euroclear and Clearstream Banking is also available to others such as banks, brokers, dealers and trust companies that clear through or maintain a custodian relationship with a Euroclear or Clearstream Banking participant, either directly or indirectly.

TAXATION

Prospective purchasers of the notes are advised to consult their own tax advisors as to the tax consequences, under the tax laws of the country of which they are resident, of a purchase of notes including, without limitation, the consequences of receipt of interest and premium, if any, on and sale of redemption of, the notes or any interest therein.

References in this discussion to notes acquired, owned, held or disposed of by noteholders include, except where otherwise expressly stated, the Book-Entry Interests held by purchasers in the notes in global form deposited with, and registered in the name of a common depositary for Euroclear and/or Clearstream Banking.

Ireland Taxation

The following general summary describes the material Irish tax consequences of ownership of the notes and is based on the Irish tax law and practice as in effect on the date of this Offering Memorandum and is subject to any change that may come into effect after such date. Holders of the notes are advised to consult their own tax advisors regarding the taxation implications of acquiring, owning and disposing of the notes.

Withholding Tax on Interest

In general, withholding tax at the rate of 20% must be deducted from Irish source interest payments made by an Irish company. However, for so long as the notes are listed on a recognised stock exchange such as the Alternative Securities Market of the Irish Stock Exchange and are held in the Euroclear or Clearstream clearing systems, the notes will constitute "quoted Eurobonds" and no withholding for or on account of Irish income tax will be required to be made on interest arising on the notes under Section 64 ("Section 64") of the Irish Taxes Consolidation Act, 1997 (as amended) (the "TCA 1997")

In circumstances where the "quoted Eurobond" exemption from Irish withholding tax does not apply, the interest on the notes will not be subject to Irish withholding tax in any of the following circumstances:

Firstly, there is no requirement for a company to deduct Irish withholding tax on interest payments made in the ordinary course of its trade or business to a company resident under the laws of a jurisdiction in the EU or in a country with which Ireland has a double taxation agreement (such as the United States), provided the interest is not received in the course of a trade or business carried on by that person through a branch or agency in Ireland.

Secondly, Irish withholding tax on interest in respect of the notes may be eliminated or reduced in accordance with the terms of an appropriate double taxation agreement (the Irish tax treaty with the United States would generally eliminate such withholding tax, subject to the limitations on benefits clause in that treaty).

Thirdly, Irish withholding tax on interest in respect of the notes does not apply if the interest is paid in Ireland to a person who subscribed for the notes and is carrying on a bona fide banking business in Ireland.

Fourthly, Irish withholding tax on interest in respect of the notes does not apply where the interest is paid in Ireland to a qualifying company (generally a securitisation vehicle) within the meaning of Section 110 TCA 1997.

Fifthly, Irish withholding tax on interest in respect of the notes does not apply where interest is paid to a company:

(i) which advances money in the ordinary course of a trade which includes the lending of money; and

(ii) in whose hands any interest payable in respect of monies so advanced is taken into account in computing the trading income of such company; and

(iii) which has made the appropriate notifications under Section 246(5)(a) TCA 1997 to the Irish tax authorities and the Issuer.

No Irish withholding tax is payable in respect of a repayment of any principal amount of the notes.

Charge to Irish Tax

Persons resident in Ireland are generally liable to Irish income or corporation tax on their worldwide income, including any income from the notes. The standard rate of tax applying to the trading profits of companies is 12.5%. The rate of corporation tax applying to non-trading income is 25%.

Persons who are not resident in Ireland are generally liable to Irish tax only in respect of Irish source income, and in respect of income of a trade carried on in Ireland through a branch or agency. Accordingly, non-Irish resident persons whose connection with Ireland is limited to holding the notes, will be liable to Irish income tax on income (including interest and discounts realised) from the notes (as it is Irish source) unless such income is exempt from Irish tax under the terms of a double taxation agreement or under a specific provision of Irish tax law.

There is no liability to Irish income tax in respect of certain interest payments made to a person resident in another EU Member State or in a country with which Ireland has a double tax treaty (such as the United States), provided the interest is not received in the course of a trade carried on by that person through a branch or agency in Ireland. The interest payments to which this exemption applies include interest paid on quoted Eurobonds (such as the notes). See "Withholding Tax on Interest" above.

Where interest is paid to or income gains or discounts realised by a person resident outside the EU and outside a country with which Ireland has a double taxation agreement, under long standing practice no action will be taken by the Irish tax authorities to pursue any liability to such Irish tax in respect of persons who are regarded as not being resident in Ireland, provided the interest is not received in the course of a trade carried on by that person through a branch or agency in Ireland.

There is a statutory obligation to account for Irish tax, where it applies, on a self-assessment basis and there is no requirement for the Irish tax authorities to issue or raise an assessment.

Payments under Guarantee Arrangement

Any payments made by the Parent Guarantor under the Parent Guarantor's Guarantee can be made without deduction of Irish withholding tax

Such payments should not be subject to Irish tax in the hands of a recipient who is not resident in Ireland for tax purposes and where the amount received is not connected with a trade carried on in Ireland by the receipient through a branch or agency. The same analysis applies to such payments as would apply to the taxation of interest as set out in the "Charge to Irish tax" section above.

Encashment Tax

If the Paying Agent is not in Ireland, which is the case, then there is no obligation to deduct encashment tax. If a person in Ireland were to pay the interest or receive the interest on behalf of a third party then Irish encashment tax (at the standard rate—currently 20%) would apply to amounts belonging to Irish resident holders of the notes, or non-Irish residents who hold notes and who had not completed the requisite non-resident declaration forms.

Deposit Interest Retention Tax ("DIRT")

The interest on the notes will not be liable to DIRT as the Issuer is not a deposit taker as defined in Irish tax law.

Capital Gains Tax

In the case of a person who is either resident or ordinarily resident in Ireland, the disposal or redemption of the notes may be liable to Irish capital gains tax at a rate of 20%. If the person is neither resident nor ordinarily resident in Ireland, he will not be liable to Irish capital gains tax on the disposal or redemption unless the notes are situated in Ireland and have been used in or for the purposes of a trade carried on by such person in Ireland through a branch or agency, or which were used or held or acquired for use by or for the purposes of the branch or agency. Registered instruments will be deemed to be situated in Ireland if the register is located in Ireland at the time of the disposal or redemption.

Capital Acquisitions Tax

Gift or inheritance tax may arise where the donor or beneficiary is resident or ordinarily resident in Ireland or the instruments are located in Ireland at the date of disposition or inheritance.

Value Added Tax ("VAT")

There is no Irish VAT payable in respect of payments in consideration for the issue of the notes or for the transfer of a note.

Stamp Duty

Issuance of Instruments

No stamp duty arises on the issuance of the notes.

Transfer of Notes

No stamp duty is chargeable on a transfer of the notes as they meet all the relevent conditions for exemption under Irish tax legistation.

EU Savings Directive on the Taxation of Savings Income

Under Council Directive 2003/48/EC on the taxation of savings income Member States are required from July 1, 2005 to provide to the tax authorities of another Member State details of payments of interest and other similar income paid by a person within its jurisdiction to or for an individual in that other Member State. ("Similar income" for this purpose includes payments on redemption of notes representing any discount on the issue of the notes or any premium payable on redemption.) However, for a transitional period, Austria, Belgium and Luxembourg are instead required (unless during such period they elect otherwise) to operate a withholding tax in relation to such payments. The transitional period will end after agreement on exchange of information is reached between the European Union and certain non-European states. No withholding will be required where the notes holder authorizes the person making the payment to report the payment or presents a certificate from the relevant authority establishing exemption from withholding.

Under Irish tax legislation, information relating to the identity and tax residence of new customers must be collected where such customers are individuals or "residual entities". "Residual entity" includes certain persons or undertakings to which an interest payment is made or for which an interest payment is secured for the benefit of an individual. Procedures relating to the reporting of details of payments of interest (or similar income) paid by a person within Ireland to individuals or residual entities resident in another member state or in a jurisdiction with which Ireland has or will have double taxation arrangements apply since 1 July 2005.

Reports under these procedures must include:

- The paying agent's own name, address (registered office if a company) and tax reference number;
- Details of the interest payments made to or secured for the immediate benefit of beneficial owners or residual entities resident in another EU territory;
- Details regarding the beneficial owners of the interest.

United Kingdom Taxation

The following general summary is intended as a general guide only and not as a substitute for detailed tax advice, and is based on current U.K. legislation and an understanding of the published practice of H.M. Revenue & Customs ("HMRC") as in effect on the date of this Offering Memorandum and is subject to any change that may come into effect after such date. You are advised to consult your own tax advisor as to the tax consequences under the tax laws of the United Kingdom of a purchase or holding of notes. Any person who is in any doubt as to his taxation position or who is subject to taxation in any jurisdiction other than the U.K. should consult an appropriate independent adviser immediately.

The following paragraphs summarize certain limited aspects of U.K. taxation in respect of the notes. The paragraphs dealing with the treatment of holders of the notes relate only to the position of individual or corporate holders who are resident (or alternatively, in the case of individuals, ordinarily resident) in the U.K. for tax purposes and who hold their notes beneficially as an investment (other than under a personal equity plan or an individual savings account). They do not relate to persons such as market makers, brokers, dealers, intermediaries and persons connected with depositary arrangements or clearance services, pension funds, insurance companies or collective investment schemes, to whom special rules may apply. Furthermore they do not relate to persons who are connected or associated with the Issuer for relevant tax purposes. The paragraphs also assume that (i) the notes are not registered in a register kept in the U.K. by or on behalf of the Issuer and (ii) the obtaining of a tax advantage by any person is not the main benefit, or one of the main benefits, that might be expected to accrue from any provision for redemption of the notes described under "Description of the Notes—Purchase of Notes upon a Change of Control" or "Description of the Notes—Optional Redemption".

Individuals

Income

For a U.K. resident individual holder of notes, the gross amount of interest paid on the notes will generally form part of that holder's income for the purposes of U.K. income tax (rather than the amount actually received net of any Irish withholding tax). In the event that amounts on account of

Irish tax are deducted or withheld from interest payments, credit will generally be available by way of double taxation relief.

Any U.K. resident individual holder of notes will be required (if he does not beforehand receive notice from HMRC requiring him to complete a tax return for the relevant year) to give notice to HMRC that he is liable to U.K. income tax within six months of the end of any tax year in which any interest arises to him in respect of the notes.

Capital Gains and Losses

Subject to the "Deeply Discounted Securities" paragraph below, the notes should not constitute "qualifying corporate bonds" within the meaning of section 117 of the Taxation of Chargeable Gains Act 1992 because the notes are expressed in a currency other than sterling. Therefore a disposal of notes by an individual holder who is (at any time in the relevant U.K. tax year) resident or ordinarily resident in the U.K. (and whether domiciled in the U.K. or not) may give rise to a chargeable gain or an allowable loss for the purposes of capital gains tax. In order to compute the gain or loss for U.K. taxation of chargeable gains purposes, any euro acquisition cost or disposal consideration in respect of notes must be translated into sterling at the rate of exchange applicable as at the time of acquisition or disposal respectively. Furthermore on a transfer of notes the accrued income scheme may in certain circumstances apply to deem the transferor to receive an amount of income equal to the accrued interest element (with a corresponding reduction in the consideration treated as received for capital gains tax purposes).

Deeply Discounted Securities

However, the notes will be "qualifying corporate bonds" if HMRC view them as "deeply discounted securities" as defined in Chapter 8 of the Income Tax (Trading and Other Income) Act 2005 by virtue of the provisions described under "Description of the Notes—Purchase of Notes upon a Change of Control" or "Description of the Notes—Optional Redemption". If the notes are treated as deeply discounted securities, individual holders will be charged income tax in respect of profits on the notes.

Companies Within the Charge to Corporation Tax

In general noteholders that are within the charge to U.K. corporation tax will be treated for tax purposes as realizing profits, gains or losses (including exchange gains and losses) in respect of the notes under the loan relationships rules, on a basis which is broadly in accordance with their statutory accounting treatment (assuming that treatment to be in accordance with generally accepted accounting practice, as that term is defined for tax purposes). Such profits, gains and losses (or where the noteholder's functional currency is not sterling, then the sterling equivalent of such profits, gains and losses as computed in the noteholder's functional currency) will be taken into account in computing taxable income for corporation tax purposes. Credit may be given by HMRC either unilaterally or in accordance with a double tax treaty for Irish tax suffered in respect of interest received.

Withholding

U.K. withholding tax, currently at 20 per cent., is imposed in respect of certain interest payments that have a U.K. source. On the basis of a number of factors including the fact that Ardagh Glass Finance plc is incorporated and resident for tax purposes in Ireland, it is considered that interest paid on the notes should not be regarded as having a U.K. source.

In any event, provided that the notes constitute "quoted Eurobonds" within the meaning of section 987 of the Income Tax Act 2007, payments of interest on the notes may be made without withholding on account of U.K. income tax provided the notes remain quoted Eurobonds at the time of payment.

Reporting

Any U.K. paying agent or other person through whom interest is paid to, or by whom interest is received on behalf of, an individual (whether resident in the U.K. or elsewhere) may be required to provide information in relation to the payment and the individual concerned to HMRC. HMRC may communicate information to the tax authorities of other jurisdictions. See also "—EU Savings Directive on the Taxation of Savings Income" above, which describes obligations to provide reports of or withhold tax from payments of savings income under Council Directive 2003/48/EC.

Stamp Duty and Stamp Duty Reserve Tax ("SDRT")

No U.K. stamp duty or stamp duty reserve tax will be payable on the issue of the notes.

No U.K. stamp duty will be payable on the transfer of the notes, provided that any instrument of transfer is not executed in the U.K. and does not relate to any property situated or to any matter or thing done or to be done in the U.K. No U.K. stamp duty reserve tax will be payable on an agreement to transfer the notes.

United States Taxation

General

This disclosure is limited to the U.S. federal income tax issues addressed below. Additional issues may exist that are not addressed in this disclosure and that could affect the U.S. federal income tax treatment of the notes. This tax disclosure was written in connection with the promotion and marketing of the notes by us, and it cannot be used by any holder for the purpose of avoiding penalties that may be asserted against the holder under the Internal Revenue Code. Holders should seek their own advice based on their particular circumstances from an independent tax advisor.

The following summary describes certain material U.S. federal income tax consequences that may be relevant with respect to the acquisition, ownership and disposition of notes by U.S. Holders (as defined below) who purchase notes in this offering at their "issue price" (as defined below). This summary addresses only U.S. federal income tax considerations of U.S. Holders that will hold the notes as capital assets. It does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase the notes. In particular, this summary does not address tax considerations applicable to U.S. Holders that may be subject to special tax rules including, without limitation, the following: (i) certain financial institutions; (ii) insurance companies; (iii) dealers or traders in securities or currencies; (iv) tax-exempt entities; (v) persons that will hold notes as part of a "hedging" or "conversion" transaction or as a position in a "straddle" or as part of a "synthetic security" or other integrated transaction for U.S. federal income tax purposes; (vi) persons that have a "functional currency" other than the U.S. dollar; (vii) regulated investment companies; (viii) persons that have ceased to be U.S. citizens or lawful permanent residents of the U.S.; and (ix) persons that hold the notes through partnerships or other pass-through entities. Further, this summary does not address alternative minimum tax consequences.

This summary is based on the Internal Revenue Code of 1986, as amended, and U.S. Treasury regulations and judicial and administrative interpretations thereof, in each case as available on the date of this Offering Memorandum. All of the foregoing are subject to change, which change could apply retroactively and could affect the tax consequences described below.

The "issue price" of a note will equal the first price to the public (not including bond houses, brokers or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers) at which a substantial amount of notes is sold for money.

Each prospective investor should consult its own tax advisor with respect to the U.S. federal, state, local and foreign tax consequences of acquiring, owning and disposing of notes. U.S. Holders should also review the discussion under "—Ireland Taxation" for the Irish tax consequences to a U.S. Holder of the ownership of notes.

For purposes of this summary a "U.S. Holder" is a beneficial owner of a note that is, for U.S. federal income tax purposes: (i) a citizen or individual resident of the United States; (ii) a corporation, or other entity treated as a corporation, created or organized in or under the laws of the United States or any state thereof (including the District of Columbia); or (iii) an estate or trust, the income of which is subject to U.S. federal income taxation regardless of its source.

Payments of Interest

Interest paid on a note will be taxable to a U.S. Holder as ordinary interest income at the time it is received or accrued, depending on the U.S. Holder's method of accounting for U.S. federal income tax purposes.

A U.S. Holder who uses the cash method of accounting and who receives a payment of interest will be required to include in income the U.S. dollar value of the euro payment received (determined based on a spot rate on the date the payment is received), regardless of whether the payment is in fact converted to U.S. dollars at that time. A cash basis U.S. Holder will not realize foreign currency exchange gain or loss on the receipt of interest income but may recognize exchange gain or loss attributable to the actual disposition of the euros received.

A U.S. Holder who uses the accrual method of accounting will accrue interest income in euro and translate that amount into U.S. dollars based on the average spot rate of exchange in effect for the accrual period or, with respect to an accrual period that spans two taxable years, at the average spot rate for the partial period within the taxable year. Alternatively, an accrual method U.S. Holder may elect to translate interest income into U.S. dollars at the spot rate on the last day of the interest accrual period (or, in the case of a partial accrual period, the spot rate on the last day of the taxable year) or, if the date of receipt is within five business days of the last day of the interest accrual period, the spot rate on the date of receipt. A U.S. Holder that makes this election must apply it consistently to all debt instruments from year to year and cannot change the election without the consent of the U.S. Internal Revenue Service. A U.S. Holder that uses the accrual method will recognize foreign currency gain or loss with respect to accrued interest income on the date the interest payment or proceeds from the sale, exchange or other disposition attributable to accrued interest is actually received. The amount of foreign currency gain or loss recognized will equal the difference between the U.S. dollar value of the euro payment received (determined based on a spot rate on the date the payment is received) in respect of the accrual period and the U.S. dollar value of interest income that has accrued during the accrual period (as determined above). This foreign currency gain or loss generally will be treated as U.S. source ordinary income or loss and generally will not be treated as an adjustment to interest income or expense.

Interest received by a U.S. Holder will be treated as foreign source income for purposes of calculating that holder's foreign tax credit limitation. The limitation on foreign taxes eligible for the U.S. foreign tax credit is calculated separately with respect to specific classes of income. The rules governing foreign tax credits are complex and, therefore, U.S. Holders should consult their own tax advisors regarding the availability of foreign tax credits in their particular circumstances.

Disposition of a Note

Upon the sale, exchange, redemption or other taxable disposition of a note, a U.S. Holder generally will recognize taxable gain or loss equal to the difference between the amount realized (as determined in U.S. dollars) on such disposition (except to the extent any amount realized is attributable to accrued but unpaid interest, which is taxable as described under "Payment of Interest" above) and the U.S. Holder's adjusted tax basis in the note. A U.S. Holder's adjusted tax basis will generally be the dollar value of the euro paid for the note, determined on the date of purchase.

Except as discussed below with respect to foreign currency gain or loss, any gain or loss realized by a U.S. Holder on the disposition of a note will be U.S. source capital gain or loss and will be treated as long-term capital gain or loss if the note has been held for more than one year at the time of the disposition of the note. Under certain circumstances, capital gains derived by individuals are taxed at preferential rates. The deductibility of capital losses is subject to limitations.

Gain or loss realized upon the sale, exchange, redemption or other taxable disposition of a note that is attributable to fluctuations in currency exchange rates will be ordinary income or loss which will not be treated as interest income or expense. Gain or loss attributable to fluctuations in currency exchange rates with respect to the principal amount of the notes generally will equal the difference between (i) the U.S. dollar value of the euro principal amount of the note, determined on the date the note is retired or the note is disposed of, and (ii) the U.S. dollar value of the euro principal amount of the note, determined on the date the U.S. Holder acquired the note. For these purposes the principal amount is the U.S. Holder's purchase price of the note. Payments received attributable to accrued interest will be treated in accordance with the rules applicable to payments of interest described above. The foreign currency gain or loss will be recognized only to the extent of the total gain or loss realized by a U.S. Holder on the sale, exchange, redemption or other disposition of the note. Any gain or loss realized in excess of the foreign currency gain or loss will be capital gain or loss. Generally, the foreign currency gain or loss will be U.S. source gain or loss.

Tax Return Disclosure Requirements

A U.S. Holder may be required to report a sale or other disposition of its notes on IRS Form 8886 (Reportable Transaction Disclosure Statement) if it recognizes foreign currency loss that exceeds US$50,000 in a single taxable year from a single transaction, if such U.S. Holder is an individual or trust. Higher minimum amounts apply for other non-individual U.S. Holders. U.S. Holders are urged to consult their tax advisors in this regard.

Backup Withholding and Information Reporting

Backup withholding and information reporting requirements may apply to certain payments to U.S. Holders of interest on the notes and to the proceeds of a sale, exchange, redemption or other disposition of a note. Backup withholding may be required if the U.S. Holder fails (i) to furnish the U.S. Holder's taxpayer identification number, (ii) to certify that such U.S. Holder is not subject to backup withholding or (iii) to otherwise comply with the applicable requirements of the backup withholding rules. Certain U.S. Holders (including, among others, corporations) are not subject to the backup withholding and information reporting requirements. Any amounts withheld under the backup withholding rules from a payment to a U.S. Holder generally may be claimed as a credit against such U.S. Holder's U.S. federal income tax liability and may entitle you to a refund, provided that the required information is furnished to the U.S. Internal Revenue Service.

LIMITATIONS ON VALIDITY AND ENFORCEABILITY OF GUARANTEES

Set out below is a summary of certain limitations on the enforceability of the guarantees in each of the jurisdictions in which the Guarantors (as of the date hereof) are organized. It is a summary only, and proceedings of bankruptcy, insolvency or a similar event, could be initiated in any of these jurisdictions and in the jurisdiction of organization of a future guarantor of the notes. The application of these various laws in multiple jurisdictions could trigger disputes over which jurisdictions' law should apply and could adversely affect your ability to enforce your rights and to collect payment in full under the notes and the guarantees.

The following is a brief description of certain aspects of insolvency law in Ireland, Germany, England, Denmark, Sweden, the Netherlands, Poland and Italy. In the event that any one or more of the Issuer, the Guarantors or any other of the Company'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.

Ireland

The Issuer, the Parent Guarantor and Ardagh Treasury Limited, one of the Subsidiary Guarantors, are incorporated under the laws of Ireland. Any insolvency proceedings applicable to any of them may be governed by Irish insolvency law. Irish insolvency laws differ significantly from the insolvency laws of the United States and may make it more difficult for holders of the notes to recover the amount in respect of the notes or of the Parent Guarantor's or the Irish Subsidiary Guarantor's guarantee of the notes than they would have recovered in a liquidation or bankruptcy proceeding in the United States.

Irish insolvency laws generally recognize the priority of secured creditors over unsecured creditors. It will generally not be possible for the Issuer's unsecured creditors or those of the Issuer's sister companies incorporated in Ireland to prevent secured creditors with security interests that are superior to the security interest of the holders of the notes from enforcing their security to repay the debts due to them. The lenders under the New Anglo Irish Senior Secured Credit Facility, the Existing Anglo Irish Senior Secured Credit Facility and various other secured facilities have or will have liens on the assets of the Issuer and the material operating subsidiaries of the Parent Guarantor. The Issuer's (and the Issuer's sister companies incorporated in Ireland) secured creditors will have priority over the assets securing their debt. As a result, your ability to realize claims against the Issuer and the Issuer's Irish incorporated sister companies in Ireland with respect to your notes may be more limited if the Issuer and/or any of the Irish Guarantors become insolvent.

In addition, in the event of an insolvent winding up of an Irish company there are some unsecured claims which are given priority over other unsecured claims, including the claims against the Issuer under the notes and against the Irish Guarantors under their guarantees of the notes. The claims which are given priority include, among others, amounts due to the Irish Revenue Commissioners, to employees and liabilities incurred in connection with a winding up or during an examinership of an Irish company, and are in some cases subject to limits as to time or amount.

Under Irish insolvency law, if a company goes into liquidation, a liquidator may apply to the court to have certain transactions disclaimed if a contract amounted to a fraudulent preference or conveyance or, in effect, to an unprofitable contract which is burdensome, or if for example it amounted to a gift or if the company received consideration of significantly less value than the benefit received by the company.

A court generally will not intervene if the company entered into the transaction in good faith for the purposes of carrying on bona fide business and where there were reasonable grounds that it benefited the company and where the company had the power to enter into the transaction under its constitutional documents.

We believe that in the case of the guarantees given by the Irish Guarantors, these were given in good faith for the purposes of carrying on each of their businesses and that there were reasonable grounds for believing that they would benefit each such Irish Guarantor. There can be no assurance, however, that the provision of the guarantees by the Irish Guarantors will not be challenged by a liquidator or that a court would support this analysis.

In addition, there is a court protection procedure, known as examination, available under the Companies (Amendment) Act, 1990 (as amended) to facilitate the survival of a company and the whole or any part of its undertaking through the appointment of an examiner and the formulation by the examiner of proposals for a compromise or Scheme of Arrangement. As Irish incorporated companies, the Issuer and the Irish Guarantors are subject to the examinership regime. During examination, the rights of creditors are suspended so that no enforcement action or other legal proceedings can be commenced without the approval of the examiner or the relevant Irish court. If the Issuer or any Irish Guarantor is placed in examinership, you may not be able to enforce your rights under the notes or any guarantee of the notes.

Germany

A number of Subsidiary Guarantors are incorporated in Germany. Consequently, in the event of an insolvency of either company, insolvency proceedings may be initiated in Germany. Such proceedings would then be governed by German law.

Under German law, insolvency proceedings can be initiated either by the debtor or by a creditor in the event of over-indebtedness (*Überschuldung*) of the debtor (i.e., where its liabilities exceed the value of its assets) or in the event that the debtor is unable to pay its debts as and when they fall due (*Zahlungsunfähigkeit*). In addition, the debtor can file for insolvency proceedings if it is imminently at risk to be unable to pay its debts as and when they fall due (*drohende Zahlungsunfähigkeit*). The insolvency proceedings are court controlled and the court opens the insolvency proceedings if certain formal requirements are met and if there are sufficient assets to cover at least the costs of the proceedings. The court appoints an insolvency administrator who has full power to dispose of the debtor's assets, whereas the debtor is no longer entitled to dispose of its assets.

All creditors, whether secured or unsecured, who wish to assert claims against the debtor need to participate in the insolvency proceedings. Any individual enforcement action brought against the debtor by any of its creditors is subject to an automatic stay once insolvency proceedings have been opened. Secured creditors are generally not entitled to enforce their security interests outside the insolvency proceedings. However, secured creditors have certain preferential rights. The enforcement proceeds minus certain contributory charges for (i) assessing the value of the secured assets and (ii) realizing the secured assets are paid to the creditor holding a security interest in the relevant collateral up to an amount equal to its secured claims. Remaining amounts are distributed among the unsecured creditors. If the German Subsidiary Guarantors grant security over their assets such security may result in a preferred treatment of creditors secured by such security. The proceeds resulting from the collateral may not be sufficient to satisfy unsecured creditors under the guarantees granted by the German Subsidiary Guarantors after the secured creditors have been satisfied. A different distribution of enforcement proceeds can be proposed in an insolvency plan (*Insolvenzplan*) which can be submitted by the debtor or the insolvency administrator and which requires the consent of the debtor and the consent of each class of creditors in accordance with specific majority rules.

England

A number of the Subsidiary Guarantors are companies incorporated under English law. Accordingly, insolvency proceedings with respect to these English subsidiaries may proceed under, and be governed by, English insolvency law. The procedural and substantive provisions of English insolvency law generally are more favorable to secured creditors than comparable provisions of U.S. law. These provisions afford debtors and unsecured creditors only limited protection from the claims of secured creditors. It will generally not be possible for the Parent Guarantor's English subsidiaries or unsecured creditors of those English subsidiaries to prevent secured creditors with security interests that are superior to the security interests of holders of notes from enforcing their security to repay the debts due to them. The lenders under the New Anglo Irish Senior Secured Credit Facility, the Existing Anglo Irish Senior Secured Credit Facility and various other facilities have liens on the assets of material operating subsidiaries of the Parent Guarantor. Our secured creditors will have priority over the assets securing their debt. As a result, your ability to realize claims against us with respect to your notes if any of the English Subsidiary Guarantors become insolvent may be more limited than under U.S. and other laws.

In addition, under English insolvency law, the Subsidiary Guarantor's liabilities in respect of the notes may also, in the event of insolvency or similar proceedings, rank junior to some of the Subsidiary Guarantor's other debts that are entitled to priority under English law. For the time being, these debts entitled to priority may include (a) amounts owed to United Kingdom Inland Revenue, (b) amounts owed to United Kingdom Customs & Excise, (c) amounts owed in respect of United Kingdom national insurance contributions, (d) amounts owed in respect of occupational pension schemes, (e) certain amounts owed to employees and (f) liquidation expenses.

Any interest accruing under or in respect of the notes in respect of any period after the commencement of liquidation proceedings would only be recoverable by holders of the notes from any surplus remaining after payment of all other debts proved in such liquidation and accrued and unpaid interest up to the date of the commencement of the proceedings.

Under English insolvency law, the liquidator or administrator of a company may apply to the court to rescind a transaction entered into by such company if, among other things, (a) such company was insolvent (as defined in the U.K. Insolvency Act 1986) at the time of, or immediately after, the transaction and enters into a formal insolvency process within two years of the completion of the transaction, (b) the transaction involved a gift by such company, or (c) such company received consideration of significantly less value than the benefit given by such company. A court may also intervene if a company did not enter into the transaction in good faith for the purpose of carrying on its business or if at the time it did so there were not reasonable grounds for believing the transaction would benefit such company.

Sweden

Certain Subsidiary Guarantors are incorporated under the laws of Sweden and any insolvency proceedings applicable to it may be governed by Swedish insolvency law.

As a general principle, under Swedish insolvency law competing claims have equal right to payment, in relation to the size of the amount claimed, from the debtor's assets. However, some creditors—preferential and secured creditors—have the benefit of payment before other creditors. There are two types of preferential rights: specific and general preferential rights. Specific preferential rights apply to certain specific property and give the creditor right to payment out of this property. General preferential rights cover all property belonging to the insolvent company's estate in bankruptcy, which is not covered by specific preferential rights, and give the creditor a right to payment out of all this property. Claims which do not carry any of the above mentioned preferential rights are non-preferential and are of equal standing as against each other.

In bankruptcy and company reorganization proceedings, transactions can (in certain circumstances and subject to a time limit) be reversed and the goods or money shall then be returned to the bankruptcy estate or the company subject to company reorganization. Broadly, these transactions include, amongst others, where the debtor has conveyed property fraudulently or preferentially to one creditor to the detriment of its other creditors before the initiation of the relevant insolvency proceedings, created a new security interest or paid a debt which is not due or that is considerable compared to the value of the debtor's assets or if the payment is made by using unusual means of payment. In the majority of situations, a claim for recovery can be made concerning actions which were made during the three months preceding the commencement of the relevant insolvency proceedings. In certain situations, longer time limits apply and in others there are no time limits. These include, amongst others, situations where the other party to an agreement or other arrangement is deemed to be a closely related party to the debtor, such as a subsidiary or parent company.

Denmark

Several of the Subsidiary Guarantors are companies incorporated under Danish law. Accordingly, insolvency proceedings with respect to these companies would likely proceed under and be governed by Danish insolvency law. Bankruptcy is the principal form of proceeding in the Danish insolvency system. In bankruptcy, the debtor's assets are liquidated and the proceeds are distributed to the creditors based on a priority of claims. A bankruptcy is often preceded by a suspension of payment. A debtor who finds itself unable to satisfy its debts may suspend payment of its debt. The power to suspend payment rests exclusively with the debtor. A suspension of payments is based on the debtor's assessment of its ability to meet its debts as they fall due.

As a general rule, the insolvent company or any creditor may present a petition for bankruptcy. A bankruptcy requires the bankruptcy court to be satisfied that the debtor is insolvent based on an assessment of the debtor's liquidity status. A bankruptcy petition by a creditor is barred if the creditor is adequately protected in the event of the debtor's insolvency by means of good and valid security. The Danish bankruptcy scheme is based on the fundamental principle of *pari passu* satisfaction of the debtor's creditors. The principle is, however, to some extent modified by the rules governing priority of debts in bankruptcy. Some claims—preferential claims and privileged claims—rank before ordinary claims and some—the deferred claims—rank below ordinary claims. The status of a claim is dependent upon express statutory authority (except for subordinated loans). Preferential claims primarily include costs and expenses involved in the administration of the bankruptcy estate and debts approved by a supervisor during a suspension period. Privileged claims are mainly salary claims, including salary income taxes (excluding salary claims from the top management). It should be noted that almost all tax claims are not per se preferential or privileged. Interest accrued on ordinary claims will rank as ordinary claims up to the date of the bankruptcy adjudication, after which date the accrued interest will rank as a deferred claim.

Danish bankruptcy law contains several provisions enabling the trustee to initiate proceedings to have certain transactions prior to the bankruptcy avoided. Most avoidance provisions contain time limits, which are generally three months, but are in some cases up to two years. Payments made by unusual means, including payments made before they are due or in amounts that have had a distinctly impairing effect on the debtor's ability to pay his or her debts are typically subject to invalidation unless the creditor's claim was secured in full by a good and valid security. In addition, all types of charges, mortgages and other types of security that were not granted to the creditor at the time the debt was incurred or that were not protected against legal process without undue delay will be invalidated. A creditor who wishes to contest a claim for invalidation may do so through the trustees, who must litigate the matter under the jurisdiction of the ordinary courts (not the bankruptcy court). As a general rule, such legal proceedings must be initiated within 12 months after the pronouncement of the bankruptcy adjudication. In the event of bankruptcy, claims in foreign currencies will be converted into Danish kroner using the Danish National Bank's (*Nationalbanken*) official exchange rate for the relevant currency against Danish kroner as of the date of declaration of bankruptcy by the Danish Insolvency Court.

The Netherlands

Certain of the Subsidiary Guarantors are incorporated under the laws of the Netherlands. Any insolvency proceedings applicable to any of them may be governed by Dutch insolvency laws. Dutch insolvency laws differ significantly from the insolvency laws of the United States and may make it more difficult for holders of the notes to recover the amount in respect of the notes or of Ardagh Holdings B.V.'s or the Acquired Business in the Netherlands guarantee of the notes than they would have recovered in a liquidation or bankruptcy proceeding in the United States. There are three corporate insolvency regimes under Dutch law: (a) emergency measures (*noodregeling*) which relate to exempt credit institutions and insurance companies under the Netherlands Financial Supervision Act (*Wet op het financieel toezicht*); (b) moratorium of payment (*surseance van betaling*), both of which are intended to facilitate the reorganization of a debtor's debts and enable the debtor to continue as a going concern; and (c) bankruptcy (*faillissement*), which is primarily designed to liquidate and distribute the assets of a debtor to its creditors.

Unlike Chapter 11 proceedings under the U.S. bankruptcy law, during which both secured and unsecured creditors are generally barred from seeking to recover on their claims, during Dutch emergency measures and moratorium of payment proceedings, certain secured creditors (including the senior lenders as secured creditors under the senior credit facilities) and preferential creditors may seek to satisfy their claims by proceeding against the assets that secure their claims or to which they have preferential rights. Therefore, a recovery under Dutch law could involve a sale of the assets of the Dutch Subsidiary Guarantors in a manner that does not reflect their respective going concern value. Consequently, Dutch insolvency laws could preclude or inhibit a restructuring and could reduce any recovery you might obtain in an insolvency proceeding.

In connection with Dutch bankruptcy proceedings, the assets of a debtor are generally liquidated and the proceeds distributed to the debtor's creditors on the basis of the relative priority of the claims of those creditors and, to the extent claims of certain creditors have equal priority, in proportion to the amount of such claims. Certain parties, such as secured creditors (including senior lenders as secured creditors under senior credit facilities), will benefit from special rights. For example, secured creditors such as pledgees and mortgagees may enforce their rights separately from bankruptcy. Furthermore, the enforcement and recognition of the security interest would be subject to: (a) a statutory stay of execution period of up to two months extendable by another period of up to two months may be imposed by court order pursuant to Sections 63(a) and 241(a) of the Netherlands Bankruptcy Act (*Faillissementswet*); (b) pursuant to Section 58(1) of the Netherlands Bankruptcy Act, a receiver (*curator*) can force a secured party to foreclose its security interest within a reasonable time (as determined by the receiver), failing which the bankruptcy trustee will be entitled to sell the relevant rights or assets and distribute the proceeds to the secured party; and (c) excess proceeds of enforcement must be returned to the company's bankruptcy trustee; they may not be offset against an unsecured claim of the pledgee against the company. In addition, any claims you may have may be limited depending on the date they become due and payable. All unsecured, pre-bankruptcy claims are submitted to a receiver (*curator*) for verification, and the receiver makes a determination as to the existence, ranking and value of the claim and whether and to what extent it should be admitted in the bankruptcy proceedings.

Creditors that wish to dispute the verification of their claims by the receiver will need to commence a court proceeding.

Although no interest is payable in respect of unsecured claims as of the date of a bankruptcy, if the net present value of a claim of a holder needs to be determined, such determination will be made by taking into account the agreed payment date and interest rate.

Poland

A number of Subsidiary Guarantors are incorporated in Poland. Any insolvency proceedings by or against any Subsidiary Guarantor of the notes with its registered office in Poland, would be based on Polish bankruptcy law.

Under Polish bankruptcy law, the liability of a Guarantor in respect of the notes would be paid only after certain debts of the Guarantor that are entitled to priority under Polish law have been satisfied. Such preferential debts include, among other things, money owed to the State Treasury of Poland in respect of taxes, social security contributions, remuneration owed to employees and claims of secured creditors. Also, Polish law does not require a bankruptcy administrator (*zarządca*), court supervisor (*nadzorca sądowy*) and/or a court receiver (*syndyk*) (unless otherwise specifically stated, hereinafter, bankruptcy administrator shall include each of *zarządca*, *nadzorca sądowy* and *syndyk*) to give effect to intercreditor arrangements such as subordination agreements (although the law does not preclude creditors from attempting to enforce such rights in separate proceedings based on their entitlements arising from respective contracts, such proceedings to be conducted outside of and following the bankruptcy proceedings). Therefore, the claims of all unsecured creditors may be paid on a *pari passu* basis in a bankruptcy proceeding.

Under Polish law, following a Subsidiary Guarantor being declared bankrupt, a bankruptcy administrator has a right to apply for a court to:

- declare certain legal act(s) of the Subsidiary Guarantor ineffective towards the bankruptcy estate if such legal act was executed within one year prior to filing of the motion to declare the Subsidiary Guarantor bankrupt and to the extent that under such legal act the Subsidiary Guarantor disposed of or encumbered its assets for no consideration or for a consideration where the value of Guarantor's performance was glaringly higher than the consideration received by the Subsidiary Guarantor or reserved for a third party;
- declare certain security established by the Subsidiary Guarantor or the making of a payment by the Subsidiary Guarantor of a debt which did not yet fall due, ineffective towards the bankruptcy estate if the security was established or the payment was made within two months prior to filing of the motion to declare the Subsidiary Guarantor bankrupt (and the entitled person may escape the above pain if it proves that it did not know that there were grounds for declaring the Subsidiary Guarantor's bankruptcy);
- declare certain legal act(s) (even if for consideration) to be ineffective towards the bankruptcy estate, if entered into within six months prior to filing of the motion to declare the Subsidiary Guarantor bankrupt and to the extent they were entered into with: (i) the Subsidiary Guarantor's shareholders, their representatives and/or relatives, or (ii) affiliated companies, their shareholders, and/or representatives or relatives of such shareholders, and/or (iii) the Subsidiary Guarantor's subsidiary or holding companies.

The judge-commissioner may, under a motion from the bankruptcy administrator or *ex officio*, declare ineffective towards the bankruptcy estate any encumbrances established over the assets of the Subsidiary Guarantor (such as mortgages, pledges, registered pledges, etc.), to the extent that the Subsidiary Guarantor was not the personal (original) obligor with respect to the underlying debt and if the encumbrance was established one year prior to filing of the motion to declare the Subsidiary Guarantor bankrupt and the Subsidiary Guarantor received no consideration or the received consideration was glaringly low compared to the value of the encumbrance.

It is arguable whether Polish courts would have jurisdiction over a debtor's property located outside Poland. Such jurisdiction would not exist in respect of real estate or other property rights located abroad. Furthermore, courts outside Poland may not recognize the Polish Bankruptcy Court's jurisdiction.

Under Polish bankruptcy law, any debt payable in a currency other than Polish zloty (such as euro) if being put on the list of debts must be converted into Polish zloty at the National Bank of Poland average exchange rate prevailing on the date the bankruptcy court issues a decision on the debtor's bankruptcy (and regardless of whether the debt has fallen due or not). Accordingly, in the event of a bankruptcy of the company, holders of the notes may be subject to exchange rate risk between the date of bankruptcy and the date of receipt of any amounts following a bankruptcy proceeding.

It shall also be noted that under Polish law, provisions of any agreement under which it is stipulated that a given legal relationship will be terminated and/or amended in case a bankruptcy is declared with respect to one of the parties, are invalid. This specific provision of Polish law is deemed to be forcing its jurisdiction with respect to provisions of the kind as referred to above also over contracts which are subject to laws other than the laws of Poland, as long as said provision of such contract would apply to an entity which is subject to bankruptcy proceedings under Polish bankruptcy law.

In case of a bankruptcy proceeding which aims at liquidation of the assets of the bankrupt company, agreement on security assignment of a thing, receivable or of another right is effective towards the bankruptcy estate if it was executed with so-called "certain date" (e.g., with notarized signatures).

Notwithstanding the above, under the Polish civil law code, a creditor (creditors) may request that the relevant Polish court declare a given legal act (e.g., the granting of a guarantee) ineffective towards such creditor(s), and the court will do so if it finds that the Subsidiary Guarantor granted the guarantee even though it was insolvent or even though it became insolvent as a result of granting such guarantee, to the extent that the beneficiary of the guarantee knew of the above or to the extent that the guarantee was granted for no consideration.

In addition, if a Subsidiary Guarantor's entering into given agreement made it wholly or partially impossible to satisfy a third party's claim, such third party may request that the court declare such an agreement ineffective towards that party, provided the Subsidiary Guarantor and the other party to the agreement knew of the third party's claim or if the agreement was for no consideration.

Italy

Ardagh Glass S.r.l., one of the Subsidiary Guarantors, is incorporated under the laws of Italy and may be subject to Italian laws governing creditors rights and bankruptcy and restructuring proceedings. Italian creditors' rights and insolvency laws are generally considered to be more favorable to debtors than the regimes of certain other jurisdictions, such as the United States. In Italy, the courts play a central role in the insolvency process and out-of-court restructurings are possible under certain conditions but infrequent. Moreover, the enforcement of security interests by creditors in Italy can be time consuming. The two primary aims of the Italian regime are first, to maintain employment, and second, to liquidate the debtor's assets for the satisfaction of creditors. These competing aims often have been balanced by the sale and/or lease of businesses as going concerns and ensuring that employees are transferred along with the businesses being sold and/or leased.

Under Italian law, the state of insolvency (*insolvenza*) of a company must be determined and declared by a court. Insolvency occurs at a time when a debtor is no longer able to regularly meet its obligations as they fall due. This must be a permanent, and not a temporary, status.

Unlike jurisdictions like the United States, options in Italy to restructure outside the judicial process are possible under certain conditions but not frequently used. Restructuring generally takes place through the formal judicial process because of the more favorable conditions for the debtor and the fact that informal arrangements put in place as a result of a non-judicial restructuring are vulnerable to being reviewed by a court in the event of a subsequent insolvency and possibly challenged as voidable transactions.

Prior to, or upon the declaration of insolvency, a company has the option to seek an arrangement with its creditors *(concordato preventivo)* under court supervision, in order to avoid a declaration of bankruptcy and the initiation of liquidation proceedings.

A request to declare a debtor bankrupt and to commence a bankruptcy proceeding *(fallimento)* for the liquidation of a debtor can be made by the same debtor, one or more creditors and the Republic Attorney Office. The request must be approved by the bankruptcy court. Upon the commencement of a bankruptcy proceeding:

- subject to certain exceptions, all actions of creditors are stayed and creditors must file claims within a defined period;
- the administration of the debtor and the management of its assets pass from the debtor to the receiver; and
- any act (including payments) made by the debtor, other than those made through the receiver, after a declaration of bankruptcy with respect to the creditors is ineffective.

The bankruptcy proceeding is carried out and supervised by a court-appointed receiver, a deputy judge and a creditors committee. The receiver is not a representative of the creditors, and the creditors committee generally does not have significant influence but a vigilance authority over the bankruptcy proceedings. The receiver is responsible for the liquidation of the assets of the debtor for the satisfaction of creditors. The proceeds from the liquidation are distributed in accordance with statutory priority. The liquidation of a debtor can take a considerable amount of time, particularly in cases where the debtor's assets include real property. Italian law provides for priority to the payment of certain preferential creditors, including employees and the Italian judicial and social security authorities and treasury.

The statutory priority assigned to creditors under Italian law is different than priorities in the United States and certain other European jurisdictions. In Italy, the highest priority claim (after the costs of the proceedings are paid) are the claims of preferential creditors *(crediti prededucibili)*, which include the claims of the Italian judicial, tax and social security authorities and claims for employee wages (including severance pay). The next priority is secured creditors with privileges (*crediti privilegiati*; a preference in payment in most circumstances, but not exclusively, provided for by law), mortgages (*crediti ipotecari*) and pledges (*crediti pignoratizi*) and then unsecured creditors (*crediti chirografari*).

PLAN OF DISTRIBUTION

Subject to the terms and conditions stated in the purchase agreement dated as of June 1, 2007, the initial purchasers named below have agreed to purchase, and we have agreed to sell to the initial purchasers, the principal amount of the notes as set forth below:

Initial Purchasers	Principal Amount of notes
Citigroup Global Markets Limited	€249,750,000
Credit Suisse Securities (Europe) Limited	52,977,273
J&E Davy trading as Davy	7,272,727
Total	€310,000,000

The purchase agreement provides that the obligations of the initial purchasers to purchase the notes are subject to approval of legal matters by counsel and to other conditions. The initial purchasers must purchase all the notes if they purchase any of the notes.

The notes and the guarantees have not been and will not be registered under the U.S. Securities Act or qualified for sale under the securities laws of any state or jurisdiction outside the United States and may not be offered to, or for the account or benefit of, U.S. persons except in transactions exempt from the registration requirements of the U.S. Securities Act. See "Notice to Investors".

We have been advised that the initial purchasers propose to resell the notes at the offering price set forth on the cover page of this Offering Memorandum within the United States to qualified institutional buyers (as defined in Rule 144A) in reliance on Rule 144A and in offshore transactions in reliance on Regulation S. The price at which the notes are offered may be changed at any time without notice.

Accordingly, in connection with sales outside the United States, each initial purchaser has agreed that, except as permitted by the purchase agreement and set forth in the "Notice to Investors", it will not offer or sell the notes within the United States or to, or for the account or benefit of, U.S. persons (i) as part of its distribution at any time or (ii) otherwise until 40 days after the later of the commencement of this offering and the closing date, and it will have sent to each dealer to which it sells notes during the 40-day distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the notes within the United States or to, or for the account or benefit of, U.S. persons.

In addition, until 40 days after the commencement of this offering, an offer or sale of notes within the United States by a dealer that is not participating in this offering may violate the registration requirements of the U.S. Securities Act if that offer or sale is made otherwise than in accordance with Rule 144A.

In relation to each Member State of the EEA which has implemented the Prospectus Directive (each, a "Relevant Member State") an offer to the public of any notes may not be made in that Relevant Member State, except that an offer to the public in that Relevant Member State of any notes may be made at any time under the following exemptions under the Prospectus Directive, if they have been implemented in that Relevant Member State:

(a) to legal entities which are authorized or regulated to operate in the financial markets or, if not so authorized or regulated, whose corporate purpose is solely to invest in securities;

(b) to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than €43,000,000; and (3) an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts;

(c) by the initial purchasers to fewer than 100 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of Citigroup Global Markets Limited for any such offer; or

(d) in any other circumstances falling within Article 3(2) of the Prospectus Directive; provided that no such offer of notes shall result in a requirement for the publication by the Issuer, any Guarantor or the initial purchasers of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an "offer to the public" in relation to any notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and any notes to be offered so as to enable an investor to decide to purchase any notes, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State and the expression "Prospectus Directive" means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

Each initial purchaser has represented and agreed that:

(i) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 ("FSMA")) received by it in connection with the issue or sale of the notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer or the Guarantors; and

(ii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the notes in, from or otherwise involving the United Kingdom.

In the purchase agreement, each initial purchaser also acknowledges and agrees that it has complied and will comply with all applicable laws and regulations in each jurisdiction in which it has offered or sold, or will offer or sell, the notes or has distributed, or will distribute, this Offering Memorandum.

Delivery of the notes will be made against payment therefor on or about June 8, 2007 which will be the fifth business day following the date of pricing of the notes (such settlement being referred to as "T+5"). Under Rule 15c6-1 under the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act"), trades in the secondary market generally are required to settle in three business days unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade the notes prior to the fifth day following the date of pricing will be required, by virtue of the fact that the notes will initially settle in T+5, to specify an alternate settlement cycle at the time of such trade to prevent failed settlement. Purchasers of the notes who wish to trade the notes prior to the third day following the date of pricing should consult their own advisors.

The notes will constitute a new class of securities with no established trading market. Application has been made for the notes to be listed on the Alternative Securities Market of the Irish Stock Exchange. However, we cannot assure you that the prices at which the notes will sell in the market after this offering will not be lower than the initial offering price or that an active trading market for the notes will develop and continue after this offering. The initial purchasers have advised us that they currently intend to make a market in the notes. However, they are not obligated to do so, and they may discontinue any market making activities with respect to the notes at any time without notice. In addition, market making activity will be subject to the limits imposed by the Exchange Act, and may be limited. Accordingly, we cannot assure you that a liquid market will develop for the notes, that you will be able to sell your notes at a particular time or that the prices that you receive when you sell will be favorable.

In connection with this offering, the initial purchasers are not acting for anyone other than us and will not be responsible to anyone other than us for providing the protections afforded to their clients nor for providing advice in relation to this offering.

Buyers of the notes sold by the initial purchasers may be required to pay stamp taxes and other charges in accordance with the laws and practice of the country of purchase in addition to the initial offering price set forth on the cover of this Offering Memorandum.

In connection with this offering, Citigroup Global Markets Limited may purchase and sell notes in the open market. These transactions may include over-allotment, syndicate covering transactions and stabilizing transactions. However, there is no assurance that such transactions may be effected. Over-allotment involves sales of notes in excess of the principal amount of notes to be purchased by the initial purchasers in this offering (provided that, the aggregate principal amount of notes allotted does not exceed 105% of the aggregate principal amount of the notes that are the subject of this offer), which creates a short position for the initial purchasers. Covering transactions involve purchases of the notes in the open market after the distribution has been completed in order to cover short positions. Stabilizing transactions consist of certain bids or purchases of notes made for the purpose of preventing or retarding a decline in the market price of the notes while the offering is in progress. Any of these activities may have the effect of preventing or retarding a decline in the market price of the notes. They may also cause the price of the notes to be higher than the price that otherwise would exist in the open market in the absence of these transactions. The initial purchasers may conduct these transactions in the over-the-counter market or otherwise. Any stabilization action may begin on or after the date on which adequate public disclosure of the terms of the offer of notes is made and, if begun, may be ended at any time, but it must end no later than 30 days after the date on which the Issuer receives the proceeds of the issue, or no later than 60 days after the date of the allotment of the relevant notes, whichever is the earlier. See "Stabilization".

We have agreed to indemnify the initial purchasers against certain liabilities, including liabilities under the U.S. Securities Act.

Citigroup Global Markets Limited and Credit Suisse Securities (Europe) Limited and their affiliates perform various financial advisory, investment banking and commercial banking services from time to time for us and our affiliates. In particular, affiliates of Citigroup Global Markets Limited are acting as financial adviser to our ultimate parent, Ardagh Glass Group plc, in connection with the Acquisition. Affiliates of Credit Suisse Securities (Europe) Limited are acting as financial adviser to Rexam in connection with the Acquisition. Davy has performed and may in the future perform corporate finance advsiory services on our behalf.

NOTICE TO INVESTORS

The notes have not been registered under the U.S. Securities Act or any state securities laws and, unless so registered, may not be offered or sold except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. Accordingly, the notes offered hereby are being offered and sold only to qualified institutional buyers (as defined in Rule 144A under the U.S. Securities Act) in reliance on Rule 144A under the U.S. Securities Act and in offshore transactions in reliance on Regulation S under the U.S. Securities Act.

Each purchaser of notes, by its acceptance thereof, will be deemed to have acknowledged, represented to and agreed with us and the initial purchasers as follows:

1. It understands and acknowledges that the notes have not been registered under the U.S. Securities Act or any other applicable securities law, are being offered for resale in transactions not requiring registration under the U.S. Securities Act or any other securities law, including sales pursuant to Rule 144A under the U.S. Securities Act, and may not be offered, sold or otherwise transferred except in compliance with the registration requirements of the U.S. Securities Act or any other applicable securities law, pursuant to an exemption therefrom or in any transaction not subject thereto and in each case in compliance with the conditions for transfer set forth in paragraph (4) below.

2. It is not an "affiliate" (as defined in Rule 144 under the U.S. Securities Act) of ours or acting on our behalf and it is either:

(i) a Qualified Institutional Buyer, or QIB, within the meaning of Rule 144A under the U.S. Securities Act and is aware that any sale of notes to it will be made in reliance on Rule 144A under the U.S. Securities Act, of which the acquisition will be for its own account or for the account of another QIB; or

(ii) is purchasing the notes in an offshore transaction in accordance with Regulation S under the U.S. Securities Act.

3. It acknowledges that neither we nor the initial purchasers, nor any person representing us or the initial purchasers, have made any representation to it with respect to the offering or sale of any notes, other than the information contained in this Offering Memorandum, which Offering Memorandum has been delivered to it and upon which it is relying in making its investment decision with respect to the notes. It has had access to such financial and other information concerning us and the notes as it has deemed necessary in connection with its decision to purchase any of the notes.

4. It is purchasing the notes for its own account, or for one or more investor accounts for which it is acting as a fiduciary or agent, in each case for investment, and not with a view to, or for offer or sale in connection with, any distribution thereof in violation of the U.S. Securities Act or any state securities laws, subject to any requirement of law that the disposition of its property or the property of such investor account or accounts be at all times within its or their control and subject to its or their ability to resell such notes pursuant to Rule 144A, Regulation S or any other exemption from registration available under the U.S. Securities Act.

5. Each holder of notes issued in reliance on Rule 144A ("Rule 144A Notes") agrees on its own behalf and on behalf of any investor account for which it is purchasing the notes, and each subsequent holder of the notes by its acceptance thereof will be deemed to agree, to offer, sell or otherwise transfer such notes prior to the date (the "Resale Restriction Termination Date") that is two years after the later of the date of the original issue and the last date on which the Issuer or any of our affiliates was the owner of such notes (or any predecessor thereto) only (i) to us, (ii) pursuant to a registration statement that has been declared effective under the U.S. Securities Act, (iii) for so long as the notes are eligible pursuant to Rule 144A under the U.S. Securities Act, to a person it reasonably believes is a

QIB that purchases for its own account or for the account of a QIB to whom notice is given that the transfer is being made in reliance on Rule 144A under the U.S. Securities Act, (iv) pursuant to offers and sales that occur outside the United States in compliance with Regulation S under the U.S. Securities Act or (v) pursuant to any other available exemption from the registration requirements of the U.S. Securities Act, subject in each of the foregoing cases to any requirement of law that the disposition of its property or the property of such investor account or accounts be at all times within its or their control and in compliance with any applicable state securities laws, and any applicable local laws and regulations, and further subject to the Issuer's and the trustee's rights prior to any such offer, sale or transfer (I) pursuant to clause (v) to require the delivery of an opinion of counsel, certification and/or other information satisfactory to each of them and (II) in each of the foregoing cases, to require that a certificate of transfer in the form appearing on the other side of the security is completed and delivered by the transferor to the trustee. The foregoing restrictions on resale will not apply subsequent to the Resale Restriction Termination Date. Each purchaser acknowledges that each Rule 144A note will contain a legend substantially to the following effect:

THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED, OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION. NEITHER THIS SECURITY NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE REOFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION OR UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT OF 1933. THE HOLDER OF THIS SECURITY BY ITS ACCEPTANCE HEREOF AGREES TO OFFER, SELL OR OTHERWISE TRANSFER SUCH SECURITY, PRIOR TO THE DATE WHICH IS TWO YEARS AFTER THE LATER OF THE ORIGINAL ISSUE DATE HEREOF AND THE LAST DATE ON WHICH THE ISSUER OR ANY AFFILIATE OF THE ISSUER WAS THE OWNER OF THIS SECURITY (OR ANY PREDECESSOR OF THIS SECURITY) ONLY (A) TO THE ISSUER OR THE PARENT GUARANTOR, (B) PURSUANT TO A REGISTRATION STATEMENT WHICH HAS BEEN DECLARED EFFECTIVE UNDER THE U.S. SECURITIES ACT OF 1933, (C) FOR SO LONG AS THE SECURITIES ARE ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE U.S. SECURITIES ACT OF 1933 ("RULE 144A"), TO A PERSON IT REASONABLY BELIEVES IS A "QUALIFIED INSTITUTIONAL BUYER" AS DEFINED IN RULE 144A THAT PURCHASES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (D) PURSUANT TO OFFERS AND SALES THAT OCCUR OUTSIDE THE UNITED STATES IN COMPLIANCE WITH REGULATION S UNDER THE U.S. SECURITIES ACT OF 1933 OR (E) PURSUANT TO ANY OTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT OF 1933, SUBJECT IN EACH OF THE FOREGOING CASES TO ANY REQUIREMENT OF LAW THAT THE DISPOSITION OF ITS PROPERTY OR THE PROPERTY OF SUCH INVESTOR ACCOUNT OR ACCOUNTS BE AT ALL TIMES WITHIN ITS OR THEIR CONTROL AND IN COMPLIANCE WITH ANY APPLICABLE STATE SECURITIES LAWS, AND ANY APPLICABLE LOCAL LAWS AND REGULATIONS AND FURTHER SUBJECT TO THE ISSUER'S AND THE TRUSTEE'S RIGHTS PRIOR TO ANY SUCH OFFER, SALE OR TRANSFER (I) PURSUANT TO CLAUSE (E) TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATION AND/OR OTHER INFORMATION SATISFACTORY TO EACH OF THEM AND (II) IN EACH OF THE FOREGOING CASES, TO REQUIRE THAT A CERTIFICATE OF TRANSFER IN THE FORM APPEARING ON THE OTHER SIDE OF THIS SECURITY IS COMPLETED AND DELIVERED BY THE TRANSFEROR TO THE TRUSTEE. THE FOREGOING RESTRICTIONS ON RESALE WILL NOT APPLY SUBSEQUENT TO THE RESALE RESTRICTION TERMINATION DATE.

6. It agrees that it will give to each person to whom it transfers the notes notice of any restrictions on transfer of such notes.

7. It acknowledges that until 40 days after the commencement of the offering, any offer or sale of the notes within the United States by a dealer (whether or not participating in the offering) may violate the registration requirements of the U.S. Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A under the U.S. Securities Act.

8. It acknowledges that the trustee will not be required to accept for registration of transfer any notes except upon presentation of evidence satisfactory to us and the trustee that the restrictions set forth therein have been complied with.

9. It acknowledges that we, the initial purchasers and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations, warranties and agreements and agrees that if any of the acknowledgements, representations, warranties and agreements deemed to have been made by its purchase of the notes are no longer accurate, it shall promptly notify the initial purchasers. If it is acquiring any notes as a fiduciary or agent for one or more investor accounts, it represents that it has sole investment discretion with respect to each such investor account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such investor account.

LEGAL MATTERS

Certain legal matters with respect to the notes and the guarantees are being passed upon for us by Davis Polk & Wardwell, U.S. counsel to the Issuer and the Guarantors; William Fry, Irish counsel to the Issuer and the Guarantors; Freshfields Bruckhaus Deringer, U.K., German and Dutch counsel to the Issuer and the Guarantors; Wierciński, Kwieciński, Baehr, Polish counsel to the Issuer and the Guarantors; Vinge, Swedish counsel to the Issuer and the Guarantors; Kromann Reumert, Danish counsel to the Issuer and the Guarantors; and Studio Avvocati Zappalà, Italian counsel to the Issuer and the Guarantors. Certain legal matters with respect to the offering of the notes will be passed upon for the initial purchasers by Shearman & Sterling LLP, U.S. counsel to the initial purchasers.

INDEPENDENT ACCOUNTANTS

The audited non-statutory consolidated financial statements of Ardagh Glass Holdings Limited and its subsidiaries for each year in the three-year period ended December 31, 2006 and as at December 31, 2006 and 2005 included in this Offering Memorandum have been audited by PricewaterhouseCoopers, independent auditors, as stated in their report appearing herein.

The audited non-statutory combined financial statements of the Acquired Business for each year in the three-year period ended December 31, 2006 and as at December 31, 2006 and 2005 included in this Offering Memorandum have been audited by KPMG Audit Plc, independent auditors, as stated in their report appearing herein.

SERVICE OF PROCESS AND ENFORCEMENT OF JUDGMENTS

The Issuer is a direct wholly-owned finance subsidiary of the Parent Guarantor incorporated in Ireland, and the Parent Guarantor is a company also incorporated in Ireland. The Subsidiary Guarantors are incorporated, among other places, in Ireland, the Netherlands, Germany, Italy, the United Kingdom, Poland, Sweden and Denmark. All of the directors and executive officers of the Issuer, the Parent Guarantor and the Subsidiary Guarantors reside outside the United States. In addition, all of the assets of the Issuer, the Parent Guarantor and the Subsidiary Guarantors are located outside the United States. As a result, it may not be possible for investors to effect service of process within the United States upon the Issuer, the Parent Guarantor, any of the Subsidiary Guarantors or any of their directors, or to enforce against them, judgments of U.S. courts predicated upon civil liability provisions of the U.S. federal or state securities laws.

If a judgment is obtained in a U.S. court against the Issuer, the Parent Guarantor or any Subsidiary Guarantor, investors will need to enforce such judgment in jurisdictions where the relevant company has assets. Even though the enforceability of U.S. court judgments outside the United States is described below for Ireland, the Netherlands, Germany, Italy, the United Kingdom, Poland, Sweden and Denmark, you should consult with your own advisors in any pertinent jurisdictions as needed to enforce a judgment in those countries or elsewhere outside the United States.

The following discussion with respect to the enforceability of certain U.S. court judgments in Ireland is based upon advice provided to us by our Irish legal advisers, William Fry. Ireland and the United States currently do not have a treaty providing for reciprocal recognition and enforcement of judgments.

A judgment obtained in the courts of any of the States in the U.S. or of any federal court in the U.S. would not automatically be enforced by the courts of Ireland. In order to enforce such a judgment in Ireland, legal process must be initiated before a court of competent jurisdiction in Ireland. An Irish court will normally recognize and enforce judgment without retrial or examination of the merits of the case provided that:

(i) judgment was not obtained or alleged to have been obtained by fraud;

(ii) the process and decision of the court in the U.S. were not contrary to natural or constitutional justice under the laws of Ireland and the enforcement of that judgment was not contrary to public policy as understood by the Irish courts and did not constitute the enforcement of a judgment of a penal or taxation nature;

(iii) that judgment was final and conclusive and was for a debt or a definite sum of money;

(iv) the jurisdiction of the court in the U.S. had been exercised in circumstances which, as a matter of Irish law, an Irish court would recognize as justifying enforcement of that judgment;

(v) the procedural rules of the U.S. court in relation to the obtaining of that judgment had been observed; and

(vi) the judgment was not inconsistent with a judgment of an Irish court in respect of the same matter.

The following discussion with respect to the enforceabity of certain U.S. court judgments in the Netherlands is based upon advice provided to us by our Dutch legal advisers, Freshfields Bruckhaus Deringer. The United States of America and the Netherlands currently do not have a treaty with respect to the mutual recognition and enforcement of civil judgments and therefore a judgment obtained against a Dutch company in the courts of the United States of America in a dispute with respect to which the parties have validly agreed that such courts are to have jurisdiction, will not be directly enforced by the courts in the Netherlands.

In order to obtain a judgment which is enforceable in the Netherlands, the claim must be relitigated before a competent court of the Netherlands; the relevant Netherlands court has discretion to attach such weight to a judgment of the courts of the United States of America as it deems appropriate; based on case law, the courts of the Netherlands may be expected to recognize the binding effect of a final, conclusive and enforceable money judgment of a court of competent jurisdiction in the United States of America without re-examination or re-litigation of the substantive matters adjudicated thereby, provided that (i) the relevant court in the United States of America had jurisdiction in the matter in accordance with standards which are generally accepted internationally; (ii) the proceedings before such court complied with principles of proper procedure; and (iii) such judgment does not conflict with the public policy of the Netherlands.

It is uncertain whether this practice extends to default judgments as well.

The following discussion with respect to the enforceability of certain U.S. court judgments in Germany is based upon advice provided to us by our German legal advisors, Freshfields Bruckhaus Deringer. The United States and Germany currently do not have a treaty providing for the reciprocal recognition and enforcement of judgments in civil and commercial matters.

Notwithstanding, a final judgment for payment rendered by any federal or state court in the United States based on civil liability, whether or not predicated solely upon U.S. federal securities laws, would generally be recognized by a German court upon all of the following:

(a) U.S. courts could take jurisdiction of the case in accordance with the principles on jurisdictional competence according to German law;

(b) the document introducing the proceedings was duly made known to the defendant in a timely manner that allowed for adequate defense;

(c) the judgment is not contrary to (i) any prior judgment which became res judicata rendered by a German court or (ii) any prior judgment which became res judicata rendered by a foreign court which is to be recognized in Germany and the procedure leading to the respective judgment is not in contradiction to any such prior judgment;

(d) the effects of its recognition will not be in conflict with material principles of German law, including without limitation, fundamental rights under the constitution of Germany (*Grundrechte*). In this context, it should be noted that any component of a U.S. federal or state court civil judgment awarding punitive damages or any other damages which do not serve a compensatory purpose, such as treble damages, will not be enforced in Germany. They are regarded to be in conflict with material principles of German law;

(e) the reciprocity of enforcement of judgments is guaranteed; and

(f) the judgment became res judicata in accordance with the law of the place where it was pronounced.

Enforcement and foreclosure based on U.S. judgments may be sought against German defendants after having received an enforcement decision from a competent German court in accordance with the above principles. Subject to the foregoing, investors may be able to enforce judgments in Germany in civil and commercial matters obtained from U.S. federal or state courts. However, we cannot assure you that those judgments will be enforceable. In addition, it is doubtful whether a German court would accept jurisdiction and impose civil liability in an original action predicated solely upon U.S. federal securities laws.

The following discussion with respect to the enforceability of certain U.S. court judgments in Italy is based upon advice provided to us by our Italian legal advisors, Studio Avvocati Zappalà. The United States and Italy currently do not have a treaty providing for the reciprocal recognition and enforcement of judgments (other than arbitration awards) in civil and commercial matters.

Notwithstanding, a final judgment for payment rendered by any federal or state court in the United States based on civil liability, whether or not predicated solely upon U.S. federal securities laws, would be recognized by an Italian court subject to the following conditions:

(a) that the U.S. court could take cognizance of the case in accordance with the principles on jurisdictional competence according to the Italian system;

(b) that the document introducing the proceedings was made known to the defendant in conformity with the provisions of U.S. law and the essential rights of defense were not infringed;

(c) that the parties entered appearances in the proceedings in accordance with U.S. law or their failure to appear was declared in conformity with that law;

(d) that the judgment became res judicata in accordance with U.S. law;

(e) that the judgment is not contrary to another judgment rendered by an Italian judge and which became res judicata;

(f) that no proceedings are pending before an Italian judge for the same matter and between the same parties, which were initiated prior to the proceedings before the U.S. Court; and

(g) that its provisions do not produce effects contrary to Italian public policy.

In cases of non-compliance with or objection to the recognition of a U.S. judgment, or when it is necessary to proceed with forceful execution, any person in interest may apply to the court of appeals of the location of implementation for a determination of the existence of the pre-requisites above for recognition. The U.S. judgment, jointly with the decision allowing the application referred to above, constitutes entitlement to the implementation and forceful execution. If the objection to the U.S. judgment is raised in the content of other proceedings pending in Italy, the decision on the objection is made by the Italian judge with effect limited to those proceedings only.

The following discussion with respect to the enforceability of certain U.S. court judgments in England is based upon advice provided to us by our U.S. and English legal advisors, Davis Polk &

Wardwell and Freshfields Bruckhaus Deringer, respectively. The United States and England currently do not have a treaty providing for the reciprocal recognition and enforcement of judgments (other than arbitration awards) in civil and commercial matters. Consequently, a final judgment for payment rendered by any federal or state court in the United States based on civil liability, whether or not predicated solely upon U.S. federal securities laws, would not automatically be enforceable in England. In order to enforce any U.S. judgment in England, proceedings must be initiated by way of a common law action before a court of competent jurisdiction in England. In a common law action, an English court generally will not (subject to the following sentence) reinvestigate the merits of the original matter decided by a U.S. court and will order summary judgment on the basis that there is no defense to the claim for payment. The entry of an enforcement order by an English court is conditional upon the following:

- the U.S. court having had jurisdiction over the original proceeding according to English conflicts of laws principles;
- the judgment being final and conclusive on the merits and being for a debt for a definite sum of money;
- the judgment not contravening English public policy;
- the judgment being not for a sum payable in respect of tax, or other charges of a like nature in respect of a penalty or fine;
- the judgment not having been arrived at by doubling, trebling or otherwise multiplying a sum assessed as compensation for the loss or damaged sustained; and
- the judgment not having been obtained by fraud or in breach of the principles of natural justice.

Subject to the foregoing, investors may be able to enforce judgments in England, in civil and commercial matters that have been obtained from U.S. federal or state courts. However, we cannot assure you that those judgments will be enforceable. In addition, it is questionable whether an English court would accept jurisdiction and impose civil liability if proceedings were commenced in England in an original action predicated solely upon U.S. federal securities laws.

We have been advised by our Polish counsel, Wierciński, Kwieciński, Baehr sp.k. ("WKB"), that in Poland enforceability of judgments of foreign courts subject to enforcement (which generally represent judgments for the payment of money or specific performance) may be applied for: (i) under the provisions of respective EU laws if the judgment was issued in a member state of the European Union, or (ii) under international agreements if a relevant bilateral/multilateral treaty provides for such enforcement or (iii) on the basis of the rules of the Polish Code of Civil Procedure if none of the above two options applies. We have been advised by our Polish counsel, WKB, that there is no treaty between the United States of America and Poland providing for the reciprocal recognition and enforcement of judgments (other than arbitration awards) rendered in civil and commercial matters. Therefore, in such a case, the rules of the Polish Code of Civil Procedure shall apply. Under that procedure, any final and conclusive judgment against given Subsidiary Guarantor with its registered office in Poland obtained in a court of the United States of America and arising out of or in relation to the obligations of the Subsidiary Guarantor under the guarantee, would be recognizable and enforceable in Poland, provided that:

(i) the reciprocation principle applies (there does not have to be a treaty between the United States and Poland to prove the reciprocation, however, in case there is no treaty the court has to be satisfied that valid and final judgments of Polish courts are being recognized and may be enforced in the United States (such satisfaction is usually being obtained through an opinion from the Polish Ministry of Justice, or under a certificate from the U.S. consulate in Poland));

(ii) given judgment is valid, final, conclusive and (if applicable) enforceable under the relevant laws of U.S.;

(iii) given case was not subject to the sole jurisdiction of the Polish courts in accordance with the laws of Poland or with any International Agreements that Poland is a party to;

(iv) given party was not deprived of the ability to defend itself, nor, in case it had no capacity to be a party to given proceedings, of due representation;

(v) the case was not already subject to a valid and binding decision of a Polish court and/or relevant proceedings were not commenced before a Polish court competent to hear such a case prior to the judgment of the U.S. court becoming final and conclusive;

(vi) the judgment is not contrary to basic principles of the legal order of the Republic of Poland;

(vii) in cases where Polish law should have been applied it was so applied, unless the foreign law that was applied instead does not differ in a large extent from the Polish law; and

(viii) a Polish court issues a decision confirming that given judgment of the U.S. court is final and conclusive and (if applicable) enforceable (which decision will be issued provided that all the conditions referred to under sections (i) through to (vii) above are met).

The requirement of reciprocity does not apply if the subject matter of the judgment falls, in accordance with Polish law, within the exclusive jurisdiction of the country in which it has been rendered.

We have been advised by our Swedish counsel, Vinge, that a judgment entered against the Issuer, the Parent Guarantor, or any Subsidiary Guarantor in the courts of a state which is not, under the terms of the Brussels Regulation and the Brussels or Lugano Conventions on the Recognition of Judgments in Civil and Commercial Matters, a Member State (as defined in the Brussels Regulation) or a Contracting State (as defined in the conventions), would not be recognized or enforceable in the Kingdom of Sweden as a matter of right without a retrial on its merits (but will be of suasive authority as a matter of evidence before the courts of law, administrative tribunals or executive or other public authorities of the Kingdom of Sweden). However, there is Swedish case law to indicate that such judgments:

(a) that are based on contracts which expressly exclude the jurisdiction of the courts of the Kingdom of Sweden;

(b) that were rendered under observance of due process of law;

(c) against which there lies no further right to appeal; and

(d) the recognition of which would not manifestly contravene fundamental principles of the legal order or the public policy of the Kingdom of Sweden,

should be acknowledged without retrial on its merits.

The following discussion with respect to the enforceability of certain U.S. court judgments in Denmark is based upon advice provided to us by our Danish counsel, Kromann Reumert. A final judgment properly obtained by a state or federal court of the United States in respect of any suit, action or proceeding arising out of or relating to the Notes will neither be recognized nor enforced by the Danish courts without re-examination of the substantive matters thereby adjudicated. In connection with any such re-examination, the judgment will normally be accepted as material evidence, but the parties must provide the Danish courts with satisfactory information about the contents of United States law and, if they fail to do so, the Danish courts may apply Danish law instead.

WHERE YOU CAN FIND MORE INFORMATION

Each purchaser of the notes from the initial purchasers will be furnished with a copy of this Offering Memorandum and any related amendments or supplements to this Offering Memorandum. Each person receiving this Offering Memorandum acknowledges that:

- such person has been afforded an opportunity to request from us and to review, and has received, all additional information considered by it to be necessary to verify the accuracy and completeness of the information herein;
- such person has not relied on the initial purchasers or any person affiliated with the initial purchasers in connection with its investigation of the accuracy of such information or its investment decision; and
- except as provided above, no person has been authorized to give any information or to make any representation concerning the notes offered hereby other than those contained herein and, if given or made, such other information or representation should not be relied upon as having been authorized by us or the initial purchasers.

This Offering Memorandum contains summaries, believed to be accurate in all material respects, of certain terms of certain agreements, but reference is made to the actual agreements (copies of which will be made available upon request to us or the initial purchasers) for complete information with respect thereto, and all such summaries are qualified in their entirety by this reference. While any notes remain outstanding, we will make available, upon request, to any holder and any prospective purchaser of notes the information required pursuant to Rule 144A(d)(4) under the U.S. Securities Act during any period in which we are not subject to Section 13 or 15(d) of the Exchange Act or exempt from reporting pursuant to Rule 12g3-2(b) under the Exchange Act. Requests for such information and requests for the agreements summarized in this Offering Memorandum should be directed to John Riordan, Finance Director, Ardagh Glass Holdings Limited, 4 Richview Office Park, Clonskeagh, Dublin 14, Ireland. Our website can be found at www.ardaghglass.com. Information contained on our website is not incorporated by reference into this Offering Memorandum and is not part of this Offering Memorandum.

LISTING AND GENERAL INFORMATION

1. Application has been made for the notes to be listed on the Alternative Securities Market of the Irish Stock Exchange in accordance with the rules of that exchange. Notification of any optional redemption, change of control or any change in the rate of interest payable on the notes will be provided by the Issuer to the Irish Stock Exchange.
2. The admission of the notes to the Alternative Securities Market of the Irish Stock Exchange is expected to be granted on or about June 8, 2007.
3. Paper copies of the following documents (or copies thereof, translated into English, where relevant) will be available for physical inspection while the notes remain outstanding and listed on the Alternative Securities Market of the Irish Stock Exchange at the registered office of the Issuer, the registered offices of the Guarantors and the registered office of the paying agent in Ireland during normal business hours on any weekday:
   - the organizational documents of the Issuer and the Guarantors;
   - the audited non-statutory consolidated financial statements published by the Guarantors for the years ended December 31, 2006, 2005 and 2004; and
   - the Indenture governing the notes (which includes the guarantees and the form of the notes).
4. We will maintain a paying and listing agent in Ireland for as long as any of the notes are listed on the Irish Stock Exchange. We reserve the right to vary such appointment and we will provide notice of such change of appointment to holders of the notes and the Irish Stock Exchange.
5. The audited non-statutory consolidated financial statements of Ardagh Glass Holdings Limited will be available for inspection at the registered office of Ardagh Glass Holdings Limited.
6. The Irish Listing Agent and the Irish Paying Agent is J & E Davy trading as Davy and the address of its registered office is 49 Dawson Street, Dublin 2, Ireland.
7. The trustee is The Bank of New York and its address is One Canada Square, London E14 5AL, United Kingdom. The trustee will be acting in its capacity of trustee for the holders of the notes and will provide such services to the holders of the notes as described in the Indenture.
8. The Issuer, Ardagh Glass Finance plc, was incorporated in Ireland as an Irish public limited company on March 1, 2007 as a wholly-owned subsidiary of Ardagh Glass Holdings Limited. Its corporate seat is in Dublin, Ireland. Its registered office is at 4 Richview Office Park, Clonskeagh, Dublin 14, Ireland, and its registration number is 435614. The Issuer's telephone number is +353 1 605 2400 and its website is at www.ardaghglass.com. The information and other content on its website are not part of this Offering Memorandum. The address of its board of directors and senior management is the same as the address of its registered office.

   Ardagh Glass Holdings Limited was incorporated in Ireland as a private limited company on August 5, 2005 as a wholly-owned subsidiary of Ardagh Glass Group Holding Limited. Its corporate seat is in Dublin, Ireland. Its registered office is at 4 Richview Office Park, Clonskeagh, Dublin 14, Ireland, and its registration number is 406237. Ardagh Glass Holdings Limited's telephone number is +353 1 605 2400 and its website is at www.ardaghglass.com. The information and other content on its website are not part of this Offering Memorandum. The address of its board of directors and senior management is the same as the address of its registered office.
9. The auditors of Ardagh Glass Holdings Limited are PricewaterhouseCoopers of One Spencer Dock, North Wall Quay, Dublin 1, Ireland. PricewaterhouseCoopers is a member of the Institute of Chartered Accountants in Ireland.
10. The Rule 144A notes have been accepted for clearance through Euroclear and Clearstream Banking under the Common Code 030467744 and the Regulation S notes have been accepted for

clearance through Euroclear and Clearstream under the Common Code 030467515. The ISIN for the Rule 144A notes is XS0304677445, and the ISIN for the Regulation S notes is XS0304675159.

11. The amount of the expenses of the offering, including underwriting commissions and discounts of the initial purchasers, is expected to be approximately €12.4 million. The net proceeds of the offering are estimated to be approximately €297.6 million.

12. The estimated total expenses related to the admission of the notes to the Alternative Securities Market of the Irish Stock Exchange is approximately €5,032.40.

13. The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by the Issuer since incorporation and are or may be material:

    (a) a purchase agreement, dated June 1, 2007, among the Issuer, the Parent Guarantor and the initial purchasers, pursuant to which the Issuer will sell to the initial purchasers the notes offered hereby; and

    (b) an engagement letter, dated March 11, 2007, as amended, between the Issuer and the initial purchasers, governing the terms of the engagement of Citigroup Global Markets and Credit Suisse Securities (Europe) Limited as joint bookrunners for the offering of the notes.

14. The consolidated financial statements of Ardagh Glass Holdings Limited and its subsidiaries, and the combined financial statements of the Acquired Business, each for the years ended December 31, 2006, 2005 and 2004 and for the three-month periods ended March 31, 2007 and 2006, are presented in accordance with IFRS, except as may be otherwise indicated in this Offering Memorandum.

15. Except as may otherwise be indicated in this Offering Memorandum, all authorizations, consents and approvals to be obtained by us for, or in connection with the creation and issue of the notes, the performance of our obligations expressed to be undertaken by us and the distribution of this Offering Memorandum have been or will be obtained and are or will be in full force and effect at the pricing of the offering. The issue of the notes by the Issuer was authorized pursuant to a resolution of its board of directors on May 24, 2007 and the guarantee of the notes by Ardagh Glass Holdings Limited will be authorized pursuant to a resolution of its board of directors on or prior to the date of completion of the Acquisition. The guarantees of the notes by the Subsidiary Guarantors will be authorized by resolutions of the board of directors of each Subsidiary Guarantor passed on or prior to the date of completion of the Acquisition.

16. There has been no significant change in the financial position or prospects of Ardagh Glass Holdings Limited and no significant change in its financial position or trading position since December 31, 2006, except as may otherwise be indicated in this Offering Memorandum.

17. There has been no material adverse change in the financial position or results of operations of Ardagh Glass Holdings Limited since December 31, 2006, except as may otherwise be indicated in this Offering Memorandum. Moreover, there has been no significant change in the financial position or trading position of Ardagh Glass Holdings Limited since March 31, 2007, except as may otherwise be indicated in this Offering Memorandum. Except as it may otherwise be indicated in this Offering Memorandum, neither Ardagh Glass Finance plc nor Ardagh Glass Holdings Limited has not been involved in any litigation, governmental or arbitration proceedings during the 12 months preceding the date of this Offering Memorandum which may have, or have had in the recent past, a significant effect on its financial position. Save as disclosed in this Offering Memorandum, since March 1, 2007 (being the date of incorporation of the Issuer), the Issuer has not commenced operations, no accounts of the Issuer have been made up and there has been no material adverse change in the financial position or prospects of the Issuer and no significant change in the trading or financial position of the Issuer.

18. Set forth below is certain information with respect to the Subsidiary Guarantors. For information relating to the Parent Guarantor, please see paragraph 8, above. Each of the subsidiaries is engaged in the manufacture and sale of glass containers as its field of activity, or acts as a holding company for other companies in this field of activity.

Name and Registered Office	Place of Registration and Registration Number	Date of Incorporation	Domicile and Legal Form	Country and Legislation of Incorporation	Principal Activity	Officers and Management	Secretary	Business Address
Ardagh Treasury Limited 4 Richview Office Park, Clonskeagh, Dublin 14, Ireland +35316052400	Ireland 148774	August 24, 1989	Ireland—Private Company	Ireland, incorporated under the Companies Acts 1963 to 2005	Provision of Financial Services, Funding, Consultation and Management	Paul Coulson Brian Butterly Niall Wall John Riordan	Brian J. Butterly	4 Richview Office Park, Clonskeagh, Dublin 14, Ireland
Heye Beteiligungs GmbH & Co. KG Lohplatz 1 D-31683 Obernkirchen Germany +49572426452	Germany HR B 200011	October 14, 2005	Germany—Private Partnership	Germany, incorporated under the limited liability company law § 7 (GmbH)	Holding Company	Heye Holding GmbH	N/A	Lohplatz 1 D-31683 Obernkirchen Germany
Heye Financial Services GmbH Lohplatz 1 D-31683 Obernkirchen Germany +495724260	Germany HR B 2841	December 24, 2004	Germany—Private Company	Germany, incorporated under the limited liability company law § 7 (GmbH)	Borrowing and lending and providing financials services and management	Niall Wall John Riordan Brendan Gorey Jochen Boellert Joseph Bockhorst Michael Kennedy	N/A	Lohplatz 1 D-31683 Obernkirchen Germany
Heye Glas GmbH Lohplatz 1 D-31683 Obernkirchen Germany +495724260	Germany HR B 2355	November 26, 2002	Germany—Private Company	Germany, incorporated under the limited liability company law § 7 (GmbH)	Manufacturer of Glass Containers, Sales and Distribution	Niall Wall Brendan Gorey Josef Bockhorst Michael Kennedy Jochen Bollert	N/A	Lohplatz 1 D-31683 Obernkirchen Germany

Name and Registered Office	Place of Registration and Registration Number	Date of Incorporation	Domicile and Legal Form	Country and Legislation of Incorporation	Principal Activity	Officers and Management	Secretary	Business Address
Heye GmbH Lohplatz 1 D-31683 Obernkirchen Germany +495724260	Germany HR B 2842	August 4, 2004	Germany— Private Company	Germany, incorporated under the limited liability company law § 7 (GmbH)	Holding Shares, Management and Consultancy	Niall Wall John Riordan Brendan Gorey Jochen Böllert Michael Kennedy Joseph Bockhorst	N/A	Lohplatz 1 D-31683 Obernkirchen Germany
Heye Holding GmbH Lohplatz 1 D-31683 Obernkirchen Germany +495724260	Germany HR B 2396	November 26, 2002	Germany— Private Company	Germany, incorporated under the limited liability company law § 7 (GmbH)	Holding Company	Niall Wall John Riordan Brendan Gorey Jochen Böllert Michael Kennedy Joseph Bockhorst	N/A	Lohplatz 1 D-31683 Obernkirchen Germany
Heye International GmbH Am Ziegeleiweg 3 D-31683 Obernkirchen Germany +49572426452	Germany HR B 2047	May 29, 2001	Germany— Private Company	Germany, incorporated under the limited liability company law § 7 (GmbH)	Manufacturer of Equipment for Glass Container Production	Niall Wall Brendan Gorey Josef Bockhorst Jochen Böllert	N/A	Am Ziegeleiweg 3 D-31683 Obernkirchen Germany
Rexam Glass Germany GmbH GroBe Drakenburger Strabe 132 31582 Niehburg Weser Germany +495021850	Germany HR B 30704	Original company Himly, Holscher & Co., Nienburg, was founded February 11, 1891	Germany— Limited Company	Germany, incorporated under the limited liability company law § 7 (GmbH)	Conduct glass companies in Nienburg and other places	Managing Directors: Egbert Thüsing Andrew William Wignall Power of attorney: Dr. Joachim Schlüter Hans Teutsch Dr. Barklage-Hilgefort Dr. Gerhard Enninga Robert Daniels Hubertus Schirp Matthias Wirth Lutz Badtke Reiner Brand Michael-Peter Taube Jens Schaefer Ralf Woyte Uwe Hinzmann Michael Hüsken Reinhard Wilhelm	N/A	GroBe Drakenburger Strabe 132 31582 Niehburg Weser Germany

Name and Registered Office	Place of Registration and Registration Number	Date of Incorporation	Domicile and Legal Form	Country and Legislation of Incorporation	Principal Activity	Officers and Management	Secretary	Business Address
Schaumburger Formenbau GmbH Lohplatz 1 D-31683 Obernkirchen Germany +495724260	Germany HR B 200054	December 1, 2004	Germany—Private Company	Germany, incorporated under the limited liability company law § 7 (GmbH)	Engineering and mould manufacture	Dr. Thomas Becker Brendan Gorey	N/A	Lohplatz 1 D-31683 Obernkirchen Germany
Schaumburger Formenbau Grundstuckverwaltungs GmbH Lohplatz 1 D-31683 Obernkirchen Germany +495724260	Germany HR B 2147	November 13, 1997	Germany—Private Company	Germany, incorporated under the limited liability company law § 7 (GmbH)	Management and leasing of real estate	Dr. Thomas Becker Brendan Gorey	N/A	Lohplatz 1 D-31683 Obernkirchen Germany
Ardagh Glass Limited (formerly Rockware Glass Limited) Headlands Lane, Knottingley, West Yorkshire, England WF11 0HP +441977674111	England 567801	June 20, 1956	U.K.—Private Company	United Kingdom, the Companies Acts from 1985 to 2006	Manufacture, Import and Distribute Glass Containers	Niall Wall John Riordan David Currie Brendan Gorey Alex Robertson	Brian J. Butterly	Headlands Lane, Knottingley, West Yorkshire WF11 0HP England
Ardagh Glass (UK) Limited Head Office: Headlands Lane, Knottingley, West Yorkshire, England WF11 0HP +441977674111	England 3691714	March 3, 1999	U.K.—Private Limited Company	United Kingdom, the Companies Acts from 1985 to 2006	U.K. Group Holding Company	Paul Coulson Brendan Dowling Niall Wall John Riordan	Brian J. Butterly	Headlands Lane, Knottingley, West Yorkshire WF11 0HP England

Name and Registered Office	Place of Registration and Registration Number	Date of Incorporation	Domicile and Legal Form	Country and Legislation of Incorporation	Principal Activity	Officers and Management	Secretary	Business Address
Ardagh Holdings (UK) Limited (formerly Rockware Group Limited) Headlands Lane, Knottingley, West Yorkshire, England WF11 0HP +441977674111	England 161642	August 27, 1993	U.K.—Private Company	United Kingdom, the Companies Acts from 1985 to 2006	Manufacturer of Glass and Licencee of Technology and Equipment	Niall Wall John Riordan David Currie Brendan Gorey Alex Robertson	Brian J. Butterly	Headlands Lane, Knottingley, West Yorkshire WF11 0HP England
Ardagh Glass Denmark ApS, Sundkrogsgade 5 DK-2100, Copenhagen, Denmark +4570121211	Denmark 30355229	April 25, 2007	Denmark—Private Company	Denmark, the Danish Private Companies Act No. 650 of June 15, 2006	Holding Company and Provider of Funding	Paul Coulson Niall Wall John Riordan	N/A	Sundkrogsgade 5 DK-2100 Copenhagen Denmark
Ardagh Glass Sweden AB Advokatfirma Box 1703, 11187 Stockholm Sweden +4686143000	Sweden 556723-5683	May 28, 2007	Sweden—Private Company	Sweden, Companies Act (Sw. Aktiebolagslagen (2005: 551))	Property Holding Company	Paul Coulson Niall Wall John Riordan	N/A	Advokatfirman Vinge KB, Box 1703, 11187 Stockholm Sweden
Ardagh Glass Sweden Finance AB Advokatfirma Box 1703, 11187 Stockholm +4686143000	Sweden 556717-7059	April 19, 2007	Sweden—Private Company	Sweden, Companies Act (Sw. Aktiebolagslagen (2005: 551))	Holding Company and Provider of Funding	Paul Coulson Niall Wall John Riordan	N/A	Advokatfirman Vinge KB, Box 1703, 11187 Stockholm Sweden

Name and Registered Office	Place of Registration and Registration Number	Date of Incorporation	Domicile and Legal Form	Country and Legislation of Incorporation	Principal Activity	Officers and Management	Secretary	Business Address
Rexam Glass Holmegaard A/S Glasvaerksvej SZ Fensmart 4684 Holmegaard Denmark +4555532181	Denmark 18445042	March 28, 1995	Denmark—Privately owned company	Denmark, the Danish Private Companies Act No. 650 of June 15, 2006	Glass container production and related activities	Søren Mikkelsen PM Kjell Svensson Martin Peterson Helge Andersen Kim Holmberg Jørgen Frænde (ER) Erik Hansen (ER) Lene Olsen (ER)	N/A	Glasvaerksvej 52 Fensmark 4684 Holmegaard Denmark
Rexam Glass Limmared AB Box 9057 20031 Malmo Sweden +4640209300	Sweden 556049-8833	April 16, 1947	Sweden—Privately owned company	Sweden, Companies Act (Sw. Aktiebolagslagen (2005: 551))	Glass container production and related activities	Martin Peterson MD Patrice Henry Kim Holmberg Bo-Lennart Nilsson Lars Ardalen (ER) Olle Jideborn (ER)	N/A	Rexam Glass Limmared AB, 514 83 Limmared, Sweden
Rexam Holding A/S Glasvaerksvej SZ Fensmart 4684 Holmegaard Denmark +4555532181	Denmark 13287112	December 31, 1956	Denmark—Privately owned company	Denmark, the Danish Private Companies Act No. 650 of June 15, 2006	Principal Holding Company for Rexam Holmegaard A/S	Martin Peterson (MD) David Gibson Stuart A Bull Annders Linde	N/A	Glasvaerksvej SZ Fensmart 4684 Holmegaard Denmark
Ardagh Glass Netherlands B.V. Fred. Roeskestraat 123, 1076EE Amsterdam The Netherlands +31205711260	Netherlands 1428636	April 16, 2007	Netherlands—Private Company	Netherlands, incorporated according to Boek Twee van Het Burgerlijk Wetboek 2 Titel 5	To Manage, Promote, Advise, Borrow, Lend to the Enterprise	A. Niall Wall John Riordan B. Ronald Arendsen Johannes Scholts	N/A	Fred. Roeskestraat 123, 1076EE Amsterdam The Netherlands
Ardagh Glass Netherlands Finance B.V. Fred. Roeskestraat 123, 1076EE Amsterdam The Netherlands +31205711260	Netherlands B.V. 1428642	April 16, 2007	Netherlands—Private Company	Netherlands, incorporated according to Boek Twee van Het Burgerlijk Wetboek 2 Titel 5	To Borrow, Finance and Administer Group Companies	A. Niall Wall John Riordan B. Ronald Arendsen Johannes Scholts	N/A	Fred. Roeskestraat 123, 1076EE Amsterdam The Netherlands

Name and Registered Office	Place of Registration and Registration Number	Date of Incorporation	Domicile and Legal Form	Country and Legislation of Incorporation	Principal Activity	Officers and Management	Secretary	Business Address
Ardagh Glass Poland Sp. Z.o.o. ul. Huty Szkla 2 64-850 Ujście Poland +48672109115	Poland 281694	May 29, 2007	Poland—Private Company	Poland, incorporated under Companies Act 1934 replaced by new one in 2000	Holding Companies, Consultancy, Glass Manufacturer and Sand Mining	Paul Coulson Niall Wall John Riordan	N/A	ul. Huty Szkla 2 64-850 Ujście Poland
Huta Szkla Ujście S.A. ul. Huty Szkla 2. 64-850 Ujście Poland +48672109115	Poland 0000060236	September 6, 1997	Poland—Private Company	Poland, incorporated under Companies Act 1934 replaced by new one in 2000	Manufacture of container glass and distribution	John Riordan Brendan Gorey Niall Wall Michael Kennedy Patrick King	N/A	ul. Huty Szkla 2 64-850 Ujście Poland
Rexam Szklo Gostyn S.A. ul. Starogostynska 9 63-800 Gosytn Poland +48655728505	Poland 0000064606	November 14, 1996	Poland—Privately owned share company	Poland, incorporated under Companies Act 1934 replaced by new one in 2000	Glass container production and related activities	Martin Peterson MD Ryszard Piotrowski Katarzyna Mansfeld-Hejdysz Piotr Michalski Boleslaw Matyla Stefan Piotrowiak	Anna Wechmann	Spolka Akcyjna ul. Starogostynska 9 63-800 Gostyn Poland
Rexam Szklo Wyszkow S.A. ul. Zakolejowa 23 07-200 Wyszkow Poland +48297435100	Poland 0000006323	April 14, 1998	Poland—Privately owned share company	Poland, incorporated under Companies Act 1934 replaced by new one in 2000	Glass container production and related activities	Martin Peterson MD Ryszard Piotrowski Jerzy Zolyniak	Tatiana Szostak	Wyszkow Spolka Akcyjna ul. Zakolejowa 23 07-200 Wyszkow Poland
Ardagh Glass S.r.l. (formerly Abruzzo Vetro S.r.l.) Zona Industriale s.s. Trinita 1-64046 Montorio al Vomano Italy +39086159511	Italy 00924450679	February 22, 1996	Italy—Private Company	Italy, regulated by Article 2462 of the Italian Civil Code approved by Royal Decree on March 16, 1962	Production and Sale of Glass Containers	Niall Wall Massim Cerquetelli Rocco Furia	N/A	Zona Industriale s.s. Trinita 1-64046 Montorio al Vomano Italy

ARDAGH GLASS HOLDINGS LIMITED

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REXAM GLASS

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NON-STATUTORY GROUP FINANCIAL STATEMENTS OF ARDAGH GLASS HOLDINGS LIMITED FOR THE YEAR ENDED 31 DECEMBER 2006

PRESENTATION OF FINANCIAL STATEMENTS

Ardagh Glass Holdings Limited was incorporated and registered in the Republic of Ireland as a private company on 5 August 2005. As a result of a Group restructuring effective 18 November 2005, Ardagh Glass Holdings Limited acquired 100% of the ordinary shares in Ardagh International Holdings Ltd from Ardagh Glass Ltd. Through its acquisition of Ardagh International Holdings Ltd, Ardagh Glass Holdings Limited acquired 100% of the business of Ardagh Glass Ltd and became the new parent guarantor for the 8⅞% Senior Notes due 2013. Therefore, Ardagh Glass Holdings Limited is the reporting entity to present consolidated financial statements to satisfy the reporting requirements of both the 8⅞% Notes due 2013 and the PIK Notes due 2015.

In presenting these financial statements the pooling of interests method of accounting was used for the 2005 numbers. The pooling of interests method of accounting is used to account for transactions which result in acquisitions between entities which are under common control such as group reorganisations. Under the pooling of interests method the assets and liabilities of the combining entities are aggregated at their book values and the results of those entities are combined as if the entities had always been together.

These consolidated financial statements include Ardagh Glass Ltd up until November 2005 when it left the Group as a result of the reorganisation. All items previously recognised in Ardagh Glass Ltd are now recognised in Ardagh Glass Holdings Limited. To exclude Ardagh Glass Ltd completely from these financial statements would distort the true result for the Group. Both Ardagh Glass Ltd and Ardagh Glass Holdings Limited observe the same accounting policies as are detailed on pages F-10 to F-19 of this report.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ARDAGH GLASS HOLDINGS LIMITED

We have audited the non-statutory group financial statements ("the financial statements") of Ardagh Glass Holdings Limited for the year ended 31 December 2006 which comprise the Group Income Statement, the Group Statement of Recognised Income and Expense, the Group Balance Sheet, the Group Cash Flow Statement and the related notes. These group financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's directors as a body 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 save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the group financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union. We state whether we have obtained all the information and explanations we consider necessary for the purposes of our audit.

We read the other information contained in the Annual Report and consider whether it is consistent with the audited group financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the group financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board and generally accepted in Ireland. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the group financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the group financial statements, and of whether the accounting policies are appropriate to the group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the group financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the group financial statements.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ARDAGH GLASS HOLDINGS LIMITED (Continued)

Opinion

In our opinion the group financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the group's affairs as at 31 December 2006 and of the loss and cash flows of the group for the year then ended. We have obtained all the information and explanations which we consider necessary for the purposes of our audit.

PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
Dublin, Ireland

26 March 2007

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report and financial statements to the Bondholders in accordance with International Financial Reporting Standards (IFRS) and IFRIC interpretations endorsed by the European Union.

The directors are required to prepare financial statements for each financial year which give a true and fair view of the Group and of the profit or loss of the Group for that period. 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; and to
- Prepare the financial statement 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 financial statements.

The directors are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

BASIS OF PREPARATION

These consolidated non-statutory financial statements have been prepared in accordance with EU Endorsed International Financial Reporting Standards (IFRS) and IFRIC interpretations.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 1.

The consolidated financial statements are presented in euro rounded to the nearest thousand. The consolidated financial statements have been prepared under the historical cost convention except for derivatives, pension obligations and share based payments which are presented on a fair value basis.

Standards, interpretations and amendments to published standards that are not yet effective

Certain new standards, amendments and interpretations to existing standards have been published that are mandatory for the Group's accounting periods beginning on or after 1 January 2007 or later periods but which the Group has not early adopted, as follows:

- **IFRS 7, "Financial instruments: Disclosures", and the complementary Amendment to IAS 1, Presentation of Financial Statements—Capital Disclosures.** (effective from 1 January 2007).

  This standard applies to all entities and it extends the disclosures requirements in respect of financial instruments further than those previously required by IAS 32. The standard requires disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk. The qualitative disclosures describe management's objectives, policies and processes for managing those risks. The quantitative disclosures provide information about the extent to which the entity is exposed to risk, based on information provided internally to the entity's key management personnel. Together, these disclosures provide an overview of the entity's use of financial instruments and the exposures to risks they create. The classification and valuation of financial instruments is not impacted by the introduction of this standard and amendment.

- **IFRS 8, "Operating segments".** (effective 1 January 2009).

  IFRS 8 sets out the requirements for disclosure of financial and descriptive information about an entity's operating segments, its products and services, the geographical areas in which it operates, and its major customers. IFRS 8 will replace IAS 14, "Segmental Reporting".

  Standards, interpretations and amendments that would not impact the Group

- **IFRIC 7, Applying the restatement approach under IAS 29, Financial Reporting in Hyperinflationary Economies.**

  This pronouncement provides guidance on applying the requirements of IAS 29 when hyperinflation is identified in the economy of its functional currency. This pronouncement is mandatory for accounting periods beginning on or after 1 March 2006.

- **IFRIC 8, Scope of IFRS 2.**

  This pronouncement requires consideration of the transactions involving the issue of equity instruments, where the identifiable consideration is less than the fair value of the equity instruments issued, to establish whether they are within the scope of IFRS 2. It is mandatory for accounting periods beginning on or after 1 May 2006.

- **IFRIC 9, Reassessment of Embedded Derivatives.**

  IFRIC 9 requires an entity to assess whether an embedded derivative is required to be separated from the host contract and accounted for as a derivative when the entity first becomes a party to the contract. Subsequent reassessment is prohibited unless there is a change in the terms of the contract that significantly modifies the cash flows that otherwise would be required under the contract in which case reassessment is required. This interpretation becomes mandatory for accounting periods beginning on or after 1 June 2006.

- **IFRIC 10, Interim Financial Reporting and Impairment.**

  IFRIC 10 prohibits the impairment losses recognised in an interim period on goodwill, investments in equity investments and investments in financial assets carried at cost to be reversed at a subsequent balance sheet date. This interpretation becomes mandatory for accounting periods beginning on or after 1 November 2006.

- **IFRIC 11, IFRS 2—Group and Treasury Share Transactions.**

  IFRIC 11 sets out how share-based payment arrangements that affect more than one company in a group are accounted for in each company's financial statements (e.g., where employees of a subsidiary are granted options over the shares of the parent). The pronouncement is mandatory for periods beginning on or after 1 March 2007.

- **IFRIC 12, Service Concession Arrangements.**

  Service concessions are arrangements whereby a government or other public sector entity grants contracts for the supply of public services such as roads, airports, prisons and energy and water supply to private sector operators. Control of the assets remains in public hands but the private sector operator is responsible for construction activities, as well as for operating and maintaining the public sector infrastructure. IFRIC 12 addresses how service concession operators should apply existing International Financial Reporting Standards (IFRSs) to account for the obligations they undertake and rights they receive in service concession arrangements. This standard will be mandatory for accounting periods commencing on or after 1 January 2008.

Certain new standards, amendments and interpretations to existing standards that are mandatory for accounting periods beginning on or after 1 January 2006 are as follows:

Standards, interpretations and amendments that impact the group significantly

- **IAS 19 (Amendment), "Employee benefits".**

  This amendment introduced the option of an alternative recognition approach for actuarial gains and losses. It may impose additional recognition requirements for multi-employer plans where insufficient information is available to apply defined benefit accounting. It also adds new disclosure requirements. The group adopted this amendment upon transition to IFRS and recognises all actuarial gains and losses in the period. It does not participate in any multi-employee plans.

Standards, interpretations and amendments that would not impact the group significantly

The following standards, amendments and interpretations to published standards are mandatory for accounting periods beginning on or after 1 January 2006 but they are not relevant to the group's operations:

- IAS 21 (Amendment), Net investment in a foreign operation;
- IAS 39 (Amendment), Cash flow hedge accounting of forecast intragroup transactions;
- IAS 39 (Amendment), The fair value option;
- IAS 39 and IFRS 4 (Amendment), Financial guarantee contracts;
- IFRS 1 (Amendment), First-time adoption of international financial reporting standards and IFRS 6 (Amendment), exploration for and evaluation of mineral resources;
- IFRS 6, Exploration for and evaluation of mineral resources;
- IFRIC 4, Determining whether an arrangement contains a lease;
- IFRIC 5, Rights to interests arising from decommissioning, restoration and environmental rehabilitation funds; and
- IFRIC 6, Liabilities arising from participating in a specific market—Waste electrical and electronic equipment.

Ardagh Glass Holdings Limited was incorporated and registered in the Republic of Ireland as a private company on 5 August 2005. Its immediate parent is Ardagh Glass Group Holdings Ltd. The ultimate parent company is Ardagh Glass Group plc.

Principal activities

The Company was formed as a holding company for the glass container manufacturing and technology business. It is also the Parent Guarantor for €175,000,000 8⅞% Senior Notes due 2013 issued by Ardagh Glass Finance B.V.

The Company's Registered Office is:

4 Richview Office Park
Clonskeagh
Dublin 14

These consolidated financial statements have been approved for issue by the Board of Directors on 21 March 2007.

ACCOUNTING POLICIES

BASIS OF CONSOLIDATION

(i) Subsidiaries

Subsidiaries are all entities over which the Group has the power, directly or indirectly, to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. 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.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the group's share of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

(ii) Combinations between entities under common control

The pooling of interests method of accounting is used to account for transactions which result in acquisitions between entities which are under common control such as group reorganisations. Under the pooling of interests method the assets and liabilities of the combining entities are aggregated at their book values and the results of those entities are combined as if the entities had always been together. Differences arising on pooling are treated in equity.

(iii) Transaction and minority interests

The Group applies a policy of treating transactions with minority interests as transactions with parties external to the Group. Disposals to minority interests result in gains and losses for the Group that are recorded in the income statement. Purchases from minority interests result in goodwill, being the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary.

(iv) Joint ventures

Joint ventures are those entities over whose activities the Group has joint control, established by contractual agreement. Investments in joint ventures are accounted for by the equity method of accounting and are initially recognised at cost.

The Group's investment in joint ventures includes goodwill (net of any accumulated impairment loss) identified on acquisition. The Group's share of its joint ventures post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in a joint venture equals or exceeds its interest in the joint venture, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint venture.

(v) Transactions eliminated on consolidation

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated but considered an impairment indicator of the asset transferred. Subsidiaries' accounting policies have been changed where necessary to ensure consistency with the policies adopted by the Group.

FOREIGN CURRENCY

(i) Foreign currency transactions

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional 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 balance sheet 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.

(ii) Financial statements of foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to euro at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated to euro at rates approximating to the foreign exchange rates ruling at the dates of the transactions. Foreign exchange differences arising on retranslation are recognised directly in a separate component of equity ("cumulative translation adjustment").

(iii) Net investment in foreign operations

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholders' equity. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in the income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

DERIVATIVE FINANCIAL INSTRUMENTS

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured 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. The Group designates certain derivatives as either: hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge) and hedges of highly probable forecast transactions (cash flow hedge).

The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

(i) Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in equity. The gain or loss relating to the ineffective portion is recognised immediately in the income statement.

Amounts accumulated in equity are recycled in the income statement in the periods when the hedged item will affect profit or loss (for example, when the forecast sale that is hedged takes place). The gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings is recognised in the income statement within finance costs.

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 in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. 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) Derivatives that do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting. Such derivatives are classified as at fair value through profit or loss, and changes in the fair value of any derivative instruments that do not qualify for hedge accounting are recognised immediately in the income statement.

INTANGIBLE ASSETS

(i) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary/associate at the date of acquisition.

In respect of acquisitions prior to this date, goodwill is included on the basis of its deemed cost, which represents the amount recorded under previous GAAP. As permitted by IFRS 1, the classification and accounting treatment of business combinations that occurred prior to 1 January 2004 has been included based on previous GAAP and has not been revisited under IFRS 3 in preparing the Group's opening IFRS balance sheet at 1 January 2004 (see note 8).

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to those cash-generating units that are expected to benefit from the business combination in which the goodwill arose and is no longer amortised but is tested annually for impairment. In respect of joint ventures, the carrying amount of goodwill is included in the carrying amount of the investment in the joint venture.

Negative goodwill is the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

Negative goodwill arising on an acquisition is recognised directly in the income statement.

(ii) Computer software

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

Costs associated with developing or maintaining computer software programs are recognised as an expense as incurred. Costs that are directly associated with the production of identifiable and unique software products controlled by the Group, and that will probably generate economic benefits exceeding the costs beyond one year, are recognised as intangible assets. Direct costs include the costs of software development employees and an appropriate portion of relevant overheads.

(iii) Other intangible assets

Other intangible assets that are acquired by the Group are stated at cost less accumulated amortisation and impairment losses. The Group does not have any internally generated intangible assets or any intangible assets with an indefinite life.

(iv) Subsequent expenditure

Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

(v) Amortisation

Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Goodwill and intangible assets with an indefinite useful life are systematically tested for impairment at each balance sheet date. Other intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

Software	3-5 years
Other	3-5 years

(vi) Research and development

Research expenditure is recognised as an expense as incurred. The company does not incur significant development costs that could be capitalised as intangible assets.

TRADE AND OTHER RECEIVABLES

(i) Construction work in progress

Construction work in progress is stated at cost plus profit recognised to date less a provision for foreseeable losses and less progress billings. Cost includes all expenditure related directly to specific projects and an allocation of fixed and variable overheads incurred in the Group's contract activities based on normal operating capacity.

(ii) Other trade and other receivables

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established 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. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the income statement.

TRADE AND OTHER PAYABLES

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

INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

The cost of inventories is based on the first-in first-out principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash balances and call deposits.

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 as cost less impairment.

Certain items of property, plant and equipment that had been revalued to fair value on or prior to 1 January 2004, the date of transition to IFRS, are measured on the basis of deemed cost, being the revalued amount at the date of that revaluation.

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

(ii) Leased assets

Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to the income statement over the lease period using the effective interest method so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the asset's useful life and the lease term.

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 part 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. All other costs are recognised in the income statement as an expense as incurred.

(iv) Depreciation

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

Buildings	40 years
Plant and machinery	3-12 years
Long life moulds	2 or 3 years
Office equipment and vehicles	3-10 years

The residual value, if not insignificant, is reassessed annually.

MOULDS

Moulds are classified into long-life moulds, which are included in property, plant and equipment and depreciated over 2 or 3 years, and short-life moulds, which are included in inventories and are valued at the lower of cost and net realisable value.

IMPAIRMENT

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. 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. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

(i) Calculation of recoverable amount

The recoverable amount of the Group's receivables carried at amortised cost is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate (i.e., the effective interest rate computed at initial recognition of these financial assets). Receivables with a short duration (less than one year) are not discounted.

The recoverable amount of other assets is the greater of their net selling price and value in use. 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 cash-generating unit to which the asset belongs.

(ii) Reversals of impairment

Reversals of impairments arise when indicators exist that suggest an impairment loss recognised in a prior period no longer exists.

An impairment loss in respect of goodwill cannot be reversed.

In respect of other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

INTEREST-BEARING BORROWINGS

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings on an effective interest basis.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the Balance Sheet date.

EMPLOYEE BENEFITS

Pension obligations

Group companies operate various pension schemes. The schemes are generally funded through payments to insurance companies or trustee-administered funds, determined by periodic actuarial calculations. The Group has both defined benefit and defined contribution plans. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that is not a defined contribution plan. 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 balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognised actuarial gains or losses and past service costs. 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 the Statement of Recognised Income and Expenses in the period in which they arise.

Past-service costs are recognised immediately in income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period.

Settlements and curtailments trigger immediate recognition of the consequent change in obligations and related assets in the Income Statement together with any previously unrecognised past service costs that relate to the obligations being settled or curtailed.

For defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Share-based payment transactions

The share option programme allows Group employees to acquire shares of the Company. The fair value of options granted is recognised as an employee expense with a corresponding increase in equity. The fair value, as permitted by IFRS 1, for all options granted since 7 November 2002 and which were unvested at 1 January 2005, is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options. The fair value of the options granted is measured using a binomial lattice model, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of share options that vested except where forfeiture is only due to share prices not achieving the threshold for vesting.

Payments made for the cancellation of share options up to their fair value are recognised as a decrease to equity with the excess recorded as employee expense.

TERMINATION BENEFITS

Termination benefits are recognised as an expense when the Group is demonstrably committed without realistic possibility of withdrawal to a formal detailed plan to terminate employment before normal retirement date or providing termination benefits as a result of an offer made to encourage voluntary redundancy. If the effect is material, benefits payable are recognised at their present value by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money.

PROVISIONS

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

EMISSION RIGHTS AND OBLIGATIONS

Certain jurisdictions in which the Group operates regulate the emissions of carbon dioxide and other pollutants through the operation of a "cap and trade" type scheme, whereby a participating entity must deliver emission certificates to a third party (e.g., a regulator) to be able to emit pollutants legally. The government grants a certain number of emission certificates to an entity for use during a compliance period. Emission rights granted by governments and other similar bodies under cap and trade and other similar schemes are recognised at their nominal amount. Where additional allowances are purchased from third parties, the Group measures such credits at cost on initial recognition with no subsequent revaluation.

Liabilities arising in relation to emission obligations under such schemes are recognised only in circumstances where emission rights granted have been exceeded and the differential between actual and permitted emissions will have to be remedied through the purchase of the required additional rights at fair value. Liabilities arising from such shortfalls are measured at the current market value of the certificates necessary to meet the obligations and classified as provisions.

Where excess certificates are sold to third parties, the Group recognises the fair value of the consideration received as other income in profit or loss offset by the carrying value of the units derecognised. The Group has a policy of only selling certificates where the level of projected emissions over the relevant compliance period has been reliably estimated and the allowances available to offset such emissions are greater than those projected emissions.

SHARE CAPITAL

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds, net of tax.

Where any Group company purchases the Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders until the shares are cancelled, reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

REVENUE

(i) Goods sold and services rendered

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. Revenue from services rendered is recognised in the income statement in proportion to the stage of completion of the transaction at the balance sheet date. It is the Group's policy to sell its products to the end customer with a right of return. Accumulated experience is used to estimate and provide for such returns at the time of sale. Revenue is included net of cash, value added tax and other discounts.

Pallet deposits are not recognised in revenue.

(ii) Construction contracts

As soon as the outcome of a construction contract can be estimated reliably, contract revenue and expenses are recognised in the income statement in proportion to the stage of completion of the contract. The stage of completion is assessed by reference to surveys of work performed. An expected loss on a contract is recognised immediately in the income statement.

(iii) Capital grants

Capital grants are recorded in deferred income and released to the income statement on a straight-line basis over the estimated useful lives of the related property, plant and equipment.

(iv) Interest income

Interest income is recognised on a time-proportion basis using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

(v) Dividend income

Dividend income is recognised when the right to receive payment is established.

(vi) Royalty income

Royalty income is recognised on an accruals basis in accordance with the substance of the relevant agreements.

FINANCING COSTS

Financing costs comprise interest payable on borrowings calculated using the effective interest rate method, foreign exchange losses, and losses on hedging instruments that are recognised in the income statement.

The interest expense component of finance lease payments is recognised in the income statement 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 directly in equity, in which case it is recognised in equity.

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

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that the reversal of the temporary difference is controlled by the Group and it is probable that they will not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised. Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend.

SEGMENT REPORTING

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2006

	Note	31 December 2006	31 December 2005	31 December 2004
		€'000	€'000	€'000
Revenue	*2*	647,456	555,551	470,287
Cost of sales	*3*	(620,122)	(499,946)	(395,153)
Gross profit		27,334	55,605	75,134
Sales, general and administration expenses	*3*	(32,959)	(32,190)	(29,267)
Other income and expenses	*5*	8,824	(36,219)	(2,369)
Operating profit/(loss)		3,199	(12,804)	43,498
Finance costs	*6*	(29,281)	(28,595)	(26,426)
Finance income		2,889	1,538	603
Share of profit of joint venture	*10*	288	225	271
Loss before tax		(22,905)	(39,636)	17,946
Income tax credit	*7*	6,170	654	(10,327)
Loss for the period		(16,735)	(38,982)	7,619
Attributable to:				
Equity holders		(17,067)	(39,248)	7,025
Minority interest	*23*	332	266	594
		(16,735)	(38,982)	7,619

The notes on pages F-24 to F-58 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSE
FOR THE YEAR ENDED 31 DECEMBER 2006

	Note	31 December 2006	31 December 2005	31 December 2004
		€'000	€'000	€'000
(Loss)/Profit for the financial year		(16,735)	(38,982)	7,619
Foreign currency translation adjustments		1,457	2,510	603
Pension scheme actuarial gain/(loss)	*19*	16,781	(11,823)	633
Deferred taxation on actuarial gain/(loss)	*16*	(4,952)	3,474	(190)
Cash flow hedges gain/(loss)		1,055	(768)	—
Total recognised income and expense for the year		(2,394)	(45,589)	8,665
Attributable to:				
Equity holders		(2,726)	(45,855)	8,071
Minority interest	*23*	332	266	594
		(2,394)	(45,589)	8,665

The notes on pages F-24 to F-58 are an integral part of these consolidated financial statements.

CONSOLIDATED BALANCE SHEET

AS AT 31 DECEMBER 2006

	Note	31 December 2006 €'000	31 December 2005 €'000	31 December 2004 €'000
ASSETS				
Non-current assets				
Goodwill	*8*	54,826	54,839	87,589
Other intangible assets	*8*	282	313	323
Property, plant and equipment	*9*	252,399	275,849	232,677
Investment in joint venture	*10*	1,619	1,551	1,464
Deferred tax assets	*16*	9,232	18,666	13,548
		318,358	351,218	335,601
Current assets				
Inventories	*12*	121,445	112,123	80,949
Trade and other receivables	*13*	113,656	102,129	81,717
Current income tax recoverable		—	701	—
Derivative financial instrument	*11*	287	—	—
Cash and cash equivalents	*25*	68,023	70,768	26,832
		303,411	285,721	189,498
Total assets		621,769	636,939	525,099
LIABILITIES				
Non-current liabilities				
Borrowings	*15*	281,333	291,208	260,407
Deferred income	*17*	2,935	3,112	530
Retirement benefit obligations	*19*	27,925	60,062	44,948
Provisions for other liabilities and charges	*18*	5,004	6,054	5,882
Deferred tax liability	*16*	17,669	31,244	29,809
		334,866	391,680	341,576
Current liabilities				
Borrowings	*15*	44,066	27,360	14,952
Deferred income	*17*	470	700	249
Trade and other payables	*14*	138,006	111,017	100,525
Current income tax payable		1,411	—	—
Derivative financial instrument	*11*	—	768	—
		183,953	139,845	115,726
TOTAL LIABILITIES		518,819	531,525	457,302
NET ASSETS		102,950	105,414	67,797
EQUITY				
Share premium		—	—	—
Reserves	*21*	100,546	103,273	64,160
		100,546	103,273	64,160
Minority interest	*23*	2,404	2,141	3,637
TOTAL EQUITY		102,950	105,414	67,797

The notes on pages F-24 to F-58 are an integral part of these consolidated financial statements

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2006

	Note	31 December 2006	31 December 2005	31 December 2004
		€'000	€'000	€'000
Cash flows from operating activities				
Cash generated from operations	*24*	53,266	78,899	82,295
Share option cancellation	*22*	—	(4,576)	(2,300)
Interest paid		(24,967)	(25,682)	(23,973)
Income tax paid		(1,070)	(12,219)	(3,005)
Net cash from operating activities		27,229	36,422	53,017
Cash flows from investing activities				
Acquisition of subsidiary net of cash acquired	*26*	—	(72,905)	(7,944)
Acquisition costs paid	*26*	—	(2,191)	(219)
Acquisition of minority interest in HSU	*23*	(280)	(1,517)	—
Dividends from joint venture	*10*	220	138	577
Payment received from insolvency administrator of Herman Heye KG		—	—	1,026
Profit on disposal of fixed assets	*5*	47	1,292	—
Purchase of property, plant and equipment	*9*	(32,460)	(52,266)	(45,611)
Purchase of software	*8*	(166)	(244)	(123)
Net cash used in investing activities		(32,639)	(127,693)	(52,294)
Cash flows from financing activities				
Net movement on borrowings		7,123	52,340	2,450
Capital contribution		—	86,098	—
Redemption of preferred ordinary shares		—	(129)	(27,425)
Capital element of finance lease payments		(4,619)	(2,940)	(1,009)
Net cash used in financing activities		2,504	135,369	(25,984)
Net(decrease)/increase in cash and cash equivalents		(2,906)	44,098	(25,261)
Cash and cash equivalents at beginning of the period		70,768	26,832	51,468
Exchange gains/(losses) on cash and bank overdrafts		161	(162)	625
Cash and cash equivalents at end of the year	*25*	68,023	70,768	26,832

The notes on pages F-24 to F-58 are an integral part of these consolidated financial statements.

NOTES TO THE GROUP FINANCIAL STATEMENTS

1. CRITICAL ACCOUNTING ESTIMATES 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.

Critical accounting estimates and assumptions

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.

(a) Estimated impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations.

These calculations require the use of estimates.

(b) 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.

(c) Revenue recognition

The Group uses the percentage-of-completion method in accounting for its sales of services. Use of the percentage-of-completion method requires the Group to estimate the services performed to date as a proportion of the total services to be performed. Were the proportion of services performed to total services to be performed to differ by 10% from management's estimates, the amount of revenue recognised in the year would be increased by €215,000 if the proportion performed were increased, or would be decreased by €215,000 if the proportion performed were decreased.

(d) Measurement of defined benefit obligations

The Group follows guidance of IAS 19 to determine the present value of its obligations to current and past employees in respect of defined benefit pension obligations and other long term employee benefits, which are subject to similar fluctuations in value in the long term. The Group uses a network of professional actuaries co-ordinated under a world wide process to value such liabilities designed 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 19.

(e) Provisions

The amount recognised for a provision is the best estimate of the expenditure to be incurred. Provisions are remeasured at each Balance Sheet date based on the best estimate of the settlement

1. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

amount. Changes to the best estimate of the settlement amount may result from changes in the amount or timing of the outflows or changes in discount rates (when applicable).

(f) Establishing lives for depreciation purposes of property, plant and equipment

Long-lived assets, consisting primarily of property, plant and equipment, comprise a significant portion of the total assets. The annual depreciation charge depends primarily on the estimated 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 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. Details of the useful lives is included in the accounting policy. The impact of any change would vary significantly depending on the individual changes in assets and the classes of assets impacted.

(g) Share-based payments

The determination of the fair value of awards under the stock option plan involves the use of judgements and estimates. The fair value has been estimated using the Black-Scholes option pricing lattice model in accordance with the judgemental assumptions set out in Note 22.

Critical judgements in applying the entity's accounting policies

Revenue recognition

The Group has recognised revenue amounting to €647,456,000 for sales of goods during 2006. Customers have the right to rescind the sale if the goods are damaged. The Group believes that, based on past experience, the rate of customer returns is less than 1% of revenue and it is therefore appropriate to recognise all revenue net of returns.

Pensions

The Group has made certain judgements relating to mortality. Please refer to Note 19.

2. SEGMENTAL ANALYSIS

Primary reporting format—business segments

At 31 December 2006, the Group is organised into two main business segments:

(1) Glass manufacturing includes our glass producing entities; and

(2) Glass technology includes our glass technology and manufacturing equipment business.

2. SEGMENTAL ANALYSIS (Continued)

The segment results for the year ended 31 December 2006 are as follows:

	Glass manufacturing	Glass technology	Unallocated	Total
	€'000	€'000	€'000	€'000
Total gross segment sales	579,463	75,132	—	654,595
Inter-segment sales	—	(7,139)	—	(7,139)
Sales	579,463	67,993	—	647,456
Operating (loss)/profit	(4,440)	12,233	(4,594)	3,199
Finance costs (Note 6)				(29,281)
Interest income				2,889
Share of profit of joint venture	288			288
Loss before income tax				(22,905)
Income tax				6,170
Loss for the year				(16,735)

The segment results for the year ended 31 December 2005 are as follows:

	Glass manufacturing	Glass technology	Unallocated	Total
	€'000	€'000	€'000	€'000
Total gross segment sales	518,069	42,226	—	560,295
Inter-segment sales	—	(4,744)	—	(4,744)
Sales	518,069	37,482	—	555,551
Operating (loss)/profit	(11,784)	6,734	(7,754)	(12,804)
Finance costs (Note 6)				(28,595)
Interest income				1,538
Share of profit of joint venture	225			225
Loss before income tax				(39,636)
Income tax				654
Loss for the year				(38,982)

The segment results for the year ended 31 December 2004 are as follows:

	Glass manufacturing	Glass technology	Unallocated	Total
	€'000	€'000	€'000	€'000
Total gross segment sales	403,753	70,752	—	474,505
Inter-segment sales	—	(4,218)	—	(4,218)
Sales	403,753	66,534	—	470,287
Operating profit/(loss)	39,213	12,665	(8,380)	43,498
Finance costs (Note 6)				(26,426)
Interest income				603
Share of profit of joint venture	271			271
Loss before income tax				17,946
Income tax				(10,327)
Loss for the year				7,619

2. SEGMENTAL ANALYSIS (Continued)

Inter-segment transfers or transactions are entered into under normal commercial terms and conditions that would also be available to unrelated third parties.

Unallocated costs represent costs of the Groups legal, tax, company secretarial, treasury, controlling functions and other administrative costs.

Included in Glass Technology is €2,153,000 (2005: nil, 2004: nil) of revenue recognised according to the percentage-of-completion method. €1,100,000 (2005: nil, 2004: nil) of cost has been recognised in relation to these long term contracts.

Other segment items included in the income statement are as follows:

	Year ended 31 December 2006			
	Glass manufacturing	Glass technology	Unallocated	Total
	€'000	€'000	€'000	€'000
Depreciation	56,605	1,230	71	57,906
Amortisation—intangible assets	131	60	6	197
Amortisation—capital grant	(470)	—	—	(470)
Impairment charge	(1,909)	—	—	(1,909)
Settlement gain on pension	19,269	—	—	19,269

	Year ended 31 December 2005			
	Glass manufacturing	Glass technology	Unallocated	Total
	€'000	€'000	€'000	€'000
Depreciation	53,003	977	94	54,074
Amortisation—intangible assets	282	49	2	333
Amortisation—capital grant	(518)	—	—	(518)
Impairment charge	(32,750)	—	—	(32,750)
Settlement gain on pension	—	—	—	—

	Year ended 31 December 2004			
	Glass manufacturing	Glass technology	Unallocated	Total
	€'000	€'000	€'000	€'000
Depreciation	39,595	892	77	40,564
Amortisation—intangible assets	73	35	—	108
Amortisation—capital grant	(249)	—	—	(249)
Impairment charge	—	—	—	—
Settlement gain on pension	—	—	—	—

2. SEGMENTAL ANALYSIS (Continued)

The segment assets and liabilities at 31 December 2006 and capital expenditure for the year then ended are as follows:

	Glass manufacturing	Glass technology	Unallocated	Total
	€'000	€'000	€'000	€'000
Assets	525,281	46,400	48,469	620,150
Investment in Joint Venture	1,619	—	—	1,619
Total assets	526,900	46,400	48,469	621,769
Liabilities	(315,911)	(20,330)	(182,578)	(518,819)
Capital expenditure	29,271	3,327	28	32,626

The segment assets and liabilities at 31 December 2005 and capital expenditure for the year then ended are as follows:

	Glass manufacturing	Glass technology	Unallocated	Group
	€'000	€'000	€'000	€'000
Assets	549,129	28,513	57,746	635,388
Investment in Joint Venture	1,551	—	—	1,551
Total assets	550,680	28,513	57,746	636,939
Liabilities	(339,186)	(9,477)	(182,862)	(531,525)
Capital expenditure	51,930	561	19	52,510

The segment assets and liabilities at 31 December 2004 and capital expenditure for the year then ended are as follows:

	Glass manufacturing	Glass technology	Unallocated	Group
	€'000	€'000	€'000	€'000
Assets	470,578	43,412	9,645	523,635
Investment in Joint Venture	1,464	—	—	1,464
Total assets	472,042	43,412	9,645	525,099
Liabilities	(252,941)	(21,272)	(183,089)	(457,302)
Capital expenditure	44,777	728	229	45,734

Segment assets consist primarily of property, plant and equipment, intangible assets, inventories, receivables and operating cash.

Segment liabilities comprise operating liabilities.

Capital expenditure comprises additions to property, plant and equipment (Note 9) and intangible assets (Note 8).

Secondary reporting format

Sales	2006	2005	2004
	€'000	€'000	€'000
United Kingdom	373,042	341,198	260,526
Germany	86,338	82,926	84,361
Rest of Europe	153,610	74,389	74,425
Rest of World	34,466	57,038	50,975
	647,456	555,551	470,287

2. SEGMENTAL ANALYSIS (Continued)

Sales are allocated based on the country in which the customer is located.

Total assets	**2006**	**2005**	**2004**
	€'000	**€'000**	**€'000**
United Kingdom	417,246	426,691	358,441
Germany	106,457	95,105	102,989
Rest of Europe	98,066	115,143	63,669
	621,769	636,939	525,099

Total assets are allocated based on where the assets are located.

Capital expenditure	**2006**	**2005**	**2004**
	€'000	**€'000**	**€'000**
United Kingdom	23,852	40,229	36,830
Germany	5,690	10,536	7,024
Rest of Europe	3,084	1,745	1,880
	32,626	52,510	45,734

Capital expenditure is allocated based on where the assets are located.

3. EXPENSES BY NATURE

	2006	**2005**	**2004**
	€'000	**€'000**	**€'000**
Depreciation and amortisation	58,103	54,407	40,564
Amortisation of capital grants	(470)	(518)	(249)
Changes in inventories of finished goods and work in progress	(15,876)	(7,636)	1,284
Freight	39,022	31,968	22,596
Secondary processing	13,082	9,193	6,555
Variable production cost	188,312	149,166	108,306
Fixed production cost	239,649	197,413	134,540
Production cost non-glass	62,031	37,333	62,527
Warehousing	40,665	30,674	24,231
Stock revaluation	(6,342)	(4,380)	(2,898)
Ware purchases—third parties	67	1,022	754
Research and development	2,894	2,730	—
Other	31,944	30,764	26,210
Total cost of sales, sales, general and administration expenses	653,081	532,136	424,420
Average number of employees			
Production	2,922	2,834	2,152
Administration	549	619	451
	3,471	3,453	2,603

4. EMPLOYEE BENEFIT EXPENSE

	2006	2005	2004
	€'000	€'000	€'000
Wages and salaries	111,447	101,285	86,674
Social security costs	13,906	13,623	12,002
Pension costs	9,525	7,908	6,397
Termination benefits	7,163	621	350
	142,041	123,437	105,423

5. OTHER INCOME AND EXPENSES

	2006	2005	2004
	€'000	€'000	€'000
Costs of arbitration with Birra Peroni	—	—	(79)
Income attributable to 2003 regarding Peroni settlement	—	—	363
Abortive acquisition costs	—	—	(328)
Non trade related legal costs	(1,209)	(810)	(335)
Share option cancellation	—	(3,575)	(2,300)
Severance costs	(7,163)	(621)	(350)
Profit on sale of investment	—	468	—
Profit on disposal of property, plant & equipment	47	824	—
Impairment of property, plant & equipment	(1,909)	—	—
Impairment of goodwill—Rockware Glass	—	(32,750)	—
Negative goodwill—HSU	—	245	660
Other	(211)	—	—
Settlement gain on pension	19,269	—	—
	8,824	(36,219)	(2,369)

6. FINANCE COSTS

	2006	2005	2004
	€'000	€'000	€'000
Interest expense			
—8⅞% Senior Notes due 2013	16,918	16,918	16,918
—Bank loans, overdrafts and revolving credit facilities	6,794	7,739	7,722
—Invoice discounting facilities	2,559	1,660	1,343
—Finance leases	3,010	2,278	334
—Foreign exchange transaction loss	—	—	14
—Fair value gains on financial instruments	—	—	95
Finance costs	29,281	28,595	26,426

7. INCOME TAX CREDIT

	2006	2005	2004
	€'000	€'000	€'000
Current tax	3,203	1,438	6,859
Deferred tax	(9,373)	(2,092)	3,468
	(6,170)	(654)	10,327

7. INCOME TAX CREDIT (Continued)

The tax on the Group's loss before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated companies as follows:

	2006	2005	2004
	€'000	€'000	€'000
(Loss)/Profit before tax	(22,905)	(39,636)	17,946
(Loss)/Profit on ordinary activities multiplied by weighted effective current tax rate of the Group: 29.1% (2005: 2.1%, 2004: 35.1%)	(6,664)	(832)	6,299
Non-deductible items	7,042	142	4,842
Utilisation and carry forward of tax losses	2,400	49	(423)
Effective movement in temporary differences	(9,007)	—	—
Profits taxable at non-standard rate	59	(13)	(391)
Total tax (credit)/expense for the financial year	(6,170)	(654)	10,327

8. INTANGIBLE ASSETS

	Goodwill	Software	Other	Total
	€'000	€'000	€'000	€'000
At 1 January 2004				
Cost	87,589	690	465	88,744
Accumulated amortisation and impairment	—	(534)	(335)	(869)
Net book amount	87,589	156	130	87,875
Year ended 31 December 2004				
Opening net book amount	87,589	156	130	87,875
Exchange differences	—	11	11	22
Additions	—	123	—	123
Amortisation charge	—	(100)	(8)	(108)
Closing net book amount	87,589	190	133	87,912
Year ended 31 December 2005				
Opening net book amount	87,589	190	133	87,912
Exchange differences	—	1	2	3
Additions	—	233	11	244
Disposals	—	—	(33)	(33)
Arising on acquisitions	—	109	—	109
Impairment charge	(32,750)	—	—	(32,750)
Amortisation charge	—	(277)	(56)	(333)
Closing net book amount	54,839	256	57	55,152
Year ended 31 December 2006				
Opening net book amount	54,839	256	57	55,152
Exchange differences		1	(1)	—
Additions	—	166	—	166
Disposals	(13)	—	—	(13)
Amortisation charge	—	(157)	(40)	(197)
Closing net book amount	54,826	266	16	55,108
At 31 December 2006				
Cost	54,826	1,279	530	56,635
Accumulated amortisation and impairment	—	(1,013)	(514)	(1,527)
Net book amount	54,826	266	16	55,108

8. INTANGIBLE ASSETS (Continued)

Impairment tests for goodwill

Goodwill is allocated to the Group's cash-generating units (CGUs) as presented below:

	2006	2005	2004
	€'000	€'000	€'000
Rockware Glass	46,010	46,023	78,773
Abruzzo Vetro	8,816	8,816	8,816
	54,826	54,839	87,589

The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a five-year period. No growth rate has been assumed beyond the five-year period. The terminal value is estimated based on capitalising the year 6 cashflows in perpetuity using a rate of 15%. The discount rate used was 15%. This rate is pre-tax and reflects specific risks relating to the relevant business segment. These assumptions have been used for the analysis of each CGU within each business segment. Management determined budgeted cash-flows based on past performance and its expectations for the market development. If a discount rate of 25% had been used the estimated value in use would have approximated its carrying value.

9. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings	Plant and machinery	Long-life moulds	Office equipment and vehicles	Total
	€'000	€'000	€'000	€'000	€'000
Cost					
At 1 January 2005	100,055	406,079	22,920	8,387	537,441
Acquisitions	26,202	17,396	5,367	718	49,683
Additions	2,097	38,562	10,804	803	52,266
Disposals	(9,583)	(11,387)	(8,863)	(184)	(30,017)
Transfers	—	(38)	—	38	—
Exchange movement	2,546	11,461	585	194	14,786
At 31 December 2005	121,317	462,073	30,813	9,956	624,159
Depreciation					
At 1 January 2005	(24,438)	(265,476)	(9,355)	(5,495)	(304,764)
Charge for the year	(3,447)	(38,053)	(11,035)	(1,539)	(54,074)
Disposals	184	11,344	7,964	152	19,644
Exchange movement	(767)	(7,939)	(270)	(140)	(9,116)
At 31 December 2005	(28,468)	(300,124)	(12,696)	(7,022)	(348,310)
Net book value					
At 31 December 2005	92,849	161,949	18,117	2,934	275,849

9. PROPERTY, PLANT AND EQUIPMENT (Continued)

	Land and buildings	Plant and machinery	Long-life moulds	Office equipment and vehicles	Total
	€'000	€'000	€'000	€'000	€'000
Cost					
At 1 January 2006	121,317	462,073	30,813	9,956	624,159
Additions	1,193	21,262	8,787	1,218	32,460
Disposals	(16)	(514)	(8,742)	(450)	(9,722)
Transfers	—	1,115	70	(1,185)	—
Exchange movement	2,040	8,833	496	170	11,539
At 31 December 2006	124,534	492,769	31,424	9,709	658,436
Depreciation					
At 1 January 2006	(28,468)	(300,124)	(12,696)	(7,022)	(348,310)
Charge for the year	(3,722)	(39,393)	(13,413)	(1,378)	(57,906)
Disposals	16	178	8,608	345	9,147
Transfers	—	(1,310)	103	1,207	—
Impairment	—	(409)	(1,493)	(7)	(1,909)
Exchange movement	(468)	(7,225)	(249)	883	(7,059)
At 31 December 2006	(32,642)	(348,283)	(19,140)	(5,972)	(406,037)
Net book value					
At 31 December 2006	91,892	144,486	12,284	3,737	252,399

Depreciation expense of €57,073,615 (2005: €52,861,637, 2004: €39,641,277) has been charged in cost of sales and €832,280 (2005: €1,212,433, 2004: €923,003) in sales, general and administration expenses.

Operating lease rentals amounting to €10,232,000 (2005: €6,365,000, 2004: €4,203,000) relating to the lease of plant and equipment are included in the income statement.

An impairment charge of €1,909,000 was recognised in 2006 relating to the November 2006 furnace closure at the Barnsley plant.

10. INVESTMENT IN JOINT VENTURE

	2006	2005	2004
	€'000	€'000	€'000
At 1 January	1,551	1,464	1,728
Share of retained profit for the financial year	288	225	313
Dividends received	(220)	(138)	(577)
At 31 December	1,619	1,551	1,464

10. INVESTMENT IN JOINT VENTURE (Continued)

	2006	2005	2004
	€'000	€'000	€'000
Share of gross assets	1,626	1,821	1,880
Share of gross liabilities	(689)	(952)	(1,098)
Goodwill	682	682	682
	1,619	1,551	1,464

11. DERIVATIVE FINANCIAL INSTRUMENTS

	2006		2005		2004	
Current	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
	€'000	€'000	€'000	€'000	€'000	€'000
Interest rate swaps—cash flow hedges	287	—	—	(768)	—	—

Financial instruments are classified as a current asset or liability. The full fair value of a hedging derivative is classified as a non-current asset or liability if the remaining maturity of the hedged item is more than 12 months and, as a current asset or liability, if the maturity of the hedged item is less than 12 months.

Interest rate swaps

The notional principal amount of the outstanding interest rate swap contract at 31 December 2006 is £30,000,000.

At 31 December 2006, the fixed interest rate is 5.15% and the main floating rate is LIBOR.

12. INVENTORIES

	2006	2005	2004
	€'000	€'000	€'000
Raw materials and consumables	32,035	32,310	24,241
Short-life moulds	2,077	2,206	2,080
Work in progress	1,731	3,463	4,942
Finished goods	85,602	74,144	49,686
	121,445	112,123	80,949

13. TRADE AND OTHER RECEIVABLES

	2006	2005	2004
	€'000	€'000	€'000
Trade receivables	104,876	94,021	68,492
Other receivables and prepayments	8,780	8,108	11,797
Loans to related parties	—	—	1,428
	113,656	102,129	81,717

13. TRADE AND OTHER RECEIVABLES (Continued)

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

There is no concentration of credit risk with respect to trade receivables as the Group has a large number of customers, internationally dispersed.

Heye Glas transferred receivables balances amounting to €14,700,000 to BNP Paribas in exchange for cash as at 31 December 2006 (2005: €14,983,275). The transaction has been accounted for as a collateralised borrowing

The Group has recognised a provision of €1,737,506 (2005: €1,738,877, 2004: €904,623) for the impairment of its trade receivables during the year ended 31 December 2006. The creation and usage of provision for impaired receivables have been included in "sales, general and administration expenses" in the income statement.

14. TRADE AND OTHER PAYABLES

	2006	2005	2004
	€'000	€'000	€'000
Trade payables	90,962	69,277	60,591
Other payables and accruals	31,154	30,186	21,161
Customer deposits	11,358	6,739	3,048
Amounts owed to joint venture	24	80	121
VAT payable	1,395	343	—
Current taxes payable	—	—	10,038
Other tax and social security payable	3,113	4,392	5,566
	138,006	111,017	100,525

15. BORROWINGS

	2006			2005			2004		
	Current	Non-current	Total	Current	Non-current	Total	Current	Non-current	Total
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
$8\frac{7}{8}$% Senior Notes due 2013	(820)[(1)]	168,999	168,179	(820)[(1)]	167,608	166,788	(820)[(1)]	166,348	165,528
Bank loans, overdrafts and revolving credit facilities	14,595	79,551	94,146	10,051	86,633	96,684	12,594	91,394	103,988
Invoice discounting facilities	25,150	—	25,150	13,385	—	13,385	1,974	—	1,974
Finance leases	5,141	32,783	37,924	4,744	36,967	41,711	1,204	2,665	3,869
	44,066	281,333	325,399	27,360	291,208	318,568	14,952	260,407	275,359

(1) This amount relates to deferred finance costs to be amortised in the next twelve months.

15. BORROWINGS (Continued)

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

	2006	2005	2004
	€'000	€'000	€'000
Within 1 year or on demand	44,066	27,360	14,952
Between 1 and 2 years	11,990	12,449	12,243
Between 2 and 5 years	34,589	33,352	21,427
Greater than 5 years	234,754	245,407	226,737
	325,399	318,568	275,359

The following table outlines our principal financing arrangements as at 31 December 2006:

Facility	Currency	Maximum amount drawable	Final maturity date	Facility type	Amount drawn as at 31 December 2006		Undrawn Amount
		Local currency (millions)			Local currency (millions)	€ (millions)	€ (millions)
8⅞% Senior Notes due 2013	EUR	175.0	01 July 2013	Bullet	175.0	175.0	—
Rockware Anglo Irish Senior Secured Credit Facility	GBP	65.0	31 December 2010	Amortising	55.0	81.6	—
Rockware Barclays Invoice Discounting Agreement	GBP	35.0	31 March 2008	Revolving	7.9	11.7	40.2
Rockware Barclays Revolving Loan and Ancillary Facility	GBP	6.0	31 March 2008	Revolving	4.0	5.9	3.0
HVB Heye International Working Capital and Performance Guarantee Credit Lines	EUR	1.0	31 December 2008	Revolving	—	—	1.0
Heye Glas Receivables Discounting Facility	EUR	25.0	01 October 2007	Revolving	13.4	13.4	11.6
Heye Glas Inventory Discounting Facility	EUR	15.0	01 October 2007	Revolving	—	—	15.0
Heye Glas Anglo Irish Term Loan	EUR	10.0	31 December 2012	Amortising	6.7	6.7	—
HSU Zachodni WBK S.A. Overdraft	PLZ	5.0	08 March 2008	Revolving	—	—	1.3
HSU Pekao S.A. Overdraft	PLZ	5.0	31 January 2008	Revolving	—	—	1.3
HSU Voivodship Environmental Protection Loan	PLZ	2.1	20 November 2007	Amortising	0.6	0.2	—
Redfearn Finance Lease Real Estate	GBP	11.5	24 May 2020	Amortising	10.7	15.9	—
Redfearn Finance Lease Plant and Equipment	GBP	17.0	24 May 2012	Amortising	14.0	20.8	—
Finance lease arrangements	EUR			Amortising	1.7	1.7	—
Deferred financing costs						(7.5)	—
Total borrowings/Undrawn facilities						325.4	73.4
Cash at bank and in hand						(68.0)	68.0
Net borrowings/Available liquidity						257.4	141.4

As at 31 December 2006 the Group had undrawn credit lines of up to €73.4 million at its disposal together with cash resources of €68.0 million giving rise to available liquidity of €141.4 million.

The following is a brief summary of our principal financing arrangements. The following summaries do not purport to describe all of the applicable terms and conditions of such arrangements and are qualified in their entirety by reference to the actual agreements.

15. BORROWINGS (Continued)

8⅞% Senior Notes due 2013

In July 2003, Ardagh Glass Finance B.V. issued €175 million 8⅞% senior notes due 2013.

The notes are the general unsecured obligations of Ardagh Glass Finance B.V. and rank senior in right of payment to any and all of its existing and future unsecured debt that is subordinated in right of payment to the notes. The notes also rank equally in right of payment with all of Ardagh Glass Finance B.V.'s existing and future unsecured debt that is not subordinated in right of payment to the notes, and effectively subordinated to all existing and future secured debt of Ardagh Glass Finance B.V. to the extent of the assets securing such debt.

Ardagh Glass Holdings Limited and certain of its direct and indirect wholly owned subsidiaries have guaranteed payment under the notes on a senior and on a senior subordinated basis, respectively. In addition, the senior guarantee from Ardagh Glass Holdings Limited is effectively subordinated to all existing and future obligations of its direct and indirect wholly owned subsidiaries.

Anglo Irish Senior Secured Credit Facility

Ardagh Glass (UK) Ltd and Ardagh Treasury Ltd entered into a facility agreement dated June 26, 2003, with Anglo Irish Bank Corporation plc, providing for senior secured borrowings in an aggregate principal amount of up to £65,000,000, all of which was drawn in July 2003 and £55,000,000 of which remains outstanding as at 31 December 2006. In March 2006 the terms of this facility were amended to suspend the interest cover covenant until March 2009 and the term of the loan has been extended by two years and it will now mature in December 2010.

The facility is secured by a guarantee and debenture creating fixed and floating charges over the property and other assets of each member of the Ardagh Glass (UK) Ltd sub-group and Ardagh Treasury Ltd. Interest charges are based on LIBOR plus a margin.

Barclays Bank Invoice Discounting Facility Agreement

Rockware entered into a facility agreement dated 20 November 2003 with Barclays Bank pursuant to which Barclays Bank has made available an invoice discounting facility of up to a maximum aggregate principal amount of £35,000,000 for a minimum period of 36 months. As security for this facility, Rockware has granted Barclays Bank an assignment over certain of its receivables. Interest charges are based on LIBOR plus a margin.

Barclays Bank Revolving Credit Facility Agreement

Rockware Glass Ltd, Ardagh Glass (UK) Ltd and Ardagh Treasury Ltd are parties to a facility agreement dated 20 November 2003 with Barclays Bank pursuant to which Barclays Bank has made available a multicurrency revolving loan facility of up to a maximum aggregate principal amount of £4,000,000.

The facility is secured by a guarantee and debenture creating fixed and floating charges over the property and other assets of each member of the Ardagh Glass (UK) Ltd sub-group and Ardagh Treasury Ltd. Interest charges are based on LIBOR plus a margin.

15. BORROWINGS (Continued)

Barclays Bank Multi Option Facility Agreement

Pursuant to a multi option facility agreement dated 20 November 2003 Barclays Bank has made available to Rockware Glass Ltd an overdraft and ancillary facility of up to a maximum aggregate principal amount of £2,000,000.

This facility is secured by a guarantee and debenture creating fixed and floating charges over the property and other assets of each member of the Ardagh Glass (UK) Ltd sub-group and Ardagh Treasury Ltd. Interest charges are based on LIBOR plus a margin.

HVB (Bayerische Hypo- und Vereinsbank) Working Capital and Performance Guarantee Credit Lines

Heye International supports its business activities with two open lines of credit from Bayerische Hypo- und Vereinsbank pursuant to an agreement dated December 2005.

Heye International is entitled to draw up to €1,000,000 on one of the lines of credit for the purposes of financing its short-term working capital requirements. The second credit line is available for up to €15,000,000 of guarantee payments relating to Heye International's project business.

These facilities are secured by a pledge of all Heye International's present and future property, plant and equipment and intangible assets, an assignment over all present and future claims resulting from delivery of goods and services to domestic and foreign customers and an assignment over all existing and future trade receivables.

Heye Glas Receivables Discounting Facility

Heye Glas and Utexam Trade Ltd ("UTL"), an affiliate of BNP Paribas, are parties to a discounting agreement dated 7 April 2005 up to an aggregate principal amount of €25,000,000. Pursuant to this agreement, Heye Glas has agreed to offer to sell to UTL on an ongoing basis all of its future trade receivables in respect of product sales. UTL has agreed to make scheduled advanced payments to Heye Glas based on 80% of the value of the applicable trade receivables, subject to certain limits and exceptions. Interest charges are based on EURIBOR plus a margin.

Heye Glas Inventory Discounting Facility

Heye Glas and Utexam Logistics Ltd ("ULL"), an affiliate of BNP Paribas, are parties to a discounting agreement dated 7 April 2005 up to an aggregate principal amount of €15,000,000. Pursuant to this agreement, Heye Glas has agreed to offer to sell to ULL on an ongoing basis all of its future finished goods inventory. ULL has agreed to make scheduled advanced payments to Heye Glas based on 80% of the value of the finished goods inventory, subject to certain limits and exceptions. Interest charges are based on EURIBOR plus a margin.

Anglo Irish Heye Glas Term Loan

On 28 October 2003, Heye Glas GmbH entered into a facility agreement with Anglo Irish Bank Corporation plc pursuant to which Anglo Irish Bank Corporation plc made available up to an aggregate principal amount of €10,000,000 exclusively for investment purposes.

Borrowings under the facility are guaranteed by Ardagh Glass Holdings Limited and Heye International GmbH, each in an aggregate principal amount of €500,000. Payments under the Heye International guarantee are subject to prior repayment of the Vereins Term Loan and Vereins Working

15. BORROWINGS (Continued)

Capital and Performance Guarantee Credit Lines. Borrowings are also guaranteed as to 80.0% by the Federal States of Lower Saxony and Rhineland Palatinate.

As security, Heye Glas granted in favor of Anglo Irish Bank Corporation a land charge in respect of the Obernkirchen and Germersheim premises and certain other security assignments. Interest charges are based on EURIBOR plus a margin.

HSU Zachodni WBK S.A. Overdraft & HSU Pekao S.A. Overdraft

WBK S.A. and Pekao S.A. have each made overdraft facilities of up to PLZ 5.0 million available to HSU. These facilities are secured by a charge over certain receivables and inventory. Interest charges are based on WIBOR plus a margin.

Voivodship Environmental Protection Loan

Pursuant to a facility agreement dated 16 December 2003 HSU received funding of PLZ 2.1 million on preferential terms from a Polish State agency charged with promoting environmental protection. This facility is secured, to a maximum amount of PLZ 2.1 million, by certain specific receivables of HSU. Interest is based on a fraction of WIBOR.

Rockware Finance Lease Real Estate

Redfearn (now part of Rockware) entered into a sale and lease back arrangement with Enville Ltd, an affiliate of Anglo Irish Bank Corporation plc, on 24 May 2005 whereby it sold all its land and buildings to Enville for £18.0 million and leased them back over a fifteen year period in exchange for fixed rental payments which are subject to rent review every five years. Associated with these arrangements Ardagh Glass (UK) Ltd has given certain guarantees and indemnities to Anglo Irish Bank Corporation plc and on the occurrence of specified events Ardagh Glass (UK) Ltd could be required to acquire Anglo Irish Bank Corporation plc's interest in Enville. In compliance with IFRS the portion of the lease relating to the land value, £6.5 million, is accounted for as an operating lease while the balance of the lease is accounted for as a finance lease.

Rockware Finance Lease Plant and Equipment

Redfearn (now part of Rockware) entered into a finance lease arrangement with Anglo Irish Asset Finance plc on 24 May 2005 whereby it sold a substantial portion of its moveable plant and equipment to Anglo Irish Asset Finance plc and leased it back over a period of seven years. Associated with these arrangements Ardagh Glass (UK) Ltd has given certain guarantees and indemnities to Anglo Irish Asset Finance plc and on the occurrence of specified events Ardagh Glass (UK) Ltd could be required to acquire Anglo Irish Asset Finance plc interest in the leased assets. In compliance with IFRS the entire lease is accounted for as a finance lease.

15. BORROWINGS (Continued)

The exposure of the Group's borrowings to interest rate changes and contractual repricing dates at the balance sheet date are as follows:

	2006	2005	2004
	€'000	€'000	€'000
Within 1 year	80,110	69,022	109,077
1-5 years	40,951	43,915	1,018
Greater than 5 years	204,338	205,631	165,264
	325,399	318,568	275,359

The effective interest rates at the balance sheet date are as follow:

	2006			2005			2004		
	€	£	PLZ	€	£	PLZ	€	£	PLZ
8⅞% Senior Notes due 2013	9.39%	—	—	9.39%	—	—	9.39%	—	—
Bank overdrafts	—	6.50%	5.32%	—	6.00%	5.80%	—	6.00%	8.66%
Invoice discounting	4.80%	6.65%	—	3.47%	5.75%	—	3.88%	5.75%	—
Bank borrowings	5.79%	6.90%	—	4.47%	6.75%	—	4.39%	6.75%	—

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

	2006	2005	2004
	€'000	€'000	€'000
Euro	195,210	190,629	193,490
Pound Sterling	129,569	125,465	77,734
Polish Zloty	620	2,474	4,135
	325,399	318,568	275,359

The Group has the following undrawn borrowing facilities:

	2006	2005	2004
	€'000	€'000	€'000
Floating rate:			
—Expiring within one year	27,600	29,100	17,200
—Expiring beyond one year	45,800	62,100	47,800
	73,400	91,200	65,000

As at 31 December 2006 the 8⅞% Senior Notes due 2013 were trading at €0.8925 (source: Citi).

16. DEFERRED INCOME TAX

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 relate to the same fiscal authority. The offset amounts are as follows:

	2006	2005	2004
	€'000	€'000	€'000
Deferred tax assets:			
Deferred tax asset to be recovered after more than 12 months	9,232	18,666	13,548
Deferred tax liability:			
Deferred tax liability to be recovered after more than 12 months	(17,669)	(31,244)	(29,809)
	(8,437)	(12,578)	(16,261)

The gross movement on the deferred income tax account is as follows:

	2006	2005	2004
	€'000	€'000	€'000
At 1 January	(12,578)	(16,261)	(13,475)
Acquired	—	(1,226)	703
Income statement credit	9,373	2,091	(3,468)
Tax (credited)/charged to equity	(4,952)	3,474	(190)
Exchange movement	(280)	(656)	169
At 31 December	(8,437)	(12,578)	(16,261)

The movement in deferred tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

Deferred tax liabilities:

	Accelerated tax depreciation	Fair value gains	Other	Total
	€'000	€'000	€'000	€'000
At 1 January 2004	(25,955)	—	(54)	(26,009)
Credited to the income statement	(4,034)	—	—	(4,034)
Acquisition of subsidiary	—	—	—	—
Exchange movement	234	—	—	234
At 31 December 2004	(29,755)	—	(54)	(29,809)
Credited to the income statement	838	—	3	841
Acquisition of subsidiary	—	(1,226)	—	(1,226)
Exchange movement	(1,055)	7	(2)	(1,050)
At 31 December 2005	(29,972)	(1,219)	(53)	(31,244)
Credited to the income statement	14,211	—	—	14,211
Exchange movement	(611)	(25)	—	(636)
At 31 December 2006	(16,372)	(1,244)	(53)	(17,669)

16. DEFERRED INCOME TAX (Continued)

Deferred tax assets:

	Pension	Other	Total
	€'000	€'000	€'000
At 1 January 2004	12,534	—	12,534
Credited/(charged) to the income statement	566	—	566
Charged to equity	(190)	—	(190)
Acquisition of subsidiary	—	703	703
Exchange movement	(65)	—	(65)
At 31 December 2004	12,845	703	13,548
Credited/(charged) to the income statement	1,371	(121)	1,250
Charged to equity	3,474	—	3,474
Exchange movement	359	35	394
At 31 December 2005	18,049	617	18,666
(Charged)/credited to the income statement	(5,398)	560	(4,838)
Credited to equity	(4,952)	—	(4,952)
Exchange movement	356	—	356
At 31 December 2006	8,055	1,177	9,232

The deferred income tax credited to equity during the year was €4,952,000 (2005 charge: €3,474,000 2004: (€190,000)) related to the actuarial loss on the pension schemes.

The Group did not recognise deferred income tax assets of €3,227,000 (2005: nil 2004: nil) in respect of losses amounting to €10,755,000 (2005: nil 2004: nil) that can be carried forward against future taxable income.

17. DEFERRED INCOME—GOVERNMENT GRANTS

	2006	2005	2004
	€'000	€'000	€'000
At 1 January	3,812	779	1,028
Acquired	—	3,569	—
Amortisation for the year	(470)	(518)	(249)
Exchange movement	63	(18)	—
At 31 December	3,405	3,812	779
Classified as:			
Deferred income—current liability	470	700	249
Deferred income—non-current liability	2,935	3,112	530
	3,405	3,812	779

18. PROVISIONS FOR LIABILITIES AND CHARGES

	2006		2005		2004	
	Other	Employee-related	Other	Employee-related	Other	Employee-related
	€'000	€'000	€'000	€'000	€'000	€'000
At 1 January	489	5,565	383	5,499	—	4,903
Acquired	—	—	—	416	375	449
Provided during the year	163	875	87	655	—	559
Released during the year	(483)	—	—	(495)	—	(103)
Utilised during the year	(77)	(1,564)	—	(576)	—	(348)
Exchange movements	(5)	41	19	66	8	39
At 31 December	87	4,917	489	5,565	383	5,499

Employee-related provisions include:

(a) Obligations in the United Kingdom to pay certain employees accrued holiday entitlements when they leave the Group's employment amounting to €1,841,000 (2005: €1,903,000, 2004: €1,591,000).

(b) Obligations in the United Kingdom to provide death benefits to employees who have previously been made redundant amounting to €95,000 (2005: €93,000, 2004: €145,000). The liability to provide death benefits to employees has been calculated by reference to quotations provided by the Group's insurance advisors to insure the risk. The directors have and will continue to take out annual insurance cover throughout the period the Group is obliged to provide former employees with life assurance.

(c) Legal obligations in Italy to pay benefits to employees when they cease to be employed by the Group amounting to €1,087,000 (2005: €1,043,000, 2004: €891,000).

(d) Obligations in Germany under an old age part-time work scheme amounting to €812,000 (2005: €1,417,000, 2004: €1,485,000). Under the scheme employees over the age of 55 are entitled to apply for old age part-time work which leads to early retirement at a reduced cost to the Group.

(e) Obligations in Germany to provide jubilee benefits to employees upon completion of certain lengths of service amounting to €804,000 (2005: €888,000, 2004: €754,000).

(f) Obligations in Poland to provide jubilee and other benefits to employees upon completion of certain lengths of service amounting to €278,000 (2005: €226,000, 2004: €633,000).

All employee related provisions will crystallise as the service lives of the employees concerned comes to an end.

Other provisions include:

Provision in relation to possible environmental penalties in Poland €87,000 (2005: €489,000, 2004: €383,000).

A provision of €483,000 relating to noise emissions in Poland was released during the year.

19. RETIREMENT BENEFIT OBLIGATIONS

Most group operating companies have pension plans, the forms and benefits of which vary with conditions and practices in the countries concerned. Details relating to principal pension plans are set out below.

19. RETIREMENT BENEFIT OBLIGATIONS (Continued)

Ireland and the United Kingdom

The Group operates funded defined benefit plans in Ireland and the United Kingdom, with retirement benefits based on the employees' pensionable salary and length of service. The assets of the plans are held separately from those of the Group, being invested with professional investment managers. Contributions to the plans are based on advice from independent actuaries using actuarial methods, the objective of which is to provide adequate funds to meet pension obligations as they fall due. The date of the last actuarial valuations in Ireland and the United Kingdom were 1 May 2004 and 6 April 2002, respectively. These valuations have been updated at 31 December 2006 by a qualified independent actuary.

The terms of the Rockware Pension Scheme were changed, by agreement with the Trustees and members, to a shared cost scheme with effect from 1 January 2006. The scheme is funded on a shared cost basis whereby the employees fund one third of the cost of providing the benefits and Rockware funds two thirds of the cost. As a result of this change Rockware has no obligation to fund the employee share of any pension deficit. On 1 January 2006 one third of the Rockware pension deficit was derecognised. This has been treated as a settlement gain on the pension and as a result a credit of €19,269,000 has been recognised on the "Other Income and Expense" line in the Income Statement. One third of the related deferred tax asset €5,887,000 was also derecognised on 1 January 2006. The net credit to the Income Statement amounts to €13,382,000.

Germany and Poland

The Group operates unfunded defined benefit plans in Germany and Poland, with retirement benefits based on the employees' pensionable salary and length of service.

	2006	2005	2004
	€'000	€'000	€'000
Balance sheet obligations for:			
Pension benefits	27,925	60,062	44,948
	27,925	60,062	44,948

	2006	2005	2004
	€'000	€'000	€'000
Income statement charge for:			
Pension benefits	9,525	7,908	6,397
	9,525	7,908	6,397

Pension Benefits

The amounts recognised in the balance sheet are determined as follows:

	2006	2005	2004
	€'000	€'000	€'000
Present value of funded obligations	(174,141)	(247,443)	(191,547)
Fair value of plan assets	148,123	189,528	148,163
	(26,018)	(57,915)	(43,385)
Present value of unfunded obligations	(1,907)	(2,147)	(1,563)
Liability in the balance sheet	(27,925)	(60,062)	(44,948)

19. RETIREMENT BENEFIT OBLIGATIONS (Continued)

The amounts recognised in the income statement are as follows:

	2006	2005	2004
	€'000	€'000	€'000
Current service cost	(11,018)	(8,864)	(6,882)
Interest income	1,493	956	485
Total, included in staff costs (Note 4)	(9,525)	(7,908)	(6,397)

Of the current service cost, €1,215,000 (2005: €797,000, 2004: €746,000) and €9,803,000 (2005: €8,067,000, 2004: €6,136,000) were included in "sales, general and administration expenses" and "cost of sales" respectively.

The actual return on plan assets was €12,768,000 (2005: €34,057,000, 2004: €14,595,000).

The movement in the defined benefit obligation over the year is as follows:

	2006	2005	2004
	€'000	€'000	€'000
Beginning of the year	(249,590)	(193,111)	(169,793)
Acquired balance	—	—	(6,159)
Settlement	80,617	—	—
Current service cost	(12,435)	(12,164)	(9,093)
Interest cost	(8,086)	(10,653)	(9,969)
Actuarial (losses)/gains	13,591	(34,125)	(3,508)
Exchange differences	(5,436)	(5,331)	1,147
Contributions/benefits paid	5,291	5,794	4,264
End of the year	(176,048)	(249,590)	(193,111)

The movement in the fair value of plan assets over the year is as follows:

	2006	2005	2004
	€'000	€'000	€'000
Beginning of the year	189,528	148,163	126,873
Acquired balance	—	—	5,435
Settlement	(61,348)	—	—
Expected return on plan assets	9,579	11,609	10,454
Actuarial gains	3,189	22,448	4,141
Employer contributions	7,146	5,777	4,425
Employee contributions	1,417	3,300	2,211
Exchange differences	3,888	4,006	(4,251)
Contributions/benefits paid	(5,276)	(5,775)	(1,125)
End of the year	148,123	189,528	148,163

19. RETIREMENT BENEFIT OBLIGATIONS (Continued)

Plan assets are comprised as follows:

	2006	2005	2004
	€'000	€'000	€'000
Equities	109,895	151,727	117,756
Target return funds	29,707	—	—
Bonds	7,330	34,463	28,982
Property	—	362	318
Cash/other	1,191	2,976	1,107
	148,123	189,528	148,163

	2006	2005	2004
	€'000	€'000	€'000
Actuarial (gains) and losses recognised in the SORIE	16,781	(11,823)	633
The cumulative actuarial (gains) and losses recognised in the SORIE	4,958	(11,190)	633

The principal pension assumptions used were as follows:

	2006			
	Ireland	UK	Germany	Poland
	%	%	%	%
Rate of increase in salaries	4.00	3.40	1.80	1.25
Rate of increase in pensions	0.00	2.90	1.50	1.25
Discount rate	4.00	5.30	4.50	4.98
Expected return on plan assets	3.75	7.75	n/a	n/a

	2005			
	Ireland	UK	Germany	Poland
	%	%	%	%
Rate of increase in salaries	3.50	3.50	1.80	1.25
Rate of increase in pensions	0.00	3.00	1.50	1.25
Discount rate	4.00	4.80	4.00	4.98
Expected return on plan assets	6.00	7.40	n/a	n/a

	2004			
	Ireland	UK	Germany	Poland
	%	%	%	%
Rate of increase in salaries	4.00	3.40	2.00	2.00
Rate of increase in pensions	0.00	3.00	1.50	2.00
Discount rate	4.50	5.30	5.00	2.00
Expected return on plan assets	5.68	7.45	n/a	n/a

The Group has made assumptions relating to mortality, the age at which members retire or leave the Scheme, the proportion of members who are married, etc. The Scheme does not have sufficient members to determine most of these assumptions reliably based on its own experience; therefore the Group has used statistics based on larger populations or from published national and regional tables and the advice of its actuaries in determining the most appropriate assumptions to use. While allowance has been made for continuing improvements in life expectancy allowance has also been made

19. RETIREMENT BENEFIT OBLIGATIONS (Continued)

to reflect the location of the five United Kingdom plants, the nature of the members' occupations and the experience of mortality in Northern England and Scotland compared to the United Kingdom average.

The Group's best estimate of contributions expected to be paid in 2007 is €3,455,000.

The expected return on plan assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the balance sheet date. Expected returns on equity and property investments reflect long-term real rates of return experienced in the respective markets.

20. CALLED UP SHARE CAPITAL

	2006	2005
	€'000	€'000
Ardagh Glass Holdings Limited		
Authorised:		
1,000,000 ordinary shares of €1 each	1,000	1,000
Issued:		
2 ordinary shares of €1 each	—	—

	2005	2004
	€'000	€'000
Ardagh Glass Ltd		
Authorised:		
40,000,000 preferred ordinary shares of €Nil each	—	—
1,000 special redeemable preference shares of €1 each	1	1
1 deferred share of €1	—	—
	1	1
Issued:		
—(2004: 13,346,539) preferred ordinary shares of €Nil each	—	—
1 deferred share of €1	—	—
	—	—

21. RESERVES

	Share Capital	Reserves: Share Premium	Reserves: Capital contribution	Reserves: Reserves	Minority interest	Total
Balance at 1 January 2004	427	21,426	—	61,087	—	82,940
Foreign currency translation adjustments	—	—	—	603	—	603
Pension scheme actuarial gain	—	—	—	633	—	633
Deferred taxation on actuarial gain	—	—	—	(190)	—	(190)
Cash flow hedges	—	—	—	—	—	—
Net expenses recognised directly in equity	—	—	—	1,046	—	1,046
(Loss)/Profit for the year	—	—	—	7,025	594	7,619
Total recognised income for 2005	—	—	—	8,071	594	8,665
Minority interest arising on acquisition	—	—	—	—	3,043	3,043
Employee share option scheme—Value of employee services	574	—	—	—	—	574
Redemption of preferred ordinary shares	—	(6,745)	—	(20,681)	—	(27,425)
Balance as at 31 December 2004	1,001	14,681	—	48,477	3,637	67,797
Balance at 1 January 2005	1,001	14,681	—	48,477	3,637	67,797
Foreign currency translation adjustments	—	—	—	2,510	—	2,510
Pension scheme actuarial gain	—	—	—	(11,823)	—	(11,823)
Deferred taxation on actuarial gain	—	—	—	3,474	—	3,474
Cash flow hedges	—	—	—	(768)	—	(768)
Net expenses recognised directly in equity	—	—	—	(6,607)	—	(6,607)
(Loss)/Profit for the year	—	—	—	(39,248)	266	(38,982)
Total recognised (expense)/income for 2005	—	—	—	(45,855)	266	(45,589)
Employee share option scheme —Cancellation of share options	(1,001)	—	—	—	—	(1,001)
Share redemption	—	(129)	—	—	—	(129)
Receipt of capital contribution	—	—	111,154	—	—	111,154
Differences arising on pooling of interests	—	(14,552)	(10,504)	—	—	(25,056)
Purchase of minority interest	—	—	—	—	(1,762)	(1,762)
	(1,001)	(14,681)	100,650	—	(1,762)	83,206
Balance as at 31 December 2005	—	—	100,650	2,622	2,141	105,414

21. RESERVES (Continued)

		Reserves				
	Share Capital	**Share Premium**	**Capital contribution**	**Reserves**	**Minority interest**	**Total**
Balance at 1 January 2006	—	—	100,650	2,622	2,141	105,414
Foreign currency translation adjustments	—	—	—	1,457	—	1,457
Pension scheme actuarial gain	—	—	—	16,781	—	16,781
Deferred taxation on actuarial (loss)	—	—	—	(4,952)	—	(4,952)
Cash flow hedges	—	—	—	1,055	—	1,055
Net income recognised directly in equity	—	—	—	14,341	—	14,341
(Loss)/Profit for the year	—	—	—	(17,067)	332	(16,735)
Total recognised (expense)/income for 2006	—	—	—	(2,726)	332	(2,394)
Purchase of minority interest	—	—	—	—	(69)	(69)
	—	—	—	—	(69)	(69)
Balance as at 31 December 2006		—	100,650	(104)	2,404	102,950

The cumulative amount of translation adjustments in equity is €10.1 million as at 31 December 2006 (2005: €8.7 million).

22. SHARE BASED PAYMENTS

On 1 October 2006 1,000,000 share options were granted under a new share option scheme.

Expected vesting dates	**Options exercisable**	**Vesting periods (months)**	**Risk free rate of return**	**Volatility**	**Fair Value**
					€'000
01 October 2007	333,333	12	4.00%	25%	0.12
01 October 2008	333,333	24	4.00%	25%	0.18
01 October 2009	333,334	36	4.00%	25%	0.22

The option may be exercised in whole or in part at any time and from time to time up to and including 30 September 2011.

The exercise price of the options awarded under the 2006 plan was fixed at €1.00.

The fair value of options granted was measured by a Black-Scholes pricing model. The grant date fair value was determined by reference to recent transactions in the ordinary share capital of the company.

The expected volatility rates applied were based upon the weighted average historical volatility of comparable companies over an equivalent period to the period from valuation dates to expected exit dates. The risk-free interest rates used were based upon euro-denominated government bonds with similar lives. No dividend yield was included in the model as Ardagh had no history or expectation of regular dividend payments at the valuation dates.

22. SHARE BASED PAYMENTS (Continued)

The table below shows the key numbers in relation to the share option schemes for both 2006 and 2005:

	2006	2005	2004
	€'000	€'000	€'000
Income statement charge	23	3,575	2,903
Charge to equity	23	1,001	—
Payments to cancel share options	—	4,576	2,300

23. MINORITY INTERESTS

	2006	2005	2004
	€'000	€'000	€'000
At 1 January	2,141	3,637	—
Arising on prior year acquisitions	—	—	1,215
Arising on acquisitions (note 26)	—	—	1,828
Purchase of minority interest in HSU	(69)	(1,762)	—
Profit for the financial year	332	266	594
At 31 December	2,404	2,141	3,637

During 2005 Heye Holding GmbH acquired a further 14.21% of Huta Szkła Ujście S.A. and its subsidiaries. Consideration of €1,517,071 was paid for additional net assets of €1,762,419, which resulted in negative goodwill of €245,348 which was credited to the income statement in accordance with IFRS.

During 2006 Heye Holding GmbH acquired the remaining 2.6% of Huta Szkła Ujście S.A. and its subsidiaries. Consideration of €280,078 was paid. Following this acquisition Huta Szkła Ujście S.A. became a 100% subsidiary of Ardagh.

24. CASH GENERATED FROM OPERATIONS

	2006	2005	2004
	€'000	€'000	€'000
Loss for the period	(16,735)	(38,982)	7,619
Adjustments:			
Tax	(6,170)	(654)	10,327
Depreciation of PPE/intangible assets	58,103	54,407	40,672
Amortisation of capital grants	(470)	(518)	(249)
Net Finance costs	26,392	27,057	25,823
Negative goodwill	—	(245)	(660)
Share option cancellation	—	3,575	2,300
Profit on disposal of fixed assets	(47)	(1,292)	—
Impairment of fixed assets	1,909	—	—
Impairment charge	—	32,750	—
Other	211	—	—
Share of profit of joint venture	(288)	(225)	(271)
	62,905	75,873	85,561
Changes in working capital:			
Inventories	(7,453)	(944)	(3,194)
Trade and other receivables	(9,573)	2,374	2,610
Trade and other payables	7,387	1,596	(2,682)
	(9,639)	3,026	(3,266)
Cash generated from operations	53,266	78,899	82,295

25. CASH AND CASH EQUIVALENTS

	2006	2005	2004
	€'000	€'000	€'000
Cash at bank and in hand	58,183	61,685	26,332
Short term bank deposits	9,840	9,083	500
	68,023	70,768	26,832

The effective interest rate on short-term bank deposits was 2.3% (2005: 2.4%, 2004: 1.2%); these deposits have an average maturity of 30 days.

26. BUSINESS COMBINATIONS

(a) Acquisition of Redfearn Glass Ltd.

On 20 May 2005, Ardagh International Holdings Ltd became the parent company of Redfearn Glass Ltd (formerly Rexam Glass Barnsley Ltd) and its subsidiaries. The transaction has been accounted for in accordance with IFRS 3 Business Combinations.

A summary of the net assets acquired and related goodwill is set out below.

	Book value	Fair value adjustments	Fair value
	€'000	€'000	€'000
Tangible fixed assets	78,359	(28,676)	49,683
Inventories	31,281	(2,475)	28,806
Receivables	22,713	—	22,713
Cash	—	—	—
Total assets acquired	132,353	(31,151)	101,202
Payables	(20,533)	(361)	(20,894)
Provisions for liabilities and charges	(3,986)	(1,226)	(5,212)
Net assets	107,834	(32,738)	75,096
Consideration—cash			10,077
Assumed debt			62,828
Acquisition expenses			2,191
			75,096

The fair value adjustments consist of:

- An adjustment of €6,923,000 to recognise the fair value of land and buildings
- An adjustment of €35,599,000 to recognise the fair value of plant and machinery
- An adjustment of €2,475,000 to recognise the fair value of inventory
- An adjustment of €361,000 to recognise the fair value of payables
- An adjustment of €1,226,000 to recognise a deferred tax liability

The summary profit and loss account for Redfearn Glass for the year ended 31 December 2005 was as follows:

	€'000
Income statement (extract):	
Revenue	136,051
Operating (loss)	(7,772)
(Loss) before tax	(9,747)
Income tax credit	1,240
(Loss) for the period	(8,507)

26. BUSINESS COMBINATIONS (Continued)

The summary profit and loss account information for the period to the date of acquisition has been extracted from the management accounts of Redfearn Glass Ltd and some accounting policies may differ from the Group accounting policies as stated on pages F-10 to F-19 of this report.

(b) Acquisition of Huta Szkła Ujście S.A.

On 22 September 2004, Heye Holding GmbH became the parent company of Huta Szkła Ujście S.A. and its subsidiaries. The transaction has been accounted for in accordance with the principles of acquisition accounting.

A summary of the net assets acquired and related goodwill is set out below:

	Book value	Fair value adjustments	Fair value
	€'000	€'000	€'000
Tangible fixed assets	9,095	(444)	8,651
Financial fixed assets	—	—	—
Inventories	3,424	—	3,424
Receivables	5,798	—	5,798
Deferred tax asset	—	565	565
Cash	191	—	191
Total assets acquired	18,508	(121)	18,629
Payables	(3,433)	—	(3,433)
Borrowings	(3,291)	—	(3,291)
Provisions for liabilities and charges	(868)	(74)	(942)
Pension liabilities	(49)	(70)	(119)
Net assets	10,867	(23)	10,844
Equity minority interest			(1,828)
Negative goodwill arising on acquisition			(660)
			8,356
Consideration—cash			8,135
Acquisition expenses			221
			8,356

The fair value adjustments consist of:

- An adjustment of €290,000 to recognise the fair value of land
- An adjustment of €154,000 to recognise the fair value of construction in progress
- An adjustment of €74,000 to recognise provisions in respect of employee benefits
- An adjustment of €565,000 to recognise a deferred tax asset
- An adjustment of €70,000 to recognise pension obligations

26. BUSINESS COMBINATIONS (Continued)

The summary profit and loss account for HSU for the year ended 31 December 2004 was as follows:

	€'000
Income statement(extract):	
Revenue	29,024
Operating profit	2,693
Profit before tax	2,008
Income tax (expense)	(220)
Profit for the period	1,788

The summary profit and loss account information for the period to the date of acquisition has been extracted from the management accounts of HSU and some accounting policies may differ from the Group accounting policies as stated on pages F-10 to F-19 of this report.

(c) Group Restructuring

As the result of a Group restructuring effective 18 November 2005, Ardagh Glass Holdings Limited acquired 100% of the ordinary shares in Ardagh International Holdings Ltd from Ardagh Glass Ltd for €53 million and in so doing acquired the business of Ardagh Glass Ltd.

As Ardagh Glass Holdings Limited, Ardagh International Holdings Ltd and Ardagh Glass Ltd are all 100% subsidiaries of Ardagh Glass Group plc, in accordance with the Group's accounting policy for the combination of entities under common control, this transaction has been accounted for in the consolidated financial statements of Ardagh Glass Holdings Limited as a pooling of interests.

Applying pooling of interests accounting to this transaction resulted in the following:

- the net assets of Ardagh Glass Holdings Limited and Ardagh Glass Limited have been consolidated at their book values for all periods presented as if they had always been combined;
- the inclusion of the capital of Ardagh Glass Limited up until the date of the group restructuring and the capital of Ardagh Glass Holdings Limited thereafter; and
- the consolidation of the results of these entities in the income statement for all periods presented.

There were no accounting policy adjustments required to give effect to this transaction as all companies involved were applying the Group's accounting policies as set out on pages F-10 to F-19.

Any differences between the book value of assets acquired and the consideration paid and other adjustments as a result of pooling are reflected in equity.

27. CAPITAL AND OTHER FINANCIAL COMMITMENTS

Capital commitments

Capital commitments at the year end, all of which relate to property, plant and equipment, were as follows:

	2006	2005	2004
	€'000	€'000	€'000
Contracted for but not provided for	6,863	6,644	11,423
Approved but not contracted for	9,106	8,257	17,635
	15,969	14,901	29,058

Operating lease commitments

At 31 December 2006 the Group had annual commitments under non-cancellable operating leases which expire:

	2006	2005	2004
	€'000	€'000	€'000
Within 1 year	581	608	617
Within 2–5 years inclusive	1,425	2,146	2,148
After 5 years	2,650	4,646	1,790
	4,656	7,400	4,555

28. FINANCIAL RISK MANAGEMENT

The treasury activities of the Group are subject to controls imposed by the board of directors. The overall objective of the board, in the management of the various treasury related risks faced by the Group in the normal course of business, is to protect the underlying value of the business from changes in the value of underlying markets. Treasury risks are managed, on an on-going basis, by the directors on the advice of senior management. The Group does not permit the use of treasury instruments for speculative purposes under any circumstances.

Interest Rate Risk Management

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

Foreign Currency Risk Management

Group policy is, where practical, to match net investments in foreign currencies with borrowings in the same currencies. In relation to operational exposures, Group policy is to place all excess foreign currency cash flow on currency deposit until such time as these cash flows are required to make payments to foreign currency payables.

28. FINANCIAL RISK MANAGEMENT (Continued)

Commodity Price Risk Management

The Group is exposed to movements in the natural gas markets. Group policy is to purchase its natural gas requirements on the spot market and if economic by entering into forward price fixing arrangements with its suppliers. 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.

Credit Risk

Group policy is to extend credit to customers of good credit standing. Credit risk is managed on an on-going basis by dedicated credit controllers. Provision is made, where deemed necessary by the directors, for bad and doubtful accounts. Group policy is to place excess liquidity on deposit only with recognised and reputable financial institutions.

Liquidity Risk

Group policy is to maintain, at all times, access to sufficient liquid resources to meet foreseeable short term financial requirements.

29. RELATED PARTY TRANSACTIONS

The following transactions were carried out with related parties:

(a) South Wharf plc and its subsidiaries

Four of Ardagh Glass Holding Limited's directors, Messrs. Coulson, Dowling, Kilty and Riordan, also served as directors of South Wharf plc up to 29 January 2007, when they all resigned from the board of South Wharf plc. As of 29 January 2007 South Wharf plc ceased to be a related party as the entire share capital was sold to a third party on that date. During 2006 the Group carried out a number of transactions with South Wharf plc and its subsidiaries as shown below.

	2006	2005	2004
	€'000	€'000	€'000
Cost recharges	176	144	172
Purchases of raw materials	—	8	—
Purchases of tangible fixed assets	—	56	91
Warehouse rent	287	294	—
Transfer of defined benefit scheme	—	—	595
Sales commissions payable	869	241	338
	1,332	743	1,196

At 31 December 2006 the amount owing to South Wharf plc and its subsidiaries was €275,000. (2005: €241,000, 2004: €338,000).

(b) Yeoman International Holdings SA

As at 31 December 2006 Yeoman International Holdings SA owned 41.28% of the preferred ordinary shares of Ardagh Glass Group plc. Two of Ardagh Glass Holding Limited's directors, Messrs. Coulson and Baertz, also serve as directors of Yeoman International Holdings SA. Mr. Dowling

29. RELATED PARTY TRANSACTIONS (Continued)

also serves as a director of Yeoman International Group, a wholly owned subsidiary of Yeoman International Holdings SA.

(c) Key management compensation

	2006	2005	2004
	€'000	€'000	€'000
Salaries and other short term employee benefits	3,661	3,336	3,092
Post employment benefits	362	434	396
Share option payments	—	3,727	1,863
	4,023	7,497	5,351

(d) Joint venture—Eura Glasrecycling GmbH

As at 31 December 2006, the Group owed €24,000 (2005: €80,000, 2004: €121,000) to Eura Glasrecycling GmbH. During 2006 the Group received dividends of €220,000 (2005: €138,000, 2004: €577,000) from Eura Glasrecycling GmbH.

(e) Ardagh Glass Group plc

Ardagh Glass Group plc is the ultimate parent of the Group. During 2005 Ardagh Glass Group lent €24,785,000 to Ardagh International Holdings Ltd. This loan was repaid in full in November 2005. Ardagh Glass Group also lent €7,047,000 to Ardagh Glass Ltd during 2005. This loan was repaid in full in November 2005. There are no outstanding amounts at the year end between Ardagh Glass Group plc and any of its subsidiaries.

On 18 November 2005, Ardagh Glass Group plc invested €86.1 million of the proceeds of the PIK Notes due 2015 into the glass container business of Ardagh Glass Holdings Limited as parent guarantor to the 8⅞% Senior Notes due 2013. See the "History and development of the company" section of this report for more details on this transaction.

(f) Pension scheme

The pension schemes are related parties. For details of all transactions during the year please read Note 19 Retirement Benefit Obligations.

30. SUBSIDIARY UNDERTAKINGS AND JOINT VENTURE

The principal subsidiary undertakings are detailed below, all of which are included in the Group financial statements.

Company	Country of incorporation	Activity	Portion of ordinary shares held %
Subsidiary undertakings			
Abruzzo Vetro S.r.l.	Italy	Glass container manufacture	100
Ardagh Corporate Services Limited	Ireland	Management services	100
Ardagh Glass Finance BV	Netherlands	Finance company	100
Ardagh Glass (UK) Limited	United Kingdom	Investment holding	100
Ardagh Holdings BV	Netherlands	Investment holding	100
Ardagh International Holdings Limited	Guernsey	Investment holding	100
Ardagh Treasury Limited	Ireland	Leasing	100
Fabryka Urządzeń Przemystowych Sp. z o.o.	Poland	Glass technology and manufacturing equipment	100
HEYE GmbH	Germany	Investment holding	100
Heye Beteiligungs GmbH & Co KG	Germany	Investment holding	100
Heye Fabryka Form Szklarskich Sp. z o.o.	Poland	Glass technology and manufacturing equipment	51
Heye Financial Services GmbH	Germany	Shared services	100
Heye-Glas GmbH	Germany	Glass container manufacture	100
Heye Holding GmbH	Germany	Investment holding	100
Heye International GmbH	Germany	Glass technology and manufacturing equipment	100
Heye Research & Development Limited	Ireland	Investment holding	100
Huta Szkła Ujście SA	Poland	Glass manufacture	100
Przedsiebiorstwo Produkcjno-Uslugowe Techform Sp. z o.o.	Poland	Glass technology and manufacturing equipment	81
Redfearn Glass Limited	United Kingdom	Glass container manufacture	100
Rockware Glass Limited	United Kingdom	Glass container manufacture	100
Rockware Group Limited	United Kingdom	Investment holding	100
Schaumburger Formenbau GmbH	Germany	Glass technology and manufacturing equipment	100
Schaumburger Formenbau Grundstücksverwaltungs GmbH	Germany	Property holding	100
Joint venture			
Eura Glasrecycling GmbH & Co. KG	Germany	Glass recycling	50

UNAUDITED CONSOLIDATED INTERIM FINANCIAL STATEMENTS OF ARDAGH GLASS HOLDINGS LIMITED FOR THE THREE MONTHS ENDED 31 MARCH 2007

BASIS OF PREPARATION

These consolidated non-statutory financial statements have been prepared in accordance with EU Endorsed International Financial Reporting Standards (IFRS) and IFRIC interpretations.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 1.

The consolidated financial statements are presented in euro rounded to the nearest thousand. The consolidated financial statements have been prepared under the historical cost convention except for derivatives, pension obligations and share based payments which are presented on a fair value basis.

Standards, interpretations and amendments to published standards that are not yet effective.

Certain new standards, amendments and interpretations to existing standards have been published that are mandatory for the Group's accounting periods beginning on or after 1 January 2007 or later periods but which the Group has not early adopted, as follows:

- **IFRS 7, "Financial instruments: Disclosures", and the complementary Amendment to IAS 1, Presentation of Financial Statements—Capital Disclosures** (effective from 1 January 2007).

  This standard applies to all entities and it extends the disclosures requirements in respect of financial instruments further than those previously required by IAS 32. The standard requires disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk. The qualitative disclosures describe management's objectives, policies and processes for managing those risks. The quantitative disclosures provide information about the extent to which the entity is exposed to risk, based on information provided internally to the entity's key management personnel. Together, these disclosures provide an overview of the entity's use of financial instruments and the exposures to risks they create. The classification and valuation of financial instruments is not impacted by the introduction of this standard and amendment.

- **IFRS 8, "Operating segments".** (effective 1 January 2009).

  IFRS 8 sets out the requirements for disclosure of financial and descriptive information about an entity's operating segments, its products and services, the geographical areas in which it operates, and its major customers. IFRS 8 will replace IAS 14, "Segmental Reporting".

  Standards, interpretations and amendments that would not impact the Group

- **IFRIC 7, Applying the restatement approach under IAS 29, Financial Reporting in Hyperinflationary Economies.**

  This pronouncement provides guidance on applying the requirements of IAS 29 when hyperinflation is identified in the economy of its functional currency. This pronouncement is mandatory for accounting periods beginning on or after 1 March 2006.

- **IFRIC 8, Scope of IFRS 2.**

  This pronouncement requires consideration of the transactions involving the issue of equity instruments, where the identifiable consideration is less than the fair value of the equity instruments issued, to establish whether they are within the scope of IFRS 2. It is mandatory for accounting periods beginning on or after 1 May 2006.

- **IFRIC 9, Reassessment of Embedded Derivatives.**

  IFRIC 9 requires an entity to assess whether an embedded derivative is required to be separated from the host contract and accounted for as a derivative when the entity first becomes a party to the contract. Subsequent reassessment is prohibited unless there is a change in the terms of the contract that significantly modifies the cash flows that otherwise would be required under the contract in which case reassessment is required. This interpretation becomes mandatory for accounting periods beginning on or after 1 June 2006.

- **IFRIC 10, Interim Financial Reporting and Impairment.**

  IFRIC 10 prohibits the impairment losses recognised in an interim period on goodwill, investments in equity investments and investments in financial assets carried at cost to be reversed at a subsequent balance sheet date. This interpretation becomes mandatory for accounting periods beginning on or after 1 November 2006.

- **IFRIC 11, IFRS 2—Group and Treasury Share Transactions.**

  IFRIC 11 sets out how share-based payment arrangements that affect more than one company in a group are accounted for in each company's financial statements (e.g., where employees of a subsidiary are granted options over the shares of the parent). The pronouncement is mandatory for periods beginning on or after 1 March 2007.

- **IFRIC 12, Service Concession Arrangements.**

  Service concessions are arrangements whereby a government or other public sector entity grants contracts for the supply of public services such as roads, airports, prisons and energy and water supply to private sector operators. Control of the assets remains in public hands but the private sector operator is responsible for construction activities, as well as for operating and maintaining the public sector infrastructure. IFRIC 12 addresses how service concession operators should apply existing International Financial Reporting Standards (IFRSs) to account for the obligations they undertake and rights they receive in service concession arrangements. This standard will be mandatory for accounting periods commencing on or after 1 January 2008.

Certain new standards, amendments and interpretations to existing standards that are mandatory for accounting periods beginning on or after 1 January 2006 are as follows:

Standards, interpretations and amendments that impact the group significantly

- **IAS 19 (Amendment), "Employee benefits".**

  This amendment introduced the option of an alternative recognition approach for actuarial gains and losses. It may impose additional recognition requirements for multi-employer plans where insufficient information is available to apply defined benefit accounting. It also adds new disclosure requirements. The group adopted this amendment upon transition to IFRS and recognises all actuarial gains and losses in the period. It does not participate in any multi-employee plans.

BASIS OF PREPARATION (Continued)

Standards, interpretations and amendments that would not impact the group significantly

The following standards, amendments and interpretations to published standards are mandatory for accounting periods beginning on or after 1 January 2006 but they are not relevant to the group's operations:

- IAS 21 (Amendment), Net investment in a foreign operation;
- IAS 39 (Amendment), Cash flow hedge accounting of forecast intragroup transactions;
- IAS 39 (Amendment), The fair value option;
- IAS 39 and IFRS 4 (Amendment), Financial guarantee contracts;
- IFRS 1 (Amendment), First-time adoption of international financial reporting standards and IFRS 6 (Amendment), exploration for and evaluation of mineral resources;
- IFRS 6 Exploration for and evaluation of mineral resources;
- IFRIC 4, Determining whether an arrangement contains a lease;
- IFRIC 5, Rights to interests arising from decommissioning, restoration and environmental rehabilitation funds; and
- IFRIC 6, Liabilities arising from participating in a specific market—Waste electrical and electronic equipment.

Ardagh Glass Holdings Ltd was incorporated and registered in the Republic of Ireland as a private company on 5 August 2005. Its immediate parent is Ardagh Glass Group Holdings Ltd. The ultimate parent company is Ardagh Glass Group plc.

Principal activities

The Company was formed as a holding company for the glass container manufacturing and technology business. It is also the Parent Guarantor for €175,000,000 8⅞% Senior Notes due 2013 issued by Ardagh Glass Finance B.V.

The Company's Registered Office is:

4 Richview Office Park
Clonskeagh
Dublin 14

These consolidated financial statements were approved for issue by the Board of Directors on 25 April 2007.

ACCOUNTING POLICIES

BASIS OF CONSOLIDATION

(i) Subsidiaries

Subsidiaries are all entities over which the Group has the power, directly or indirectly, to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. 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.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the group's share of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

(ii) Combinations between entities under common control

The pooling of interests method of accounting is used to account for transactions which result in acquisitions between entities which are under common control such as group reorganisations. Under the pooling of interests method the assets and liabilities of the combining entities are aggregated at their book values and the results of those entities are combined as if the entities had always been together. Differences arising on pooling are treated in equity.

(iii) Transaction and minority interests

The Group applies a policy of treating transactions with minority interests as transactions with parties external to the Group. Disposals to minority interests result in gains and losses for the Group that are recorded in the income statement. Purchases from minority interests result in goodwill, being the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary.

(iv) Joint ventures

Joint ventures are those entities over whose activities the Group has joint control, established by contractual agreement. Investments in joint ventures are accounted for by the equity method of accounting and are initially recognised at cost.

The Group's investment in joint ventures includes goodwill (net of any accumulated impairment loss) identified on acquisition. The Group's share of its joint ventures post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in a joint venture equals or exceeds its interest in the joint venture, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint venture.

(v) Transactions eliminated on consolidation

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated but considered an impairment indicator of the asset transferred. Subsidiaries' accounting policies have been changed where necessary to ensure consistency with the policies adopted by the Group.

FOREIGN CURRENCY

(i) Foreign currency transactions

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional 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 balance sheet 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.

(ii) Financial statements of foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to euro at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated to euro at rates approximating to the foreign exchange rates ruling at the dates of the transactions. Foreign exchange differences arising on retranslation are recognised directly in a separate component of equity ("cumulative translation adjustment").

(iii) Net investment in foreign operations

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholders' equity. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in the income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

DERIVATIVE FINANCIAL INSTRUMENTS

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured 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. The Group designates certain derivatives as either: hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge) and hedges of highly probable forecast transactions (cash flow hedge).

The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

(i) Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in equity. The gain or loss relating to the ineffective portion is recognised immediately in the income statement.

Amounts accumulated in equity are recycled in the income statement in the periods when the hedged item will affect profit or loss (for example, when the forecast sale that is hedged takes place). The gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings is recognised in the income statement within finance costs.

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 in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. 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) Derivatives that do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting. Such derivatives are classified as at fair value through profit or loss, and changes in the fair value of any derivative instruments that do not qualify for hedge accounting are recognised immediately in the income statement.

INTANGIBLE ASSETS

(i) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary/associate at the date of acquisition.

In respect of acquisitions prior to this date, goodwill is included on the basis of its deemed cost, which represents the amount recorded under previous GAAP. As permitted by IFRS 1, the classification and accounting treatment of business combinations that occurred prior to 1 January 2004 has been included based on previous GAAP and has not been revisited under IFRS 3 in preparing the Group's opening IFRS balance sheet at 1 January 2004.

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to those cash-generating units that are expected to benefit from the business combination in which the goodwill arose and is no longer amortised but is tested annually for impairment. In respect of joint ventures, the carrying amount of goodwill is included in the carrying amount of the investment in the joint venture.

Negative goodwill is the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

Negative goodwill arising on an acquisition is recognised directly in the income statement.

(ii) Computer software

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

Costs associated with developing or maintaining computer software programs are recognised as an expense as incurred. Costs that are directly associated with the production of identifiable and unique software products controlled by the Group, and that will probably generate economic benefits exceeding the costs beyond one year, are recognised as intangible assets. Direct costs include the costs of software development employees and an appropriate portion of relevant overheads.

(iii) Other intangible assets

Other intangible assets that are acquired by the Group are stated at cost less accumulated amortisation and impairment losses. The Group does not have any internally generated intangible assets or any intangible assets with an indefinite life.

(iv) Subsequent expenditure

Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

(v) Amortisation

Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Goodwill and intangible assets with an indefinite useful life are systematically tested for impairment at each balance sheet date. Other intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

Software	3-5 years
Other	3-5 years

(vi) Research and development

Research expenditure is recognised as an expense as incurred. The company does not incur significant development costs that could be capitalised as intangible assets.

TRADE AND OTHER RECEIVABLES

(i) Construction work in progress

Construction work in progress is stated at cost plus profit recognised to date less a provision for foreseeable losses and less progress billings. Cost includes all expenditure related directly to specific projects and an allocation of fixed and variable overheads incurred in the Group's contract activities based on normal operating capacity.

(ii) Other trade and other receivables

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established 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. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the income statement.

TRADE AND OTHER PAYABLES

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

INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

The cost of inventories is based on the first-in first-out principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash balances and call deposits.

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 as cost less impairment.

Certain items of property, plant and equipment that had been revalued to fair value on or prior to 1 January 2004, the date of transition to IFRS, are measured on the basis of deemed cost, being the revalued amount at the date of that revaluation.

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

(ii) Leased assets

Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to the income statement over the lease period using the effective interest method so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the asset's useful life and the lease term.

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 part 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. All other costs are recognised in the income statement as an expense as incurred.

(iv) Depreciation

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

buildings	40 years
plant and machinery	3-12 years
long life moulds	2 or 3 years
office equipment and vehicles	3-10 years

The residual value, if not insignificant, is reassessed annually.

MOULDS

Moulds are classified into long-life moulds, which are included in property, plant and equipment and depreciated over 2 or 3 years, and short-life moulds, which are included in inventories and are valued at the lower of cost and net realisable value.

IMPAIRMENT

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. 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. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

(i) Calculation of recoverable amount

The recoverable amount of the Group's receivables carried at amortised cost is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate (i.e., the effective interest rate computed at initial recognition of these financial assets). Receivables with a short duration (less than one year) are not discounted.

The recoverable amount of other assets is the greater of their net selling price and value in use. 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 cash-generating unit to which the asset belongs.

(ii) Reversals of impairment

Reversals of impairments arise when indicators exist that suggest an impairment loss recognised in a prior period no longer exists.

An impairment loss in respect of goodwill cannot be reversed.

In respect of other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

INTEREST-BEARING BORROWINGS

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings on an effective interest basis.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the Balance Sheet date.

EMPLOYEE BENEFITS

Pension obligations

Group companies operate various pension schemes. The schemes are generally funded through payments to insurance companies or trustee-administered funds, determined by periodic actuarial calculations. The Group has both defined benefit and defined contribution plans. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that is not a defined contribution plan. 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 balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognised actuarial gains or losses and past service costs. 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 the Statement of Recognised Income and Expenses in the period in which they arise.

Past-service costs are recognised immediately in income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period.

Settlements and curtailments trigger immediate recognition of the consequent change in obligations and related assets in the Income Statement together with any previously unrecognised past service costs that relate to the obligations being settled or curtailed.

For defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Share-based payment transactions

The fair value of options granted is recognised as an employee expense with a corresponding increase in equity. The fair value, as permitted by IFRS 1, for all options granted since 7 November 2002 and which were unvested at 1 January 2005, is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options. The fair value of the options granted is measured using a binomial lattice model, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of share options that vested except where forfeiture is only due to share prices not achieving the threshold for vesting.

Payments made for the cancellation of share options up to their fair value are recognised as a decrease to equity with the excess recorded as employee expense.

TERMINATION BENEFITS

Termination benefits are recognised as an expense when the Group is demonstrably committed without realistic possibility of withdrawal to a formal detailed plan to terminate employment before normal retirement date or providing termination benefits as a result of an offer made to encourage voluntary redundancy. If the effect is material, benefits payable are recognised at their present value by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money.

PROVISIONS

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

EMISSION RIGHTS AND OBLIGATIONS

Certain jurisdictions in which the Group operates regulate the emissions of carbon dioxide and other pollutants through the operation of a “cap and trade” type scheme, whereby a participating entity must deliver emission certificates to a third party (e.g., a regulator) to be able to emit pollutants legally. The government grants a certain number of emission certificates to an entity for use during a compliance period. Emission rights granted by governments and other similar bodies under cap and trade and other similar schemes are recognised at their nominal amount. Where additional allowances are purchased from third parties, the Group measures such credits at cost on initial recognition with no subsequent revaluation.

Liabilities arising in relation to emission obligations under such schemes are recognised only in circumstances where emission rights granted have been exceeded and the differential between actual and permitted emissions will have to be remedied through the purchase of the required additional rights at fair value. Liabilities arising from such shortfalls are measured at the current market value of the certificates necessary to meet the obligations and classified as provisions.

Where excess certificates are sold to third parties, the Group recognises the fair value of the consideration received as other income in profit or loss offset by the carrying value of the units derecognised. The Group has a policy of only selling certificates where the level of projected emissions over the relevant compliance period has been reliably estimated and available to offset such emissions are the allowances greater than those projected emissions.

SHARE CAPITAL

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds, net of tax.

REVENUE

(i) Goods sold and services rendered

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. Revenue from services rendered is recognised in the income statement in proportion to the stage of completion of the transaction at the balance sheet date. It is the Group's policy to sell its products to the end customer with a right of return. Accumulated experience is used to estimate and provide for such returns at the time of sale. Revenue is included net of cash, value added tax and other discounts.

Pallet deposits are not recognised in revenue.

(ii) Construction contracts

As soon as the outcome of a construction contract can be estimated reliably, contract revenue and expenses are recognised in the income statement in proportion to the stage of completion of the contract. The stage of completion is assessed by reference to surveys of work performed. An expected loss on a contract is recognised immediately in the income statement.

(iii) Capital grants

Capital grants are recorded in deferred income and released to the income statement on a straight-line basis over the estimated useful lives of the related property, plant and equipment.

(iv) Interest income

Interest income is recognised on a time-proportion basis using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

(v) Dividend income

Dividend income is recognised when the right to receive payment is established.

(vi) Royalty income

Royalty income is recognised on an accruals basis in accordance with the substance of the relevant agreements.

FINANCING COSTS

Financing costs comprise interest payable on borrowings calculated using the effective interest rate method, foreign exchange losses, and losses on hedging instruments that are recognised in the income statement.

The interest expense component of finance lease payments is recognised in the income statement 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 directly in equity, in which case it is recognised in equity.

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

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that the reversal of the temporary difference is controlled by the Group and it is probable that they will not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised. Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend.

SEGMENT REPORTING

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

CONSOLIDATED INTERIM INCOME STATEMENT (Unaudited)

	Note	Three months ended 31 March 2007	31 March 2006
		€'000	€'000
Revenue	*2*	154,771	139,216
Cost of sales		(137,080)	(139,538)
Gross profit/(loss)		17,691	(322)
Sales, general and administration expenses		(7,862)	(8,124)
Other income and expenses	*3*	(137)	(827)
Operating profit/(loss)		9,692	(9,273)
Finance costs	*4*	(7,744)	(7,261)
Interest income		707	345
Share of profit of joint venture		20	109
Profit/(loss) before tax		2,675	(16,080)
Income tax (expense)/income		(336)	250
Profit/(loss) for the period		2,339	(15,830)
Attributable to:			
Equity holders		2,277	(15,920)
Minority interest		62	90
		2,339	(15,830)

The accompanying notes form an integral part of these financial statements

CONSOLIDATED STATEMENT OF INTERIM RECOGNISED INCOME AND EXPENSE (Unaudited)

		Three months ended	
		31 March 2007	31 March 2006
		€'000	€'000
Profit/(Loss) for the financial period		2,277	(15,920)
Foreign currency translation adjustments	7	(786)	(1,115)
Cash flow hedges gain	7	145	444
Total recognised income and expense for the period	7	1,636	(16,591)

The accompanying notes form an integral part of these financial statements

CONSOLIDATED INTERIM BALANCE SHEET (Unaudited)

	Note	31 March 2007 €'000	31 March 2006 €'000
ASSETS			
Non-current assets			
Goodwill		54,826	54,839
Other intangible assets		351	222
Property, plant and equipment		251,122	270,578
Investment in joint venture		1,638	1,660
Deferred tax assets		9,171	18,468
		317,108	345,767
Current assets			
Inventories		121,711	122,252
Trade and other receivables		133,939	110,083
Derivative financial instrument		432	—
Cash and cash equivalents	*6*	57,908	64,193
		313,990	296,528
Total assets		631,098	642,295
LIABILITIES			
Non-current liabilities			
Borrowings	*5*	(278,934)	(288,372)
Deferred income		(2,796)	(3,207)
Retirement benefit obligations		(28,221)	(60,097)
Provisions for other liabilities and charges		(4,979)	(6,432)
Deferred tax liability		(16,081)	(30,978)
		(331,011)	(389,086)
Current liabilities			
Borrowings	*5*	(66,868)	(53,705)
Deferred income		(470)	(463)
Trade and other payables		(123,816)	(109,047)
Current taxes payable		(4,285)	(758)
Derivative financial instrument		—	(323)
		(195,439)	(164,296)
TOTAL LIABILITIES		(526,450)	(553,382)
NET ASSETS		104,648	88,913
EQUITY			
Share premium		—	—
Reserves	*7*	102,182	86,682
		102,182	86,682
Minority interest	*7*	2,466	2,231
TOTAL EQUITY	*7*	104,648	88,913

The accompanying notes form an integral part of these financial statements

CONSOLIDATED INTERIM CASH FLOW STATEMENT (Unaudited)

	Note	Three months ended 31 March 2007	Three months ended 31 March 2006
		€'000	€'000
Cash flows from operating activities			
Cash generated from operations	*8*	(10,777)	(9,912)
Interest paid		(10,540)	(10,440)
Income tax received		1,094	825
Net cash from operating activities		(20,223)	(19,527)
Cash flows from investing activities			
Profit on disposal of fixed asset		—	47
Purchase of property, plant and equipment		(11,315)	(11,445)
Proceeds from sale of property, plant and equipment		35	—
Net cash used in investing activities		(11,280)	(11,398)
Cash flows from financing activities			
Net movement on borrowings		22,812	25,674
Capital element of finance lease payments		(1,382)	(1,197)
Net cash used in financing activities		21,430	24,477
Net (decrease) in cash and cash equivalents		(10,073)	(6,448)
Cash and cash equivalents at beginning of the period		68,023	70,768
Exchange (losses) on cash and bank overdrafts		(42)	(127)
Cash and cash equivalents at end of the period	*6*	57,908	64,193

The accompanying notes form an integral part of these financial statements

CONDENSED NOTES TO THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

1. CRITICAL ACCOUNTING ESTIMATES

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.

Critical accounting estimates and assumptions

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.

a) Estimated impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations.

These calculations require the use of estimates.

b) 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.

c) Revenue recognition

The Group uses the percentage-of-completion method in accounting for its sales of services. Use of the percentage-of-completion method requires the Group to estimate the services performed to date as a proportion of the total services to be performed. Were the proportion of services performed to total services to be performed to differ by 10% from management's estimates, the amount of revenue recognised in the year would be increased by €215,000 if the proportion performed were increased, or would be decreased by €215,000 if the proportion performed were decreased.

d) Measurement of defined benefit obligations

The Group follows guidance of IAS 19 to determine the present value of its obligations to current and past employees in respect of defined benefit pension obligations and other long term employee benefits, which are subject to similar fluctuations in value in the long term. The Group uses a network of professional actuaries co-ordinated under a world wide process to value such liabilities designed to ensure consistency in the quality of the key assumptions underlying the valuations.

1. CRITICAL ACCOUNTING ESTIMATES (Continued)

e) Provisions

The amount recognised for a provision is the best estimate of the expenditure to be incurred. Provisions are remeasured at each Balance Sheet date based on the best estimate of the settlement amount. Changes to the best estimate of the settlement amount may result from changes in the amount or timing of the outflows or changes in discount rates (when applicable).

f) Establishing lives for depreciation purposes of property, plant and equipment

Long-lived assets, consisting primarily of property, plant and equipment, comprise a significant portion of the total assets. The annual depreciation charge depends primarily on the estimated 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 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. Details of the useful lives is included in the accounting policy. The impact of any change would vary significantly depending on the individual changes in assets and the classes of assets impacted.

g) Share-based payments

The determination of the fair value of awards under the stock option plan involves the use of judgements and estimates. The fair value has been estimated using the Black-Scholes option pricing lattice model.

Critical judgements in applying the entity's accounting policies

Revenue recognition

The Group has recognised revenue amounting to €154,771,000 for sales of goods during the three month period ended 31 March 2007. Customers have the right to rescind the sale if the goods are damaged. The Group believes that, based on past experience, the rate of customer returns is less than 1% of revenue and it is therefore appropriate to recognise all revenue net of returns.

Pensions

The Group has made certain judgements relating to mortality. Allowance has been made to reflect the location of the five United Kingdom plants, the nature of the member's occupations and the experience of mortality in Northern England and Scotland compared to the United Kingdom average. The Rockware pension scheme is funded on a shared cost basis whereby the employees fund one third of the cost of providing the benefits and Rockware funds two thirds of the cost. Rockware has no obligation to fund the employee share of any pension deficit.

2. SEGMENTAL ANALYSIS

Primary reporting format—business segments

At 31 March 2007, the Group is organised into two main business segments:

(1) Glass manufacturing includes our glass producing entities; and

(2) Glass technology includes our glass technology and manufacturing equipment business.

The segment results for the period ended 31 March 2007 are as follows:

	Glass manufacturing	Glass technology	Unallocated	Total
	€'000	€'000	€'000	€'000
Total gross segment sales	139,771	17,854	—	157,625
Inter-segment sales	—	(2,854)	—	(2,854)
Sales	139,771	15,000	—	154,771
Operating profit/(loss)	8,102	2,990	(1,400)	9,692
Finance costs (Note 4)				(7,744)
Interest income				707
Share of profit of joint venture	20			20
Profit before income tax				2,675
Income tax				(336)
Profit for the period				2,339

The segment results for the period ended 31 March 2006 are as follows:

	Glass manufacturing	Glass technology	Unallocated	Total
	€'000	€'000	€'000	€'000
Total gross segment sales	129,433	11,231	—	140,664
Inter-segment sales	—	(1,448)	—	(1,448)
Sales	129,433	9,783	—	139,216
Operating (loss)/profit	(11,239)	2,724	(758)	(9,273)
Finance costs (Note 4)				(7,261)
Interest income				345
Share of profit of joint venture	109			109
Loss before income tax				(16,080)
Income tax				250
Loss for the period				(15,830)

Inter-segment transfers or transactions are entered into under normal commercial terms and conditions that would also be available to unrelated third parties.

2. SEGMENTAL ANALYSIS (Continued)

Other segment items included in the income statement are as follows:

	Three months ended 31 March 2007				Three months ended 31 March 2006			
	Glass manufacturing	Glass technology	Unallocated	Total	Glass manufacturing	Glass technology	Unallocated	Total
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Depreciation	10,304	365	30	10,699	14,518	205	19	14,742
Amortisation—capital grant	(118)	—	—	(118)	(116)	—	—	(116)

The segment assets and liabilities at 31 March 2007 and capital expenditure for the three month period then ended are as follows:

	Glass manufacturing	Glass technology	Unallocated	Total
	€'000	€'000	€'000	€'000
Assets	538,453	50,462	40,545	629,460
Investment in Joint Venture	1,638	—	—	1,638
Total assets	540,091	50,462	40,545	631,098
Liabilities	(324,991)	(22,727)	(178,732)	(526,450)
Capital expenditure	10,473	491	351	11,315

The segment assets and liabilities at 31 March 2006 and capital expenditure for the three month period then ended are as follows:

	Glass manufacturing	Glass technology	Unallocated	Group
	€'000	€'000	€'000	€'000
Assets	558,533	36,297	45,805	640,635
Investment in Joint Venture	1,660	—	—	1,660
Total assets	560,193	36,297	45,805	642,295
Liabilities	(359,635)	(14,975)	(178,772)	(553,382)
Capital expenditure	10,139	1,278	28	11,445

Segment assets consist primarily of property, plant and equipment, intangible assets, inventories, receivables and operating cash.

Segment liabilities comprise operating liabilities.

Capital expenditure comprises additions to property, plant and equipment and intangible assets.

3. OTHER INCOME AND EXPENSES

	Three months ended	
	31 March 2007	31 March 2006
	€'000	€'000
Non trade related legal costs	20	143
Profit on disposal of fixed asset	—	(47)
Severance costs	117	731
	137	827

4. FINANCE COSTS

	Three months ended	
	31 March 2007	31 March 2006
	€'000	€'000
Interest expense		
—8⅞% Senior Notes due 2013	4,229	4,229
—Bank loans, overdrafts and revolving credit facilities	1,983	1,771
—Invoice discounting facilities	825	473
—Finance leases	707	788
Finance costs	7,744	7,261

5. BANK AND OTHER BORROWINGS

	2007			2006		
	Current	Non-current	Total	Current	Non-current	Total
	€'000	€'000	€'000	€'000	€'000	€'000
8⅞% Senior Notes due 2013	(821)[(1)]	169,404	168,583	(821)[(1)]	168,110	167,289
Bank loans, overdrafts and revolving credit facilities	14,449	77,056	91,505	10,209	84,039	94,248
Invoice discounting facilities	49,411	—	49,411	40,337	—	40,337
Finance leases	3,829	32,474	36,303	3,980	36,223	40,203
	66,868	278,934	345,802	53,705	288,372	342,077

(1) This amount relates to deferred finance costs to be amortised in the next twelve months.

6. CASH AND CASH EQUIVALENTS

Cash and bank overdrafts include the following for the purposes of the cash flow statement:

	31 March 2007	31 March 2006
	€'000	€'000
Cash and cash equivalents	57,908	64,193

7. RESERVES

	Capital contribution	Reserves	Minority interest	Total equity
	€'000	€'000	€'000	€'000
Balance at 1 January 2006	100,650	2,622	2,141	105,414
Foreign currency translation adjustments	—	(1,115)	—	(1,115)
Cash flow hedges	—	444	—	444
Net expenses recognised directly in equity	—	(671)	—	(671)
(Loss)/Profit for the period	—	(15,920)	90	(15,830)
Total recognised (expense)/income for the period ended 31 March 2006	—	(16,591)	90	(16,501)
Balance as at 31 March 2006	100,650	(13,968)	2,231	88,913
Balance at 1 January 2007	100,650	(104)	2,404	102,950
Foreign currency translation adjustments	—	(786)	—	(786)
Cash flow hedges	—	145	—	145
Net expenses recognised directly in equity	—	(641)	—	(641)
Profit for the period	—	2,277	62	2,339
Total recognised income for the period ended 31 March 2007	—	1,636	62	1,698
Balance as at 31 March 2007	100,650	1,532	2,466	104,648

The cumulative amount of translation adjustments in equity is €9.4 million as at 31 March 2007 (2006: €7.6 million).

8. CASH GENERATED FROM OPERATIONS

	Three months ended	
	31 March 2007	31 March 2006
	€'000	€'000
Profit/(Loss) for the period	2,339	(15,830)
Adjustments:		
Tax	336	(250)
Depreciation of tangible fixed assets	10,699	14,742
Amortisation of capital grants	(118)	(116)
Finance costs	7,037	6,916
Profit on disposal of fixed assets	—	(47)
Share of profit of joint venture	(20)	(109)
	20,273	5,306
Changes in working capital:		
Inventories	(784)	(10,967)
Trade and other receivables	(22,673)	(7,410)
Trade and other payables	(7,593)	3,159
	(31,050)	(15,218)
Cash generated from operations	(10,777)	(9,912)

9. RELATED PARTY TRANSACTIONS

The following transactions were carried out with related parties:

(a) Yeoman International Holdings SA

As at 31 March 2007 Yeoman International Holdings SA owned 41.28% of the ordinary shares of Ardagh Glass Group plc. Two of Ardagh Glass Holding Limited's directors, Messrs. Coulson and Baertz, also serve as directors of Yeoman International Holdings SA. Mr. Dowling also serves as a director of Yeoman International Group, a wholly owned subsidiary of Yeoman International Holdings SA.

(b) Key management compensation

	31 March 2007	31 March 2006
	€'000	€'000
Salaries and other short term employee benefits	1,062	878
Post employment benefits	78	122
	1,140	1,000

(c) Joint venture—Eura Glasrecycling GmbH

As at 31 March 2007, the Group owed €167,000 (2006: €124,000) to Eura Glasrecycling GmbH.

(d) Ardagh Glass Group plc

Ardagh Glass Group plc is the ultimate parent of the Group.

COMBINED FINANCIAL STATEMENTS
OF REXAM GLASS
FOR THE YEAR ENDED 31 DECEMBER 2006

ACCOUNTANT'S REPORT ON THE FINANCIAL STATEMENTS

The Directors
Ardagh Glass Finance plc
4 Richview Office Park
Clonsekeagh
Dublin 14

1 June 2007

Dear Sirs

Rexam Glass (the "Company")

We report on the combined financial statements set out on pages F-86 to F-123. These combined financial statements have been prepared for inclusion in the Offering Memorandum dated 1 June 2007 of Ardagh Glass Finance plc in accordance with the basis of preparation and the accounting policies set out on pages F-86 to F-96.

Responsibilities

The Directors of Ardagh Glass Finance plc are responsible for preparing the combined financial statements on the basis of preparation set out on pages F-86 to F-87.

It is our responsibility to form an opinion on the combined financial statements and to report our opinion to you.

Save for any responsibility which we may have to those persons to whom this report is addressed and which we may have as a result of the inclusion of this report in the Offering Memorandum dated 1 June 2007, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report.

Basis of opinion

We conducted our work in accordance with Standards for Investment Reporting issued by the Auditing Practices Board. Our work included an assessment of evidence relevant to the amounts and disclosures in the combined financial statements. It also included an assessment of the significant estimates and judgments made by those responsible for the preparation of the financial information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the combined financial statements are free from material misstatement whether caused by fraud or other irregularity or error.

Opinion

In our opinion, the combined financial statements give, for the purposes of the Offering Memorandum dated 1 June 2007, a true and fair view of the state of affairs of Rexam Glass as at the dates stated and of its profits, cash flows and recognised income and expense for the periods then ended in accordance with the basis of preparation set out on pages F-86 to F-87.

Yours faithfully
KPMG Audit Plc

BASIS OF PREPARATION

The combined financial statements presented herein are for the years ended 31 December 2004, 2005 and 2006 (together "the track record period").

The combined financial statements presented are an aggregation of the financial information (as included in the consolidated financial statements of Rexam PLC) of those entities in the group headed by Rexam PLC ("Rexam") that are part of the glass division ("Glass") based on their group reporting packs. The principal activity of Glass is the manufacture of glass containers.

The combined and consolidated financial statements have been prepared in accordance with this basis of preparation, including the significant accounting policies, described below. The basis of preparation describes how the financial information has been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (Adopted IFRS) except as described below.

In particular, Adopted IFRS does not provide for the preparation of combined financial statements and accordingly in preparing the combined financial statements certain accounting conventions commonly used for the preparation of historical financial information for inclusion in investment circulars as described in the Annexure to SIR 2000 (Investment Reporting Standard applicable to public reporting engagements on historical financial information) issued by the UK Auditing Practices Board have been applied. The application of these conventions results in the following material areas of departure from Adopted IFRS. In all other material respects Adopted IFRS has been applied.

- Combined financial statements

  The financial information of each of the entities which make up Glass have been prepared in accordance with the accounting policies described below which are consistent with the recognition and measurement requirements of Adopted IFRS except where described in the policy.

  The financial information of the entities which make up Glass have been aggregated based on the amounts included in the consolidated financial statements of Rexam PLC. These amounts included fair value adjustments made on acquisitions by Rexam PLC and goodwill arising therefrom. Any consideration paid by a Rexam group company outside Glass has been accounted for in equity as if it were a capital contribution from Rexam. Accordingly the amount at which these assets, liabilities and goodwill are recognised are not the amount that would be presented in accordance with IFRS in the consolidated and combined accounts of Glass, were that a separate entity.

- Unconsolidated subsidiary

  In the year ended 31 December 2006 Glass disposed of a wholly owned subsidiary that formed part of the Plastics Packaging business of Rexam PLC and was wholly owned throughout the period covered by the combined financial information prior to disposal. This entity is not consolidated in the combined financial information on the basis that this business does not form part of Glass. Instead the investment is included throughout the period as an available for sale investment at its historical cost on the grounds that its fair value can not be reliably measured. The loss on the disposal has been shown in the income statement for 2006.

- Statements of compliance with IFRSs as adopted by the EU

  As a result of the above matters, no statements of compliance with IFRSs as adopted by the EU are included in respect of the years ended 31 December 2006, 2005 and 2004.

The combined financial statements have not been prepared in accordance with the Companies Act 1985. The combined financial information is prepared on the historical costs basis except that the following assets and liabilities are stated at their fair value: financial instruments classified available for sale.

BASIS OF PREPARATION (Continued)

When preparing the combined financial statements the calculation of the amounts included are based on the following:

- All transactions and balances within Glass are eliminated, as are inter-Glass unrealised profits, as required by IAS 27 Consolidated and Separate Financial Statements. Transactions and balances between Glass and other Rexam businesses are not eliminated. These transactions and balances are not necessarily representative of those if Glass were under separate ownership.
- Royalty and information technology recharges from Rexam head office to Glass to recover a proportion of Rexam central management costs are included. These allocated amounts are not necessarily representative of those which would be incurred if Glass were under separate ownership.
- Interest expense and interest income is based on the amounts actually incurred by the entities within Glass including amounts due to or from companies within the remaining Rexam group which are recorded on an arm's length basis.
- The tax charge is based on the tax charges actually incurred by the entities within Glass and so may include items which arise as a result of membership of a Rexam tax group. These allocated amounts are not necessarily representative of those which would be incurred if Glass was under separate ownership. Tax liabilities which may arise from the separation of the operations of Glass in specific countries from the Rexam tax group have not been reflected.
- The German business has a profit transfer agreement with its parent company under which its profit is allocated to the parent company. The parent company is not included in the aggregation. The profit transfer is presented as an allocation. These allocated amounts are not necessarily representative of those which would be incurred if Glass were under separate ownership.
- For Swedish statutory accounting purposes most of the profit of the Swedish business is booked and taxed in its parent company on a commission basis. The parent company is not included in the aggregation. The income and expense of the Swedish business is included in the income statement and then shown as an allocation to the parent company. These allocated amounts are not necessarily representative of those which would be incurred if Glass were under separate ownership.

IFRS Transition date

As none of the entities have previously published financial statements prepared under IFRS, for the purposes of these financial statements, the date of transition has been assumed to be the start of the earliest period presented, 1 January 2004. The exemptions and exceptions in IFRS 1 First-time Adoption of International Financial Reporting Standards have been applied by analogy except that all the disclosures required by IFRS 1 have not been provided. Glass has never been required to produce UK GAAP financial statements and so the disclosures to reconcile previous UK GAAP to adopted IFRS amounts are not considered relevant. For the purposes of these financial statements the following exemptions available under IFRS 1 have been applied:

- Acquisitions prior to 1 January 2004 have not been restated to comply with IFRS 3.
- Cumulative translation differences on foreign operations are deemed to be zero at 1 January 2004.

IAS 32 "Financial Instruments: Disclosure and Presentation" and IAS 39 "Financial Instruments: Recognition and Measurement" have been adopted from 1 January 2005, with no restatement of comparative information.

ACCOUNTING POLICIES

FOREIGN CURRENCY

(i) Foreign currency transactions

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional 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 balance sheet 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.

(ii) Financial statements of foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to euro at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated to euro at rates approximating to the foreign exchange rates ruling at the dates of the transactions. Foreign exchange differences arising on retranslation are recognised directly in a separate component of equity ("cumulative translation adjustment").

(iii) Net investment in foreign operations

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholders' equity. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in the income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

DERIVATIVE FINANCIAL INSTRUMENTS

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured 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. The Group designates certain derivatives as either: hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge) and hedges of highly probable forecast transactions (cash flow hedge).

The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

(i) Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in equity. The gain or loss relating to the ineffective portion is recognised immediately in the income statement.

Amounts accumulated in equity are recycled in the income statement in the periods when the hedged item will affect profit or loss (for example, when the forecast sale that is hedged takes place). The gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings is recognised in the income statement within finance costs.

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 in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. 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) Derivatives that do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting. Such derivatives are classified as at fair value through profit or loss, and changes in the fair value of any derivative instruments that do not qualify for hedge accounting are recognised immediately in the income statement.

INTANGIBLE ASSETS

(i) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary/associate at the date of acquisition.

In respect of acquisitions prior to this date, goodwill is included on the basis of its deemed cost, which represents the amount recorded under previous GAAP. As permitted by IFRS 1, the classification and accounting treatment of business combinations that occurred prior to 1 January 2004 has been included based on previous GAAP and has not been revisited under IFRS 3 in preparing the Group's opening IFRS balance sheet at 1 January 2004.

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to those cash-generating units that are expected to benefit from the business combination in which the goodwill arose and is no longer amortised but is tested annually for impairment. In respect of joint ventures, the carrying amount of goodwill is included in the carrying amount of the investment in the joint venture.

Negative goodwill is the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

Negative goodwill arising on an acquisition is recognised directly in the income statement.

(ii) Computer software

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

Costs associated with developing or maintaining computer software programs are recognised as an expense as incurred. Costs that are directly associated with the production of identifiable and unique software products controlled by the Group, and that will probably generate economic benefits exceeding the costs beyond one year, are recognised as intangible assets. Direct costs include the costs of software development employees and an appropriate portion of relevant overheads.

(iii) Other intangible assets

Other intangible assets that are acquired by the Group are stated at cost less accumulated amortisation and impairment losses. The Group does not have any internally generated intangible assets or any intangible assets with an indefinite life.

(iv) Subsequent expenditure

Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

(v) Amortisation

Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Goodwill and intangible assets with an indefinite useful life are systematically tested for impairment at each balance sheet date. Other intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

Software	3-5 years
Other	3-5 years

(vi) Research and development

Research expenditure is recognised as an expense as incurred. The company does not incur significant development costs that could be capitalised as intangible assets.

TRADE AND OTHER RECEIVABLES

(i) Construction work in progress

Construction work in progress is stated at cost plus profit recognised to date less a provision for foreseeable losses and less progress billings. Cost includes all expenditure related directly to specific projects and an allocation of fixed and variable overheads incurred in the Group's contract activities based on normal operating capacity.

(ii) Other trade and other receivables

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established 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. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the income statement.

TRADE AND OTHER PAYABLES

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

INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

The cost of inventories is based on the first-in first-out principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash balances and call deposits.

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 as cost less impairment.

Certain items of property, plant and equipment that had been revalued to fair value on or prior to 1 January 2004, the date of transition to IFRS, are measured on the basis of deemed cost, being the revalued amount at the date of that revaluation.

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

(ii) Leased assets

Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to the income statement over the lease period using the effective interest method so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the asset's useful life and the lease term.

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 part 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. All other costs are recognised in the income statement as an expense as incurred.

(iv) Depreciation

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

buildings	40 years
plant and machinery	3-17 years
long life moulds	2 or 3 years
office equipment and vehicles	3-10 years

The residual value, if not insignificant, is reassessed annually.

MOULDS

Moulds are classified into long-life moulds, which are included in property, plant and equipment and depreciated over 2 or 3 years, and short-life moulds, which are included in inventories and are valued at the lower of cost and net realisable value.

IMPAIRMENT

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. 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. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

(i) Calculation of recoverable amount

The recoverable amount of the Group's receivables carried at amortised cost is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate (i.e., the effective interest rate computed at initial recognition of these financial assets). Receivables with a short duration (less than one year) are not discounted.

The recoverable amount of other assets is the greater of their net selling price and value in use. 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 cash-generating unit to which the asset belongs.

(ii) Reversals of impairment

Reversals of impairments arise when indicators exists that suggest an impairment loss recognised in a prior period no longer exists.

An impairment loss in respect of goodwill can not be reversed.

In respect of other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

INTEREST-BEARING BORROWINGS

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings on an effective interest basis.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the Balance Sheet date.

EMPLOYEE BENEFITS

Pension obligations

Group companies operate various pension schemes. The schemes are generally funded through payments to insurance companies or trustee-administered funds, determined by periodic actuarial calculations. The Group has both defined benefit and defined contribution plans. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that is not a defined contribution plan. 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 balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognised actuarial gains or losses and past service costs. 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 the Statement of Recognised Income and Expenses in the period in which they arise.

Past-service costs are recognised immediately in income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period.

Settlements and curtailments trigger immediate recognition of the consequent change in obligations and related assets in the Income Statement together with any previously unrecognised past service costs that relate to the obligations being settled or curtailed.

For defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Share-based payment transactions

The fair value of options granted is recognised as an employee expense with a corresponding increase in equity. The fair value, as permitted by IFRS 1, for all options granted since 7 November 2002 and which were unvested at 1 January 2005, is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options. The fair value of the options granted is measured using a binomial lattice model, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of share options that vested except where forfeiture is only due to share prices not achieving the threshold for vesting.

Payments made for the cancellation of share options up to their fair value are recognised as a decrease to equity with the excess recorded as employee expense.

TERMINATION BENEFITS

Termination benefits are recognised as an expense when the Group is demonstrably committed without realistic possibility of withdrawal to a formal detailed plan to terminate employment before normal retirement date or providing termination benefits as a result of an offer made to encourage voluntary redundancy. If the effect is material, benefits payable are recognised at their present value by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money.

PROVISIONS

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

EMISSION RIGHTS AND OBLIGATIONS

Certain jurisdictions in which the Group operates regulate the emissions of carbon dioxide and other pollutants through the operation of a "cap and trade" type scheme, whereby a participating entity must deliver emission certificates to a third party (e.g., a regulator) to be able to emit pollutants legally. The government grants a certain number of emission certificates to an entity for use during a compliance period. Emission rights granted by governments and other similar bodies under cap and trade and other similar schemes are recognised at their nominal amount. Where additional allowances are purchased from third parties, the Group measures such credits at cost on initial recognition with no subsequent revaluation.

Liabilities arising in relation to emission obligations under such schemes are recognised only in circumstances where emission rights granted have been exceeded and the differential between actual and permitted emissions will have to be remedied through the purchase of the required additional rights at fair value. Liabilities arising from such shortfalls are measured at the current market value of the certificates necessary to meet the obligations and classified as provisions.

Where excess certificates are sold to third parties, the Group recognises the fair value of the consideration received as other income in profit or loss offset by the carrying value of the units derecognised. The Group has a policy of only selling certificates where the level of projected emissions over the relevant compliance period has been reliably estimated and the allowances available to offset such emissions is greater than those projected emissions.

SHARE CAPITAL

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds, net of tax.

REVENUE

(i) Goods sold and services rendered

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. Revenue from services rendered is recognised in the income statement in proportion to the stage of completion of the transaction at the balance sheet date. It is the Group's policy to sell its products to the end customer with a right of return. Accumulated experience is used to estimate and provide for such returns at the time of sale. Revenue is included net of cash, value added tax and other discounts.

Pallet deposits are not recognised in revenue.

(ii) Construction contracts

As soon as the outcome of a construction contract can be estimated reliably, contract revenue and expenses are recognised in the income statement in proportion to the stage of completion of the contract. The stage of completion is assessed by reference to surveys of work performed. An expected loss on a contract is recognised immediately in the income statement.

(iii) Capital grants

Capital grants are recorded in deferred income and released to the income statement on a straight-line basis over the estimated useful lives of the related property, plant and equipment.

(iv) Interest income

Interest income is recognised on a time-proportion basis using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

(v) Dividend income

Dividend income is recognised when the right to receive payment is established.

(vi) Royalty income

Royalty income is recognised on an accruals basis in accordance with the substance of the relevant agreements.

FINANCING COSTS

Financing costs comprise interest payable on borrowings calculated using the effective interest rate method, foreign exchange losses, and losses on hedging instruments that are recognised in the income statement.

The interest expense component of finance lease payments is recognised in the income statement 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 directly in equity, in which case it is recognised in equity.

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

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that the reversal of the temporary difference is controlled by the Group and it is probable that they will not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised. Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend.

SEGMENT REPORTING

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

COMBINED INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2006

	Note	31 December 2006	31 December 2005	31 December 2004
		€'000	€'000	€'000
Revenue	*2*	642,300	593,700	582,500
Cost of sales	*3*	(537,700)	(479,500)	(465,600)
Gross profit		104,600	114,200	116,900
Sales, general and administration expenses	*3*	(45,200)	(56,100)	(56,200)
Other income and expenses	*5*	(16,100)	(6,400)	(13,400)
Operating profit		43,300	51,700	47,300
Finance costs	*6*	(13,400)	(11,700)	(11,200)
Finance income		2,000	1,400	1,200
Profit before allocations and tax		31,900	41,400	37,300
Allocations out of Glass		(11,500)	(23,100)	(26,300)
Profit before tax		20,400	18,300	11,000
Income tax expense	*7*	(6,000)	(4,400)	(1,000)
Profit for the financial year		14,400	13,900	10,000

The notes on pages F-101 to F-123 are an integral part of these consolidated financial statements.

COMBINED STATEMENT OF RECOGNISED INCOME AND EXPENSE

FOR THE YEAR ENDED 31 DECEMBER 2006

	Note	31 December 2006	31 December 2005	31 December 2004
		€'000	€'000	€'000
Profit for the financial year		14,400	13,900	10,000
Foreign currency translation adjustments		1,900	800	7,500
Pension scheme actuarial gain/(loss)	*18*	15,700	(7,600)	(7,800)
Deferred taxation on actuarial gain/(loss)	*15*	(3,400)	1,800	2,100
Total recognised income and expense for the year		28,600	8,900	11,800

The notes on pages F-101 to F-123 are an integral part of these consolidated financial statements.

COMBINED BALANCE SHEET
AS AT 31 DECEMBER 2006

	Note	31 December 2006	31 December 2005	31 December 2004
		€'000	€'000	€'000
ASSETS				
Non-current assets				
Goodwill	*8*	105,600	104,200	105,700
Other intangible assets	*8*	3,100	3,200	3,700
Property, plant and equipment	*9*	337,000	323,700	323,400
Trade and other receivables	*11*	4,900	5,900	5,100
Investment in non Glass subsidiary		—	4,000	4,000
Available for sale financial assets	*13*	1,500	1,500	1,500
Deferred tax assets	*15*	7,700	11,100	8,500
		459,800	453,600	451,900
Current assets				
Inventories	*10*	128,400	141,600	143,000
Trade and other receivables	*11*	91,200	82,100	70,800
Cash and cash equivalents	*22*	36,100	32,600	27,100
		255,700	256,300	240,900
Total assets		715,500	709,900	692,800
LIABILITIES				
Non-current liabilities				
Borrowings	*14*	(100)	(200)	(2,200)
Deferred income	*16*	(3,600)	(4,000)	(4,300)
Retirement benefit obligations	*18*	(41,400)	(56,700)	(47,900)
Provisions for other liabilities and charges	*17*	(4,100)	(4,200)	(7,200)
Other payables	*12*	(2,400)	(2,400)	(2,300)
Deferred tax liability	*15*	(25,600)	(22,500)	(22,900)
		(77,200)	(90,000)	(86,800)
Current liabilities				
Borrowings	*14*	(220,100)	(216,000)	(213,700)
Deferred income	*16*	(300)	(500)	(1,400)
Trade and other payables	*12*	(112,600)	(125,500)	(120,000)
Current income tax payable		(1,200)	(1,700)	(2,500)
Provisions for other liabilities and charges	*17*	(900)	(1,800)	(3,600)
		(335,100)	(345,500)	(341,200)
TOTAL LIABILITIES		(412,300)	(435,500)	(428,000)
NET ASSETS		303,200	274,400	264,800
EQUITY				
Share capital		105,900	105,900	105,900
Translation reserve		10,200	8,300	7,500
Retained earnings	*20*	187,100	160,200	151,400
TOTAL EQUITY		303,200	274,400	264,800

The notes on pages F-101 to F-123 are an integral part of these consolidated financial statements.

COMBINED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2006

	Note	31 December 2006	31 December 2005	31 December 2004
		€'000	€'000	€'000
Cash flows from operating activities				
Cash generated from operations	*21*	108,400	104,100	94,100
Interest paid		(11,600)	(9,700)	(9,700)
Income tax paid		(4,100)	(6,100)	(5,800)
Net cash from operating activities		92,700	88,300	78,600
Cash flows from investing activities				
Acquisition of subsidiary net of cash acquired	*23*	—	—	(4,600)
Sale of properties surplus to requirements		—	—	6,900
Proceeds from the disposal of non glass subsidiaries		500	—	3,400
Proceeds from the sale of property, plant and equipment		500	4,000	300
Purchase of property, plant and equipment		(67,600)	(63,700)	(65,200)
Interest received		1,500	1,100	500
Net cash used in investing activities		(65,100)	(58,600)	(58,700)
Cash flows from financing activities				
Net movement on borrowings		4,700	16,400	(2,100)
Equity injection into non Glass subsidiary		(4,200)	—	—
Allocations of profit paid to parent companies		(23,200)	(26,100)	(24,400)
Net cash used in financing activities		(22,700)	(9,700)	(26,500)
Net increase/(decrease) in cash and cash equivalents		4,900	20,000	(6,600)
Cash and cash equivalents at beginning of the period		17,700	(3,600)	500
Exchange (losses)/gains on cash and bank overdrafts		(100)	1,300	2,500
Cash and cash equivalents at end of the year	*22*	22,500	17,700	(3,600)

The notes on pages F-101 to F-123 are an integral part of these consolidated financial statements.

NOTES TO THE COMBINED FINANCIAL STATEMENTS

1. CRITICAL ACCOUNTING ESTIMATES 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.

Critical accounting estimates and assumptions

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.

(a) Estimated impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates.

(b) 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.

(c) Measurement of defined benefit obligations

The Group follows the guidance of IAS 19 to determine the present value of its obligations to current and past employees in respect of defined benefit pension obligations and other long term employee benefits, which are subject to similar fluctuations in value in the long term. The Group uses a network of professional actuaries co-ordinated under a world wide process to value such liabilities designed 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 18.

(d) Provisions

The amount recognised for a provision is the best estimate of the expenditure to be incurred. Provisions are remeasured at each Balance Sheet date based on the best estimate of the settlement amount. Changes to the best estimate of the settlement amount may result from changes in the amount or timing of the outflows or changes in discount rates (when applicable).

(e) Establishing lives for depreciation purposes of property, plant and equipment

Long-lived assets, consisting primarily of property, plant and equipment, comprise a significant portion of the total assets. The annual depreciation charge depends primarily on the estimated 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

1. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

of the assets concerned. Changes in asset lives can have a significant impact on 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. Details of the useful lives is included in the accounting policy. The impact of any change would vary significantly depending on the individual changes in assets and the classes of assets impacted.

(f) Share-based payments

The determination of the fair value of awards under the stock option plan involves the use of judgements and estimates. The fair value has been estimated using the Monte Carlo and binominal model in accordance with the judgemental assumptions set out in Note 19.

Critical judgements in applying the entity's accounting policies

Revenue recognition

The Group has recognised revenue amounting to €642,300,000 for sales of goods during 2006. Customers have the right to rescind the sale if the goods are damaged. The Group believes that, based on past experience, the rate of customer returns is less than 1% of revenue and it is therefore appropriate to recognise all revenue net of returns.

2. SEGMENTAL ANALYSIS

Primary reporting format—Geographical segments

Glass is managed as a single business manufacturing glass containers. It operates in 4 principal geographic areas, Germany, Benelux, Poland and Nordic. The geographic segment information set out below is based on the geographic location of the manufacturing facilities and includes items directly attributable to the segment.

The segment results for the year ended 31 December 2006 are as follows:

	Germany	Nordic	Benelux	Poland	Total
	€'000	€'000	€'000	€'000	€'000
Total gross segment sales	330,200	202,700	130,100	58,100	721,100
Sales within Glass	(13,800)	(61,200)	(2,900)	(900)	(78,800)
External sales	316,400	141,500	127,200	57,200	642,300
Operating profit	11,300	10,500	11,400	10,100	43,300
Finance costs (Note 6)					(13,400)
Finance income					2,000
Profit before allocations and tax					31,900
Allocation out of Glass division					(11,500)
Profit before tax					20,400
Income tax					(6,000)
Profit for the year					14,400

Other segment items included in the income statement are as follows:

	Germany	Nordic	Benelux	Poland	Total
	€'000	€'000	€'000	€'000	€'000
Depreciation and amortisation	29,300	10,900	12,300	4,000	56,500

2. SEGMENTAL ANALYSIS (Continued)

The segment results for the year ended 31 December 2005 are as follows:

	Germany €'000	Nordic €'000	Benelux €'000	Poland €'000	Total €'000
Total gross segment sales	300,500	190,100	118,000	52,900	661,500
Sales within Glass	(6,900)	(57,000)	(3,500)	(400)	(67,800)
External sales	293,600	133,100	114,500	52,500	593,700
Operating profit	14,400	17,900	10,900	8,500	51,700
Finance costs (Note 6)					(11,700)
Finance income					1,400
Profit before allocations and tax					41,400
Allocation out of Glass division					(23,100)
Profit before tax					18,300
Income tax					(4,400)
Profit for the year					13,900

Other segment items included in the income statement are as follows:

	Germany €'000	Nordic €'000	Benelux €'000	Poland €'000	Total €'000
Depreciation and amortisation	33,900	11,800	10,700	5,700	62,100

The segment results for the year ended 31 December 2004 are as follows:

	Germany €'000	Nordic €'000	Benelux €'000	Poland €'000	Total €'000
Total gross segment sales	320,900	166,900	105,900	47,300	641,000
Sales within Glass	(10,400)	(38,400)	(9,200)	(500)	(58,500)
External sales	310,500	128,500	96,700	46,800	582,500
Operating profit	14,400	17,300	8,300	7,300	47,300
Finance costs (Note 6)					(11,200)
Finance income					1,200
Profit before allocations and tax					37,300
Allocation out of Glass division					(26,300)
Profit before tax					11,000
Income tax					(1,000)
Profit for the year					10,000

Other segment items included in the income statement are as follows:

	Germany €'000	Nordic €'000	Benelux €'000	Poland €'000	Total €'000
Depreciation and amortisation	38,400	13,100	10,900	4,600	67,000

Inter-segment transfers or transactions are entered into under normal commercial terms and conditions that would also be available to unrelated third parties.

2. SEGMENTAL ANALYSIS (Continued)

The segment assets and liabilities at 31 December 2006 and capital expenditure for the year then ended are as follows:

	Germany	Nordic	Benelux	Poland	Total
	€'000	€'000	€'000	€'000	€'000
Segment assets	275,300	140,200	107,500	48,400	571,400
Unallocated assets					144,100
Total assets					715,500
Segment liabilities	(83,400)	(44,800)	(32,900)	(9,500)	(170,600)
Unallocated liabilities					(241,700)
Total liabilities					(412,300)
Capital expenditure	35,200	30,100	12,200	15,400	92,900

The segment assets and liabilities at 31 December 2005 and capital expenditure for the year then ended are as follows:

	Germany	Nordic	Benelux	Poland	Total
	€'000	€'000	€'000	€'000	€'000
Segment assets	291,200	131,500	109,100	43,800	575,600
Unallocated assets					134,300
Total assets					709,900
Segment liabilities	(108,600)	(45,300)	(45,900)	(8,900)	(208,700)
Unallocated liabilities					(226,800)
Total liabilities					(435,500)
Capital expenditure	51,000	18,000	4,900	3,700	77,600

The segment assets and liabilities at 31 December 2004 and capital expenditure for the year then ended are as follows:

	Germany	Nordic	Benelux	Poland	Total
	€'000	€'000	€'000	€'000	€'000
Segment assets	270,400	129,700	109,800	41,600	551,500
Unallocated assets					141,300
Total assets					692,800
Segment liabilities	(105,100)	(41,000)	(33,300)	(7,300)	(186,700)
Unallocated liabilities					(241,300)
Total liabilities					(428,000)
Capital expenditure	26,000	14,400	20,600	4,200	65,200

Segment assets consist primarily of property, plant and equipment, intangible assets, inventories, receivables and operating cash.

Segment liabilities comprise operating liabilities.

Capital expenditure comprises additions to property, plant and equipment (Note 9) and intangible assets (Note 8).

2. SEGMENTAL ANALYSIS (Continued)

Unallocated assets comprise goodwill, investments, deferred tax assets and cash and cash equivalents. Unallocated liabilities comprise borrowings, current tax and deferred tax liabilities.

3. EXPENSES BY NATURE

	2006	2005	2004
	€'000	€'000	€'000
Depreciation and amortisation	56,500	62,100	67,000
Changes in inventories of finished goods and work in progress	4,500	(9,300)	(17,800)
Freight	37,700	34,200	37,900
Raw materials	137,000	134,900	123,900
Employee benefit expense	164,200	157,600	157,000
Operating lease rental expense	4,800	4,600	5,200
Use of grants	(600)	(1,400)	(3,400)
Other operating expenses	178,800	152,900	152,000
Total cost of sales, sales, general and administration expenses	582,900	535,600	521,800
Average number of employees	3,560	3,569	3,653

Key management compensation for 2006 comprises salaries and other short term benefits of €1,700,000, post employment benefits of €200,000 and share based payment of €100,000. Key management comprises the Glass central management team. No data has been disclosed for 2004 or 2005 due to a change in operational management, from a regional basis to centrally coordinated basis, and the relocation of its headquarter function from the UK in 2005.

During 2006, a review was carried out of the estimated useful lives of certain manufacturing machinery. Following that review the lives were extended from 10 years to 12 years, resulting in a lower depreciation charge in 2006 of €4,400,000. During 2005, a review was carried out of the estimated useful lives of glass furnaces. Following that review the lives were extended from 10 years to 12 years, resulting in a lower depreciation charge in 2005 of €3,800,000.

4. EMPLOYEE BENEFIT EXPENSE

	2006	2005	2004
	€'000	€'000	€'000
Wages and salaries	135,100	128,900	128,900
Social security costs	23,200	22,000	24,400
Pension costs	5,700	6,000	3,200
Share based payments	200	700	500
	164,200	157,600	157,000
Employee benefit expense included in other income and expenses	—	—	6,900
Total employee benefit expense	164,200	157,600	163,900

5. OTHER INCOME AND EXPENSES

	2006	2005	2004
	€'000	€'000	€'000
Sale of non glass subsidiary	(8,300)	—	—
Dividend from non glass subsidiary	400	—	400
HQ costs	(8,200)	(6,400)	(5,900)
Germany restructuring and integration	—	—	(6,000)
Holland: integration	—	—	(600)
Denmark: restructuring	—	—	(1,300)
	(16,100)	(6,400)	(13,400)

6. FINANCE COSTS

	2006	2005	2004
	€'000	€'000	€'000
Interest expense			
—Bank loans and overdrafts	1,200	1,300	1,800
—Retirement benefit obligations net finance cost	1,200	1,300	900
—Rexam Group loans	11,000	9,100	8,500
Finance costs	13,400	11,700	11,200

7. INCOME TAX EXPENSE

	2006	2005	2004
	€'000	€'000	€'000
Current tax	3,600	4,700	2,200
Deferred tax	2,400	(300)	(1,200)
	6,000	4,400	1,000

The tax on the Group's loss before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated companies as follows:

	2006	2005	2004
	€'000	€'000	€'000
Profit before tax	20,400	18,300	11,000
Profit on ordinary activities multiplied by UK statutory rate of 30%	6,100	5,500	3,300
Non-deductible items	2,300	100	100
Tax overprovided in prior years	(1,000)	(100)	(1,100)
Profits taxable at non-standard rate	(1,000)	(900)	(1,300)
Other	(400)	(200)	—
Total tax charge for the financial year	6,000	4,400	1,000

8. INTANGIBLE ASSETS

	Goodwill €'000	Software €'000	Total €'000
Year ended 1 January 2004			
Cost	97,900	5,000	102,900
Accumulated amortisation and impairment	—	(1,400)	(1,400)
Net book amount	97,900	3,600	101,500
Year ended 31 December 2004			
Opening net book amount	97,900	3,600	101,500
Exchange differences	900	—	900
Additions	—	600	600
Arising on acquisitions	6,900	200	7,100
Amortisation charge	—	(700)	(700)
Closing net book amount	105,700	3,700	109,400
Year ended 31 December 2005			
Opening net book amount	105,700	3,700	109,400
Exchange differences	(1,500)	200	(1,300)
Additions	—	300	300
Amortisation charge	—	(1,000)	(1,000)
Closing net book amount	104,200	3,200	107,400
Year ended 31 December 2006			
Opening net book amount	104,200	3,200	107,400
Exchange differences	1,400	200	1,600
Additions	—	1,200	1,200
Amortisation charge	—	(1,500)	(1,500)
Closing net book amount	105,600	3,100	108,700
Year ended 31 December 2006			
Cost	105,600	4,600	110,200
Accumulated amortisation	—	(1,500)	(1,500)
Net book amount	105,600	3,100	108,700

Goodwill represents the cost and carrying amount of goodwill relating to Glass from a Rexam perspective. Annual testing for impairment of goodwill has been carried out at the level of Glass overall, which is the smallest group of CGU's to which goodwill can be allocated. The recoverable amount was measured using value in use calculations. The cash flow projections used for each year in the calculations were based on the budget for the following year and the two subsequent plan years approved by Rexam senior management as set out below:

- 2004: Budget 2005 and plans 2006 and 2007.
- 2005: Budget 2006 and plans 2007 and 2008.
- 2006: Budget 2007 and plans 2008 and 2009.

8. INTANGIBLE ASSETS (Continued)

Cash flows beyond the three year period were extrapolated using a zero real growth rate.

Key assumptions used in the recoverable amount calculation include:

- Sales and margins. Forecasts were based on Glass sales, markets, costs and competitors. Consideration was given to past experience, knowledge of future contracts and the expected improvements following capital expenditure projects.
- Raw materials and energy price inflation. Forecasts for raw materials and energy were based on inflation forecasts and supply and demand factors.
- Exchange rates. Forecasts were based on analysis by management of factors likely to affect exchange rates including interest rates and economic growth forecasts.

The pre tax discount rates used in the calculations were 11% in 2006 and 2005 and 12% in 2004.

9. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings	Plant and machinery	Assets under construction	Total
	€'000	€'000	€'000	€'000
Cost				
At 1 January 2004	142,800	472,000	5,000	619,800
Acquisitions	19,500	23,100	—	42,600
Additions	2,600	56,200	5,800	64,600
Disposals	(700)	(42,000)	—	(42,700)
Reclassifications	2,600	7,700	(10,300)	—
Exchange movement	2,000	6,000	100	8,100
At 31 December 2004	168,800	523,000	600	692,400
Depreciation				
At 1 January 2004	(56,500)	(282,900)	—	(339,400)
Charge for the year	(6,800)	(59,500)	—	(66,300)
Disposals	400	41,600	—	42,000
Impairment	—	(1,000)	—	(1,000)
Reclassifications	(800)	800	—	—
Exchange movement	(700)	(3,600)	—	(4,300)
At 31 December 2004	(64,400)	(304,600)	—	(369,000)
Net book value				
At 31 December 2004	104,400	218,400	600	323,400

9. PROPERTY, PLANT AND EQUIPMENT (Continued)

	Land and buildings	Plant and machinery	Assets under construction	Total
	€'000	€'000	€'000	€'000
Cost				
At 1 January 2005	168,800	523,000	600	692,400
Additions	3,700	51,800	8,200	63,700
Disposals	(500)	(30,400)	—	(30,900)
Reclassifications	3,200	3,000	(6,200)	—
Exchange movement	(200)	(1,400)	—	(1,600)
At 31 December 2005	175,000	546,000	2,600	723,600
Depreciation				
At 1 January 2005	(64,400)	(304,600)	—	(369,000)
Charge for the year	(7,000)	(54,100)	—	(61,100)
Disposals	400	27,900	—	28,300
Exchange movement	500	1,400	—	1,900
At 31 December 2005	(70,500)	(329,400)	—	(399,900)
Net book value				
At 31 December 2005	104,500	216,600	2,600	323,700
Cost				
At 1 January 2006	175,000	546,000	2,600	723,600
Additions	3,500	54,100	9,500	67,100
Disposals	(700)	(78,900)	—	(79,600)
Transfers	—	800	(200)	600
Reclassifications	2,300	8,000	(10,300)	—
Exchange movement	700	2,600	—	3,300
At 31 December 2006	180,800	532,600	1,600	715,000
Depreciation				
At 1 January 2006	(70,500)	(329,400)	—	(399,900)
Charge for the year	(7,100)	(47,900)	—	(55,000)
Disposals	700	77,800	—	78,500
Transfers	—	400	—	400
Reclassifications	(100)	100	—	—
Exchange movement	(400)	(1,600)	—	(2,000)
At 31 December 2006	(77,400)	(300,600)	—	(378,000)
Net book value				
At 31 December 2006	103,400	232,000	1,600	337,000

The carrying value of property, plant and equipment includes finance leased assets of €800,000 in 2006, €900,000 in 2005 and €1,500,000 in 2004. There are no borrowing costs capitalised included in the carrying value of property, plant and equipment in any year.

10. INVENTORIES

	2006	2005	2004
	€'000	€'000	€'000
Raw materials and consumables	43,300	44,500	38,800
Finished goods	85,100	97,100	104,200
	128,400	141,600	143,000
Provisions made against inventories	(4,400)	(1,900)	—
Release of provisions made against inventories	3,400	500	—

Provision releases were made relating to sales of glass containers to an independent customer at original cost.

11. TRADE AND OTHER RECEIVABLES

	2006	2005	2004
	€'000	€'000	€'000
Non current assets:			
Trade receivables	200	1,500	—
Other receivables and prepayments	4,700	4,400	5,100
	4,900	5,900	5,100
Current assets:			
Trade receivables	82,800	75,500	61,400
Other receivables and prepayments	8,400	6,600	9,400
	91,200	82,100	70,800

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

There is no concentration of credit risk with respect to trade receivables as the Group has a large number of customers, internationally dispersed.

12. TRADE AND OTHER PAYABLES

	2006	2005	2004
	€'000	€'000	€'000
Current liabilities:			
Trade payables	58,800	62,900	52,600
Other payables and accruals	33,200	28,300	28,200
Due to parent companies	11,800	22,900	26,600
VAT payable:			
Current taxes payable	—	—	—
Other tax and social security payable	8,800	11,400	12,600
	112,600	125,500	120,000
Non current liabilities:			
Other payables	2,400	2,400	2,300
	2,400	2,400	2,300

13. AVAILABLE FOR SALE FINANCIAL ASSETS

	2006	2005	2004
	€'000	€'000	€'000
Investment in German glass recycling company	500	500	500
Investment in German mould design and production company	800	800	800
Other available for sale financial assets	200	200	200
	1,500	1,500	1,500

14. BORROWINGS

	2006			2005			2004		
	Current	Non-current	Total	Current	Non-current	Total	Current	Non-current	Total
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Bank loans, overdrafts and revolving credit facilities	13,600	—	13,600	16,500	—	16,500	33,200	1,700	34,900
Interest bearing Rexam Group loans	206,400	—	206,400	199,300	—	199,300	179,800	—	179,800
Finance leases	100	100	200	200	200	400	700	500	1,200
	220,100	100	220,200	216,000	200	216,200	213,700	2,200	215,900

Finance lease minimum lease payments:

	2006	2005	2004
	€'000	€'000	€'000
Within 1 year or on demand	100	200	700
Between 1 and 5 years	100	200	500
Total minimum lease payments	200	400	1,200
Future finance charges	—	—	—
Present value of finance leases	200	400	1,200

15. DEFERRED INCOME TAX

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 relate to the same fiscal authority. The offset amounts are as follows:

	2006	2005	2004
	€'000	€'000	€'000
Deferred tax assets:			
Deferred tax asset to be recovered after more than 12 months	7,700	11,100	8,500
Deferred tax liability:			
Deferred tax liability to be recovered after more than 12 months	(25,600)	(22,500)	(22,900)
	(17,900)	(11,400)	(14,400)

15. DEFERRED INCOME TAX (Continued)

The gross movement on the deferred income tax account is as follows:

	2006	2005	2004
	€'000	€'000	€'000
At 1 January	(11,400)	(14,400)	(16,600)
Acquired	—	—	(200)
Disposed	(600)	—	—
Income statement credit	(2,400)	300	400
Tax (credited)/charged to equity	(3,400)	1,800	2,100
Exchange movement	(100)	900	(100)
At 31 December	(17,900)	(11,400)	(14,400)

The movement in deferred tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

Deferred tax liabilities:

	Accelerated tax depreciation	Other	Total
	€'000	€'000	€'000
At 1 January 2004	(21,400)	(3,400)	(24,800)
Credited/(charged) to the income statement	3,800	(300)	3,500
Acquisition of subsidiary	(1,300)	—	(1,300)
Reclassifications	(1,900)	1,900	—
Exchange movement	(100)	(200)	(300)
At 31 December 2004	(20,900)	(2,000)	(22,900)
Credited/(charged) to the income statement	1,300	(1,700)	(400)
Reclassifications	900	(900)	—
Exchange movement	—	800	800
At 31 December 2005	(18,700)	(3,800)	(22,500)
(Charged)/credited to the income statement	(3,200)	600	(2,600)
Reclassifications	(300)	300	—
Disposal of subsidiary	—	(600)	(600)
Exchange movement	—	100	100
At 31 December 2006	(22,200)	(3,400)	(25,600)

15. DEFERRED INCOME TAX (Continued)

Deferred tax assets:

	Pension	Other	Total
	€'000	€'000	€'000
At 1 January 2004	1,700	6,500	8,200
Charged to the income statement	(200)	(2,900)	(3,100)
Credited to equity	2,100	—	2,100
Acquisition of subsidiary	100	1,000	1,100
Exchange movement	—	200	200
At 31 December 2004	3,700	4,800	8,500
Credited to the income statement	—	700	700
Credited to equity	1,800	—	1,800
Exchange movement	—	100	100
At 31 December 2005	5,500	5,600	11,100
(Charged)/credited to the income statement	(1,000)	1,200	200
Charged to equity	(3,400)	—	(3,400)
Reclassifications	2,800	(2,800)	—
Exchange movement	—	(200)	(200)
At 31 December 2006	3,900	3,800	7,700

The deferred income tax charged to equity during the year of €3,400,000 (2005 credit: €1,800,000 2004 credit: €2,100,000) related to the actuarial gain on the pension schemes.

Deferred tax assets have been recognised where it is more likely than not that sufficient future profits will be available to absorb tax losses and other timing differences. Deferred tax assets have not been recognised in respect of the amounts set out below.

	2006	2005	2004
	€'000	€'000	€'000
Tax losses	—	100	400
Other	200	500	1,100
	200	600	1,500

16. DEFERRED INCOME—GOVERNMENT GRANTS

	2006	2005	2004
	€'000	€'000	€'000
At 1 January	(4,500)	(5,700)	(9,100)
Additions/refunds	—	(200)	—
Amortisation for the year	600	1,400	3,400
At 31 December	(3,900)	(4,500)	(5,700)

16. DEFERRED INCOME—GOVERNMENT GRANTS (Continued)

Classified as:

	2006	2005	2004
	€'000	€'000	€'000
Deferred income—current liability	(300)	(500)	(1,400)
Deferred income—non-current liability	(3,600)	(4,000)	(4,300)
	(3,900)	(4,500)	(5,700)

17. PROVISIONS FOR OTHER LIABILITIES AND CHARGES

	Restructuring and integration	Environmental compliance	Total
	€'000	€'000	€'000
At 1 January 2006	(2,000)	(4,000)	(6,000)
Release/(charge) for the year	—	200	200
Utilisation	800	—	800
At 31 December 2006	(1,200)	(3,800)	(5,000)
Current liabilities	(700)	(200)	(900)
Non current liabilities	(500)	(3,600)	(4,100)
	(1,200)	(3,800)	(5,000)
At 1 January 2005	(6,800)	(4,000)	(10,800)
Utilisation	4,800	—	4,800
At 31 December 2005	(2,000)	(4,000)	(6,000)
Current liabilities	(800)	(1,000)	(1,800)
Non current liabilities	(1,200)	(3,000)	(4,200)
	(2,000)	(4,000)	(6,000)
At 1 January 2004	(9,100)	(4,700)	(13,800)
(Charge)/release for the year	(5,700)	700	(5,000)
Utilisation	8,000	—	8,000
At 31 December 2004	(6,800)	(4,000)	(10,800)
Current liabilities	(3,400)	(200)	(3,600)
Non current liabilities	(3,400)	(3,800)	(7,200)
	(6,800)	(4,000)	(10,800)

Restructuring and integration in 2006 relates to amounts provided for the reorganisation of the German business. The utilisation of the bulk of this provision at 31 December 2007 is likely within 2007 and 2008. Environmental compliance relates mainly to Germany and is long term in nature with the timing of utilisation unknown.

18. RETIREMENT BENEFIT OBLIGATIONS

Balance sheet obligations for:	2006	2005	2004
	€'000	€'000	€'000
Defined benefit pension plans	(33,700)	(49,400)	(41,300)
Other retirement benefit liabilities	(7,700)	(7,300)	(6,600)
	(41,400)	(56,700)	(47,900)

Other retirement benefit liabilities comprise actuarially determined long service and age related liabilities. Glass does not operate any defined contribution pension plans.

Income statement charge for:	2006	2005	2004
	€'000	€'000	€'000
Pension benefits	(4,400)	(4,600)	(3,500)
	(4,400)	(4,600)	(3,500)

Pension Benefits

Glass operates a funded defined benefit pension plan in Holland, and unfunded defined benefit plans in Germany and Sweden.

The amounts recognised in the balance sheet are determined as follows:

	2006	2005	2004
	€'000	€'000	€'000
Present value of funded obligations	(96,300)	(101,100)	(84,000)
Fair value of plan assets	91,800	82,800	71,800
	(4,500)	(18,300)	(12,200)
Present value of unfunded obligations	(29,200)	(31,100)	(29,100)
Liability in the balance sheet	(33,700)	(49,400)	(41,300)

The amounts recognised in the income statement are as follows:

	2006	2005	2004
	€'000	€'000	€'000
Current service cost	(3,200)	(3,300)	(2,600)
Interest income	(1,200)	(1,300)	(900)
Total, included in staff costs	(4,400)	(4,600)	(3,500)

The actual return on plan assets was €6,200,000 (2005: €8,600,000 2004: €5,600,000).

18. RETIREMENT BENEFIT OBLIGATIONS (Continued)

The movement in the defined benefit obligation over the year is as follows:

	2006	2005	2004
	€'000	€'000	€'000
Beginning of the year	(132,200)	(113,100)	(96,000)
Acquired balance	—	—	(2,000)
Current service cost	(3,200)	(3,300)	(2,600)
Interest cost	(5,400)	(5,100)	(4,800)
Actuarial gains/(losses)	13,700	(12,400)	(9,500)
Exchange differences	(100)	100	—
Employee contributions	(1,700)	(1,400)	(1,300)
Benefits paid	3,400	3,000	3,100
End of the year	(125,500)	(132,200)	(113,100)

The movement in the fair value of plan assets over the year is as follows:

	2006	2005	2004
	€'000	€'000	€'000
Beginning of the year	82,800	71,800	62,300
Acquired balance	—	—	1,700
Expected return on plan assets	4,200	3,800	3,900
Actuarial gains	2,000	4,800	1,700
Employer contributions	3,000	2,600	2,600
Employee contributions	1,700	1,400	1,300
Exchange differences	—	—	—
Benefits paid	(1,900)	(1,600)	(1,700)
End of the year	91,800	82,800	71,800

Plan assets are comprised as follows:

	2006	2005	2004
	€'000	€'000	€'000
Equities	41,300	37,200	33,000
Bonds	46,800	41,500	34,500
Cash/other	3,700	4,100	4,300
	91,800	82,800	71,800

	2006	2005	2004
	€'000	€'000	€'000
Actuarial (gains) and losses recognised in the SORIE	(15,700)	7,600	7,800
The cumulative actuarial (gains) and losses recognised in the SORIE	(300)	15,400	7,800

18. RETIREMENT BENEFIT OBLIGATIONS (Continued)

The principal actuarial assumptions:

	2006	2005	2004
	%	%	%
Holland:			
Future salary increases	2.90	2.90	2.80
Future pension increases	1.90	1.90	1.80
Discount rate	4.60	4.00	4.50
Inflation rate	1.90	1.90	1.80
Expected return on equities	6.84	6.80	7.00
Expected return on bonds	4.14	3.60	4.50
Expected return on cash	4.14	2.00	2.50

The mortality assumptions used in valuing the liabilities of the plan for each of the years are based on the GBM/V 1995-2000 tables.

	2006	2005	2004
	%	%	%
Germany:			
Future salary increases	2.50	2.50	2.50
Future pension increases	1.90	1.75	1.50
Discount rate	4.60	4.00	4.50
Inflation rate	1.90	1.75	1.50

The mortality assumptions used in valuing the liabilities of the plan for 2005 and 2006 are based on the Heubeck 2005 tables and for 2004 are based on the Heubeck 1998 tables.

	2006	2005	2004
	%	%	%
Sweden:			
Future salary increases	3.00	3.00	3.00
Future pension increases	2.00	2.00	2.00
Discount rate	3.75	3.50	5.00
Inflation rate	2.00	2.00	2.00

The mortality assumptions used in valuing the liabilities of the plan in each of the years are based on the FFFS 2001:13 tables.

Information on defined benefit plans:

	2006	2005	2004
Experience gains/(losses) arising on the defined benefit obligation (€'000)	13,700	(12,400)	(9,500)
Percentage of present value of the defined benefit obligation (%)	11	9	8
Experience gains arising on plan assets (€'000)	2,000	4,800	1,700
Percentage of plan assets (%)	2	6	2
Total cumulative actuarial gains/(losses)	300	(15,400)	(7,800)

Rexam expects to contribute €4,300,000 in cash to the Glass defined benefit pension plans in 2007.

19. SHARE BASED PAYMENTS

Certain employees of Glass have been granted options in equity settled share option schemes operated by the Rexam Group. The equity settled share based payment schemes comprise the Long Term Incentive Scheme (LTIS) and the Executive Share Option Scheme (ESOS) as described below.

LTIS

Annual grants of options over ordinary shares are made to certain employees. The Total Shareholder Return (TSR) of Rexam is measured and compared to a comparator group of listed companies. The percentage of share options that actually vest is dependent upon Rexam's comparative TSR over a three year measurement period, commencing on 1 January of the year in which the option is granted. If performance targets are met, share options vest on 1 January, three years after the start of the measurement period and can be exercised at a nominal cost to the employee. The expiry date is six years and eleven months after the grant.

ESOS

Annual grants of options over ordinary shares are made to certain employees. All shares will vest if the performance target (annual growth rate of pre determined economic profit) is met over the three year measurement period. Share options are exercisable three years after grant date and expire ten years after grant date. The exercise price is set at market value using the average of the mid market price of a Rexam ordinary share over a three day period preceding the grant date.

The key assumptions used in valuing share options:

	2006	2005	2004
Expected dividend growth (%)	3.1 to 3.7	3.4 to 4.3	3.6 to 5.1
Expected and historical volatility (%)	17.4 to 30.2	21.4 to 32.7	27.8 to 34.3
Risk free interest rate (%)	4.3 to 4.6	4.0 to 4.7	4.4 to 4.7
Expected life of LTIS options (years)	3	3	3
Expected life of ESOS options (years)	5	5	5
Weighted average share price (euros)	7.66	7.11	6.50

The assumptions made to incorporate the effects of expected early exercise have been included by assuming an expected option life based on historical exercise patterns for each option scheme. Historical volatilities are arrived at using a period comparable with the expected life of the option. The correlation coefficient for the LTIS is calculated using the correlation matrix for the TSR simulation using three year daily historical stock price series for each company in the comparator group, including Rexam, from the beginning of the measurement date. The charge to Glass arising from these share option schemes for each year is set out in note 4 to the financial statements. The LTIS was calculated using a combination of the Monte Carlo and binomial models. The ESOS was calculated using the binomial model.

19. SHARE BASED PAYMENTS (Continued)

The number of options and weighted average exercise prices for all share options relating to Glass are set out below:

	Number of options 2006	Weighted average exercise price 2006 Euro	Number of options 2005	Weighted average exercise price 2005 Euro	Number of options 2004	Weighted average exercise price 2004 Euro
Outstanding at 1 January	1,565,333	4.12	1,482,053	3.34	1,627,489	2.62
Granted	354,983	4.84	432,260	4.74	524,682	4.24
Forfeited	(145,428)	1.17	(99,157)	0.76	(95,527)	2.57
Exercised	(438,325)	4.76	(249,823)	2.45	(574,591)	2.22
Outstanding at 31 December	1,336,563	4.51	1,565,333	4.12	1,482,053	3.34
Exercisable at 31 December	51,110	5.88	111,672	6.19	105,165	3.43

The exercise prices and average remaining contractual lives of share options by scheme for each year are set out below.

	LTIS Options outstanding Number	LTIS Range of exercise prices Cent	LTIS Weighted average remaining contractual life Years	ESOS Options outstanding Number	ESOS Range of exercise prices Cent	ESOS Weighted average remaining contractual life Years
2006	468,700	0.147	5.1	867,863	3.52 to 8.13	7.8
2005	482,311	0.147	5.1	1,083,022	3.50 to 6.95	8.0
2004	545,221	0.147	5.2	936,832	3.08 to 6.45	8.2

20. EQUITY

	2006 €'000	2005 €'000	2004 €'000
At 1 January	274,400	264,800	246,700
Exchange differences	1,900	800	7,500
Actuarial changes on retirement benefit obligations (net of tax)	12,300	(5,800)	(5,700)
Profit for the year	14,400	13,900	10,000
Cost of acquisition in Glass paid by a Rexam Group company	—	—	5,800
Share options value of services provided	200	700	500
At 31 December	303,200	274,400	264,800

21. CASH GENERATED FROM OPERATIONS

	2006	2005	2004
	€'000	€'000	€'000
Profit for the financial year	14,400	13,900	10,000
Adjustments:			
Tax	6,000	4,400	1,000
Depreciation of PPE/intangible assets	56,500	62,100	67,000
Net Finance costs	11,400	10,300	10,000
Allocation of profit to parent companies	11,500	23,100	26,300
Sale of non glass subsidiary	8,300	—	—
Profit/(loss) on disposal of fixed assets	600	(1,400)	400
Movement in grants	(11,000)	(14,400)	(3,400)
Movement in provisions	5,300	8,200	(3,000)
Other	3,300	300	(2,000)
	106,300	106,500	106,300
Changes in working capital:			
Inventories	12,600	600	(9,900)
Trade and other receivables	(7,400)	(14,300)	6,400
Trade and other payables	(3,100)	11,300	(8,700)
	2,100	(2,400)	(12,200)
Cash generated from operations	108,400	104,100	94,100

22. CASH AND CASH EQUIVALENTS

	2006	2005	2004
	€'000	€'000	€'000
Cash at bank and in hand	1,400	2,600	4,900
Short term bank deposits	34,700	30,000	22,200
Cash and cash equivalents in the balance sheet	36,100	32,600	27,100
Bank overdrafts	(13,600)	(14,900)	(30,700)
Cash and cash equivalents in the cash flow statement	22,500	17,700	(3,600)

23. BUSINESS COMBINATIONS

On 19 February 2004 100% of a Dutch glass manufacturer, Glas Moerdijk BV, was purchased and on 20 February 2004 100% of a Polish glass manufacturer, Polglas (Polska) SA, was purchased. Details are set out below.

	Moerdijk	Polglas	Total
	€'000	€'000	€'000
Consideration	3,200	5,800	9,000
Fair value of net assets acquired	600	1,500	2,100
Goodwill	2,600	4,300	6,900
Net cash outflow in the cash flow statement:			
Cash consideration	3,200	—	3,200
Cash and cash equivalents acquired	1,000	400	1,400
	4,200	400	4,600

Goodwill represented the value of synergies and the workforce. The consideration of €5,800,000 for Polglas was satisfied in cash by a Rexam Group company not included in these financial statements

	Book value of net assets acquired Moerdijk	Fair value adjustments Moerdijk	Fair value of net assets acquired Moerdijk	Book value of net assets acquired Polglas	Fair value adjustments Polglas	Fair value of net assets acquired Polglas
	€'000	€'000	€'000	€'000	€'000	€'000
Property, plant and equipment	34,000	400	34,400	11,000	(2,800)	8,200
Working capital	4,200	2,200	6,400	3,300	(400)	2,900
Cash and cash equivalents	(1,000)	—	(1,000)	(400)	—	(400)
Borrowings	(38,500)	—	(38,500)	(9,400)	—	(9,400)
Retirement benefit obligations	—	(300)	(300)	—	—	—
Deferred tax	—	(400)	(400)	—	200	200
	(1,300)	1,900	600	4,500	(3,000)	1,500

There were no acquisitions in 2005 or 2006.

24. CAPITAL AND OTHER FINANCIAL COMMITMENTS

Capital commitments

Capital commitments at the year end, all of which relate to property, plant and equipment were as follows:

	2006	2005	2004
	€'000	€'000	€'000
Contracted for but not provided for	9,000	5,000	11,000
	9,000	5,000	11,000

24. CAPITAL AND OTHER FINANCIAL COMMITMENTS (Continued)

Operating lease commitments

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

	2006	2005	2004
	€'000	€'000	€'000
Within 1 year	4,100	4,500	4,100
Within 2–5 years inclusive	5,100	6,300	6,300
After 5 years	5,100	5,300	5,100
	14,300	16,100	15,500

25. CONTINGENT LIABILITIES

	2006	2005	2004
	€'000	€'000	€'000
Bills of exchange in Germany	6,200	6,700	7,400

26. FINANCIAL RISK MANAGEMENT

Glass is exposed to financial risk in a number of areas. These risks are managed on a group wide basis by Rexam through the activities of its group treasury function. A summary of the key financial risks is set out below.

Interest rate risk

Glass is exposed to fluctuations in the interest rates on borrowings with Rexam which are at floating rates.

Translation risk

Glass is exposed to foreign exchange movements on the translation of non euro operations into euros.

Transaction risk

Glass is exposed to foreign exchange risks where a business makes sales or purchases in a currency other than its functional currency. Rexam looks to mitigate this risk by using a range of derivative instruments. All such derivatives are included in Rexam companies which do not form part of these financial statements.

Commodity risk

Glass is exposed to price risk on energy purchases. Rexam uses derivative instruments to manage this exposure. All such derivatives are included in Rexam companies which do not form part of these financial statements. Glass also uses physical supply contracts for energy to manage its exposure to price volatility.

26. FINANCIAL RISK MANAGEMENT (Continued)

Credit risk

Glass is not exposed to any significant concentrations of credit risk.

27. RELATED PARTY TRANSACTIONS

The following transactions were carried out with related parties:

(a) Rexam Group Companies

	2006	2005	2004
	€'000	€'000	€'000
(i) Included in the income statement:			
Sales	—	2,900	24,700
Operating expenses: royalty and information technology recharges	(7,300)	(6,000)	(6,800)
Exceptional items: dividend from non glass subsidiary	400	—	400
Interest expense: Rexam Group loans	(11,000)	(9,100)	(8,500)
Interest income: Rexam Group deposits	600	500	500
Allocations of profit to parent companies	(11,500)	(23,100)	(26,300)
(ii) Included in the balance sheet:			
Trade receivables	300	300	2,400
Trade payables	(2,200)	(2,700)	(1,400)
Other payables due to Rexam parent companies	(11,800)	(22,900)	(26,600)
Interest bearing Rexam Group loans	(206,400)	(199,300)	(179,800)

UNAUDITED COMBINED INTERIM FINANCIAL STATEMENTS
OF REXAM GLASS
FOR THE THREE MONTHS ENDED 31 MARCH 2007

BASIS OF PREPARATION

The combined financial information presented herein is for the three months ended 31 March 2006 and 2007.

The combined financial information presented is an aggregation of the financial information of those entities in the group headed by Rexam PLC (''Rexam'') that are part of the glass division (''Glass''). The principal activity of Glass is the manufacture of glass containers.

The combined and consolidated financial information has been prepared on the same basis as for the three year period ended 31 December 2006 as set out on pages F-86 to F-87.

ACCOUNTING POLICIES

FOREIGN CURRENCY

(i) Foreign currency transactions

Items included in the financial statements of each of the Glass's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional 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 balance sheet 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.

(ii) Financial statements of foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to euro at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated to euro at rates approximating to the foreign exchange rates ruling at the dates of the transactions. Foreign exchange differences arising on retranslation are recognised directly in a separate component of equity ("cumulative translation adjustment").

(iii) Net investment in foreign operations

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholders' equity. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in the income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

DERIVATIVE FINANCIAL INSTRUMENTS

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured 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. Glass designates certain derivatives as either: hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge) and hedges of highly probable forecast transactions (cash flow hedge).

Glass documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. Glass also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

(i) Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in equity. The gain or loss relating to the ineffective portion is recognised immediately in the income statement.

Amounts accumulated in equity are recycled in the income statement in the periods when the hedged item will affect profit or loss (for example, when the forecast sale that is hedged takes place). The gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings is recognised in the income statement within finance costs.

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 in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. 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) Derivatives that do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting. Such derivatives are classified as at fair value through profit or loss, and changes in the fair value of any derivative instruments that do not qualify for hedge accounting are recognised immediately in the income statement.

INTANGIBLE ASSETS

(i) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary/associate at the date of acquisition.

In respect of acquisitions prior to this date, goodwill is included on the basis of its deemed cost, which represents the amount recorded under previous GAAP. As permitted by IFRS 1, the classification and accounting treatment of business combinations that occurred prior to 1 January 2004 has been included based on previous GAAP and has not been revisited under IFRS 3 in preparing the Group's opening IFRS balance sheet at 1 January 2004.

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to those cash-generating units that are expected to benefit from the business combination in which the goodwill arose and is no longer amortised but is tested annually for impairment. In respect of joint ventures, the carrying amount of goodwill is included in the carrying amount of the investment in the joint venture.

Negative goodwill is the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

Negative goodwill arising on an acquisition is recognised directly in the income statement.

(ii) Computer software

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

Costs associated with developing or maintaining computer software programs are recognised as an expense as incurred. Costs that are directly associated with the production of identifiable and unique software products controlled by the Group, and that will probably generate economic benefits exceeding the costs beyond one year, are recognised as intangible assets. Direct costs include the costs of software development employees and an appropriate portion of relevant overheads.

(iii) Other intangible assets

Other intangible assets that are acquired by Glass are stated at cost less accumulated amortisation and impairment losses. Glass does not have any internally generated intangible assets or any intangible assets with an indefinite life.

(iv) Subsequent expenditure

Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

(v) Amortisation

Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Goodwill and intangible assets with an indefinite useful life are systematically tested for impairment at each balance sheet date. Other intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

Software	3-5 years
Other	3-5 years

(vi) Research and development

Research expenditure is recognised as an expense as incurred. The company does not incur significant development costs that could be capitalised as intangible assets.

TRADE AND OTHER RECEIVABLES

(i) Construction work in progress

Construction work in progress is stated at cost plus profit recognised to date less a provision for foreseeable losses and less progress billings. Cost includes all expenditure related directly to specific projects and an allocation of fixed and variable overheads incurred in the Group's contract activities based on normal operating capacity.

(ii) Other trade and other receivables

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that Glass will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the income statement.

TRADE AND OTHER PAYABLES

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

INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

The cost of inventories is based on the first-in first-out principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash balances and call deposits.

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 as cost less impairment.

Certain items of property, plant and equipment that had been revalued to fair value on or prior to 1 January 2004, the date of transition to IFRS, are measured on the basis of deemed cost, being the revalued amount at the date of that revaluation.

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

(ii) Leased assets

Leases of property, plant and equipment where Glass has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to the income statement over the lease period using the effective interest method so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the asset's useful life and the lease term.

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 part 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. All other costs are recognised in the income statement as an expense as incurred.

(iv) Depreciation

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

buildings	40 years
plant and machinery	3-17 years
long life moulds	2 or 3 years
office equipment and vehicles	3-10 years

The residual value, if not insignificant, is reassessed annually.

MOULDS

Moulds are classified into long-life moulds, which are included in property, plant and equipment and depreciated over 2 or 3 years, and short-life moulds, which are included in inventories and are valued at the lower of cost and net realisable value.

IMPAIRMENT

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. 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. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

(i) Calculation of recoverable amount

The recoverable amount of Glass receivables carried at amortised cost is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate (i.e., the effective interest rate computed at initial recognition of these financial assets). Receivables with a short duration (less than one year) are not discounted.

The recoverable amount of other assets is the greater of their net selling price and value in use. 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 cash-generating unit to which the asset belongs.

(ii) Reversals of impairment

Reversals of impairments arise when indicators exists that suggest an impairment loss recognised in a prior period no longer exists.

An impairment loss in respect of goodwill can not be reversed.

In respect of other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

INTEREST-BEARING BORROWINGS

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings on an effective interest basis.

Borrowings are classified as current liabilities unless Glass has an unconditional right to defer settlement of the liability for at least 12 months after the Balance Sheet date.

EMPLOYEE BENEFITS

Pension obligations

Glass operate various pension schemes. The schemes are generally funded through payments to insurance companies or trustee-administered funds, determined by periodic actuarial calculations. Glass has both defined benefit and defined contribution plans. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Glass has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that is not a defined contribution plan. 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 balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognised actuarial gains or losses and past service costs. 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 the Statement of Recognised Income and Expense in the period in which they arise.

Past-service costs are recognised immediately in income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period.

Settlements and curtailments trigger immediate recognition of the consequent change in obligations and related assets in the Income Statement together with any previously unrecognised past service costs that relate to the obligations being settled or curtailed.

For defined contribution plans, Glass pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. Glass has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Share-based payment transactions

The fair value of options granted is recognised as an employee expense with a corresponding increase in equity. The fair value, as permitted by IFRS 1, for all options granted since 7 November 2002 and which were unvested at 1 January 2005, is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options. The fair value of the options granted is measured using a binomial lattice model, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of share options that vested except where forfeiture is only due to share prices not achieving the threshold for vesting.

Payments made for the cancellation of share options up to their fair value are recognised as a decrease to equity with the excess recorded as employee expense.

TERMINATION BENEFITS

Termination benefits are recognised as an expense when Glass is demonstrably committed without realistic possibility of withdrawal to a formal detailed plan to terminate employment before normal retirement date or providing termination benefits as a result of an offer made to encourage voluntary redundancy. If the effect is material, benefits payable are recognised at their present value by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money.

PROVISIONS

A provision is recognised in the balance sheet when Glass has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

EMISSION RIGHTS AND OBLIGATIONS

Certain jurisdictions in which Glass operates regulate the emissions of carbon dioxide and other pollutants through the operation of a "cap and trade" type scheme, whereby a participating entity must deliver emission certificates to a third party (e.g., a regulator) to be able to emit pollutants legally. The government grants a certain number of emission certificates to an entity for use during a compliance period. Emission rights granted by governments and other similar bodies under cap and trade and other similar schemes are recognised at their nominal amount. Where additional allowances are purchased from third parties, Glass measures such credits at cost on initial recognition with no subsequent revaluation.

Liabilities arising in relation to emission obligations under such schemes are recognised only in circumstances where emission rights granted have been exceeded and the differential between actual and permitted emissions will have to be remedied through the purchase of the required additional rights at fair value. Liabilities arising from such shortfalls are measured at the current market value of the certificates necessary to meet the obligations and classified as provisions.

Where excess certificates are sold to third parties, Glass recognises the fair value of the consideration received as other income in profit or loss offset by the carrying value of the units derecognised. Glass has a policy of only selling certificates where the level of projected emissions over the relevant compliance period has been reliably estimated and the allowances available to offset such emissions is greater than those projected emissions.

SHARE CAPITAL

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds, net of tax.

REVENUE

(i) Goods sold and services rendered

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. Revenue from services rendered is recognised in the income statement in proportion to the stage of completion of the transaction at the balance sheet date. It is Glass's policy to sell its products to the end customer with a right of return. Accumulated experience is used to estimate and provide for such returns at the time of sale. Revenue is included net of cash, value added tax and other discounts.

Pallet deposits are not recognised in revenue.

(ii) Construction contracts

As soon as the outcome of a construction contract can be estimated reliably, contract revenue and expenses are recognised in the income statement in proportion to the stage of completion of the contract. The stage of completion is assessed by reference to surveys of work performed. An expected loss on a contract is recognised immediately in the income statement.

(iii) Capital grants

Capital grants are recorded in deferred income and released to the income statement on a straight-line basis over the estimated useful lives of the related property, plant and equipment.

(iv) Interest income

Interest income is recognised on a time-proportion basis using the effective interest method. When a receivable is impaired, Glass reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

(v) Dividend income

Dividend income is recognised when the right to receive payment is established.

(vi) Royalty income

Royalty income is recognised on an accruals basis in accordance with the substance of the relevant agreements.

FINANCING COSTS

Financing costs comprise interest payable on borrowings calculated using the effective interest rate method, foreign exchange losses, and losses on hedging instruments that are recognised in the income statement.

The interest expense component of finance lease payments is recognised in the income statement 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 directly in equity, in which case it is recognised in equity.

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

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that the reversal of the temporary difference is controlled by Glass and it is probable that they will not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised. Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend.

SEGMENT REPORTING

A segment is a distinguishable component of Glass that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

COMBINED INTERIM INCOME STATEMENT (Unaudited)

	Note	Three months ended 31 March 2007	Three months ended 31 March 2006
		€'000	€'000
Revenue	*2*	158,191	139,022
Cost of sales		(138,181)	(120,107)
Gross profit		20,010	18,915
Sales, general and administration expenses		(11,342)	(11,074)
Other income and expenses	*3*	(2,007)	(1,815)
Operating profit		6,661	6,026
Finance costs	*4*	(4,014)	(2,947)
Interest income		411	663
Profit before allocations and tax		3,058	3,742
Allocations to Glass		2,174	1,080
Profit before tax		5,232	4,822
Income tax expense		(1,844)	(1,607)
Profit for the period		3,388	3,215

The accompanying notes form an integral part of these financial statements

COMBINED STATEMENT OF INTERIM RECOGNISED INCOME AND EXPENSE (Unaudited)

	Three months ended	
	31 March 2007	31 March 2006
	€'000	€'000
Profit for the financial period	3,388	3,215
Foreign currency translation adjustments	(2,551)	(1,794)
Pension scheme actuarial gain/(loss)	2,697	(300)
Total recognised income and expense for the period	3,534	1,121

The accompanying notes form an integral part of these financial statements

COMBINED INTERIM BALANCE SHEET (Unaudited)

	Note	31 March 2007	31 March 2006
		€'000	€'000
ASSETS			
Non-current assets			
Goodwill		104,404	104,079
Other intangible assets		2,861	2,932
Property, plant and equipment		329,578	318,720
Investment in subsidiaries		23	4,057
Deferred tax assets		7,643	10,658
Trade and other receivables		4,460	4,457
Available for sale financial assets		1,535	1,572
		450,504	446,475
Current assets			
Inventories		131,734	149,938
Trade and other receivables		102,291	85,803
Cash and cash equivalents	*6*	43,573	30,408
		277,598	266,149
Total assets		728,102	712,624
LIABILITIES			
Non-current liabilities			
Retirement benefit obligations		(38,672)	(56,973)
Deferred tax liabilities		(26,134)	(22,961)
Other payables		(5,850)	(6,250)
Provisions for other liabilities and charges		(3,771)	(3,971)
		(74,427)	(90,155)
Current liabilities			
Borrowings	*5*	(262,480)	(269,749)
Current tax		(1,486)	(1,119)
Trade and other payables		(82,207)	(74,524)
Provisions for other liabilities and charges		(1,034)	(1,769)
		(347,207)	(347,161)
TOTAL LIABILITIES		(421,634)	(437,316)
NET ASSETS		306,468	275,308
EQUITY			
Share capital		105,929	105,929
Translation reserve		7,867	6,629
Retained earnings		192,672	162,750
		306,468	275,308

The accompanying notes form an integral part of these financial statements

COMBINED INTERIM CASH FLOW STATEMENT (Unaudited)

	Note	Three months ended 31 March 2007	Three months ended 31 March 2006
		€'000	€'000
Cash flows from operating activities			
Cash generated from operations	*7*	(11,654)	(20,339)
Interest paid		(3,434)	(2,560)
Income tax paid		(890)	(1,411)
Net cash from operating activities		(15,978)	(24,310)
Cash flows from investing activities			
Purchase of property, plant and equipment		(8,169)	(8,618)
Proceeds from sale of property, plant and equipment		129	256
Interest received		363	265
Net cash used in investing activities		(7,677)	(8,097)
Cash flows from financing activities			
Net movement on borrowings		52,718	53,711
Allocation of profit paid to parent companies		(11,538)	(23,064)
Net cash used in financing activities		41,180	30,647
Net (decrease) in cash and cash equivalents		17,525	(1,760)
Cash and cash equivalents at beginning of the period		22,528	17,644
Exchange (losses) on cash and bank overdrafts		(422)	(643)
Cash and cash equivalents at end of the period	*6*	39,631	15,241

The accompanying notes form an integral part of these financial statements

CONDENSED NOTES TO THE UNAUDITED INTERIM COMBINED FINANCIAL STATEMENTS

1. CRITICAL ACCOUNTING ESTIMATES

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.

Critical accounting estimates and assumptions

Glass 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.

a) Estimated impairment of goodwill

Glass tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations.

These calculations require the use of estimates.

b) Income taxes

Glass 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. Glass 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.

c) Measurement of defined benefit obligations

Glass follows guidance of IAS 19 to determine the present value of its obligations to current and past employees in respect of defined benefit pension obligations and other long term employee benefits, which are subject to similar fluctuations in value in the long term. Glass uses a network of professional actuaries co-ordinated under a world wide process to value such liabilities designed to ensure consistency in the quality of the key assumptions underlying the valuations.

d) Provisions

The amount recognised for a provision is the best estimate of the expenditure to be incurred. Provisions are remeasured at each Balance Sheet date based on the best estimate of the settlement amount. Changes to the best estimate of the settlement amount may result from changes in the amount or timing of the outflows or changes in discount rates (when applicable).

e) Establishing lives for depreciation purposes of property, plant and equipment

Long-lived assets, consisting primarily of property, plant and equipment, comprise a significant portion of the total assets. The annual depreciation charge depends primarily on the estimated lives of each type of asset and, in certain circumstances, estimates of fair values and residual values. The

1. CRITICAL ACCOUNTING ESTIMATES (Continued)

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 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. Details of the useful lives is included in the accounting policy. The impact of any change would vary significantly depending on the individual changes in assets and the classes of assets impacted.

f) Share-based payments

The determination of the fair value of awards under the stock option plan involves the use of judgements and estimates. The fair value has been estimated using the Monte Carlo and binomial model.

Critical judgements in applying the entity's accounting policies

Revenue recognition

Glass has recognised revenue amounting to €158,191,000 for sales of goods during the three month period ended 31 March 2007. Customers have the right to rescind the sale if the goods are damaged. The Group believes that, based on past experience, the rate of customer returns is less than 1% of revenue and it is therefore appropriate to recognise all revenue net of returns.

Pensions

The Group has made certain judgements relating to mortality, discount rates and wage increases.

2. SEGMENTAL ANALYSIS

Primary reporting format—Geographical segments

Glass is managed as a single business manufacturing glass containers. It operates in 4 principal geographic areas, Germany, the Nordic region, the Benelux region and Poland. The geographic segment information set out below is based on the geographic location of the manufacturing facilities and includes items directly attributable to the segment.

2. SEGMENTAL ANALYSIS (Continued)

The segment results for the period ended 31 March 2007 are as follows:

	Germany	Nordic	Benelux	Poland	Total
	€'000	€'000	€'000	€'000	€'000
Total gross segment sales	80,587	50,496	32,516	14,208	177,807
Sales within Glass	(2,563)	(15,789)	(893)	(371)	(19,616)
External sales	78,024	34,707	31,623	13,837	158,191
Operating profit					6,661
Finance costs (Note 4)					(4,014)
Finance income					411
Profit before allocations and tax					3,058
Allocations to Glass					2,174
Profit before tax					5,232
Income tax					(1,844)
Profit for the period					3,388

The segment results for the period ended 31 March 2006 are as follows:

	Germany	Nordic	Benelux	Poland	Total
	€'000	€'000	€'000	€'000	€'000
Total gross segment sales	68,587	42,917	31,844	11,238	154,586
Sales within Glass	(3,118)	(12,086)	(260)	(100)	(15,564)
External sales	65,469	30,831	31,584	11,138	139,022
Operating profit					6,026
Finance costs (Note 4)					(2,947)
Finance income					663
Profit before allocations and tax					3,742
Allocations to Glass					1,080
Profit before tax					4,822
Income tax					(1,607)
Profit for the period					3,215

Inter-segment transfers or transactions are entered into under normal commercial terms and conditions that would also be available to unrelated third parties.

Other segment items included in the income statement for the period ended 31 March 2007 are as follows:

	Germany	Nordic	Benelux	Poland	Total
	€'000	€'000	€'000	€'000	€'000
Depreciation and amortisation	7,449	3,086	3,048	990	14,573

2. SEGMENTAL ANALYSIS (Continued)

Other segment items included in the income statement for the period ended 31 March 2006 are as follows:

	Germany	Nordic	Benelux	Poland	Total
	€'000	€'000	€'000	€'000	€'000
Depreciation and amortisation	7,325	2,854	2,675	820	13,674

The segment assets and liabilities at 31 March 2007 and capital expenditure for the three month period then ended are as follows:

	Germany	Nordic	Benelux	Poland	Total
	€'000	€'000	€'000	€'000	€'000
Segment assets	279,691	146,014	104,960	46,793	577,458
Unallocated assets					150,644
Total assets					728,102
Segment liabilities	(80,512)	(22,309)	(27,701)	(8,876)	(139,398)
Unallocated liabilities					(282,236)
Total liabilities					(421,634)
Capital expenditure	5,714	1,630	686	1,017	9,047

The segment assets and liabilities at 31 March 2006 and capital expenditure for the three month period then ended are as follows:

	Germany	Nordic	Benelux	Poland	Total
	€'000	€'000	€'000	€'000	€'000
Segment assets	302,629	134,923	106,338	43,632	587,522
Unallocated assets					125,102
Total assets					712,624
Segment liabilities	(93,491)	(25,400)	(40,316)	(7,645)	(166,852)
Unallocated liabilities					(270,464)
Total liabilities					(437,316)
Capital expenditure	5,297	1,490	686	1,017	8,490

Segment assets consist primarily of property, plant and equipment, intangible assets, inventories, receivables and operating cash.

Segment liabilities comprise operating liabilities.

Capital expenditure comprises additions to property, plant and equipment and intangible assets.

3. OTHER INCOME AND EXPENSE

	Three months ended	
	31 March 2007	31 March 2006
	€'000	€'000
HQ costs	2,007	1,815

4. FINANCE COSTS

	Three months ended	
	31 March 2007	31 March 2006
	€'000	€'000
Interest expense		
—Bank loans, overdrafts and revolving credit facilities	895	423
—Finance leases	2	4
—Rexam group loans	3,117	2,520
Finance costs	4,014	2,947

5. BANK AND OTHER BORROWINGS

	2007			2006		
	Current	Non-current	Total	Current	Non-current	Total
	€'000	€'000	€'000	€'000	€'000	€'000
Bank loans, overdrafts and revolving credit facilities	3,942	—	3,942	16,057	—	16,057
Interest bearing Rexam group loans	258,415	—	258,415	253,329	—	253,329
Finance leases	123	—	123	363	—	363
	262,480	—	262,480	269,749	—	269,749

6. CASH AND CASH EQUIVALENTS

Cash and bank overdrafts include the following for the purposes of the cash flow statement:

	31 March 2007	31 March 2006
	€'000	€'000
Cash at bank and in hand	6,150	1,177
Short term bank deposits	37,423	29,231
Cash and cash equivalents in the balance sheet	43,573	30,408
Bank overdrafts	(3,942)	(15,167)
Cash and cash equivalents in the cash flow statement	39,631	15,241

7. CASH GENERATED FROM OPERATIONS

	Three months ended	
	31 March 2007	31 March 2006
	€'000	€'000
Profit for the period	3,388	3,215
Adjustments:		
Tax	1,844	1,607
Depreciation of tangible fixed assets	14,300	13,387
Amortisation of intangible assets	273	287
Finance costs	3,603	2,284
Allocation of profit to parent companies	(2,174)	(1,080)
Profit on disposal of property, plant & equipment	(63)	29
	21,171	19,729
Changes in working capital:		
Inventories	(4,017)	(8,725)
Trade and other external receivables	(11,427)	(2,607)
Trade and other external payables	(17,381)	(28,736)
	(32,825)	(40,068)
Cash generated from operations	(11,654)	(20,339)

8. RELATED PARTY TRANSACTIONS

The following transactions were carried out with related parties:

(a) Rexam Group Companies

	Three months ended	
	31 March 2007	31 March 2006
	€'000	€'000
(i) Included in the income statement:		
Interest expense: Rexam Group loans	(3,117)	(2,520)
Interest income: Rexam Group deposits	48	151
(ii) Included in the balance sheet:		
Trade receivables	240	235
Trade payables	(4,331)	(1,780)
Interest bearing Rexam Group loans	(258,415)	(253,329)

(b) Key management compensation

	31 March 2007	31 March 2006
	€'000	€'000
Salaries and other short term employee benefits	464	428
Post employment benefits	53	53
Share based payments	359	160
	876	641

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