

Annual Report 2014

New beginnings
New opportunities



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About this report

To view this report online, or to download a copy, visit Orora's website:
www.ororagroup.com.

If you previously requested a printed copy of the Annual Report but no longer require it in printed form, please advise Link Market Services in writing of changes to your report mailing preferences, or update your details online at www.linkmarketservices.com.au. Contact details for Link Market Services are provided at the back of this report.

In this report, 'the year', '2013/14', FY2013/14, FY14 and '2014' refer to the financial year ended 30 June 2014. '2012/13' and '2013' refer to the financial year ended 30 June 2013.

All figures in the report are in Australian dollars unless otherwise stated.

The Financial Report was authorised for issue by the Directors on 25 August 2014.

The Directors have the power to amend and reissue the Financial Report.

Message to our shareholders

Dear Shareholder,

We are pleased to present Orora's first Annual Report following its demerger from Amcor and listing on the Australian Securities Exchange on 18 December 2013.

Prior to the demerger, an internal restructure was undertaken by both Orora and Amcor. This resulted in a number of significant changes and, as a result, the statutory financial information for the Orora Group does not give a relevant view of the Orora Group as it is currently structured. The reported statutory net loss was \$106.5 million after both income tax and significant items.

Our Operating and Financial Review contained within this report concentrates on the pro forma financial information, which has been prepared on the basis that the business, as it is now structured, was in effect for the period 1 July 2012 to 30 June 2014.

Orora's pro forma net profit after tax before significant items was \$104.4 million, up 44.8% on the previous year. Pro forma sales revenue was up 7.9% to \$3.2 billion, despite relatively flat markets. Pro forma earnings before interest and tax (EBIT) were \$192.1 million, up 29.6%.

Our earnings growth was underpinned by stable underlying volumes and on target delivery of a further \$27.1 million of cost reduction benefits within Australasia, and improved earnings in North America driven by market share gains, manufacturing efficiencies and foreign exchange translational benefits.

Combined with improving management of working capital, we were able to convert our increasing earnings growth into strong underlying operating cash flow, which improved 32.7% to \$224.1 million on a pro forma basis. This enabled a strengthening of our balance sheet, which saw leverage decrease to 2.2x (from pro forma 2.9x in the prior year).

Orora has announced a final dividend of 3.0 cents per share. Combined with the interim dividend of 3.0 cents per share, the total dividends declared for the year were 6.0 cents per share. This represents a dividend payout ratio of approximately 70.0% of net profit after tax, which is at the top end of our indicated payout range, reflecting the confidence we have in our business.

Review of operations

There is a detailed review of operational performance on pages 14-19 of this report.

Given that economic conditions were generally subdued across our key markets, overall performance of our businesses was pleasing.

Despite underlying flat sales revenue, Orora Australasia delivered a 25.7% increase in pro forma EBIT to \$162.5 million. This was underpinned by the on target delivery of a further \$27.1 million of cost reduction benefits from our "self-help" initiatives. We have now delivered a cumulative \$39.1 million of cost reduction benefits.

In our Beverage group, we gained market share and improved manufacturing efficiencies across all divisions, while volume in the Beverage Cans division was stable. The Fibre Packaging group saw higher volumes in most end markets but these did not offset weakness in the beverage and grocery segments. The continued focus on cost improvement and footprint rationalisation enabled higher earnings than the previous year.

The B9 recycled paper mill in Botany, New South Wales, is now 18 months into its commissioning and ramp up program. Although encountering typical start up issues, production ramp up remains on track. Importantly, we have received positive customer feedback on the paper's increased strength and printability.

**From the Chairman,
Chris Roberts and the
Managing Director
and Chief Executive
Officer, Nigel Garrard**



Message to our shareholders (continued)

The demerger from Amcor has marked a new beginning; however, the underlying fundamentals that have driven our business remain in place. We have been driving a culture of being respectful of our past, but excited about our future.

In January 2014, we commenced exporting recycled paper from B9 to the Orora North American business. We expect that these exports to North America will continue to increase during the next twelve months.

Our North American business had a strong year with constant currency sales up 12.1% to US\$1.2 billion. The Landsberg Distribution group delivered organic sales growth and won new business, aided by a continued strategic focus on securing large corporate accounts. The Manufacturing group also increased sales to third parties. Overall, Orora North America's constant currency earnings were 17.4% higher at US\$52.5 million driven by increased sales growth, productivity gains and a focus on improved procurement capability.

Set up for success

The demerger from Amcor has marked a new beginning; however, the underlying fundamentals that have driven our business remain in place. We have been driving a culture of being respectful of our past, but excited about our future.

Our strategic platform today includes a focussed portfolio where we have a competitive advantage and/or a leading position, significant "self-help" earnings opportunities, strong operating cash flow and financial discipline and a returns-focussed capital investment strategy.

As a result of recent large capital investments made in the business, the most notable of which was the B9 recycled paper mill, Orora has well

invested businesses. Significant capital has been committed to the forthcoming rebuild of the G1 glass furnace in South Australia and a new information technology platform for our North American business.

Orora is led by an experienced Board and executive team. Two of our Board members, our Chairman Chris Roberts, and John Pizzey, served for many years on the Amcor Board and Jeremy Sutcliffe continues to serve on both the Amcor and the Orora Boards. Two new non-executive Board members were appointed this year, Ms Abi Cleland and Ms Samantha Lewis, adding further depth and diversity of experience. Our executive team has significant collective experience in packaging and manufacturing and is well placed to successfully execute on our future plans.

A customer-led packaging company

We believe culture can drive high performance and competitive advantage. A significant initiative inside Orora this year was the delivery of a global culture program launching our belief and core values. Three hundred of our team members across our operations were involved in developing a belief statement and a set of shared values, which we call "The Orora Way". Fundamental to this is driving "Outperformance" through customer focus, safety, financial discipline and our people.

Maintaining customer-centricity and being a customer-led packaging company

is a key priority for Orora. We will continue to invest in innovation to enhance our customer proposition and to support our businesses.

With a strong leadership team in place, a sound strategy and solid foundations, we remain well placed to deliver further growth and improvement in shareholder returns.

Outlook

The outlook is for continued delivery on cost reduction initiatives in FY2014/15 with earnings to be higher than that reported (on a pro forma basis) in FY2013/14, subject to global economic conditions.

The Board would like to thank all of Orora's stakeholders, including customers, shareholders, team members and suppliers, for their support this year.



Chris Roberts
Chairman



Nigel Garrard
Managing Director
and Chief Executive Officer

Operating and financial review

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Note regarding pro forma information

Effective 17 December 2013, Orora Limited (the Company) and its controlled entities (collectively referred to as the Orora Group) demerged from Amcor Ltd. The demerger was implemented on 31 December 2013.

Prior to the demerger, the Company and Amcor Ltd were required to undertake an internal corporate restructure (Corporate Restructure). The Corporate Restructure took place as at 31 October 2013. As a result of the Corporate Restructure and subsequent implementation of the demerger, the statutory financial information for the Orora Group does not give a relevant view of the performance of the Orora Group as it is currently structured. This is further explained in the Statutory Matters section of the Directors' Report. Accordingly, the Operating and Financial Review largely includes pro forma financial information for the years ended 30 June 2013 and 30 June 2014. This pro forma information is prepared on the basis that the business as it is now structured was in effect for the period 1 July 2012 to 30 June 2014. A reconciliation between the pro forma financial information and Orora Group's segment financial information sourced from the statutory accounts is also included on page 22 of this report.

Note regarding non-IFRS financial information

Throughout this report, Orora has included certain non-IFRS financial information. This information is presented to assist in making appropriate comparisons with prior periods and to assess the operating performance of the business. Orora uses these measures to assess the performance of the business and believes that the information is useful to investors.

The following non-IFRS measures have not been audited but have been extracted from Orora's audited Financial Statements:

- earnings before interest and tax (EBIT) before significant items
- earnings before interest, tax, depreciation and amortisation (EBITDA) before significant items
- significant items.

Performance measures such as Earnings per Share and EBIT Margins have been calculated using the non-IFRS measures listed above. All other non-IFRS measures, unless otherwise stated, have not been extracted from Orora's audited Financial Statements. References to earnings throughout this report are references to EBIT before significant items.

Who we are and what we do

Orora was born in 2013 with a 150 year history

Orora was created on 17 December, 2013 after Amcor, one of the world's largest packaging companies with a 150 year history in Australia, demerged its Australasian Fibre and Beverage and North American Packaging Distribution businesses.

Orora is headquartered in Melbourne, Australia and was listed on the Australian Securities Exchange on 18 December, 2013.

Orora consists of two business segments – Orora Australasia and Orora North America.

Orora Australasia is focused on fibre (recycled paper, corrugated boxes and cartons) and beverage (cans, glass and wine closures) packaging within Australia and New Zealand. Orora North America is focused on the distribution of packaging materials. It also has integrated corrugated sheet and box manufacturing and equipment sales capabilities.

Sales

AUD billion



Team members



Manufacturing plants



Distribution centres



Countries



Number of shareholders



Our customers

We strive to be a customer-led packaging company across our markets. In Australia we supply packaging products and services to the grocery, fast moving consumer goods, agriculture and industrial markets. Every day, millions of consumers buy and use goods packaged by Orora.

In North America, we enjoy strong customer relationships in the food, healthcare, technology, automotive, industrial, warehousing and shipping markets.



Driving performance through culture

We believe culture can drive high performance and competitive advantage. That's why we are investing in defining and developing our culture. This is much more than an internal rebranding; it is a commitment to a new way of working together.

This process began with 300 team members from 11 locations in three countries, working together to create a simply understood belief in what the Company stands for.

The result of this work is what we call 'The Orora Way' and is now being embedded in our businesses around the world.

'The Orora Way' consists of three elements:

What we believe

At Orora we believe packaging touches lives. Together we deliver on the promise of what's inside.

What we value



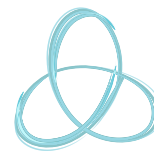
Teamwork

We are one Orora, without silos.
We keep each other safe.
We are in it together – or not at all.



Passion

Be courageous.
Be curious and innovate.
Be responsible and deliver.



Respect

For each other.
For the community.
For our customers.



Integrity

Do what is right.
Be true to what we stand for.
Be true to the promise we make.

What we deliver

Outperformance: through customer focus, safety, financial discipline and our people.

Our business strategy

Orora has a focused portfolio, operates within good industry structures and has stable, defensive earnings streams

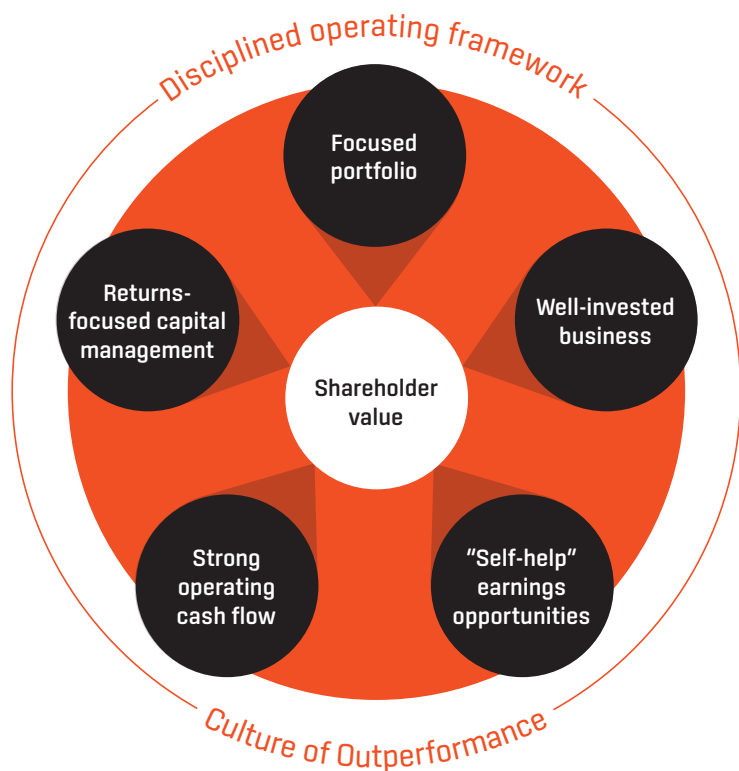
In December 2013, Orora Limited was demerged from Amcor Ltd. The rationale for the demerger was to create two separate packaging companies, enabling management to focus on the strategic priorities and distinct agendas for each.

The Orora Board and executive team has considerable industry experience, including one current Director and two former Directors of Amcor.

Since the creation of Orora, the Company's business strategy has remained consistent with that prior to the demerger. We are maintaining a focused portfolio of businesses, strong cash flow management and are retaining a disciplined approach to future growth.

The strategy is based on an operating model that includes: customer focus, workplace safety, financial discipline and talent management, underpinned by a culture of Outperformance.

The Orora strategy has five areas of focus. These are described in the table opposite, as is our progress in each area.



What is next?

With over \$1 billion of capital invested in the business prior to the demerger, we will continue to focus on delivering the substantial cost reduction benefits from the B9 recycled paper mill and implemented "self-help" cost reduction and efficiency programs.

Aided by a sharp focus on cash flow management, we will seek to maintain sensible debt levels and a strong conversion of earnings into cash flow.

We will continue to invest in innovation to enhance our customer value proposition and to support our businesses.

A component of Orora's strategy is to continue to undertake disciplined, "close to the core" value-accretive investments, at our stated hurdle rates. Returns measured as EBIT-to-average-funds-employed are targeted to reach a 20% return in the third full year for all growth investments.

We believe organisation culture can drive high performance and competitive advantage. We are investing in defining and developing our culture to ensure we continue to deliver on our strategic objectives.

	What this means	What we said we would do	Where we are at 30 June
Focused portfolio	Target business segments where Orora has competitive advantage and/or a leading position	Divest non-core businesses to develop a focused portfolio in those markets with good industry structures	Divestments & closures since 2006: <ul style="list-style-type: none"> • 9 to 4 businesses • 65 to 36 sites. Manufacturing footprint realigned to increase profitability and scale
Well invested business	Leverage our investment in manufacturing assets and distribution networks to deliver operating efficiencies, profitability and organic growth	Capital investment to support growth and cost improvements Organic growth – Orora North America & Beverage	\$1 billion invested in recent years in: <ul style="list-style-type: none"> • a world-class recycled paper mill • a third glass furnace • a new beverage can line • strategic acquisitions • innovation capabilities. 12.1% constant currency sales growth in Orora North America & secured additional market share in Glass
Significant “self-help” earnings opportunities	Optimise our cost base and realise targeted benefits from recent initiatives	\$93.0 million of total cost reduction benefits targeted through: <ul style="list-style-type: none"> • Cost reductions & product innovations from the new B9 recycled paper mill • Portfolio exits and plant closures • Other initiatives. 	\$39.1 million of cumulative cost savings to date
Strong operating cash flow	Convert the earnings benefits from our capital investments & “self-help” programs into strong cash flows to fund future value-accretive investment and/or capital management	Focus on defensive end markets to provide stable earnings streams Take a sensible approach to leverage, expenditure & acquisitions Maintain CapEx ⁽¹⁾ at 80–90% of depreciation over the medium term	Strong cash flow conversion of stable earnings streams – cash conversion 72% ⁽²⁾ Pro forma leverage reduced from 2.9x to 2.2x Net CapEx of \$81.5 million in FY2013/14 was within 80–90% of depreciation
Returns-focused capital management	Make disciplined value-accretive investments, at an appropriate hurdle rate, where there are good synergies with our businesses and attractive growth opportunities Explore capital management options in the absence of suitable growth investment	Implement a sustainable dividend pay-out ratio of 60–70% of NPAT pre Sis ⁽³⁾ Partially frank dividends to the extent practicable Focus on “close to the core” M&A Maintain a disciplined approach to investments with an ROI hurdle of 20% ⁽⁴⁾	Total dividends declared at high end of payout ratio Currently unable to pay franking due to nil franking credits at time of demerger. Franking capability from FY2014/15 onwards Developing an M&A pipeline to improve industry structures and/or strengthen our position in existing market segments Completed first bolt-on acquisition in North America in July 2014

(1) Capital Expenditure

(2) Measured as cash EBITDA less net capital expenditure and movement in working capital divided by cash EBITDA

(3) Net Profit After Tax and before Significant items

(4) Measured as EBIT to funds employed by the third full year of ownership

The Board of Directors

Board Committees

Executive Committee

Chris Roberts, Chairman
Nigel Garrard
Samantha Lewis
John Pizzev
Secretary: Ann Stubbings

Nomination Committee

Chris Roberts, Chairman
John Pizzev
Jeremy Sutcliffe
Secretary: Ann Stubbings

Audit and Compliance Committee

Samantha Lewis, Chairman
Abi Cleland
Chris Roberts
Jeremy Sutcliffe
Secretary: Ann Stubbings

Human Resources Committee

John Pizzev, Chairman
Abi Cleland
Chris Roberts
Jeremy Sutcliffe
Secretary: Ann Stubbings



1. Chris Roberts

[BCom]

Independent Non-Executive Director and Chairman

Mr Roberts has significant knowledge of fast moving consumer goods, where the packaging component is critical, gained through executive roles internationally and in Australia as CEO of Orlando Wyndham Wines and Arnotts Limited. Previous directorships include Telstra Ltd, MLC Life, Email Ltd and Petaluma Wines Ltd.

Directorships of listed entities within the past three years, other directorships and offices (current and recent)

- Director, Control Risks Group – UK (since September 2006)
- Deputy Chairman, The Centre for Independent Studies (since August 2004)
- Director (1999 – 2013) and Chairman (2000 – 2013), Amcor Ltd
- Director, Australian Agricultural Company Limited (June 2001 to May 2008 and June 2009 to March 2012)

2. Nigel Garrard

[B.Ec., CA, MAICD]

Managing Director and Chief Executive Officer

Mr Garrard is the inaugural Managing Director and Chief Executive Officer of Orora Limited.

Mr Garrard joined Amcor in 2009 as the President of the Australasia and Packaging Distribution business after an extensive career in the consumer goods industry.

Prior to Amcor, Mr Garrard was Managing Director of Coca-Cola Amatil's Food and Services Division from 2006 to 2009. Before this, he was Managing Director of the publicly listed SPC Ardmona. During his eight years with SPC, he oversaw a number of mergers, acquisitions and international expansion ventures.

A qualified Chartered Accountant, Mr Garrard spent 10 years with US-based Chiquita Brands International, where he held a range of positions in Australia and New Zealand, including Managing Director of Chiquita Brands South Pacific Ltd.

Mr Garrard holds a Bachelor of Economics from the University of Adelaide, South Australia and is a member of the Australian Institute of Company Directors.

3. Abi Cleland

[BA, BCom, MBA, GAICD]

Independent Non-Executive Director

Ms Cleland has over 15 years of global experience in senior leadership roles with a focus on strategy, mergers and acquisitions, managing businesses and online, in the industrial, retail, transport, agriculture and financial services sectors.

Ms Cleland is currently Managing Director and founder of Absolute Partners, a management and advisory firm. Previously, Ms Cleland was a Director at Australian Independent Business Media (Business Spectator and Eureka report), prior to its sale to News Corporation and held senior executives roles with ANZ, Incitec Pivot, BHP and 333 Management.

Directorships of listed entities within the past three years, other directorships and offices (current and recent)

- Managing Director of Absolute Partners (since September 2012)
- Managing Director of 333 Management (August 2010 – September 2012)
- Committee Member with Lazard's Private Equity Fund 2 Investment Committee (since January 2013)
- Non-Executive Director Australian Independent Business Media (August 2010 – June 2012)

4. Samantha Lewis

[BA (Hons), CA, ACA, GAICD]

Independent Non-Executive Director

Ms Lewis is a chartered accountant and has extensive financial experience, including as lead auditor to a number of major Australian listed entities. She has 24 years of experience with Deloitte, where she was a partner for 14 years. In addition to external audits, Ms Lewis has provided accounting and transactional advisory services to major organisations in Australia. Ms Lewis has significant experience working with manufacturing and consumer business organisations.

5. John Pizze

[B.E. (Chem), Dip. Mgt., FTSE]

Independent Non-Executive Director

Mr Pizze has extensive knowledge of the international resources industry and general management.

Formerly Executive Vice President and Group President Primary Products for Alcoa Inc. and Chairman of London Metal Exchange.

Directorships of listed entities within the past three years, other directorships and offices (current and recent)

- Chairman (since November 2011) and Director (since June 2007) of Alumina Ltd
- Chairman (May 2010 – December 2013) and Director (November 2005 – December 2013) of Iluka Resources Ltd
- Director, Amcor Ltd (September 2003 – December 2013)

6. Jeremy Sutcliffe

[LLB (Hons), OAMP, MAICD]

Independent Non-Executive Director

Mr Sutcliffe has broad international corporate experience as a former CEO of two ASX Top 100 companies and has extensive experience of businesses operating in North America and Europe with diverse trading relationships in Asia. A qualified lawyer in Australia and the UK, Mr Sutcliffe previously held positions with Baker & McKenzie Solicitors, London and Sydney, Sims Metal Management Limited and associated companies, including as Group CEO and interim MD & CEO of CSR Limited.

Directorships of listed entities within the past three years, other directorships and offices (current and recent)

- Chairman (since July 2011) and Director (since December 2008) of CSR Limited
- Member of the Australian Rugby League Commission Limited (since February 2012)
- Member of the Advisory Board of Veolia Environmental Services Australia (since June 2010)
- Director, Amcor Ltd (since October 2009)

Executive Leadership Team



1. Nigel Garrard

Managing Director and Chief Executive Officer

Mr Garrard is the inaugural Managing Director and Chief Executive Officer of Orora Limited.

Mr Garrard joined Amcor in 2009 as the President of the Australasia and Packaging Distribution business after an extensive career in the consumer goods industry.

Prior to Amcor, Mr Garrard was Managing Director of Coca-Cola Amatil's Food and Services Division from 2006 to 2009.

Before this, he was Managing Director of the publicly listed SPC Ardmona. During his eight years with SPC, he oversaw a number of mergers, acquisitions and international expansion ventures.

A qualified chartered accountant, Mr Garrard spent 10 years with US-based Chiquita Brands International, where he held a range of positions in Australia and New Zealand, including Managing Director of Chiquita Brand South Pacific Ltd.

Mr Garrard holds a Bachelor of Economics from the University of Adelaide, South Australia and is a member of the Australian Institute of Company Directors.

2. Stuart Hutton

Chief Financial Officer

Prior to joining Orora Limited, Mr Hutton was Chief Financial Officer (CFO), with Amcor's Australasia and Packaging Distribution business.

He joined Amcor in November 2010 as Group Controller after 20 years in senior finance roles across a range of industries.

Mr Hutton spent five years with Orica as CFO for the Minova Group, Chemical Services Division and Mining Services (North America). Prior to this, he was CFO at WorldMark Holdings Pty Ltd for four years.

A qualified chartered accountant, Mr Hutton spent nine years during the early part of his career with Deloitte Touche Tohmatsu in audit and corporate finance roles.

Mr Hutton holds a Bachelor of Business from Swinburne University, Melbourne.

3. David Berry

Group General Manager, Packaging and Distribution

Prior to the establishment of Orora Limited, Mr Berry was Group General Manager, Cartons and Sacks with Amcor Australasia, after joining Amcor in 2006.

Mr Berry has more than 28 years' experience in the packaging industry, including four years with Visy Industries and 10 years in technical, operations, sales and marketing roles at Southcorp Packaging and Containers Packaging.

Mr Berry holds a Bachelor of Science from Latrobe University, Melbourne and post-graduate qualifications in business from Victoria University, Melbourne.

4. Peter de Hennin

Group General Manager, Paper and Recycling

Prior to joining Orora Limited, Mr de Hennin was the Chief Executive Officer of Detmold Flexibles for five years.

Mr de Hennin has more than 25 years' experience in packaging and manufacturing, including two years as CEO of Steelbro Group, and three years as Group General Manager, Finewrap Group of Companies.

Mr de Hennin holds a Bachelor of Business (Marketing) from Monash University, Melbourne.

5. Amanda Fleming

Group General Manager, Human Resources

Prior to the establishment of Orora Limited, Ms Fleming was Group General Manager, Human Resources at Amcor's Australasia and Packaging Distribution business. Prior to joining Amcor in 2012, she held a number of senior roles in international consumer goods and fast food organisations in Australia, Europe and the United States. Ms Fleming spent four years in the United States with Yum Restaurants International where she held the position of Chief Operations Officer. She also spent four years as Chief People Officer, South Pacific division, Pizza Hut.

Prior to this, Ms Fleming was Human Resources Director, Australia New Zealand for Mars Incorporated.

Ms Fleming holds a Masters in Organisational Change from Ashridge Business School, United Kingdom.

6. Craig Jackson

Group General Manager, Procurement and Supply

Prior to joining Orora Limited, Mr Jackson was Group General Manager, Procurement and Supply within Amcor's Australasia and Packaging Distribution business, a role he commenced in April 2013. Prior to this, he held the position of General Manager Supply Chain and Operations at Fonterra Australia from 2009. His 20-year career in finance and supply chain roles includes four years as Commercial Vice President at Mars Australia and New Zealand, and three years as Commercial Director, Mars Food.

Mr Jackson is a Certified Practising Accountant and has an MBA from the Australian Graduate School of Management, Sydney.

Leadership Team (continued)

7. David Lewis

Group General Manager, Strategy

Prior to the establishment of Orora Limited, Mr Lewis spent seven years with Amcor as Vice President of Strategy and then as a Global Key Account Director in Switzerland.

Prior to joining Amcor, Mr Lewis had a nine-year career in the investment banking industry. This included six years with UBS followed by three years at Goldman Sachs JBWere as Vice President, Investment Banking.

Mr Lewis holds a Bachelor of Commerce (Honours) from The University of Melbourne.

8. Brian Lowe

Group General Manager, Beverage

Prior to the establishment of Orora Limited, Mr Lowe was Group General Manager, Beverage with Amcor's Australasia and Packaging Distribution business.

Before joining Amcor in 2011, he spent eight years as Managing Director of Delphi Automotive Systems including four years as Managing Director for Asia Pacific Powertrain in Shanghai. This followed a 10-year career at General Electric (GE), where his last role was Managing Director of GE Plastics, Australia from 2001 to 2003.

Mr Lowe holds an MBA from Monash University, Melbourne.

9. Bernie Salvatore

President, Orora North America

Prior to the establishment of Orora Limited, Mr Salvatore was President of Amcor Packaging Distribution, after joining the company in 2002. Mr Salvatore has 35 years' experience in the North American packaging industry, working for several publicly listed companies.

Prior to Amcor, Mr Salvatore spent 23 years with Sealed Air and Cryovac, primarily in sales and marketing roles. His last role at Sealed Air was as Vice President Sales, North America from 2000 to 2002.

Mr Salvatore holds an Industrial Management (Engineering) Diploma from Humber College (Canada) and an MBA from Ivey School of Business (Canada).

10. Ann Stubbings

Company Secretary and Group General Counsel

Ms Stubbings joined Orora from Amcor, where she was Senior Group Legal Counsel from 2008 and Alternate Company Secretary from 2009 until the demerger in December 2013.

Ms Stubbings has over 20 years' experience in private practice and corporate legal roles, across corporate governance, company secretariat, commercial law, dispute resolution, and insurance and financial services law.

Ms Stubbings holds a Bachelor of Arts and a Bachelor of Laws from The University of Melbourne and is admitted to practice as a Barrister and Solicitor. She is a member of the Governance Institute of Australia and the Australian Institute of Company Directors.

11. Rick Woods

Group General Manager, Fibre Packaging

Prior to the establishment of Orora Limited, Mr Woods was Group General Manager, Fibre Packaging within Amcor's Australasia and Packaging Distribution business. He has more than 25 years' experience in management of national and international businesses.

Prior to joining Amcor in 2009, he spent three years at Swire Cold Storage as the CEO, and before this was the Managing Director, Australia at Office Max. This followed 18 years at Shell in Australia, the United States, the United Kingdom and Singapore, where his last role was Vice President, North America for Shell Aviation.

Mr Woods holds a Bachelor of Mechanical Engineering from Curtin University, Perth.

Pro forma

financial highlights - FY2014

Key financial highlights compared to FY2013

Pro forma sales revenue

\$3.2
billion

An increase of 7.9%

Pro forma underlying
operating cash flow

\$224.1
million

Up from \$168.9 million

Pro forma EBIT

\$192.1
million

An increase of 29.6%

Dividend determined

6.0¢

Pro forma payout ratio of
approximately 70.0%

Pro forma EBIT to sales

6.0%

Up from 5.0%

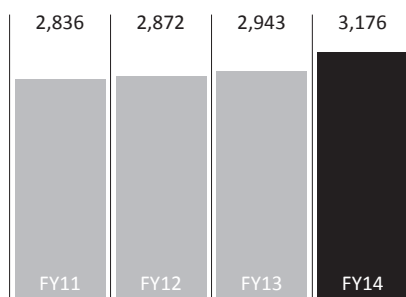
Pro forma leverage

2.2x

Down from 2.9x
[pro forma June 2013]

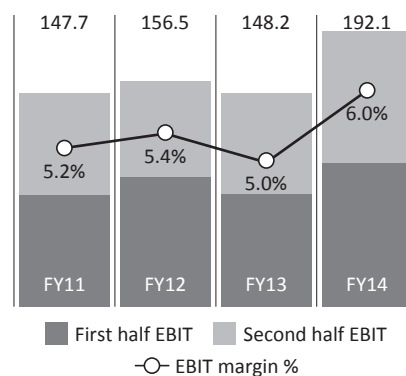
Pro forma sales revenue

AUD million



Pro forma EBIT

AUD million



Operational review

Orora Australasia

Orora Australasia is focused on fibre (recycled paper, corrugated boxes, cartons and sacks and distribution of packaging materials) and beverage (glass bottles, beverage cans and wine closures) packaging within Australia and New Zealand

Pro forma earnings

(AUD million)	Pro forma 2014	Pro forma 2013	Change (%)
Sales revenue	1,912.9	1,935.7	(1.2)
EBIT ⁽¹⁾	162.5	129.3	25.7
EBIT margin (%)	8.5	6.7	
Average funds employed ⁽²⁾ (AFE)	1,822.9	1,887.2	(3.4)
EBIT ⁽¹⁾ /AFE ⁽²⁾ (%)	8.9	6.9	

Pro forma segment cash flow

(AUD million)	Pro forma 2014	Pro forma 2013	Change (%)
EBITDA ⁽³⁾	245.4	212.8	15.3
Non-cash items	19.8	16.4	
Movement in total working capital	10.5	(28.5)	
Net CapEx	(69.2)	(43.5)	
Underlying operating cash flow	206.5	157.2	31.4
Cash significant items	(33.6)	(28.4)	
Operating free cash flow	172.9	128.8	



Australia
New Zealand

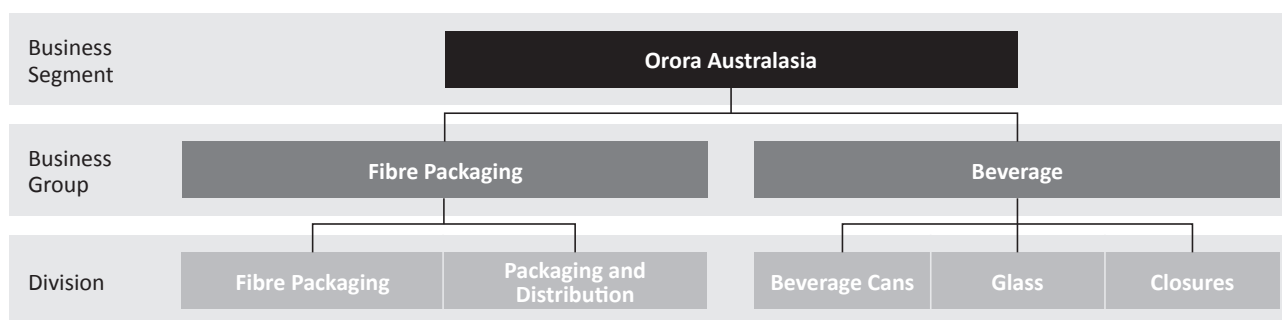
At a glance



(1) Earnings before interest, related income tax expense and significant items

(2) Pro forma adjustment to Average Funds Employed represents the asset impairment included in the Demerger Scheme Book and the inclusion of the B9 recycled paper mill capital, which was included in reported funds employed from May 2013, from 1 July 2012.

(3) Earnings before depreciation, amortisation, interest, related income tax expense and significant items



Orora Australasia's organisational structure

Overall, Orora Australasia delivered an EBIT of \$162.5 million, 25.7% higher than the prior year

Fibre Packaging business group

Fibre Packaging business group earnings for the year were higher than the prior year, driven by benefits of footprint rationalisation and cost improvement initiatives.

Fibre Packaging

- Sales in New Zealand were higher than the prior year, aided by a strong kiwi fruit season and generally improving economic conditions
- Australia saw improved volumes in most end markets however these did not offset weakness in the beverage and grocery segments
- Recent footprint rationalisation, cost improvement initiatives and sales margin initiatives contributed to better margins
- Additional rent costs of \$4.1 million were incurred from sale and leaseback transactions completed in the prior year

Packaging and Distribution

- Higher earnings versus the prior year reflecting the benefits of prior period footprint rationalisation and cost improvement initiatives
- The Petrie, Queensland Cartonboard Mill ceased operating in September 2013. The closure was well executed with costs in line with expectations. The business has successfully transitioned to a fully imported cartonboard sourcing model
- A small subscale industrial sacks site in Kewdale, Western Australia was closed in early calendar 2014. The customers are now being supplied from remaining facilities

Botany recycled paper mill (B9)

- Commissioning of the new B9 recycled paper mill began in October 2012. We are now 18 months into a ramp-up period that is generally in line with expectations. The expected earnings benefits will be progressively delivered during the ramp-up period, as stability improves
- Production is on track with the projected learning curve in relation to volume and quality. The paper's increased strength and improved printability is better than expected and is being well received by customers (in Australasia and North America)
- During the year, 335,000 tonnes of recycled paper was produced
- Despite ongoing ramp-up issues, production is continuing to stabilise, allowing the emphasis to progressively move toward realising the cost reduction and innovation benefits
- \$3.0 million of net incremental benefits were delivered in FY2013/14. The remaining benefits are expected to be realised over the next two-three years

Orora Australasia (continued)



- The B9 mill began to export recycled paper to Orora North America in January 2014. During the year, 8,500 tonnes of recycled paper was exported. It is estimated that up to 40,000 tonnes will be exported in FY2014/15
- With the retirement of Sonny Coleiro on 31 March 2014, Peter de Hennin has joined Orora as the Group General Manager of the Paper Division
- The clean-up following the December 2013 fire at the Botany site which damaged the previously decommissioned paper mills and buildings is ongoing and, pending approvals, is expected to be substantially completed during calendar year 2015. The related insurance claim is continuing to progress

Beverage business group

Beverage business group earnings were higher than the prior year, reflecting stronger Glass volumes and earnings and improved manufacturing efficiencies.

Beverage Cans

- Underlying volumes were in line with the prior year
- Earnings were lower than the prior year as a result of a co-packing customer related debt write-off

Glass

- Delivered higher sales to existing contracted customers on the prior year and also increased market share in the wine segment
- Wine volumes were up on the prior year, offsetting weaker beer volumes
- Operating performance continued to improve aided by the repair to the second glass furnace (G2) which was successfully completed in March 2014

Closures

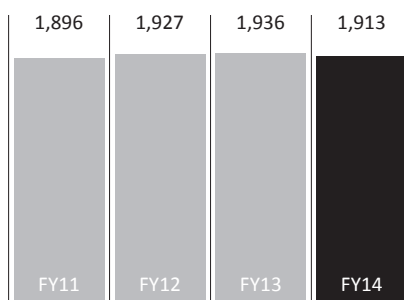
- Underlying sales were higher than the prior year, offset by reductions from the closure of the Thomastown, Victoria site
- Stelvin wine closure volumes were up on the prior year
- A subscale metal decoration facility in Laverton, Victoria was closed in June 2014. This material is now being purchased from a third party under a long term agreement

Gas supply update

Orora entered into a Gas Supply Option Agreement with Strike Energy Limited (Strike) for the supply of 45 PJ of gas for use at the Glass division in Gawler, South Australia (30 PJ) and the B9 recycled paper mill in Botany, New South Wales (15 PJ). Subject to Strike achieving commercial production, gas is expected to be delivered over a 10-year term from January 2017 and 2018 respectively.

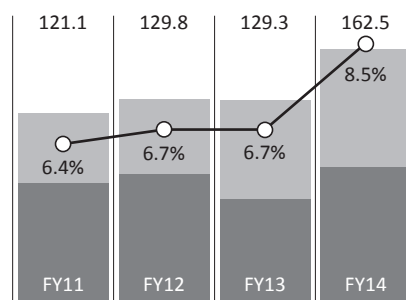
Pro forma sales revenue

AUD million



Pro forma EBIT

AUD million



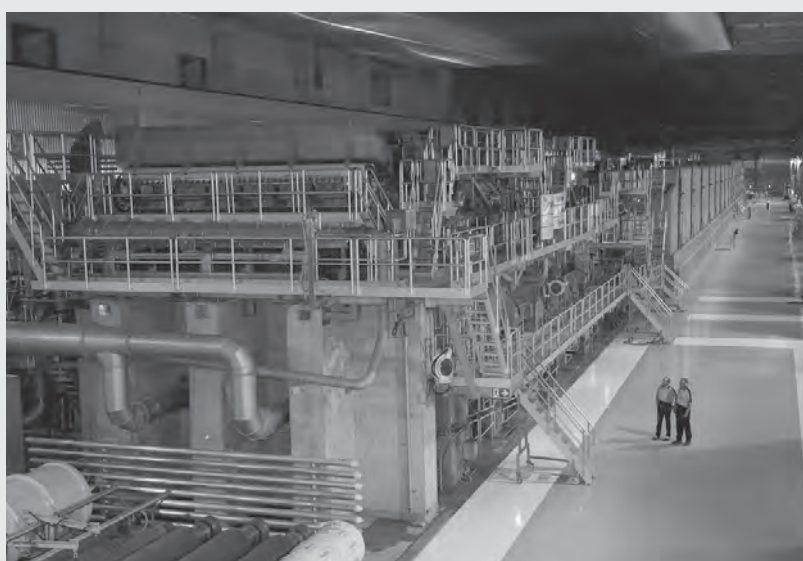
■ First half EBIT ■ Second half EBIT

○ EBIT margin %

Perspectives for FY2014/15

- The Glass division has recently secured additional market share in both the wine and beer segments commencing July 2014 and July 2015 respectively
- Orora's first glass furnace (G1) is to undergo a scheduled rebuild during the second half of FY2014/15. The furnace will be out of operation for approximately three months while the rebuild is completed. Costs of the rebuild are estimated at approximately \$30.0 million
- As a result of Alcoa Inc.'s announced exit from aluminium production in Australia by the end of calendar year 2014, the Beverage Can division will move to a full import aluminium sourcing model. The business is in the process of qualifying alternative suppliers and managing any operational and working capital impacts
- Following the closure of the Petrie cartonboard mill in September 2013, a manufacturing footprint review of the Australian Cartons business was completed which resulted in a decision to close the small subscale converting plant in Zillmere, Queensland. This facility will close in September 2014 with production to be reallocated to the remaining cartonboard facilities in Botany (New South Wales), Heidelberg (Victoria) and Regency Park (South Australia)
- The Australian businesses are working through the implications of the repeal of the Carbon Tax by the Australian Government in July 2014

The B9 recycled paper mill, Botany, New South Wales



Operational review

Orora North America

Orora North America is focused on the distribution of packaging materials. It also has integrated corrugated sheet and box manufacturing and equipment sales capabilities

Pro forma earnings

(AUD million)	Pro forma 2014	Pro forma 2013	Change (%)
Sales revenue	1,263.2	1,007.1	25.4
EBIT ⁽¹⁾	57.1	43.5	31.3
EBIT margin %	4.5	4.3	
Average funds employed (AFE)	263.8	203.1	29.9
EBIT ⁽¹⁾ /AFE (%)	21.6	21.4	
Local currency sales revenue (USD million)	1,159.7	1,034.5	12.1
Local currency EBIT ⁽¹⁾ (USD million)	52.5	44.7	17.4

Pro forma segment cash flow

(AUD million)	Pro forma 2014	Pro forma 2013	Change (%)
EBITDA ⁽²⁾	67.5	51.3	31.6
Non-cash items	1.9	1.4	
Movement in total working capital	(9.8)	(5.9)	
Net CapEx	(13.9)	(8.5)	
Underlying operating cash flow	45.7	38.3	19.3
Cash significant items	0.0	0.0	
Operating free cash flow	45.7	38.3	



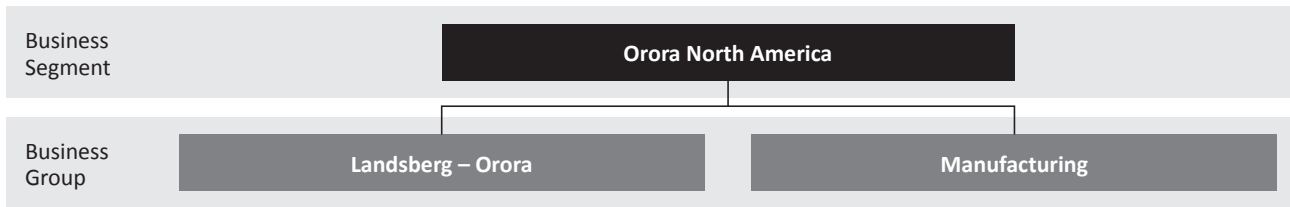
USA
Mexico
UK
Canada
China

At a glance



(1) Earnings before interest, related income tax expense and significant items

(2) Earnings before depreciation, amortisation, interest, related income tax expense and significant items



Orora North America's organisational structure

Orora North America had a strong year with sales up 12.1% on a constant currency basis

Landsberg - Orora

Despite flat market conditions, the Landsberg distribution business delivered organic sales growth and won new business with a gain in market share in most regions. A continued strategic focus on securing large corporate accounts aided sales growth during the year.

Manufacturing

The Manufactured Packaging Products business delivered improved earnings from additional sales volumes to third parties and manufacturing efficiency benefits driven by cost reduction initiatives and strong overall operating cost control.

Key points

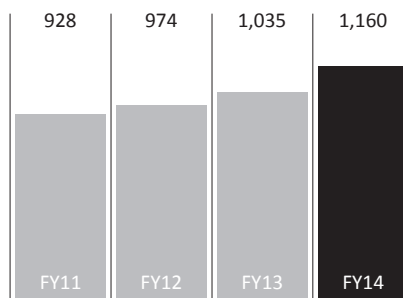
- On a constant currency basis, earnings for the year were up 17.4% on the prior year at USD52.5 million, driven by the improved sales volume and productivity gains
- Reported earnings were up 31.3% with foreign exchange translation benefits of AUD6.1 million over the prior year
- EBIT margin improved to 4.5% (versus 4.3% the prior year) primarily on the back of leveraging excess manufacturing capacity and a focus on improving procurement capability. In the first half, the division successfully passed through higher paper prices that impacted the business in the prior year
- Underlying market conditions remain flat but are stable. Overall, the business is yet to witness any sustained improvement in economic conditions within the region
- Foreign exchange benefit on North America sales was AUD134.2 million

Perspectives for FY2014/15

- On 1 July 2014, Orora North America completed a small bolt-on acquisition of a Texas, USA based distributor of plastic packaging products to the food and produce sector. The business services customers in USA, Mexico and Canada
- Expenditure for a new Enterprise Resource Planning (ERP) system, totalling approximately AUD22.0 million, has been approved to replace the existing legacy system. The estimated cash spend will occur evenly over the next two financial years

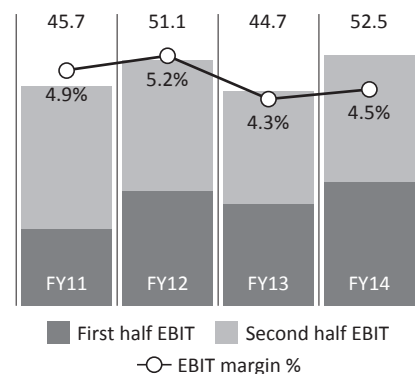
Pro forma sales revenue

USD million



Pro forma EBIT

USD million



Financial review

summary

Pro forma consolidated income

AUD million	2014	2013
Sales revenue ⁽¹⁾	3,176.1	2,942.8
Profit before depreciation, amortisation, interest and related income tax expense	290.8	245.6
Depreciation and amortisation ⁽¹⁾	(98.7)	(97.4)
Profit before interest and related income tax expense ⁽¹⁾	192.1	148.2
Net financing costs ⁽¹⁾	(41.3)	(44.0)
Income tax expense ⁽¹⁾	(46.4)	(32.1)
Profit for the financial period from continuing operations⁽¹⁾	104.4	72.1

Consolidated balance sheet

AUD million	Statutory 2014	Pro forma 2013
Cash ⁽¹⁾	30.5	25.5
Other current assets ⁽¹⁾	824.3	808.8
Property, plant and equipment ⁽¹⁾	1,544.3	1,534.2
Intangible assets ⁽¹⁾	232.3	234.5
Investments and other assets ⁽¹⁾	122.6	118.1
Total assets⁽¹⁾	2,754.0	2,721.1
Interest-bearing liabilities ⁽¹⁾	666.1	721.0
Payables and provisions ⁽¹⁾	706.2	717.8
Total equity ⁽¹⁾	1,381.7	1,282.3
Total liabilities and equity⁽¹⁾	2,754.0	2,721.1

Pro forma consolidated cash flow

AUD million	2014	2013
Earnings before depreciation, amortisation, interest and related income tax expense	290.8	245.6
Non-cash items	19.5	14.0
Movement in working capital	(4.7)	(37.2)
Net capital expenditure	(81.5)	(53.5)
Underlying operating cash flow from continuing operations	224.1	168.9
Cash significant items	(57.3)	(55.6)
Operating free cash flow from continuing operations⁽²⁾	166.8	113.3

(1) IFRS compliant information extracted from the audited Financial Statements (refer reconciliation between the pro forma information and the financial report presented on page 22).

(2) Operating free cash flow as per the Segment Note contained within the Financial Statements (refer note 3.1.1)

Pro forma sales revenue

Pro forma sales revenue of \$3,176.1 million was up 7.9% on the prior year (up 3.5% in constant currency terms), driven by:

- increased sales in North America – both to existing customers and from winning new business
- higher Glass volumes in the wine segment
- higher sales in the NZ Fibre Packaging operations
- contribution from Joe's Cartons acquisition completed in July 2013
- foreign exchange benefit on US dollar-denominated North America sales (AUD134.2 million on the prior year).

Revenue gains were partially offset by:

- reduced Beverage Can revenue resulting from the pass through of lower aluminium prices (underlying volumes were in line with the prior year)
- lower sales as a result of recent footprint rationalisation in the Fibre Cartons and Beverage Closures divisions.

Pro forma earnings before interest and tax (EBIT)

Pro forma EBIT increased by 29.6% to \$192.1 million. Improved earnings attributable to:

- cost reduction, efficiency and sales margin improvement initiatives within the Fibre Packaging division
- footprint rationalisation benefits in Packaging and Distribution (Petrie, Queensland) and Beverage (Thomastown, Victoria) business groups
- higher Glass earnings from increased wine volumes and improving efficiency
- as part of closing the old F6/B7/B8 paper and Petrie cartonboard mills and commissioning the new B9 recycled paper mill, a review of the recycled waste collection requirements and contracts was undertaken. As a result, a number of these recycling collection contracts have been assessed as onerous and losses in the current year totalling \$7.9 million have been classified as a significant item

- increased sales volumes and manufacturing efficiency benefits in Orora North America
- translational foreign exchange benefit from US dollar denominated earnings (AUD6.1 million on the prior year).

Earnings gains were partially offset by:

- bad debts (mainly in Beverage) of \$4.2 million
- additional rent on sale and leaseback property transactions completed in the prior year of \$4.1 million.

Cost reduction update

- On-target delivery of \$39.1 million of cumulative total cost reduction savings during the year; \$27.1 million of incremental benefits delivered in FY2013/14
- Cost reduction benefits from portfolio exits/plant closures are completed and delivering as expected
- Cost improvement and productivity initiatives have been successfully implemented with benefits being realised as anticipated. Expect remaining savings to be delivered in FY2014/15
- Delivered \$3.0 million of cost reduction benefits from the B9 paper mill

Balance sheet

Key balance sheet movements since June 2013 were:

- increase in other current assets is a result of higher receivables in Orora North America in line with sales uplift. Lower inventory in most divisions offset by stock build in Glass ahead of the forthcoming furnace rebuild and commencement of a new customer contract
- net property, plant and equipment (PP&E) increased due to spend on the final phases of the B9 Botany paper mill project which included settlement of disputes with the lead contractors (these were settled in December 2013). CapEx for FY2013/14 included spend on the following major items; beverage embossing capability, investment in corrugated equipment upgrades in Australasia and North America, spend on glass furnaces with repairs to G2 and long lead items for G1. Depreciation for the year was \$98.7 million

- net debt reduced by \$59.9 million during the year to \$635.6 million as a result of converting increased earnings into cash
- decrease in payables and provisions reflect the utilisation of cost reduction and restructuring provisions (refer to cash flow below), closure of the Australian defined benefit superannuation fund (converted to an accumulation fund) offset by improved trading terms with vendors.

Pro forma cash flow

Underlying operating pro forma cash flow increased by \$55.2 million to \$224.1 million compared with the prior year.

Main movements included:

- increase in EBITDA of \$45.2 million
- sound management of working capital across the business
- base CapEx within guidance range of between 80 to 90% of pro forma depreciation. Expect CapEx in FY2014/15 to be at the upper end of guidance due to expenditure on the Glass furnace rebuild and new Enterprise Resource Planning (ERP) system in Orora North America. The settlement with the B9 lead contractors referred to in the balance sheet commentary above was funded by Amcor Ltd as part of the demerger process
- cash significant items in FY2013/14 mostly relate to spend on the cost reduction and footprint rationalisation initiatives and the significant item taken for onerous recycling contracts. In relation to the cost reduction programs, the net cash spend remaining is approximately \$10.0 million, which will be spent in FY2014/15.

Working capital

Average total working capital to sales decreased to 10.6% (versus 11.0% in the prior year), primarily as a result of improved working capital management in the Fibre Packaging business group with inventory reduction occurring as part of the footprint rationalisation initiatives.

Reconciliation between segment result and

Pro forma financial information

In preparation of the pro forma financial information, adjustments have been made to the Orora Group's segment results (as included in the statutory accounts) to present a view of performance as if the internal corporate restructure associated with the demerger had been effective from 1 July 2012. Additionally, adjustments have been made in the pro forma presentation to include the additional corporate costs and the depreciation reduction from the asset impairment as if they had been applicable from 1 July 2012.

The pro forma adjustments referred to above have been made on a basis consistent with those contemplated on page 46 of the Amcor Ltd Demerger Scheme Booklet. The following reconciliations and the pro forma financial information have not been audited.

Orora Australasia business segment

Earnings

AUD million	As reported ⁽⁵⁾		One-off items		Pro forma adjustments		Pro forma	
	2014	2013	2014	2013 ⁽²⁾	2014	2013 ⁽³⁾	2014	2013
Sales revenue	1,912.9	1,935.7	-	-	-	-	1,912.9	1,935.7
EBIT ⁽¹⁾	152.0	102.6	-	5.7	10.5	21.0	162.5	129.3
EBIT margin (%)	7.9	5.3	-	-	-	-	8.5	6.7
Average funds employed	1,895.6	1,461.0	-	-	(72.7)	426.2	1,822.9	1,887.2
EBIT ⁽¹⁾ /AFE (%)	8.0	7.0	-	-	-	-	8.9	6.9

Cash flow

AUD million	As reported		One-off items		Pro forma adjustments		Pro forma	
	2014	2013	2014	2013 ⁽²⁾	2014	2013 ⁽³⁾	2014	2013
EBITDA ⁽⁴⁾	245.4	207.1	-	5.7	-	-	245.4	212.8
Non-cash items	19.8	16.4	-	-	-	-	19.8	16.4
Movement in total working capital	10.5	(28.5)	-	-	-	-	10.5	(28.5)
Net capital expenditure	(69.2)	(43.5)	-	-	-	-	(69.2)	(43.5)
Operating cash flow	206.5	151.5	-	5.7	-	-	206.5	157.2
Cash significant items	(33.6)	(28.4)	-	-	-	-	(33.6)	(28.4)
Operating free cash flow	172.9 ⁽⁵⁾	123.1 ⁽⁵⁾	-	5.7	-	-	172.9	128.8
Growth capital expenditure – B9 Recycled paper mill	-	(92.1)	-	-	-	-	-	(92.1)

(1) Earnings before interest, related income tax expense and significant items.

(2) Adjusts for inventory write off in Glass of \$5.7 million (as per the Demerger Scheme Book).

(3) Pro forma adjustment impact to PBIT represents a reduction in the depreciation charge of \$21.0 million from accounting for the asset impairment included in the Demerger Scheme Book being applicable from 1 July 2012 (as per the Demerger Scheme Book). Pro forma adjustment to Average Funds Employed represents the asset impairment included in the Demerger Scheme Book and the inclusion of B9 paper mill capital, which was included in reported funds employed from May 2013, from 1 July 2012.

(4) Earnings before depreciation, amortisation, interest, related income tax expense and significant items.

(5) As reported in the Segment Note contained within the Financial Statements (refer note 3.1.1).

Orora North America business segment

Earnings

AUD million	As reported ⁽³⁾		One-off items		Pro forma adjustments		Pro forma	
	2014	2013	2014	2013	2014	2013	2014	2013
Sales revenue	1,263.2	1,007.1	-	-	-	-	1,263.2	1,007.1
EBIT ⁽¹⁾	57.1	43.5	-	-	-	-	57.1	43.5
EBIT margin (%)	4.5	4.3	-	-	-	-	4.5	4.3
Average funds employed	263.8	203.1	-	-	-	-	263.8	203.1
EBIT ⁽¹⁾ /AFE (%)	21.6	21.4	-	-	-	-	21.6	21.4

Cash flow

AUD million	As reported		One-off items		Pro forma adjustments		Pro forma	
	2014	2013	2014	2013	2014	2013	2014	2013
EBITDA ⁽²⁾	67.5	51.3	-	-	-	-	67.5	51.3
Non-cash items	1.9	1.4	-	-	-	-	1.9	1.4
Movement in total working capital	(9.8)	(5.9)	-	-	-	-	(9.8)	(5.9)
Net capital expenditure	(13.9)	(8.5)	-	-	-	-	(13.9)	(8.5)
Operating cash flow	45.7	38.3	-	-	-	-	45.7	38.3
Cash significant items	-	-	-	-	-	-	-	-
Operating free cash flow	45.7 ⁽³⁾	38.3 ⁽³⁾	-	-	-	-	45.7	38.3

(1) Earnings before interest, related income tax expense and significant items.

(2) Earnings before depreciation, amortisation, interest, related income tax expense and significant items.

(3) As reported in the Segment Note contained within the Financial Statements (refer note 3.1.1).

Reconciliation between segment result and

Pro forma financial information (continued)

Consolidated income statement for the year ended 30 June 2014

Year ended 30 June 2014 AUD million	As reported ⁽¹⁾	One-off items ⁽²⁾	Pro forma adjustments ⁽³⁾	Pro forma
Sales revenue	3,176.1	-	-	3,176.1
Earnings before depreciation, amortisation, interest, related income tax expense and significant items	299.3	-	(8.5)	290.8
Depreciation and amortisation	(109.2)	-	10.5	(98.7)
Earnings before interest, related income tax expense and significant items	190.1	-	2.0	192.1
Significant items before tax	(251.4)	251.4	-	-
Earnings before interest and related income tax expense	(61.3)	251.4	2.0	192.1
Net financing costs	(38.1)	-	(3.2)	(41.3)
Income tax (expense)/benefit	23.8	(69.8)	(0.4)	(46.4)
Profit for the financial period from continuing operations	(75.6)	181.6	(1.6)	104.4

Consolidated income statement for the year ended 30 June 2013

Year ended 30 June 2013 AUD million	As reported ⁽¹⁾	One-off items ⁽²⁾	Pro forma adjustments ⁽³⁾	Pro forma
Sales revenue	2,942.8	-	-	2,942.8
Earnings before depreciation, amortisation, interest, related income tax expense and significant items	264.6	(2.0)	(17.0)	245.6
Depreciation and amortisation	(118.4)	-	21.0	(97.4)
Earnings before interest, related income tax expense and significant items	146.2	(2.0)	4.0	148.2
Significant items before tax	(114.4)	114.4	-	-
Earnings before interest and related income tax expense	31.8	112.4	4.0	148.2
Net financing costs	(44.5)	-	0.5	(44.0)
Income tax expense	20.6	(39.1)	(13.6)	(32.1)
Profit for the financial period from continuing operations	7.9	73.3	(9.1)	72.1

(1) As reported per the Segment Note in the Financial Statements (refer note 3.1.1), with exception of net financing costs and income tax expense which is not included in the Segment Note.

(2) One-off adjustments include Significant items and other material items adjusted for in FY2012/13 in the Demerger Scheme Book.

(3) Pro forma adjustments to earnings include a reduction in the depreciation charge of \$21.0 million and an increase in corporate costs of \$17.0 million from accounting for the asset impairment and the additional standalone costs from 1 July 2012, respectively. Pro forma adjustment to financing costs for FY2012/13 and first half of FY2013/14 is based on the effective funding cost applied in the Demerger Scheme Book (second half of FY2013/14 financing costs is actual). Pro forma tax expense for FY2012/13 and first half FY2013/14 has been calculated using an effective tax rate of 30.8%, which is based on a blended tax rate for the Orora businesses and was the rate used in the Demerger Scheme Book (second half of FY2013/14 tax expense is actual).

Consolidated cash flow for the year ended 30 June 2014

Year ended 30 June 2014	As reported	One-off adjustments ⁽²⁾	Pro forma adjustments ⁽²⁾	Pro forma
AUD million				
Earnings before depreciation, amortisation, interest, related income tax expense and significant items	299.3	-	(8.5)	290.8
Non-cash items	19.5	-	-	19.5
Movement in total working capital	(16.2)	11.5	-	(4.7)
Net capital expenditure	(81.5)	-	-	(81.5)
Underlying operating cash flow from continuing operations	221.1	11.5	(8.5)	224.1
Cash significant items	(70.9)	13.6	-	(57.3)
Operating free cash flow from continuing operations	150.2⁽¹⁾	25.1	(8.5)	166.8

Consolidated cash flow for the year ended 30 June 2013

Year ended 30 June 2013	As reported	One-off adjustments ⁽²⁾	Pro forma adjustments ⁽³⁾	Pro forma
AUD million				
Profit before depreciation, amortisation, interest, related income tax expense and significant items	264.6	(2.0)	(17.0)	245.6
Non-cash items	(27.0)	41.0	-	14.0
Movement in total working capital	(49.2)	12.0	-	(37.2)
Net capital expenditure	6.5	(60.0)	-	(53.5)
Underlying operating cash flow from continuing operations	194.9	(9.0)	(17.0)	168.9
Cash significant items	(55.6)	-	-	(55.6)
Operating free cash flow from continuing operations	139.3⁽¹⁾	(9.0)	(17.0)	113.3

(1) As reported per the Segment Note in the Financial Statements (refer note 3.1.1).

(2) FY2012/13 cash flow equal to Page 50 of the Demerger Scheme Book with the two differences being a) defined benefit pension top ups have been excluded as they are deemed non-recurring in nature following the move to an accumulation fund, b) the Petrie Cartonboard mill has been included. FY2013/14 total working capital cash flows are adjusted to exclude the defined benefit pension top up consistent with FY2012/13 and cash significant items to exclude a demerger related payment.

(3) Pro forma adjustments include additional standalone costs from 1 July 2012.

Consolidated balance sheet as at 30 June 2013

As at 30 June 2013	Financial report	Internal restructure ⁽¹⁾	Pro forma adjustments ⁽²⁾	Pro forma
AUD million				
Cash	14.9	10.6	-	25.5
Other current assets	568.7	240.1	-	808.8
Property, plant and equipment	1,625.8	104.1	(195.7)	1,534.2
Intangible assets	138.5	109.3	(13.3)	234.5
Investments and other assets	82.9	35.2	-	118.1
Total assets	2,430.8	499.3	(209.0)	2,721.1
Interest-bearing liabilities	767.8	(46.8)	-	721.0
Payables and provisions	578.7	202.1	(63.0)	717.8
Total equity	1,084.3	344.0	(146.0)	1,282.3
Total liabilities and equity	2,430.8	499.3	(209.0)	2,721.1

(1) Internal restructuring steps undertaken before the demerger, including the disposal and the drawdown of external borrowing and settlement of intercompany loans with Amcor Ltd. Additionally, deferred tax assets and deferred tax liabilities have been offset. This offset was not done in the Scheme book. In the Demerger Scheme Book the assets and liabilities of the Petrie Cartonboard mill were excluded, for comparison purposes the FY2012/13 Pro forma balance sheet includes those assets and liabilities.

(2) The pro forma adjustment accounts for the asset impairment from 1 July 2012 and amends the Demerger Scheme Book presentation to reflect the actual allocation between PP&E and Intangibles.

Operational review

Sustainability

Our approach

Our approach to sustainability is based on the 'triple bottom line' of:

- **Planet:** finding innovative ways to reduce the impact that our business and products may have on the environment and resources
- **Community:** caring for our people and the communities in which we operate
- **Prosperity:** finding innovative ways to mitigate risks and increase success.

Our day-to-day sustainability activities aim to deliver value for our customers as well as operational value for Orora. We have integrated sustainability into our everyday business processes. Our product development processes incorporate sustainability aspects including package recyclability, the increased use of recycled content in glass, aluminium and fibre products and Forest Stewardship Council (FSC) certification for recycled paper from our B9 Paper Mill.

Creating value for customers

We create value for customers by:

- offering packaging life cycle assessments, enabling customers to make informed decisions on packaging options
- investing in packaging innovations that deliver customer satisfaction and consumer benefits such as packaging that is easy to open
- reducing supply chain risks for our customers by ensuring the responsible and ethical sourcing of raw materials
- ensuring the quality and safety of our packaging.

In Australia, we apply the Australian Packaging Covenant's Sustainable Packaging Guidelines (SPG) and globally we use tools such as the Packaging Impact Quick Evaluation Tool (PIQET) to assess and improve our customers' packaging. Our aim is to make more efficient use of resources and reduce environmental impacts throughout the packaging system/value chain without compromising product quality and safety.

As a signatory to the Australian Packaging Covenant (APC), we assess the majority of the packaging we produce to ensure that, where appropriate, the objectives of the SPG are achieved and we work closely with customers to help them meet their obligations under the Australian Packaging Covenant.

In other countries we work with customers to help them achieve their sustainability objectives, including redesigning their packaging to increase the number of packages that can be stacked in a truck, improving supply chain efficiencies and helping optimise their filling operations to reduce waste.

Creating operational value

Our approach to sustainability also aims to create value for Orora and our shareholders.

We do this by:

- managing our environmental and social risks
- identifying cost-effective process efficiencies to reduce the cost and environmental footprint of our operations
- achieving our health, safety and environmental management goals
- achieving our resource efficiency targets
- maintaining our social licence to operate by engaging with local communities where our sites are located
- engaging and developing our team members.

Workplace safety

Our five-year occupational health and safety strategy includes the following main objectives:

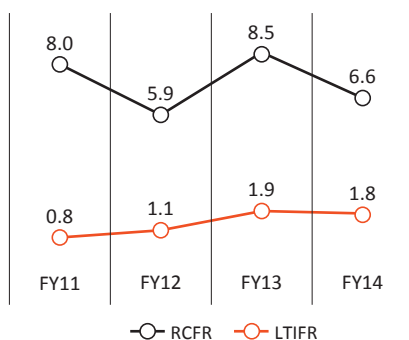
- **Leadership** – Build on the existing commitment of leaders throughout the business to deliver an enhanced safety culture
- **Safety management system** – Continue the evolution of our existing system to effectively manage safety risk
- **Plant and equipment design** – Review and ensure all equipment and plant is suitably designed and safeguarded to enable safe operation
- **Capability** – continue to develop our team members so that they are fully equipped to effectively manage safety within their areas of responsibility.

To implement this strategy we have safety action plans in place across all of our businesses.

A centralised Health, Safety and Environment Management System has been established, with common procedures and standards for all sites. Compliance to our standards and procedures is confirmed by both internal and external audits.

Our safety performance is measured using two key metrics – Lost Time Injury Frequency Rate (LTIFR) and Recordable Case Frequency Rate (RCFR).

Orora Group safety performance



LTIFR is measured by calculating the number of injuries resulting in at least one full work day lost per million hours worked. In the FY2013/14 year, the LTIFR was 1.8, which corresponds to 24 cases across our business. This compares to our previous year's performance of 1.9 (27 cases).

RCFR is measured by calculating the number of medical treatment cases and lost time injuries per million hours worked. In the FY2013/14 year, the RCFR was 6.6, which corresponds to 89 cases across our business. This compares to our previous year's performance of 8.5 (123 cases).

Resource efficiency

Resource efficiency - existing targets

Over the three year period to 30 June 2014, we achieved:

- 41% reduction GHG
- 58% reduction water use
- 40% reduction waste to landfill.

These reductions were against the five year targets of:

Greenhouse gas emissions: 10% reduction in GHG emissions intensity by 2015/16 from 2010/11 levels

Waste to landfill: 50% reduction in waste to landfill intensity by 2015/16 from 2010/11 levels

Water use: 25% reduction in water use intensity by 2015/16 from 2010/11 levels (Australia only).

Resource efficiency - new Orora Group targets

Following our demerger from Amcor, and having basically achieved our five year targets in only three years, we have set ourselves new targets to ensure the positive momentum is maintained. Announced on World Environment Day, 5 June 2014, these new five year targets build on the already impressive reductions made by our sites over the previous years.

The targets are:

GHG emissions: 10% reduction in emissions intensity by FY2018/19 from CY2013 levels

Waste to landfill: 25% reduction in waste to landfill intensity by FY2018/19 from CY2013 levels

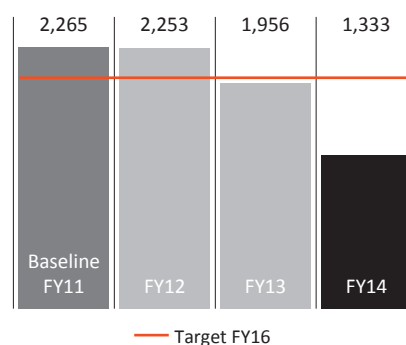
Water use: 10% reduction in water use intensity by FY2018/19 from CY2013 levels.

The new targets are underpinned by a detailed resource efficiency plan where sustainability projects are progressively being implemented at many sites.

We will report our progress toward these targets each year.

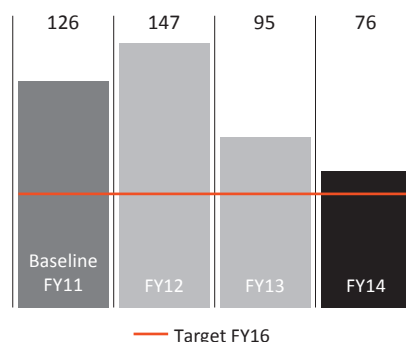
Orora Group GHG emissions intensity

tonnes CO₂/AUD million gross profit



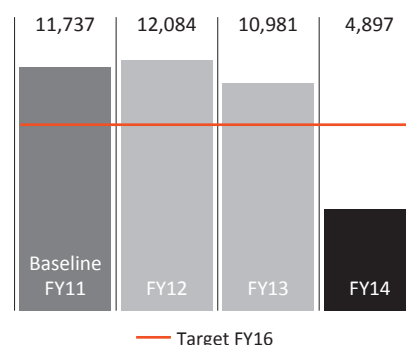
Orora Group waste to landfill intensity

tonnes/AUD million gross profit



Orora Group water use intensity

kilolitres/AUD million gross profit



Operational review

Principal risks

Listed below are the principal risks and uncertainties that could have a material impact on the Company and its ability to achieve its stated objectives. Every effort is made to identify and manage material risks. However, additional risks not currently known or detailed below may also adversely affect future performance.

Risk	Description	Treatment strategies
General market	Economic conditions specifically impacting the value chain or industries in which the Company is dependent could materially deteriorate and have a negative impact on financial performance.	The Company seeks to mitigate the severity of impact that a deterioration in economic conditions in a single country, region or market may have by: <ul style="list-style-type: none"> operating businesses that have a broad spread of geographic locations, raw material inputs and customers servicing a number of end markets deploying an operating model that focuses on continually improving the value proposition to customers creating and maintaining a high-performance culture remaining disciplined in cash and cost management.
Financial	The Company faces a variety of risks arising from the unpredictability of financial markets, including: <ul style="list-style-type: none"> the cost and availability of funds to meet its business needs movements in interest rates, foreign exchange rates and commodity prices 	The Company's Treasury function undertakes financial risk management policies approved by the Board. Appropriate commercial terms are negotiated and derivative financial instruments are used, such as foreign exchange contracts and interest rate swaps, to hedge these risk exposures. In addition, the Company plans to proportionally draw down debt in currencies that align with the proportion of assets in those same currencies, thereby creating a natural hedge. A detailed discussion of financial risk management is included in note 5.5 to the Financial Statements.
Customer and consumer preferences	The Company has strong relationships with key customers for the supply of packaging products and associated packaging related services. These relationships are fundamental to the Company's success and the loss of key customers may have a negative impact on financial performance. Changes in consumer preferences may also result in some of the Company's existing product range becoming obsolete or new products not meeting sales and margin expectations. The Company may not be able to accurately predict demand, end-user preferences and evolving industry standards and this may result in the inability to meet consumer demand in a timely and cost effective manner.	The Company seeks to mitigate this risk by delivering a superior value proposition to its customers by leveraging its operating model. Key to the success of this strategy is a continued drive on customer focus (delivery in full, on time and within specification), low cost and innovation. In addition, no single customer within an operating segment generates revenue greater than 15% of total revenue for the Orora Group. The Company works closely with its customers and suppliers to propose solutions that address evolving consumer preferences. The Company also continues to build on its innovation capability to achieve the objective of being seen as the innovation leader for the packaging industry.

Risk	Description	Treatment strategies
Competitor	The Company operates in highly competitive markets with varying degrees of barriers to entry, industry structures and competitor motivational patterns. The actions of established or potential competitors may have a negative impact on financial performance.	The Company is ideally placed to leverage its regional experience and insight, footprint and scale to deliver new ideas and value propositions to customers to gain competitive advantage. The Company also recognises innovation as a source of competitive advantage.
Mergers and acquisitions (M&A)	The Company's growth opportunities are dependent, in part, on disciplined selection of suitable targets in the right geographies with the right participation strategy. Failure to be disciplined in selection, effective at integration or focused on capturing value could impact operations and have adverse consequences for the achievement of expected financial benefits.	The Company's Strategy Team works with the businesses to identify suitable targets aligned to the Company's overall strategy. An M&A framework is in place that instills rigour in target selection, approval, due diligence, integration preparation/planning and post-merger value capture.
Talent attraction and retention	The operating and financial performance of the Company is largely dependent on its ability to attract and retain talent, in particular key personnel. Any loss of key personnel could adversely impact operating and financial performance.	The Company's human resource policies are designed to ensure that: <ul style="list-style-type: none"> • the Company has access to the widest possible pool of talent, through the Company's 'diversity in the workforce' strategy • team members are provided with mobility and development opportunities through its talent strategy and the Orora Global University (to be launched in Australasia in FY2014/15) • a high-performance culture is delivered by setting challenging objectives and rewarding high-performing individuals • remuneration is competitive in the relevant employment markets to support the attraction, motivation and retention of talent • remuneration is aligned with business outcomes that deliver value to shareholders.
Country	The Company operates in seven countries, across a broad range of legal, tax, regulatory and political systems, some of which are subject to rapid change. The profitability of those operations may be adversely impacted by changes in the fiscal or regulatory regimes, difficulties in interpreting or complying with the local laws of those countries and reversal of current political, judicial or administrative policies.	The Company continually monitors changes or proposed changes in regulatory regimes that may impact on operations. Where possible, the Company appoints local management teams, who bring a strong understanding of the local operating environment and strong customer relationships. The Company also implements training on compliance matters globally, and regular review of country risk is performed by business leaders.
Supply chain	Disruption to the Company's supply chain caused by an interruption to the availability of key components/raw materials or by technology failure may adversely impact the price of raw materials, sales volumes and/or customer relations, resulting in unexpected costs.	The Company's approach to supply chain risk management is multi-faceted and includes: <ul style="list-style-type: none"> • ensuring that where possible, customer contracts provide for regular and timely pass through of movements in raw materials input costs • supplier due diligence and risk management • implementing a multi-sourcing strategy for the supply of raw materials.
Business interruption and key sites	The Company operates from more than 110 sites globally. Circumstances may arise which preclude key sites from operating, including natural disaster, technology failure or industrial disruption. Where this occurs, financial performance may be negatively impacted.	The Company undertakes business continuity planning and disaster preparedness for high value or strategically important sites and functions. In addition, the Company undertakes continuous identification, review and mitigation of property risks, as well as independent loss prevention audits.

Directors' report

The Directors of Orora Limited (the Company) present their report, together with the Financial Statements of the Company and its controlled entities (collectively referred to as 'the consolidated entity' or the 'Orora Group'), for the year ended 30 June 2014.

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Directors' report

Statutory matters

Board of Directors

The Directors of the Company in office as at the date of this report are:

C I (Chris) Roberts	Appointed Chairman and Director on 17 December 2013*
N D (Nigel) Garrard	A Director for the whole financial year. Appointed Managing Director and CEO on 17 December 2013*
A P (Abi) Cleland	Appointed 1 February 2014
S L (Samantha) Lewis	Appointed 1 March 2014
G J (John) Pizzey	Appointed 17 December 2013*
J L (Jeremy) Sutcliffe	Appointed 17 December 2013*

* Effective 17 December 2013, the Orora Group demerged from Amcor Ltd. The Company was listed as a separate standalone entity on the Australian Securities Exchange (ASX) on 18 December 2013 and the demerger was implemented on 31 December 2013.

I H (Ian) Lewis and S G (Stuart) Hutton were Directors of the Company from the beginning of the financial year until their resignation on 17 December 2013, prior to the official listing of the Company on the ASX.

The qualifications, experience and special responsibilities of the current Directors, and other directorships held by them during the previous three years, are set out on page 9 of this report.

Company Secretary

Ms A L (Ann) Stubbings is the Company Secretary of the Company, having commenced the position on 25 September 2013. Ms Stubbings' qualifications and experience are set out on page 12 of this report.

Directors' meetings held between 18 December 2013 and 30 June 2014[^]

	Board		Sub-Committee of the Board		Audit and Compliance Committee		Executive Committee		Human Resources Committee		Nomination Committee**	
	A	B	A	B	A	B	A	B	A	B	A	B
Scheduled meetings	7		-		2		-		2		-	
Unscheduled meetings	1		1		1		-		-		-	
A P Cleland	7	7	-	-	3*	1	-	-	2	2	-	-
N D Garrard	7 [#]	8	-	-	3*	-	-	-	2*	-	-	-
S L Lewis	5	5	-	-	2	2	-	-	1*	-	-	-
G J Pizzey	8	8	1	1	3*	2	-	-	2	2	-	-
C I Roberts	8	8	1	1	3	3	-	-	2	2	-	-
J L Sutcliffe	8	8	-	-	3	3	-	-	2	2	-	-

* Indicates that although the Director is not a member of a specific committee, the Director attended the committee meeting.

** All Nomination Committee matters were dealt with by the full Board during the financial year.

[^] Effective 17 December 2013, the Orora Group demerged from Amcor Ltd. The Company was listed as a separate standalone entity on the ASX on 18 December 2013 and the demerger was implemented on 31 December 2013.

[#] The Board (excluding Mr Garrard) met to consider the proposed long term incentive multi-tranche award to Mr Garrard, which is the subject of a resolution at the 2014 Annual General Meeting. Due to Mr Garrard's personal interest in the matter, he did not attend.

A Number of meetings attended

B Number of meetings held during the time the Director held office (in the case of Board meetings) or was a member of the committee during the year (in the case of committee meetings)

Statutory matters

Operating and financial review

An operating and financial review of the consolidated entity during the financial year and the results of these operations are contained on pages 3 to 29 of this report.

State of affairs

Significant changes in the state of affairs of the consolidated entity that occurred during the financial year ended 30 June 2014 are as follows:

(a) Demerger

During the financial year, the Orora Group demerged from Amcor Ltd. The demerger became effective on 17 December 2013 and was implemented on 31 December 2013. Details of the demerger proposal were set out in a demerger Scheme Booklet dated 1 November 2013. The demerger occurred under a scheme of arrangement that was approved by a meeting of Amcor Ltd's shareholders held on 9 December 2013 and approved by the Federal Court of Australia on 16 December 2013.

The Company was listed as a separate standalone entity on the Australian Securities Exchange on 18 December 2013.

Prior to the demerger, the Company and Amcor Ltd were required to undertake an internal corporate restructure (Corporate Restructure). As a result of the Corporate Restructure, during the financial year certain flexible packaging assets and businesses were sold and several entities ceased to be, and several entities became, subsidiaries of the Company. In addition, a number of operating assets and liabilities were legally transferred between the Company and entities within the Amcor Group. The Corporate Restructure took place as at 31 October 2013.

(b) Statutory and pro forma information

As required for statutory reporting purposes, the statutory financial

information for the Orora Group has been presented for the financial year ended 30 June 2014 and for the comparative financial year ended 30 June 2013 and appears on pages 66 to 71 of this report. However, as a result of the Corporate Restructure, the statutory financial information does not give a relevant view of the performance of the Orora Group as it is currently structured.

In this regard, the Orora Group's statutory financial information includes the results of certain Amcor Ltd flexible packaging entities, assets and businesses for the period 1 July 2012 to 31 October 2013, being the date that they ceased to be part of the Orora Group under the Corporate Restructure, as well as internal and external borrowings of the Company in the period from 1 July 2013 and up to immediately prior to the demerger, that were retained by Amcor Ltd post the demerger. The statutory financial information only includes the results of the Orora Group's current businesses in North America and certain beverage closures and fibre activities in the Australia and New Zealand region for the period from 31 October 2013, the date at which these operations became part of the Orora Group under the Corporate Restructure.

To assist shareholders in their understanding of the Orora Group's business as it is now structured, pro forma financial information for the years ended 30 June 2013 and 2014 is provided in the Operating and Financial Review section of this report. This pro forma information is prepared on the basis that the business as it is now structured was in effect for the period 1 July 2012 to 30 June 2014. Additional adjustments have also been made in the presentation of pro forma financial information to reflect changes in the operating and corporate costs associated with the Company becoming a standalone entity as if those costs had been incurred from 1 July 2012.

(c) Deed of Cross Guarantee

On 9 May 2014, all of the Company's Australian wholly-owned subsidiaries entered into a Deed of Cross Guarantee (Deed) with the Company pursuant to ASIC Class Order 98/1418, under which relief has been granted from specific accounting and financial reporting requirements. Refer to note 6.4 of the Financial Statements on page 130 for further information pertaining to the Deed.

Principal activities

The general activities of the consolidated entity are set out on pages 4 to 5 of this report.

During the financial year, the Orora Group demerged from Amcor Ltd. The demerger became effective on 17 December 2013 and was implemented on 31 December 2013. To facilitate the demerger, the Company and Amcor Ltd undertook the Corporate Restructure referred to above. As a result of this Corporate Restructure, the principal activities of the consolidated entity significantly changed during the year. In particular, effective from 31 October 2013, certain flexible packaging assets and businesses ceased to be part of the Orora Group, and the Orora Group's current businesses in North America and certain beverage closure and fibre activities in Australia and New Zealand were transferred into, and became part of, the Orora Group. Further information about the demerger is set out above under the "State of affairs" section of this Directors' report.

There were no other significant changes in the nature of the principal activities of the consolidated entity during the year under review.

Events subsequent to the end of the financial year

On 1 July 2014, the Company completed a small bolt-on acquisition of a plastic packaging distribution business based in

Texas, United States of America. This business services customers in the food and produce sectors in the United States of America, Mexico and Canada. Other than this acquisition and those matters disclosed in the Financial Statements and elsewhere in this report, the Directors are not aware of any other matter or circumstance which has arisen since the end of the financial year which has significantly affected or may significantly affect the operations of the consolidated entity, the results of those operations or the state of affairs of the consolidated entity in subsequent financial years.

Likely developments

The Operating and Financial Review on pages 3 to 29 of this report contains information on the Company's business strategies and prospects for future financial years and refers to likely developments in the Company's operations and the expected results of these operations in future financial years. Detail that could give rise to material detriment to the Company, for example, information that is commercially sensitive, confidential or could give a third party a commercial advantage has not been included. Information on likely developments in the Company's business strategies, prospects and operations for future financial years and the expected results of those operations has not been included in this report where the Directors believe it would be likely to result in unreasonable prejudice to the Company.

Dividends

Dividends paid or declared by the Company to members during the financial year are set out in notes 5.6.3 and 5.6.4 to the Financial Statements on pages 121 and 122 respectively.

Environmental performance and reporting

The Company is committed to continually improving its environmental

performance by finding better ways to manufacture and distribute its products. This is guided by the Company's Environmental Policy, a copy of which is available on the Company's website.

[a] Carbon emissions

During the year, the Company participated in the Australian Government's Clean Energy Future Scheme which included a fixed price on carbon emissions. In addition, the Company's Fibre Packaging and Glass business divisions received assistance under the Australian Government's Jobs and Competitiveness Program.

The Company was compliant with its obligations under each of these initiatives during the year. The Australian Government has since repealed the Clean Energy Future Scheme and the Jobs and Competitiveness Program, effective from 1 July 2014.

During the year the Company received funding under the Australian Government's Clean Energy Technology Investment Program to assist with energy efficiency initiatives. These projects are all expected to be completed during the 2014/15 financial year.

[b] Greenhouse gas and energy efficiency reporting requirements

In Australia, the Company is subject to reporting obligations under both the Australian Government's *Energy Efficiency Opportunities Act 2006* (EEO Act) and the *National Greenhouse and Energy Reporting Act 2007* (NGER Act). The EEO Act requires the Company to assess its energy usage, including the identification, investigation and evaluation of energy efficiency opportunities, and to report publicly on the outcomes of that assessment, including what action the Company intends to take to effectively manage its energy. The Company met its

obligations under the EEO Act during the financial year.

The Australian Federal Government has introduced legislation into Parliament which, if passed, will repeal the EEO Act and remove the mandatory requirement for the Company to assess opportunities to improve its energy efficiency and to report publicly on the outcomes of those assessments.

The NGER Act requires the Company to report on its annual Australian greenhouse gas emissions and energy use. The Company has implemented data gathering and management systems to comply with the greenhouse gas and energy audits conducted by the Clean Energy Regulator.

[c] Manufacturing

All of the Company's manufacturing sites are subject to significant environmental regulation including, where applicable, specific environmental licences. These licences require discharges to air, land and water to be below specified levels of contamination.

Compliance with these regulations and the Company's overall environmental performance is monitored by the Sustainability Team, which liaises directly with divisional and site-based health, safety and environment professionals. The Company's environmental performance and regulatory compliance is also discussed regularly at Executive Leadership Team meetings.

The Directors are not aware of any material breaches of environmental regulations or site-specific licences during or since the end of the financial year.

During the year the Petrie manufacturing facility was closed. As part of the closure process, environmental assessments are currently being undertaken.

Statutory matters

Directors' interests

The relevant interests of each Director in the share capital of the Company as at the date of this report are as follows:

Name	Balance at 1 July 2013	Received during the year on the exercise of rights and options	Other changes during the year	Balance as at the date of this report
Directors of Orora Limited				
C I Roberts	-	-	841,270	841,270
N D Garrard	-	-	1,494,467	1,494,467
G J Pizzey	-	-	66,468	66,468
J L Sutcliffe	-	-	100,000	100,000
A P Cleland	-	-	50,000	50,000
S L Lewis	-	-	40,000	40,000

Unissued shares under option

Unissued ordinary shares or interests of the Company under option as at the date of this report are as follows:

Date options granted	Expiry date	Exercise price of shares (\$)	Number under option
19 Feb 2014	30 Sep 2021	1.22	4,475,000
19 Feb 2014	30 Sep 2022	1.22	4,005,000
19 Feb 2014	30 Sep 2023	1.22	4,005,000

Shares issued on exercise of options

There were no ordinary shares of the Company issued during or since the year ended 30 June 2014 on the exercise of options granted over unissued shares or interests.

Indemnification and insurance of officers

In accordance with the Company's Constitution, the Company has entered into agreements with each person who is, or has been, an officer of the Company, including the Directors in office at the date of this report, all former Directors and other executive officers of the Company, indemnifying them against any liability to any person other than the Company or a related body corporate that may arise from their acting as officers of the Company, notwithstanding that they may have ceased to hold office. There is an exception where the liability arises out of conduct involving a lack of good faith or is otherwise prohibited by law.

Due to confidentiality obligations and undertakings set out in these agreements, no further details in respect of the premiums paid or the terms of the agreements can be disclosed.

No indemnity payment has been made under any of the documents referred to above during or since the end of the financial year.

Indemnification of auditors

The Company's auditor is PricewaterhouseCoopers (PwC). During and since the end of the financial year:

- no premium has been paid by the Company in respect of any insurance for PwC
- no indemnity has been paid by the Company in respect of PwC's appointment as auditor
- no officers of the Company were partners or directors of PwC, whilst PwC undertook an audit of the Company.

Proceedings on behalf of the Company

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the *Corporations Act 2001*.

Non-audit services

During the year, PwC, the Company's auditor, performed certain other services in addition to their statutory duties. The Board has considered the non-audit services provided during the financial year by the auditor and, in accordance with written advice provided by resolution of the Audit and Compliance Committee, is satisfied that the provision of those non-audit services during the financial year by the auditor is compatible with, and did not compromise, the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- All non-audit services were subject to the corporate governance procedures adopted by the Company and have been reviewed by the Audit and Compliance Committee to ensure they do not impact upon the impartiality and objectivity of the auditor. In particular, all non-audit services are approved in accordance with the non-audit services delegations and approvals framework and reported to the Audit and Compliance Committee at each meeting
- The non-audit services provided do not undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as an advocate for the Company or jointly sharing risks and rewards. A copy of the auditor's independence declaration as required under Section 307C of the *Corporations Act 2001* is included in the Directors' Report on page 64.

Details of the amounts paid to PwC and its related practices for audit and non-audit services provided during the financial year are set out in note 3.1.2 to the Financial Statements on page 87.

During the year, various non-audit services were provided by PwC to the Company and its subsidiaries in multiple jurisdictions in relation to taxation advice and tax compliance services. The Company determined that it is critical that the firm used to provide tax advice is able to advise in relation to all relevant jurisdictions and structure its advice accordingly. Further, a number of the areas of focus overlapped with the demerger transaction or other legacy issues and using PwC's historical knowledge was of material value to the Company. In each case, the engagement of PwC was made on its merits (based on service level, expertise, cost as well as geographical spread) and after careful consideration of the factors noted above.

Rounding off

The Company is of a kind referred to in the Australian Investments and Securities Commission Class Order 98/0100 dated 10 July 1998. In accordance with that Class Order, and except where otherwise stated, amounts in the Financial Statements and the Directors' Report have been rounded off to the nearest \$100,000, or to zero where the amount is \$50,000 or less.

Loans to Directors and senior executives

There are no loans to Directors or senior executives to report.

Directors' report

Remuneration report

Dear Shareholder,

On behalf of the Board I am pleased to introduce Orora's inaugural Remuneration Report for the financial year ended 30 June 2014.

Orora's newly developed remuneration strategy and associated programs have been specifically designed to create shareholder value by aligning challenging performance metrics with appropriate executive reward.

We believe the Company's performance is inextricably linked with the talent and performance of our team members and remuneration is a critical component to deliver on this objective.

To ensure our approach to executive reward remains relevant and competitive, we continue to review these arrangements considering the changing business environment.

A handwritten signature in black ink, appearing to read 'C Roberts'.

Chris Roberts
Chairman

The Directors of Orora Limited ('Orora' or the 'Company') present the Remuneration Report (which forms part of the Directors' Report) prepared in accordance with section 300A of the *Corporations Act 2001* for the Company and its controlled entities (collectively, the Orora Group) for the financial year ended 30 June 2014.

Introduction

Structure of this report

Orora's 2014 Remuneration Report is divided into the following sections:

1. Company performance – A key driver of remuneration
2. Executive remuneration at Orora
3. Outline of remuneration arrangements at Orora
4. Executive Key Management Personnel (KMP) remuneration for FY2013/14⁽¹⁾
5. Executive KMP Service Agreements
6. Non-Executive Directors' remuneration

Key Management Personnel

For the purposes of this report, Key Management Personnel (KMP) include each of the Directors, both executive and non-executive, and nominated Senior Executives who have authority and responsibility for planning, directing and controlling the activities of the Orora Group either directly or indirectly.

"Executive KMP" refers to the KMP other than the Non-Executive Directors (and includes the Managing Director and Chief Executive Officer). The use of the term "Senior Executives" in this remuneration report is a reference to the Managing Director and Chief Executive Officer and all of his direct reports (including the other Executive KMP), not all of whom meet the definition of a KMP.

Non-Executive Directors have oversight of the strategic direction of the Group but no direct involvement in the day-to-day management of the business.

(1) Includes remuneration from both Amcor and Orora.

Remuneration report

1. Company performance - a key driver of remuneration

Orora has a strong performance-based culture. The Board seeks to foster this through rewarding executives for the achievement of the Company's short term and long term strategy and business objectives, with a view to generating above-average returns for shareholders.

This report gives an overview of how the Company's performance for FY2013/14 has driven remuneration outcomes for our Senior Executives.

Table 1 below summarises key indicators of the performance of Orora and relevant shareholder returns over FY2013/14.

Effective 17 December 2013, the Orora Group demerged from Amcor Ltd. The demerger was implemented on 31 December 2013. As a result of the corporate restructure to effect the demerger, the Orora Group's statutory financial information as at 30 June 2014 does not represent the performance of the Orora Group as it is currently structured. Accordingly, the following table only includes the pro forma financial results of the Orora Group for FY2013/14. This table will be expanded in future years to include Earnings Per Share (EPS) growth and cumulative Total Shareholder Return (TSR) metrics, and a five-year summary of the Orora Group's financial results. Refer to page 22 for a reconciliation between the pro forma financial information and Orora Group's segment financial information sourced from the statutory accounts.

Table 1

Pro forma financials for year ended 30 June	2014
EBIT (\$m) ⁽¹⁾	192.1
Dividends per ordinary share (cents)	6.0
Closing share price (\$ as at 30 June)	1.43
NPAT (\$m) ⁽¹⁾	104.4

(1) For FY2013/14, pro forma financial performance (which forms the base for future performance assessment) is presented on a pre-significant items basis. For future financial years, statutory financial performance will be presented on a post significant items basis (subject to Board discretion).

The Board has set challenging financial and non-financial performance targets for Senior Executives and has directly aligned Senior Executive incentives to the achievement of those targets. The link is clear: when target performance is achieved, target rewards are earned, and when above target performance is achieved, Senior Executives earn above target rewards. Where Company performance does not meet the Board's performance targets, Senior Executives will receive reduced or no benefit from their 'at risk' short term or long term incentive components.

For FY2013/14, the average short term reward for the Executive KMP is at target levels, which aligns with overall Company performance that slightly exceeded targets and market expectations. Performance for FY2013/14 has been determined on a pro forma and pre significant items basis.

2. Executive remuneration at Orora

2.1 Summary of executive remuneration in FY2013/14

A summary of Orora's remuneration arrangements for Executive KMP, key developments and outcomes for FY2013/14 are set out in **Table 2** opposite:

Table 2

	Executive remuneration component	Payment vehicle	Performance measure	Annual specific targets/ performance link	Key developments/ outcomes for FY14	Further discussion in report
Fixed remuneration	Base Salary (Base) or Fixed Annual Remuneration (FAR)	Cash, superannuation or pension, other benefits	Performance against individual objectives which form part of the annual salary review process	Specific key performance indicators based on personal and company objectives	Market and structural adjustments resulting from demerger	Section 3.2
At-risk remuneration (short term)	Short Term Incentive (STI)	Two-thirds of any award is made annually in the form of a cash payment following the release of end of year results One-third of any award is deferred for a period of two years into time-based performance rights	Group safety measure	Improvements in Recordable Case Frequency Rate	For FY2013/14, the average short term reward for the Executive KMP is at target levels, which aligns with overall Company performance that slightly exceeded targets and market expectations. Performance for FY2013/14 has been determined on a pro forma and pre significant items basis. We will revert to a post significant items basis from next year onwards.	Sections 3.1 and 3.3
			Group earnings measure	Growth in EBIT (Earnings before Interest & Tax) post significant items		
			Group return measure	Improvement in RoAFE (Return on Average Funds Employed) post significant items		
			Group cash flow measure	Improvement in operating free cash flow		
			Personal strategic measure	Performance against personal strategic measure in area of strategic influence		
At-risk remuneration (long term)	Long Term Incentive (LTI)	Combination Rights/Option instrument assessed over a 4-year performance period Grants are determined using Market Value (Rights) and Fair Value (Options) but may be nominally adjusted via Board discretion	Return on Average Funds Employed (RoAFE) gate and Earnings Per Share (EPS) hurdle on Options and one-third of Rights	Compound annual growth (CAGR) of 5% in RoAFE off a base of the pro forma 30 June 2014 result of 9.3%	One grant of three separate tranches with different performance periods was made in FY2013/14 to account for forfeited Amcor grants and a new Orora grant. Testing in respect of each tranche will occur in FY2016/17, FY2017/18 and FY2018/19 respectively	Sections 3.1 and 3.4
			The Option exercise price for the 2014 multi-tranche grant is \$1.22	CAGR of between 5% (threshold) and 10% (maximum) in EPS off a base of the pro forma 30 June 2014 result of 8.7 cents		
			Relative Total Shareholder Return (TSR) on two-thirds of Rights	Percentile ranking above median (threshold) to 75th percentile (maximum) in TSR	The next Orora grant will be made in FY2015/16, to be tested in FY2019/20	

Remuneration report

2.2 Remuneration strategy

Orora's executive remuneration strategy is designed to:

- align remuneration outcomes to business outcomes and create long term shareholder value
- attract, motivate, reward and retain executive talent and be market-competitive for the duties being performed
- drive a high performance culture through linking a significant component of remuneration with the achievement of Orora's strategic and financial objectives.

2.3 Key management personnel

Particulars of KMP and Senior Executives' qualifications, experience and special responsibilities are detailed on pages 8 to 12.

Set out in **Table 3** below are the role titles of each KMP during FY2013/14.

Table 3

Name	Title	Commencement in role
Directors⁽⁷⁾		
C I (Chris) Roberts	Independent Non-Executive Director and Chairman	17 Dec 13 ⁽¹⁾
N D (Nigel) Garrard	Managing Director and Chief Executive Officer	11 May 09 ⁽²⁾
G J (John) Pizzey	Independent Non-Executive Director	17 Dec 13 ⁽¹⁾
J L (Jeremy) Sutcliffe	Independent Non-Executive Director	17 Dec 13 ⁽¹⁾
A P (Abigail) Cleland	Independent Non-Executive Director	1 Feb 14 ⁽³⁾
S L (Samantha) Lewis	Independent Non-Executive Director	1 Mar 14 ⁽⁴⁾
Executive KMP		
S G (Stuart) Hutton	Chief Financial Officer	6 May 13 ⁽⁵⁾
D J (David) Lewis	Group General Manager, Strategy	1 Jan 14 ⁽⁶⁾

(1) C I Roberts, G J Pizzey and J L Sutcliffe were appointed as Non-Executive Directors of Orora on 17 December 2013 and became KMP from this date.

(2) N D Garrard was appointed as Managing Director of the business on 11 May 2009, whilst it was a subsidiary of Amcor, and became a KMP from this date. N D Garrard was appointed Managing Director and Chief Executive Officer of Orora on 17 December 2013.

(3) A P Cleland was appointed as a Non-Executive Director of Orora on 1 February 2014 and became a KMP from this date.

(4) S L Lewis was appointed as a Non-Executive Director of Orora on 1 March 2014 and became a KMP from this date.

(5) S G Hutton was appointed as a Director of the Company and became a KMP on 6 May 2013, whilst it was a subsidiary of Amcor Ltd. He was not separately remunerated for this role and resigned as a Director of Orora on 17 December 2013 prior to the Company's listing on the Australian Securities Exchange on 18 December 2013. S G Hutton was appointed Chief Financial Officer of Orora on 17 December 2013.

(6) D J Lewis was appointed Group General Manager, Strategy on 1 January 2014 and became a KMP from this date.

(7) I (Ian) Lewis, an employee of the Company, became a Director of the Company whilst it was a subsidiary of Amcor Ltd. He was not separately remunerated for this role and resigned as a Director on 17 December 2013 prior to the Company's listing on the Australian Securities Exchange on 18 December 2013 and is therefore not considered a KMP for the purposes of this report.

2.4 Remuneration governance

2.4.1 The Human Resources Committee

The Human Resources Committee is responsible for reviewing and making recommendations to the Board on matters including (but not limited to):

- remuneration of Non-Executive Directors
- remuneration of the Managing Director and Chief Executive Officer, Executive KMP and other Senior Executives
- at-risk remuneration policies, and guidelines for all Orora executives
- talent management processes and programs – including succession planning for key leadership roles
- initiatives to deliver sustainable business success
- diversity across all Orora operations.

Through oversight of these matters, the Committee ensures that Orora's Senior Executives are motivated to pursue the long term growth and success of the Company and that there is a clear relationship between performance and remuneration.

Orora employs in-house remuneration professionals who provide data to the Human Resources Committee on remuneration matters. This may take into consideration market information from external providers. Where appropriate, the Human Resources Committee seeks advice from independent remuneration consultants in determining appropriate Senior Executive remuneration. During FY2013/14, the Committee did not receive any remuneration recommendations from remuneration consultants in relation to its KMP.

2.4.2 Hedging of securities

Executive KMP are prohibited from engaging in hedging arrangements over unvested securities issued under employee share plans. In addition, vested securities held by Executive KMP (such as those to which the Minimum Shareholding Policy applies) must also comply with this policy. (Note: Non-Executive Directors do not participate in Orora's employee share plans.)

2.4.3 Minimum Shareholding Policy

To strengthen alignment of the interests of the Executive KMP with value creation for shareholders, they must build and maintain a minimum shareholding of Orora shares. The Managing Director and Chief Executive Officer is required to build and maintain a shareholding equivalent to 100% of fixed annual remuneration within six years of appointment and other Executive KMP are required to build and maintain a shareholding equivalent to 50% of base salary within six years of appointment.

Once the relevant minimum shareholding has been reached, the Executive KMP must not dispose of Orora shares obtained from awards under Orora's equity based incentive schemes granted on or after 1 January 2014, where to do so would result in them holding less than the relevant minimum shareholding. Further details can be found within the Corporate Governance section on our website at:

http://media.ororagroup.com/documents/orora_minimum_shareholding_policy.pdf

2.4.4 Share Trading Policy

The Board has implemented blackout periods during which all Orora employees (including Executive KMP) and Non-Executive Directors are unable to trade in Orora shares. Further detail can be found within the Corporate Governance section on our website, at:

<http://media.ororagroup.com/documents/orora-share-trading-policy.pdf>

Remuneration report

3. Outline of remuneration arrangements at Orora

3.1 Outline of remuneration arrangements for Executive KMP

Orora remunerates the Executive KMP using a combination of fixed and variable plans, with a greater emphasis on variable performance-based plans. Performance measures are carefully selected to ensure alignment with business imperatives. An overview of these remuneration arrangements is included in Table 4 below.

Table 4

		MD & CEO (approx. % of total)	Other Executive KMP (approx. % of total)
Fixed⁽¹⁾		40%	45%
Variable or 'at risk'			
	Short Term Incentive (STI) cash and deferred performance rights	25%	25%
Purpose	Cash to reward the achievement of Orora's annual business objectives, and performance rights to build equity ownership, align management incentives with shareholder value creation and act as a retention incentive.		
Term	1 year (cash) for two-thirds of the award and 2 years (deferred performance rights) for the remaining one-third of the award following payment of the cash incentive.		
Instrument	Cash and Performance Rights		
Performance conditions ⁽²⁾	<ul style="list-style-type: none"> • 0 – 10% Safety (reduction in recordable case frequency rate from previous year) • 0 – 95% Financial (which can include: Earnings per share (EPS), Earnings before interest and tax (EBIT), Cash Flow, Working Capital, Return on Average Funds Employed (RoAFE)) • 0 – 70% personal strategic measure. <p>In addition to the above performance conditions, the performance rights component of the STI is deferred for two years and is subject to continuation of employment by the Executive KMP (subject to forfeiture in the event of voluntary termination or termination for cause).</p>		
Why these were chosen	To incentivise continuous safety improvement; successful and sustainable financial business outcomes; and annual objectives that drive long term business success and sustainability.		

Variable or 'at risk'		MD & CEO	Other Executive
		(approx. % of total)	KMP (approx. % of total)
Long Term Incentive (LTI)		35%	30%
Purpose	Reward the achievement of long term sustainable business outcomes and value creation for shareholders.		
Term	4 years		
Instrument	Share Rights and Share Options		
Performance conditions	RoAFE gate and EPS hurdle for one-third of Share Rights and all Share Options. Relative Total Shareholder return (TSR) for remaining two-thirds of Share Rights.		
Why these were chosen	The combination of RoAFE and EPS represent a strong measure of overall business performance. Having an exercise price for Share Options ensures that this performance translates into shareholder value creation as no Share Options are earned unless the share price increases. The use of a relative TSR condition for Share Rights provides a shareholder perspective of the Company's relative performance against comparable Australian ASX-listed companies.		
Retention share/payment plan (CEO Award)			
Purpose	Used on a limited basis at recruitment to replace existing entitlements from previous employers or as retention awards to existing executives.		
Term	Up to 5 years		
Instrument	Shares or cash		
Performance conditions	Time restricted and continuation of employment (subject to forfeiture in the event of voluntary termination or termination for cause).		

(1) Consists of base salary, retirement and other benefits. Retirement benefits are delivered under defined contribution funds for all Executive KMP. These and other benefits are set by reference to regulatory and salary market requirements in the relevant employing jurisdictions.

(2) STI performance conditions are assessed using both quantitative and qualitative assessments. For FY2013/14, due to the demerger and restructure all financial performance conditions were determined on a pre significant items basis. For future financial years, financial performance conditions will be determined on a post significant items basis (subject to Board discretion). The outcomes for Senior Executives are reviewed by the Managing Director and Chief Executive Officer and are reviewed and approved by the Human Resources Committee. This approach provides appropriate oversight and a rigorous review of the performance outcomes.

3.2 Fixed remuneration

Fixed remuneration for the Executive KMP is determined by referencing the market median remuneration for similar roles in similar sized listed companies to Orora competing in comparable geographic locations to Orora. Consideration is also given to where responsibilities extend beyond an Executive KMP's own geographic location.

Fixed remuneration is set having regard to an individual's responsibilities, performance, qualifications, skills and experience. Business and individual performance is taken into consideration when setting and adjusting this element of remuneration, as well as the ability to retain key talent.

Remuneration report

3.3 Short Term Incentive (STI)

The STI provides a reward to Executive KMP for meeting annual performance targets against a selected range of safety, financial and priority project goals. These are measured at the Orora Group level. The Board believes that the STI provides appropriately challenging targets for participants.

Two-thirds of any award is made annually in the form of a cash payment following the release of end of year results. One-third of any award is deferred for a period of two years into time-based performance rights.

3.3.1 Details of STI deferred performance rights and awards

The Board considers the use of time-restricted equity in the form of deferred performance rights to be a key component of Orora's STI program. The use of deferred performance rights provides for greater talent retention and alignment with shareholders' interests through exposure to Orora's share price movements.

The number of performance rights to be allocated under the STI to the Executive KMP is based on:

- one-third of the total bonus payable following the end of the performance period
- the volume-weighted average price of Orora shares for the five trading days prior to 30 June (the end of the performance period).

In relation to FY2013/14, STI deferred performance rights for the period from 1 January to 30 June 2014 will be allocated to eligible participants in September 2014 and disclosed in the 2015 Annual Report. Each Executive KMP's allocation will be subject to a risk of forfeiture if that member of the Executive KMP either voluntarily leaves Orora employment during the restriction period or if employment is terminated for cause. Board discretion regarding vesting and/or forfeiture applies in all cases when an Executive KMP leaves employment.

Details of potential Executive KMP STI payments, the proportion to be received for at 'target' performance, actual payments made and the amounts forfeited by Executive KMP in respect of FY2013/14 are shown in Table 5 below.

Table 5

Name	STI % range	STI % target	Total STI value (\$)	% Earned in year	% Forfeited in year	Cash STI (\$)	Deferred perf. rights (\$)	Deferred perf. rights (No. Rights) ⁽¹⁾
Executive Directors								
N D Garrard	0% to 100% of TFR	62.7% ⁽³⁾	752,948	100%	0%	611,939 ⁽⁴⁾	141,009	97,923 ⁽²⁾
Other Executive KMP								
S G Hutton	0% to 75% of Base Salary	45.0% ⁽³⁾	234,000	100%	0%	186,875 ⁽⁴⁾	47,125	32,725
D J Lewis	0% to 75% of Base Salary	26.3% ⁽³⁾	131,250	100%	0%	87,500	43,750	30,381

(1) Deferred performance rights allocations were determined based on the volume-weighted average price of Orora shares for the five trading days prior to 30 June 2014 (\$1.44 per share). The cash and deferred performance rights will be granted in September 2014 and the deferred performance rights component of the STI award will be disclosed in the 2015 Annual Report.

(2) As part of the Company's demerger from Amcor Ltd, Amcor Ltd obtained an ASX waiver from the requirement in Listing Rule 10.14 to obtain separate shareholder approval for the grant of deferred performance rights to N Garrard under the STI. This waiver was granted on the basis that, in approving the demerger on the terms set out in the Demerger Scheme Booklet (which included a summary of the proposed STI award to N Garrard), Amcor Ltd shareholders effectively consented to the issue of such securities to N Garrard. The Company intends that where deferred performance rights vest under the STI, the right to acquire a share in respect of each deferred performance right will be satisfied by the Company arranging to acquire shares on behalf of N Garrard on market, however the Company may instead issue new ordinary shares to N Garrard.

(3) The target STI percentages for FY2013/14 are a pro-ration of previous Amcor and new Orora STI arrangements. For the 2015 financial year, target STI percentages will be: N Garrard 70.0%, S Hutton 52.5% and D Lewis 52.5%. The STI percentage target for D Lewis for FY2013/14 is based on his 1 January 2014 start date.

(4) Progress STI payments for N Garrard and S Hutton for the first half of FY2013/14 were made under the previous Amcor arrangements and paid fully in cash. These payments did not include a deferred performance rights component.

3.4 Long Term Incentive (LTI)

Orora's LTI is the long term incentive component of the remuneration arrangements for Executive KMP.

A tranche is made up of two different incentive securities (Incentive Securities):

- Performance Rights to acquire fully paid ordinary shares in the Company (Rights)
- Options over fully paid ordinary shares in the Company (Options).

Two performance hurdles overlay each tranche, consisting of:

- Earnings per Share (EPS) hurdle (based on the Company's compound annual growth rate (CAGR) in EPS over the relevant Performance Period), with a separate minimum 'gateway' based on return on average funds employed (RoAFE)
- Relative Total Shareholder Return (TSR) hurdle which compares the TSR performance of the Company with the TSR performance of each of the entities in a comparator group, with no gateway.

Table 6

LTI hurdles		
EPS hurdle (with a RoAFE gateway) 50% weighting		Relative TSR 50% weighting
Options (100% of Options)	Rights (1/3 of Performance Rights)	Rights (2/3 of Performance Rights)

The 2014 LTI offer to participants (excluding N Garrard) consisted of three separate tranches. This was because Executive KMP were required to forfeit their participation in the 2012 and 2013 Amcor LTI awards (as a result of the demerger) as well as receive their 2014 Orora offer. As at the date of this report, the Managing Director and Chief Executive Officer has not received a grant under the LTI. The 2014 LTI grant to N Garrard is subject to the receipt of separate shareholder approval at the 2014 Annual General Meeting.

A summary of key dates for each of the three tranches is contained in Table 7:

Table 7

Tranche	Performance period	Vesting
Tranche 1 (corresponding to the Amcor 2012 award)	1 January 2014 to 30 June 2016	Following the release of the full-year results for FY2015/16 (anticipated to be in September 2016) ⁽¹⁾
Tranche 2 (corresponding to the Amcor 2013 award)	1 January 2014 to 30 June 2017	Following the release of the full-year results for FY2016/17 (anticipated to be in September 2017) ⁽¹⁾
Tranche 3 (Orora 2014 LTI award)	1 January 2014 to 30 June 2018	Following the release of the full-year results for FY2017/18 (anticipated to be in September 2018) ⁽¹⁾

(1) Vesting will occur prior to the ex-dividend date in each of these years.

3.4.1 RoAFE gateway EPS hurdle

RoAFE gateway

Incentive Securities which are subject to the EPS hurdle first need to meet a minimum RoAFE gateway in order to vest according to the EPS vesting schedule (below).

RoAFE will be calculated as earnings before interest and tax (post significant items, subject to Board discretion) divided by the average funds employed in each financial year at the 30 June testing date.

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The base starting point for this measure is 9.3%, being the pro forma RoAFE result as at 30 June 2014. The RoAFE gateway, using a 5% Compound Annual Growth Rate (CAGR) applicable to each tranche, is set out in Table 8 below:

Table 8

Tranche	RoAFE gateway
Tranche 1	10.3%
Tranche 2	10.8%
Tranche 3	11.3%

If the RoAFE gateway for a tranche is not met in the relevant performance period set out above (Performance Period), all Incentive Securities in that tranche which are subject to the EPS hurdle will lapse.

If the RoAFE gateway for a tranche is met in the relevant Performance Period, the Incentive Securities which are subject to the EPS hurdle will vest in accordance with the EPS vesting schedule (below).

EPS hurdle

EPS measures the earnings generated by the Company attributable to each Orora share. EPS is calculated based on Net Profit After Tax (NPAT) post significant items (subject to Board discretion) for the relevant financial year, divided by the weighted average number of Orora shares on issue.

The growth in the Company's EPS over the relevant Performance Period will be calculated as the increase in EPS over the base of 8.7 cents, being the pro forma EPS in respect of FY2013/14. The compound growth in EPS will be expressed as a cumulative percentage.

The percentage of Incentive Securities subject to the EPS hurdle which vest (subject to achievement of the RoAFE gateway) will be determined based on the performance achieved against the EPS vesting schedule set out in Table 9 below, subject to any adjustments for abnormal or unusual profit items that the Board, in its discretion, considers appropriate.

Table 9

% compound growth in EPS over the Performance Period	% of Incentive Securities subject to EPS hurdle that will vest
At 10% p.a. or higher	100%
Between 5% p.a. and 10% p.a.	Pro rata straight line vesting between 50% and 100%
5% p.a.	50%
Less than 5% p.a.	Nil

3.4.2 TSR hurdle

TSR measures the growth in Orora's share price together with the value of dividends declared and paid or any other returns of capital during the Performance Period against companies ranked 50 to 150 on the S&P index (as at 1 January 2014) (Comparator Group).

The share prices used to calculate the TSR of the Company and each Comparator Group company for the Performance Period will be measured as follows:

- the opening share price is the volume weighted average price on the ASX of the Company or the applicable Comparator Group company for the first five trading days of the Performance Period, and
- to ensure the impact of share price volatility is minimised, the closing price will be the volume weighted average price on the ASX of the Company or the applicable Comparator Group company for the 20 trading days ending on the last day of the Performance Period.

The percentage of Rights subject to the TSR hurdle that vest in each tranche, if any, will be determined by reference to the percentile ranking achieved by Orora over the relevant Performance Periods compared to the other entities in the Comparator Group as outlined in Table 10 below:

Table 10

Relative TSR ranking of Orora	% of Rights subject to TSR hurdle that will vest
75th percentile or above	100%
Between 50th and 75th percentile	Pro rata straight line vesting from 50% to 100%
50th percentile	50%
Below 50th percentile	Nil

3.4.3 Key features of the Orora LTI

- The applicable rules for the LTI (Plan Rules) contain forfeiture and clawback provisions which will apply if an Executive KMP member is proven to have acted fraudulently, dishonestly or in a manner which brings Orora, the Orora Group or any company within the Orora Group into disrepute.
- The Board retains discretion to alter the vesting conditions of Options and Rights in the event of a material event (such as an acquisition, divestment or change of control) or other strategic initiative that affects the Company's capital structure and the relevance of the vesting conditions.
- Executive KMP are subject to the requirements of the Company's Share Trading Policy when dealing with Incentive Securities. Any dealing in respect of an unvested Right or unvested or unexercised Option is prohibited, unless the Board determines otherwise or the dealing is required by law.
- Incentive Securities do not carry any dividend or voting rights prior to vesting and, where applicable, prior to exercise.
- Executive KMP are not obliged to participate in the LTI offer.

4. Executive KMP remuneration for FY2013/14

4.1 Grants of options and rights affecting remuneration

Table 11 below details awards granted that are still in progress (remain unvested) which impact Executive KMP remuneration for the year ended 30 June 2014:

Table 11

Grant year	Grant type	Instrument	Vesting condition(s)	Performance/ Vesting Period	Status
2014 ⁽¹⁾	Short Term Incentive	Deferred Performance Rights	Continuous service	1 September 2016	In progress
	Long Term Incentive	Share Options, Share Rights	- Return on average funds employed - Earnings per share - Relative TSR - Share price greater than exercise Price	30 June 2016 to 30 June 2018	In progress
	Retention Share/ Payment Plan	Shares or cash	Continuous service	January 2014 to December 2016	In progress

(1) The STI deferred performance rights will be granted in September 2014 and disclosed in the 2015 Annual Report. The grants of the LTI occurred on 1 May 2014 (excluding to N Garrard). A separate resolution will be put to shareholders at the 2014 Annual General Meeting to approve a proposed three tranche grant of Options and Rights to N Garrard under the LTI. The Retention Share/Payment Plan Awards to S Hutton and D Lewis were granted on 1 January 2014. Refer to Note 5.6.5 to the Financial Statements for further information regarding the terms and conditions of the awards.

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4.2 Remuneration of Executive KMP

Details of the nature and amount of remuneration of the Executive KMP are presented in Table 12 below. All amounts relate only to the portion of the year in which the person has been a member of the KMP. Remuneration for the period prior to demerger (disclosed as 'Amcor') was subject to Amcor Ltd remuneration policy and practices. Remuneration for the period subsequent to demerger (disclosed as 'Orora') was subject to Orora's remuneration policy and practices.

Table 12

Name	Short term employee benefits				Other long term employment		Share-based payments			% of total employee compensation received as options and/or rights	Total employee compensation
	Base Salary	Other Benefits ⁽¹⁾	Bonus	Long Service Leave	Post-employment Super-annuation Benefits	Shares	Cash Settled	Equity Settled			
Executive Director											
N D Garrard	2014 Orora ⁽⁵⁾	657	282,019 ⁽⁸⁾	40,719	14,583	-	-	467,161 ⁽²⁾	31.5%	1,481,210	
Managing Director and Chief Executive Officer	2014 Amcor ⁽⁵⁾	21,392	329,920	6,973	10,417	-	561,445 ⁽³⁾	287,742 ⁽⁴⁾	17.4%	1,654,283	
2014 Total	1,112,465	22,049	611,939	47,692	25,000	-	561,445	754,903	24.1%	3,135,493	
2013 Amcor	1,069,625	-	410,989	19,120	25,000	-	240,619 ⁽³⁾	766,592	30.3%	2,531,945	
Other Executive KMP											
S G Hutton	2014 Orora ⁽⁶⁾	335,416	-	94,250 ⁽⁸⁾	3,683	14,583	59,427	136,780	21.2%	644,139	
Chief Financial Officer	2014 Amcor ⁽⁶⁾	225,882	-	92,625	6,870	10,417	-	73,791 ⁽³⁾	24.8%	544,834	
2014 Total	561,298	-	186,875	10,553	25,000	59,427	73,791	272,029	22.9%	1,188,973	
2013 Amcor ⁽⁶⁾	86,699	-	64,556	789	4,167	-	5,271 ⁽³⁾	28,385	14.9%	189,867	
D J Lewis	2014 Orora ⁽⁷⁾	270,000	54,552	87,500 ⁽⁸⁾	20,977	12,500	49,882	127,850	20.5%	623,261	
Group General Manager, Strategy	2014 Total	270,000	54,552	87,500	20,977	12,500	49,882	127,850	20.5%	623,261	
Total	2014 Total	1,943,763	76,601	886,314	79,222	62,500	109,309	635,236	23.3%	4,947,727	
	2013	1,156,324	-	475,545	19,909	29,167	-	245,890	29.2%	2,721,812	

(1) Other benefits include relocation costs, spousal travel and costs associated with employment (inclusive of any applicable fringe benefits tax).

(2) No allocation of Orora LTI awards was made to N Garrard during FY2013/14. A separate resolution will be put to shareholders at the 2014 Annual General Meeting to approve a grant of Options and Rights to N Garrard over three tranches under the LTI. The share-based payment expense for N Garrard for FY2013/14 estimates the expense relating to the proposed LTI award that will be granted to N Garrard in the event that shareholder approval is obtained.

(3) As disclosed in the Demerger Scheme Booklet, certain options and rights granted under the Amcor Long Term Incentive Plan were forfeited and replaced with a pro-rata deferred cash award that is payable by Amcor Ltd in March 2015 (N Garrard \$1,877,018, S Hutton \$246,563) should the respective individual still be employed by Orora. The share-based payment expense relating to this award for both the current and prior period has been shown as cash settled.

(4) Certain options and rights granted under the Amcor Short Term Deferred Equity Award and the Amcor Long Term Incentive Plan vested early and were exercised immediately prior to the demerger, as disclosed in the Demerger Scheme Booklet and approved by Amcor Ltd shareholders as part of the demerger. The amendments made to awards granted by Amcor Ltd to Orora employees resulted in an acceleration of the share-based payment expense that was recognised by Amcor Ltd during FY2013/14.

(5) The 2014 Amcor remuneration for N Garrard represents the period from 1 July 2013 to 16 December 2013 (i.e. the date immediately before the effective date of the demerger). The 2014 Orora remuneration for N Garrard represents the period from 17 December 2013 to 30 June 2014. As disclosed in the Demerger Scheme Booklet, the Total Fixed Remuneration, including superannuation and other non-monetary benefits, for N Garrard is currently \$1.2 million.

(6) S Hutton was appointed as a Director of Orora on 6 May 2013, whilst the Company was a subsidiary of Amcor Ltd. He was not separately remunerated for this role. The 2013 Amcor remuneration for S Hutton represents the period from 6 May 2013 to 30 June 2013 only. The 2014 Amcor remuneration for S Hutton represents the period from 1 July 2013 to 16 December 2013 only (i.e. the date immediately before the effective date of the demerger). The 2014 Orora remuneration for S Hutton represents the period from 17 December 2013 to 30 June 2014.

(7) D Lewis was appointed Group General Manager, Strategy on 1 January 2014. Accordingly, the 2014 Orora remuneration for D Lewis represents the period from 1 January 2014 to 30 June 2014 only.

(8) The deferred performance rights component of the 2014 STI grant will be allocated in the 2015 financial year.

4.3 Executive KMP: Ordinary shareholding and holding of options and rights over equity instruments

Table 13 below shows the movements during FY2013/14 of Orora ordinary shares, and the options and rights over Orora ordinary shares, held directly, indirectly or beneficially, by each Executive KMP, including their related parties.

Table 13

Name and holding	Movements during FY2013/14 ⁽⁷⁾						Additional information		
	Opening balance	Granted/received on exercise ⁽¹⁾	Exercised	Purchased	Other ⁽²⁾	Closing balance	Vested during the year	Balance vested and not yet exercised	Accounting fair value of grant yet to vest (\$) ⁽⁸⁾
2014									
Executive Director									
N D Garrard									
Ordinary shares	-	-	-	909,000	597,855	1,506,855	-	-	-
Short Term Incentive Awards									
- Deferred Performance Rights	-	-	-	-	-	-	-	-	-
Long Term Incentive Awards⁽³⁾									
- Share Options	-	-	-	-	-	-	-	-	-
- Performance Rights	-	-	-	-	-	-	-	-	-
Other Executive KMP									
S G Hutton									
Ordinary shares	-	245,902 ⁽⁶⁾	-	-	20,078	265,980	-	-	-
Short Term Incentive Awards									
- Deferred Performance Rights	-	-	-	-	-	-	-	-	-
Long Term Incentive Awards⁽⁴⁾									
- Share Options	-	1,725,000	-	-	-	1,725,000	-	-	408,250
- Performance Rights	-	720,000	-	-	-	720,000	-	-	626,400

(1) The accounting value of all awards granted during FY2013/14 to the Executive KMP are as follows: N Garrard \$nil, S Hutton \$1,134,781 and D Lewis \$1,032,124. In respect of the LTI, awards are only exercisable upon satisfaction of performance conditions for each tranche.

(2) Other changes in respect of ordinary shareholdings in Orora represent ordinary shares that were issued to eligible Amcor Ltd shareholders on implementation of the demerger of Orora from Amcor Ltd, as disclosed in the Demerger Scheme Booklet.

(3) No allocation of Orora LTI awards was made to N Garrard during FY2013/14. A separate resolution will be put to shareholders at the 2014 Annual General Meeting to approve a grant of 5,250,000 Options and 2,218,500 Rights (over three tranches) to N Garrard under the LTI.

(4) The LTI Options and Rights were granted to the Executive KMP (excluding N Garrard) on 19 February 2014 over three tranches with different performance periods. In respect of the Options granted, all three tranches have an exercise price of \$1.22. The Tranche 1 Options granted have an accounting fair value of \$0.23 and will expire on 15 September 2021. The Tranche 2 and Tranche 3 Options granted both have an accounting fair value of \$0.24 and expire on 15 September 2022 and 15 September 2023, respectively. The Rights to be allocated under the LTI are calculated by reference to market value of shares. The Tranche 1 Rights granted have an accounting fair value of \$0.89. The Tranche 2 Rights granted have an accounting fair value of \$0.87. The Tranche 3 Rights granted have an accounting fair value of \$0.85. No exercise price is payable in respect of the Rights granted under any tranche. No LTI awards granted during FY2013/14 vested during FY2013/14.

(5) This represents the maximum accounting value for future years of the LTI awards (Options and Rights) and the STI awards (deferred performance rights) as at their grant date. The minimum possible total value of these grants is nil if the applicable performance/vesting conditions are not met.

(6) Ordinary shares represent CEO grants transferred on implementation of the demerger of Orora from Amcor Ltd as disclosed in the Demerger Scheme Booklet.

(7) The aggregate equity securities granted to/received by all other Senior Executives (other than the Executive KMP), during FY2013/14 are as follows: STI awards (deferred performance rights): nil; LTI Awards (Options): 7,785,000; LTI Awards (Performance Rights): 3,276,000. Further, these other Senior Executives collectively were granted 1,205,849 ordinary shares in Orora. These were issued to eligible Amcor Ltd shareholders on implementation of the demerger of Orora from Amcor Ltd.

Remuneration report

4.3 Executive KMP: Ordinary shareholding and holding of options and rights over equity instruments (continued)

Table 13 (continued)

Name and holding	Movements during FY2013/14 ⁽⁷⁾					Additional information			
	Opening balance	Granted/Received on exercise ⁽³⁾	Exercised	Purchased	Other ⁽²⁾	Closing Balance	Vested during the year	Balance vested and not yet exercised	Accounting fair value of grant yet to vest (\$) ⁽⁵⁾
2014									
Other Executive KMP									
D J Lewis									
Ordinary shares	-	204,918 ⁽⁶⁾	-	-	343,216	548,134	-	-	-
Short Term Incentive Awards									
- Deferred Performance Rights	-	-	-	-	-	-	-	-	-
Long Term Incentive Awards⁽⁴⁾									
- Share Options	-	1,605,000	-	-	-	1,605,000	-	-	379,850
- Performance Rights	-	675,000	-	-	-	675,000	-	-	587,250

(1) The accounting value of all awards granted during FY2013/14 to the Executive KMP are as follows: N Garrard \$nil; S Hutton \$1,134,781 and D Lewis \$1,032,124. In respect of the LTI, awards are only exercisable upon satisfaction of performance conditions for each tranche.

(2) Other changes in respect of ordinary shareholdings in Orora represent ordinary shares that were issued to eligible Amcor Ltd shareholders on implementation of the demerger of Orora from Amcor Ltd, as disclosed in the Demerger Scheme Booklet.

(3) No allocation of Orora LTI awards was made to N Garrard during FY2013/14. A separate resolution will be put to shareholders at the 2014 Annual General Meeting to approve a grant of 5,250,000 Options and 2,218,500 Rights (over three tranches) to N Garrard under the LTI.

(4) The LTI Options and Rights were granted to the Executive KMP (excluding N Garrard) on 19 February 2014 over three tranches with different performance periods. In respect of the Options granted, all three tranches have an exercise price of \$1.22. The Tranche 1 Options granted have an accounting fair value of \$0.23 and will expire on 15 September 2021. The Tranche 2 and Tranche 3 Options granted both have an accounting fair value of \$0.24 and expire on 15 September 2022 and 15 September 2023, respectively. The Rights to be allocated under the LTI are calculated by reference to market value of shares. The Tranche 1 Rights granted have an accounting fair value of \$0.89. The Tranche 2 Rights granted have an accounting fair value of \$0.87. The Tranche 3 Rights granted have an accounting fair value of \$0.85. No exercise price is payable in respect of the Rights granted under any tranche. No LTI awards granted during FY2013/14 vested during FY2013/14.

(5) This represents the maximum accounting value for future years of the LTI awards (Options and Rights) and the STI awards (deferred performance rights) as at their grant date. The minimum possible total value of these grants is nil if the applicable performance/vesting conditions are not met.

(6) Ordinary shares represent CEO grants transferred on implementation of the demerger of Orora from Amcor Ltd as disclosed in the Demerger Scheme Booklet.

(7) The aggregate equity securities granted to/received by all other Senior Executives (other than the Executive KMP), during FY2013/14 are as follows: STI awards (deferred performance rights): nil; LTI Awards (Options): 7,785,000; LTI Awards (Performance Rights): 3,276,000. Further, these other Senior Executives collectively were granted 1,205,849 ordinary shares in Orora. These were issued to eligible Amcor Ltd shareholders on implementation of the demerger of Orora from Amcor Ltd.

5 Executive KMP service agreements

Remuneration and other terms of employment for the Executive KMP are formalised in service agreements. Specific information relating to the terms of the service agreements is set out in the table below:

5.1 Summary of specific terms of Executive KMP service agreements

Table 14

Name	Term	Notice period	Redundancy/termination payment
N D Garrard	Open	12 months	Greater of amount payable required by law and payment in lieu of notice (12 months' Total Fixed Remuneration).
S G Hutton	Open	6 months	Greater of amount payable required by law and payment in lieu of notice (12 months' base salary).
D J Lewis	Open	6 months	Greater of amount payable required by law and payment in lieu of notice (12 months' base salary).

6 Non-Executive Directors' remuneration

6.1 Fee policy

The Non-Executive Director fee policy enables the Company to attract and retain high-quality Directors with relevant experience. The fee policy is reviewed annually by the Human Resources Committee. The Non-Executive Director aggregate fee limit of \$1,600,000 was disclosed to shareholders in the Demerger Scheme Booklet and approved by Amcor Ltd shareholders as part of the demerger.

As disclosed in the Demerger Scheme Booklet, Non-Executive Directors receive an annual fixed 'base' fee of \$190,000 for their role as Board members, plus additional fees for members and chairs of Board Committees. The Chairman receives an annual fixed fee of \$380,000, but does not receive additional fees for his involvement with Committees. There was no increase in Non-Executive Director fees for the year to 30 June 2014.

6.2 Performance-based remuneration and minimum shareholding

Non-Executive Directors do not receive performance-based remuneration and are not granted equity instruments by Orora as part of their compensation. This is consistent with the principles of independence and impartiality adopted by the Board.

6.3 Details of Non-Executive Directors' remuneration for FY2013/14

Table 15

	Salary and fees	Other benefits ⁽¹⁾	Superannuation benefits	Total compensation	Date of appointment
Non-Executive Directors					
C I Roberts	195,234	2,511	9,160	206,905	17 Dec 13
G J Pizzey	109,446	1,513	8,888	119,847	17 Dec 13
J L Sutcliffe	112,135	1,508	8,888	122,531	17 Dec 13
A P Cleland	76,278	1,167	7,164	84,609	1 Feb 14
S L Lewis	65,706	933	5,982	72,621	1 Mar 14
Total	558,799	7,632	40,082	606,513	

(1) Other benefits include costs associated with directorship (inclusive of any applicable fringe benefits tax).

Remuneration report

6.4 Details of Non-Executive Directors' ordinary shareholdings

Table 16

	Balance at 1 July 2013	Movements during FY2013/14		Balance at 30 June 2014
		Purchased	Other ⁽¹⁾	
Non-Executive Directors				
C I Roberts	-	517,720	323,550	841,270
G J Pizzey	-	20,000	46,468	66,468
J L Sutcliffe	-	46,011	53,989	100,000
A P Cleland	-	50,000	-	50,000
S L Lewis	-	40,000	-	40,000

(1) Other changes represent Orora shares that were issued to eligible Amcor Ltd shareholders on implementation of the demerger of Orora from Amcor Ltd, as disclosed in the Demerger Scheme Booklet.

Corporate governance statement

The Board of Directors of Orora Limited (Board) is committed to achieving and demonstrating the highest standards of corporate governance. The Board continues to refine and improve the governance framework and practices in place to ensure they meet the interests of shareholders.

Orora complies with the Australian Securities Exchange Corporate Governance Council's Corporate Governance Principles and Recommendations 2nd Edition ("the ASX Principles"). This Statement incorporates the disclosures required by the ASX Principles, and generally follows the order of the ASX Principles. Orora's main corporate governance practices are summarised in this Statement. All practices outlined in this Statement, unless otherwise stated, have been in place for the reporting period commencing on 17 December 2013 (being the effective date of the Company's demerger from Amcor Ltd prior to its listing on the Australian Securities Exchange (ASX) on 18 December 2013) and ending on 30 June 2014, and as at the date of this Statement.

Copies of the Board and Committee Charters, and key corporate governance policies or summaries, are publicly available on Orora's website at www.ororagroup.com under the "Investors" section. This website is reviewed and updated regularly to ensure that it reflects Orora's most recent governance information.

Principle 1: Lay solid foundations for management and oversight

Role of the Board

The Board is responsible for the governance of the Company and is accountable to shareholders for guiding and monitoring the effective management and performance of the business. The Board has adopted a Board Charter which sets out how its role,

powers and responsibilities are exercised, having regard to principles of good corporate governance, best market practice and applicable laws. The Board operates in accordance with the principles set out in its Charter, which is publicly available on Orora's website.

Responsibilities of the Board

As set out in the Board Charter, the responsibilities of the Board include:

- overseeing the management of the Company and direction of its business strategy, with the aim of increasing value for shareholders
- providing strategic direction for, and approving, the Company's business strategies and objectives
- providing oversight of the Company's occupational health and safety policies and standards
- monitoring the operational and financial position and performance of the Company
- overseeing the identification of the principal risks faced by the Company and taking reasonable steps designed to ensure that appropriate internal controls and monitoring systems are in place to manage and, to the extent possible, reduce the impact of these risks
- ensuring that financial and other reporting mechanisms are put in place by the Managing Director and Chief Executive Officer that result in adequate, accurate and timely information being provided to the Board and the Company's shareholders and the financial market as a whole being fully informed of all material developments relating to the Company
- appointing and, where appropriate, removing the Managing Director and Chief Executive Officer, approving other senior executive appointments and planning for executive succession

- overseeing and evaluating the performance of the Managing Director and Chief Executive Officer, and other senior executives, having regard to the Company's business strategies and objectives
- instituting and implementing procedures for the annual review and evaluation of the performance of the Board
- reviewing and approving remuneration for the senior executives of the Company
- approving the Company's budgets and business plans and monitoring the management of the Company's capital, including the progress of any major capital expenditures, acquisitions or divestitures
- establishing procedures to ensure that financial results are appropriately and accurately reported on a timely basis in accordance with all legal and regulatory requirements
- adopting appropriate procedures to ensure compliance with all laws, governmental regulations and accounting standards
- approving, and reviewing, the Company's internal compliance procedures, including any codes of conduct and taking all reasonable steps to ensure that the business of the Company is conducted in an open and ethical manner
- reviewing and amending the Board and Committee Charters.

The role of the Managing Director and Chief Executive Officer and management

Day-to-day management of the Company's affairs and the implementation of the corporate strategy and policy initiatives are formally delegated by the Board to the Managing Director and Chief Executive Officer, and executive management, in accordance with the

Corporate governance statement

Company's delegated authority policy. A summary of this policy is publicly available on the Company's website. A summary of the key responsibilities delegated to the Managing Director and Chief Executive Officer and executive management, as well as those reserved to the Board, are set out in the Board Charter. These delegations are reviewed on a regular basis to ensure that the division of functions remains appropriate to the needs of the Company.

Board processes

The Board has scheduled up to six meetings during the year plus strategy meetings and any supplementary meetings that may be necessary to address any significant matters that arise. The agenda for such meetings is prepared in conjunction with the Chairman, the Managing Director and Chief Executive Officer, and the Company Secretary.

Standing items include the Managing Director and Chief Executive Officer's report, business group operating reports, financial reports, strategic matters and governance and compliance updates. All submissions are circulated in advance to allow the Board time to review and give due consideration to each report.

The Board has access to senior executives and management, and independent advisers. In addition to regular presentations by senior executives and management to the Board, Directors have other opportunities to interact with management and team members on specific matters, as well as during visits to business units and plants.

To ensure that the responsibilities of the Board are upheld and executed to the highest level, the Board has established the following Board committees:

- Audit and Compliance
- Executive

- Human Resources
- Nomination.

Each of these committees has charters and operating procedures in place, which are reviewed on a regular basis. The Board may establish other committees from time to time to deal with matters of special importance. The committees have access to senior executives and management, as well as independent advice. Copies of the minutes of each committee meeting are made available to the full Board, and the Chairman of each committee provides an update on the outcomes at the Board meeting that immediately follows the committee meeting.

The Board has also established a framework for the management of the Company based on appropriate ethical standards, including a system of internal control and a business risk management process.

Agreements with Directors and senior executives

Non-Executive Directors are appointed pursuant to a formal letter of appointment and a deed of appointment, which set out the key terms relevant to the appointment, including the term of appointment, the responsibilities and expectations of Directors in relation to attendance and preparation for all Board meetings, appointments to other boards, the procedures for dealing with conflicts of interest, and the availability of independent professional advice.

Non-Executive Directors are expected to spend a reasonable amount of time each year preparing for and attending Board and committee meetings and associated activities. The commitments of Non-Executive Directors are considered by the Nomination Committee prior to the Directors' appointment to the Board and are reviewed each year as part of the annual performance assessment.

The Company also has in place a written agreement with the Managing Director and Chief Executive Officer and each senior executive setting out the terms and conditions of their employment and the obligations they are required to fulfil in their role. Each candidate is required to accept all terms and obligations as a condition of their employment.

The Company's practice is to allow its Executive Directors to accept appointments outside the Company with prior written approval of the Board.

Senior executive performance evaluation

The Company has an established process for the induction of new senior executives, to enable new senior executives to gain an understanding of the company's financial position, strategies, operations and risk management policies, as well as to actively participate in accordance with their role, at the earliest opportunity following appointment.

A performance evaluation for senior executives is scheduled to take place every six months, and last took place in July–August 2014, in compliance with the established evaluation process, including emphasis on demonstrating Orora's values. The Company's policy for senior executive reward and evaluation (Senior Executive Reward and Evaluation Policy), upon which the evaluation process is based, is published on the Company's website.

Principle 2: Structure the Board to add value

The members of the Board as at the date of this Statement are set out below. Details of each Board member's experience, expertise, and qualifications are set out on page 9 of this report.

- C I Roberts (Chairman) – Independent Non-Executive Director
- N D Garrard – Managing Director and Chief Executive Officer
- A P Cleland – Independent Non-Executive Director
- S L Lewis – Independent Non-Executive Director
- G J Pizzey – Independent Non-Executive Director
- J L Sutcliffe – Independent Non-Executive Director

Composition of the Board

The Board is committed to ensuring it is comprised of individuals who collectively have the appropriate skills and experience to develop and support the Board's responsibilities and objectives. The Board's composition is determined based on criteria set out in the Company's Constitution and the Board Charter, including:

- a majority of Independent Non-Executive Directors and a Non-Executive Director as Chairman
- a majority of Directors having extensive knowledge of the Company's industries, and those who do not, having extensive expertise in significant aspects of financial reporting and risk management of large companies
- a number of Directors having experience in the countries in which the Company operates

- re-election of Directors at least every three years (except for the Managing Director and Chief Executive Officer).

The Board seeks to ensure that:

- at any point in time, its membership represents an appropriate balance between Directors with experience and knowledge of the Group, and Directors with an external or fresh perspective
- there is a sufficient number of Directors to serve on Board Committees without overburdening the Directors or making it difficult for them to fully discharge their responsibilities
- the size of the Board is appropriate to facilitate effective discussion and efficient decision making.

In reviewing its membership, the Board adheres to Orora's diversity framework "Talent through Diversity". Further detail about this policy is set out below on page 58 of this report.

Directors' independence

The Board has adopted specific principles in relation to Directors' independence. These state that to be deemed independent, a Director must not be a member of management and must comply with various criteria including:

- not being a substantial shareholder of the Company or otherwise associated directly or indirectly with a substantial shareholder of the Company
- not, within the past three years, having been employed in an executive capacity by the Company or another Group member, or having been a Director within three years after ceasing to hold any such employment
- not, within the past three years, having been a professional adviser to the Company or Group either as a principal, a material consultant, or an employee materially associated with the service provided

- not being a partner in or controlling shareholder, or executive officer of a material supplier or customer of the Company or Group, or otherwise being associated, directly or indirectly (to any significant extent), with a material supplier or customer
- not having a material contractual relationship with the Company or Group other than as a Director of the Company
- being free from any interest and any business or other relationship that could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company
- having the capacity to devote the necessary time to the important tasks entrusted to him/her as a Director of the Company.

The Board undertakes an annual review of the extent to which each Non-Executive Director is independent, having regard to the criteria set out in its Charter and any other relevant relationship of the Non-Executive Director. As at the date of this Statement, the Board considers that each Non-Executive Director is independent. As part of this review process, each Director is required to make an annual disclosure of information based on the independence criteria to the Board.

The Board has agreed that, in the absence of special circumstances, the tenure for Non-Executive Directors should be limited to a maximum of ten years, to ensure Directors remain demonstrably independent, with a view to the best representation of the interests of shareholders. The Board Charter reflects this policy. The Charter contemplates that a Non-Executive Director will resign at the next annual general meeting after that Director has served nine years on the Board, in the absence of special circumstances.

Corporate governance statement

Term of office held by each Director

The term of office of each Director as at the date of this Statement is outlined on page 40 of this report.

The role of the Chairman

The Board Charter provides that the Chairman should be an Independent Director and should not be the Managing Director and Chief Executive Officer of the Company. The Chairman is responsible for the leadership of the Board, including taking all reasonable steps to ensure that the Board functions effectively, and for communicating the views of the Board to the public. The particular responsibilities of the Chairman are outlined in the Board Charter, and include:

- setting the agenda for the matters to be considered at meetings of the Board
- managing the conduct at, and frequency and length of, Board meetings so as to provide the Board with an opportunity to have a detailed understanding of issues affecting the Company
- facilitating open and constructive communications between members of the Board and encouraging their contribution to Board deliberations.

In accepting the position, the Chairman has acknowledged that the role will require a significant time commitment and has confirmed that other positions will not hinder the effective performance of the role of Chair.

Nomination Committee

The Nomination Committee of the Board oversees the appointment and induction process for Directors and Board Committee members, and the selection, appointment and succession planning process of the Company's Managing Director and Chief Executive Officer. Details of the nomination, selection and

appointment processes are available in the Nomination Committee Charter on the Company's website.

The Nomination Committee's Charter sets out the Committee's responsibilities, which include making recommendations to the Board on the appropriate skill mix, personal qualities, expertise and diversity of each position, following the annual assessment of the Board. When a vacancy exists or there is a need for particular skills, the Committee, in consultation with the Board, determines the selection criteria based on the skills deemed necessary. The Committee identifies potential candidates with advice from an external consultant where appropriate. The Board then appoints the most suitable candidate. Board appointees must stand for election at the next annual general meeting of shareholders.

The Committee also makes recommendations to the Board and oversees implementation of the procedure for evaluating the Board's performance, as well as oversees and makes recommendations to the Board in respect of any ongoing training requirements of Directors.

The Nomination Committee comprises three Independent Non-Executive Directors, and the Chairman of the Board is Chairman of the Committee. The names of the members as at the date of this Statement are set out below and further details of their profiles are set out on page 9 of this report.

- C I Roberts (Chairman) – Independent Non-Executive Director
- G J Pizzey – Independent Non-Executive Director
- J L Sutcliffe – Independent Non-Executive Director

Nomination Committee members are not involved in making recommendations to the Board in respect of themselves.

All Nomination Committee matters were dealt with by the full Board during the financial year.

Board skills matrix

The Board recognises that having a range of different skills, backgrounds and experience represented amongst its Directors is important to ensure robust decision-making processes, with a diversity of viewpoints and to developing and achieving the Company's strategic aims.

The range of skills, backgrounds and experience currently represented on the Board include senior roles in retail, consumer goods, packaging, food and beverage manufacturing, resources and mining, recycling and management consultancy, as well as qualifications across a range of areas including business management, human resources, economics, accounting, risk management, audit, corporate governance, strategy and law.

The Nomination Committee is responsible for regularly reviewing the succession plans in place for membership of the Board to ensure than an appropriate mix of skills, experience, expertise and diversity is maintained.

Board and committee performance evaluation

Each year, the Board undertakes an evaluation of its collective performance. The process for conducting this evaluation, along with a non-exhaustive list of criteria which may be considered in evaluating the performance of the Board, is set out in the Nomination Committee Charter which is available on the Company's website. The performance of each Board Committee and the Chairman is assessed annually by the Board.

The Chairman meets privately with individual Directors as part of these assessment processes and the results of

these assessments are documented and any action plans implemented.

On the basis that the Company demerged from Amcor Ltd and became listed on the ASX as a standalone entity in December 2013, the first annual assessment of the Board, the Non-Executive Directors and each Board Committee is scheduled to take place in December 2014.

Director induction and development

Orora has in place a formal process to educate new Directors about the operation of the Board and its Committees, any financial, strategic, operational and risk management issues, the corporate strategy, and the expectations of performance of Directors. Directors visit Orora facilities on an ongoing basis and meet with management to gain a better understanding of business operations. Directors are given access to continuing education opportunities to update and enhance their skills and knowledge.

Independent professional advice and access to information

Each Director has the right of access to all relevant Company information and to the senior executives and, subject to prior consultation with and approval from the Chairman, may seek independent professional advice from an adviser suitably qualified in the relevant field at the Company's expense.

A copy of the advice received by the Director will be made available for all other members of the Board.

The Board and the Company Secretary

The Board has appointed Ms Ann Stubbings as Company Secretary. Details of the skills, experience and expertise of the Company Secretary are set out on page 12 of this report. The Company Secretary is accountable to the Board

and the appointment or removal of the Company Secretary is a matter for the Board as a whole. Each Director is entitled to access the advice and services of the Company Secretary.

Executive Committee

The Executive Committee's Charter, which is available on the Company's website, sets out the responsibilities of the Executive Committee. The Committee deals with matters referred to it by the Board or with urgent matters that may not be deferred until the next meeting of the Board. A majority of the Committee must be independent. The names of the members of the Committee as at the date of this Statement are set out below and further details of their profiles are available on page 9 of this report.

- C I Roberts (Chairman) – Independent Non-Executive Director
- G J Pizzey – Independent Non-Executive Director
- N D Garrard – Managing Director and Chief Executive Officer
- S L Lewis – Independent Non-Executive Director

Executive Committee agendas and papers are available to all other Non-Executive Directors, who are encouraged to attend meetings of the Executive Committee as available. The Committee members' attendance at these meetings is disclosed on page 31 of this report.

Principle 3: Promote ethical and responsible decision-making

Conflict of interest

Directors must keep the Board advised, on an ongoing basis, of any interest that could potentially conflict with the interests of the Company. The Board has developed procedures to assist Directors to disclose potential conflicts of interest

and, each year, all Non-Executive Directors complete independence declarations. Where the Board believes that a significant conflict exists for a Director on a Board matter, the Director concerned does not receive the relevant Board papers and is not present at the meeting whilst the item is considered.

Code of Conduct and Ethics

Orora recognises the importance of honesty, integrity and fairness in conducting its business, and is committed to increasing shareholder value in conjunction with fulfilling its responsibilities as a good corporate citizen. All Directors, managers and team members are expected to act with the utmost integrity and objectivity, striving at all times to enhance the reputation and performance of the Company.

Orora believes that it is not only required to abide by the national laws in each country in which it operates, but that it must also conduct its business in accordance with internationally accepted practices and procedures. The Board and senior management are committed to upholding these core principles, which are captured in Orora's Code of Conduct and Ethics Policy. The Code of Conduct and Ethics Policy is available on the Company's website.

Team members have a nominated supervisor to whom they may refer any issues arising from their employment including allegations of breaches of the Code of Conduct and Ethics Policy or other policies, or they may use the whistleblower procedures in place.

Orora Integrity Reporting Service

As referred to in the Code of Conduct and Ethics Policy, Orora's governance framework includes a whistleblower policy (known as the Integrity Reporting Policy). Orora operates the Orora Integrity Reporting Service through an independent third party to facilitate

Corporate governance statement

reporting of potential misconduct within the Company. A summary of the Integrity Reporting Policy can be found on the Company's website.

The Orora Integrity Reporting Service enables team members to report potential misconduct, including illegal activity, breach of the Code of Conduct and Ethics Policy, fraudulent or corrupt practices, harassment or discrimination, misleading or deceptive conduct of any kind, unethical behaviour and health, safety or environmental hazards. Matters raised are reported to the Board through either the Audit and Compliance Committee or the Human Resources Committee, and the program is periodically reviewed for its effectiveness. The Board is scheduled to regularly review the Code of Conduct and Ethics Policy and the Integrity Reporting Policy, and processes are in place to promote and communicate these policies to team members.

A Third Party Complaints contact facility is also available on the Company's website to enable third parties such as suppliers, consumers, contractors and customers to report potential misconduct within the organisation.

Fraud Policy

In addition to the Code of Conduct and Ethics Policy and the Orora Integrity Reporting Service, the Orora Corporate Fraud Framework and Policy outlines the responsibilities and strategies to identify fraud within the Group, and the processes for reporting of fraud and recovering losses.

Trading in Company securities by Directors and team members

Orora has a Share Trading Policy that outlines insider trading laws and prohibits Directors, team members and certain associates from trading in Orora's securities during specified "blackout periods". The blackout periods are the

period from the close of trading on 31 December each year until the day of the announcement to the ASX of the Company's half-year results (usually in the third week of February), the period from the close of trading on 30 June each year until the day of the announcement of the Company's full year results (usually in the third week of August) and any other period that the Board specifies from time to time. Trading of securities during a blackout period can only occur in exceptional circumstances and with the approval of the Company Secretary.

The Directors and senior executives are required to certify their compliance with the policy at the end of each financial year. The policy also prohibits Directors, team members and certain associates from engaging in hedging arrangements over unvested securities issued pursuant to any employee option or share plans and certain vested securities that are subject to the Minimum Shareholding Policy. The Share Trading Policy meets the requirements of the ASX Listing Rule on trading policies and is available on the Company's website.

A valued team

The Company recognises that its team members are its most valuable asset and the foundation of its success. Orora is committed to building an inclusive culture and outstanding performance through key focus areas of People Development, Leadership and Diversity.

As Orora defines and develops its identity in its first year of operation, the Company's Belief Statement and Values are being embedded in all HR processes including induction and on-boarding programs, recruitment, performance review, and development programs.

Leadership and talent development

Orora strives to strengthen and grow the potential of all team members. This includes providing career pathways, coaching, mentoring, stretch assignments and a range of training and development opportunities. "Orora Global University" is a new corporate learning initiative to develop core skills and competencies across our business and to develop leadership capability.

Diversity

Orora's major centres of operation, in Australia, New Zealand and North America, are in some of the most demographically diverse countries. As such, Orora appreciates that diversity is essential to its growth and success. With over 5,500 team members working in seven countries, Orora strives to create an inclusive and respectful environment for all team members. Decisions on hiring, salary, benefits, advancement, termination or retirement are based solely on each team member's ability to do the job regardless of cultural background, disability, gender, family responsibility, religious or political beliefs, age, sexual orientation or any other area of potential difference.

Orora's Talent through Diversity policy (available on Orora's website), was introduced to recognise the positive differences each team member brings to the business and how Orora team members can connect and work together to capture the benefits of these differences.

This policy is further supported by a strong focus on gender representation in talent acquisition by the Executive Leadership Team and a wide range of initiatives to promote and encourage diversity at Orora. Examples include:

- the Orora Diversity Council, reporting to the Managing Director and Chief Executive Officer, which continues to raise the profile of diversity in the business

- Orora’s continued sponsorship of the National Association of Women in Operations in Australia
- a “diversity portal”, available to all team members, which highlights diversity statistics, research and articles, minutes of diversity council meetings and email contacts for team members
- publishing Orora’s Australian workforce gender balance and major diversity initiatives on the publically available Workforce Gender Equality Agency website.

As a newly listed entity, Orora has been focussed on fostering diversity within the organisation. As part of becoming a standalone entity following the demerger, Orora constituted a new board and senior executive team. Currently, the level of female representation on each of these leadership groups is 33.3% (representing two out of six Directors) and 18.2% respectively.

As at 30 June 2014, the percentage of women employed by the Group as a proportion of the total workforce as a whole was 19.4% and the proportion of women employed at management level was 18.5%. This includes all team members who are no more than three levels below the Managing Director and Chief Executive Officer, whose roles range from the initiation and implementation of strategies, through to the development and continuous improvement of systems and practices that deliver on these strategies and help to realise organisational aims.

Orora is currently in its first year of operation as a standalone listed entity and is in the process of establishing its first set of measurable objectives for advancing gender diversity within the business. Once established, these objectives will be reported on annually to the Board and the Human Resources Committee, and Orora’s progress in

achieving them will be reported in Orora’s 2015 Corporate Governance Statement.

The Company has established the Orora Integrity Reporting Service as an independent, confidential channel for team members to raise concerns about workplace misconduct and any matters that may constitute a breach of law or Company policy, including the Code of Conduct and Ethics Policy and Integrity Reporting Policy.

Principle 4: Safeguard integrity in financial reporting

Audit and Compliance Committee

The Audit and Compliance Committee has a documented Charter approved by the Board, which is the subject of regular review, to ensure compliance with the ASX Principles. The Audit and Compliance Committee’s Charter is available on the Company’s website.

The Audit and Compliance Committee Charter provides that all members of the Audit and Compliance Committee must be Independent Non-Executive Directors and the Chairman cannot be the Chairman of the Board.

The Audit and Compliance Committee assists the Board in fulfilling its responsibility for oversight of the quality and integrity of the accounting, auditing and financial reporting processes of the Company, the audits of the Company’s Financial Statements, the performance of the Company’s internal and external auditors and the Company’s processes to manage financial risk. The Committee approves the appointment, or dismissal, of the head of the Company’s internal audit function. The head of internal audit provides regular reports directly to the Committee. The Committee Charter provides that the Committee has the authority and resources necessary to

discharge its duties and responsibilities, including meeting with the auditors without management present.

The Committee is responsible for the appointment, compensation, retention and oversight of the external auditor, including the independence of the external auditor, and review of any non-audit services provided by the external auditor. The Audit and Compliance Committee Policy is to review the performance of the external auditor regularly regarding quality, costs and independence.

Pursuant to the requirements of the *Corporations Act 2001*, the Directors of the Company appointed PricewaterhouseCoopers as the auditor of the Company within one month after the day on which the Company became a public company. That appointment has effect until the Company’s first annual general meeting as a public company, at which time the shareholders will be asked to consider and, if thought fit, pass a resolution appointing PricewaterhouseCoopers as the auditor of the Company.

The external auditor provides a declaration of independence to the Audit and Compliance Committee twice a year (refer to page 64 of this report). Fees paid to the external auditor, including a breakdown of fees for non-audit services, are noted in the Company’s Financial Statements on page 87 of this report. The Audit and Compliance Committee is required under the Charter to meet at least quarterly and otherwise as necessary. The Committee met three times during the period from 18 December 2013 (being the date the Company listed on the ASX) to 30 June 2014. The Committee members’ attendance records are disclosed in the table of Directors’ meetings on page 31 of this report. Refer to Principle 7 on page 61 of this Statement for information in relation to Orora’s Audit and

Corporate governance statement

Compliance Committee and risk management strategies.

The external auditor met with the Audit and Compliance Committee without management being present at each Committee meeting held this year. The names of the members of the Committee as at the date of this report are set out below. Further details of their profiles can be found on page 9 of this report.

- S L Lewis (Chairman) – Independent Non-Executive Director
- J L Sutcliffe – Independent Non-Executive Director
- A P Cleland – Independent Non-Executive Director
- C I Roberts – Independent Non-Executive Director

The internal and external auditors, the Managing Director and Chief Executive Officer and the Chief Financial Officer are invited to the Audit and Compliance Committee meetings at the discretion of the Committee.

Principles 5 and 6: Make timely and balanced disclosure and respect the rights of shareholders

Continuous disclosure

Orora has established policies and procedures to ensure timely and balanced disclosure of all material matters concerning the Company, and to ensure that all investors have access to information on Orora's financial performance. These policies and procedures include a comprehensive Disclosure Policy that establishes processes for identifying matters that may have a material effect on the price of the Company's securities, notifying them to the ASX, posting relevant information on the Company's website and issuing media releases. A copy of the Disclosure Policy is available on the Company's website.

Investor relations

The Company has, through its dedicated investor relations team, implemented an investor relations program to facilitate effective communication and interaction with investors. As part of this program, the Company holds two investor roadshows each year (following its results announcements) throughout Australia, Asia, North America and Europe, as well as additional ad hoc investor meetings and conference calls with institutional investors, private investors and sell-side analysts. The Company has an Investor communications section on its website which outlines the Company's activities, past market communications and an investor calendar setting out key dates. Shareholders can also request information from, and communicate directly with, the Company online via the Enquiries page on its website. This page is constantly monitored and is used broadly by retail and institutional investors.

Details of other forms of shareholder communication are set out in the Shareholder Communications Policy. The Shareholder Communications Policy describes Orora's approach to promoting effective communication with shareholders, such as:

- the Annual Report, including relevant information about the operations of the consolidated entity during the year, key financial information and changes in the state of affairs, is available on the Orora website
- the half year and full year financial results are announced to the ASX and are available to shareholders via the Orora and ASX websites

- all announcements made to the market, and related information (including presentations to investors and information provided to analysts or the media during briefings), are available to all shareholders on the Company website after they are released to the ASX
- an audio recording of the Chairman's address will be available on the investor section of the Orora website following the annual general meeting, together with other annual general meeting materials, including notices of meetings and associated explanatory material. All ASX announcements, media releases and financial information are available on Orora's website within one day of public release.

A copy of the Shareholder Communications Policy is available on the Company's website.

The Board encourages full participation by shareholders at the annual general meeting to ensure a high level of Director accountability to shareholders and shareholder identification with the Company's strategy and goals. Notices for general meetings and other communications with shareholders are drafted to ensure that they are accurate and not misleading and that the nature of the business of the meeting is clearly stated and explained where necessary. Important issues are presented to the shareholders as single resolutions. The shareholders are requested to vote on matters such as the election and aggregate remuneration of Directors, the adoption of the Company's Remuneration Report, the granting of options and shares to Directors and changes to the Constitution. A copy of the Constitution is available to any shareholder who requests it, and can be viewed on the Company's website.

Shareholders who are unable to attend the annual general meeting in person will be provided with an opportunity to vote and submit questions to the Company

online via the Company's website in advance of the meeting. Questions received from shareholders will be collated and the Chairman will seek to address as many of the most frequently asked questions as possible during the annual general meeting.

Electronic communications

All shareholders are given an opportunity to elect to receive communications from the Company and its share registry electronically, either by submitting a paper form (provided by the Company) or making an election online. In addition, shareholders are able to communicate directly with the Company and its share registry electronically, via the contact details set out on the Company's website. The Company's website also contains copies of its ASX announcements, annual reports and financial reports, as well as relevant presentations and supporting material provided to the media and the investment community.

Attendance of external auditors at annual general meeting

The lead audit partner of PricewaterhouseCoopers will attend the Company's annual general meeting and will be available to answer any shareholder questions about the conduct of the audit and the preparation and content of the auditor's report.

Principle 7: Recognise and manage risk

Audit and Compliance Committee

As noted in this Statement, the Audit and Compliance Committee provides assistance and advice to the Board in fulfilling its responsibility relating to risk management. Management is responsible for identifying, managing and reporting on risk.

The Audit and Compliance Committee is responsible for reviewing the Company's policies for risk assessment and risk management, by:

- assessing the steps management has taken to control such risks to the Company
- reviewing the Company's Enterprise Risk Management (ERM) framework and policy for risk appetite, including the procedures for identifying strategic and business risks and controlling their financial impact on the Group and the operational effectiveness of the policies and procedures related to risk and control
- reviewing the Internal Audit team's analysis and independent appraisal of the adequacy and effectiveness of the company's risk management and internal control system.

The Audit and Compliance Committee has access to the resources and authority necessary to discharge its duties and responsibilities, including in relation to retaining and terminating outside advisors, experts or consultants, as it deems appropriate. In discharging its role, the Audit and Compliance Committee is also empowered to investigate any matter brought to its attention.

Refer to Principle 4 of this Statement for further discussion on the Audit and Compliance Committee.

The Audit and Compliance Committee reviews the Company's risk management framework on an annual basis to ensure that it continues to be sound. The latest review was undertaken in June 2014 and the view of the Audit and Compliance Committee was that the design of the risk management framework is "fit for purpose". While significant changes were not required, a number of minor targeted refinements were identified as part of continuous improvement efforts.

Risk management framework

Orora understands and recognises that rigorous risk and opportunity management is essential for corporate stability and for sustaining its competitive market position and long term performance. The following objectives drive Orora's approach to risk management:

- having a culture that is risk aware and supported by high standards of accountability at all levels
- achieving a truly integrated risk management approach in which risk management forms part of all key organisational processes
- supporting more effective decision making through better understanding and consideration of risk exposures
- enhancing shareholder value through improved share price and earnings growth in the short to medium term whilst building a sustainable business for the longer term
- improving stakeholder confidence and trust
- enhancing organisational efficiencies
- safeguarding the Company's assets – human, property, reputation, knowledge
- enabling the Board to fulfil its governance and compliance requirements

Corporate governance statement

- supporting the sign off for the ASX Principles by the Managing Director and Chief Executive Officer and Chief Financial Officer.

Orora has implemented an ERM framework to improve its ability to meet the above objectives and achieve the desired outcomes. The approach incorporates the principles of effective risk management, as set out in the Global Risk Management Standard ISO31000.

In achieving effective risk management, Orora recognises the importance of leadership. As such, the Board and senior executives have responsibility for driving and supporting risk management across the Group. Each business group within the Company then has responsibility for implementing this approach and adapting it, as appropriate, to its own circumstances.

ERM seeks to apply risk management across an entire organisation and it does this so that all material risks can be identified, assessed and managed. In support of this approach, the Board sets the risk appetite of the organisation to take account of safety, environment, reputation and corporate governance risks, in addition to financial risks. Orora's assurance function, which includes the Internal Audit team, plays a key role in reviewing the effectiveness of Orora's compliance and control systems, including risk management. Findings from reviews are communicated in formal reports to the Board and the Audit and Compliance Committee, and then appropriate action is taken to support the maintenance of a strong control environment. A summary of Orora's risk related policies can be found with other corporate governance policies on the Orora website.

Internal control

The Board accepts responsibility for oversight of the effectiveness of the

Company's internal control environment. The Board's policies on internal governance control are comprehensive, as noted earlier in this Statement, and include clearly drawn lines of accountability and delegation of authority, as well as adherence to the Code of Conduct and Ethics. In order to effectively discharge these responsibilities, the Company has a number of assurance functions (including Internal Audit) to independently review the control environment and provide regular reports to the Board and management committees. These reports and associated recommendations are considered and acted upon to maintain or strengthen the control environment.

The assurance function assists the Board to ensure compliance with the internal controls and risk management programs by regularly reviewing the effectiveness of the Company's compliance and control systems. The Group General Manager of Internal Audit reports directly to the Audit and Compliance Committee and may request any member to call a meeting of the Committee. The Audit and Compliance Committee is responsible for approving the scope of the internal audit plan, overseeing the performance of the internal audit team and reporting to the Board on the status of the risk management system.

Corporate reporting

The Board has required management to design and implement a risk management and internal control system to manage the Company's material business risks and to report on whether those risks are being effectively managed.

The Managing Director and Chief Executive Officer and Chief Financial Officer each reports on and declares in writing to the Board as to the effectiveness of the Company's management of its material business risks, in accordance with the ASX Principles.

The Board has received the relevant declarations from the Managing Director and Chief Executive Officer and Chief Financial Officer in accordance with section 295A of the *Corporations Act 2001* and the relevant assurances required under the ASX Principles.

Principle 8: Remunerate fairly and responsibly

Human Resources Committee

The Human Resources Committee reviews and makes recommendations to the Board on remuneration packages and policies applicable to the Managing Director and Chief Executive Officer, senior executives and Non-Executive Directors.

It is also responsible for oversight of Orora's policies and procedures for retention of senior management, incentive schemes, executive development and succession plans, and human resource plans for the business. All of the members are Non-Executive directors. The Committee reviews the remuneration of the Managing Director and Chief Executive Officer and senior executives, taking advice from external advisers where appropriate. No individual is directly involved in deciding their own remuneration. The Human Resources Committee's Charter is available on Orora's website.

Details of the Company's remuneration, recruitment, retention and termination policies and procedures for senior executives, and details of key management personnel remuneration and incentives are included in the Remuneration Report from page 36 of this report. Information regarding the structure of Non-Executive Director remuneration is also included in the Remuneration Report on page 51.

The names of the members of the Human Resources Committee as at the date of this Statement are set out below and further details of their profiles are available on page 9 of this report. The Human Resources Committee meets at least quarterly and, otherwise, as and when required. The Committee met twice during the period from 18 December 2013 (being the date the Company listed on the ASX) to 30 June 2014. The Committee members' attendance records are disclosed in the table of Directors' meetings on page 31 of this report.

- G J Pizzey (Chairman) – Independent Non-Executive Director
- A P Cleland – Independent Non-Executive Director
- C I Roberts – Independent Non-Executive Director
- J L Sutcliffe – Independent Non-Executive Director

The Managing Director and Chief Executive Officer is not a member of this Committee, but attends meetings by invitation, other than for matters relating to his own remuneration.

Declaration

This Directors' Report is made in accordance with a resolution of the Directors, dated at Melbourne, in the State of Victoria, on 25 August 2014.



Chris Roberts
Chairman

Auditor's Independence Declaration

As lead auditor for the audit of Orora Limited for the year ended 30 June 2014,
I declare that to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Orora Limited and the entities it controlled during the period.



Lisa Harker
Partner
PricewaterhouseCoopers

Melbourne
25 August 2014



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Financial report

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Income Statement

For the financial year ended 30 June 2014

AUD million	Note	2014	2013
Continuing operations			
Sales revenue	3.1.1	2,648.1	1,632.2
Cost of sales		(2,206.3)	(1,434.1)
Gross profit		441.8	198.1
Other income	3.1.1	26.8	99.6
Sales and marketing expenses		(116.2)	(42.1)
General and administration expenses		(453.5)	(313.2)
Loss from operations	3.1.1	(101.1)	(57.6)
Finance income	3.1.1	0.9	0.3
Finance expenses	3.1.1	(44.6)	(48.4)
Net finance costs	5.4	(43.7)	(48.1)
Loss before related income tax benefit	3.1.1	(144.8)	(105.7)
Income tax benefit	3.2	38.3	47.0
Loss for the financial period from continuing operations		(106.5)	(58.7)
Discontinued operations			
Profit from discontinued operations, net of tax		34.3	8.5
Loss for the financial period attributable to the owners of Orora Limited		(72.2)	(50.2)
		Cents	Cents
Loss per share from continuing operations attributable to the ordinary equity holders of Orora Limited			
Basic earnings per share	3.3	(11.0)	(11.1)
Diluted earnings per share	3.3	(11.0)	(11.1)
Loss per share attributable to the ordinary equity holders of Orora Limited			
Basic earnings per share	3.3	(7.5)	(9.5)
Diluted earnings per share	3.3	(7.5)	(9.5)

Statement of Comprehensive Income

For the financial year ended 30 June 2014

AUD million	Note	2014	2013
Loss for the financial period		(72.2)	(50.2)
Other comprehensive income/(loss)			
Items that may be reclassified subsequently to profit or loss:			
<i>Available-for-sale financial assets</i>			
Net change in fair value of available-for-sale financial assets	5.6.2	4.4	(0.3)
<i>Cash flow hedges</i>			
Effective portion of changes in fair value of cash flow hedges	5.6.2	(5.9)	1.6
Tax on cash flow hedges	5.6.2	1.7	(0.4)
<i>Foreign exchange translation</i>			
Exchange differences on translation of foreign operations	5.6.2	13.0	-
Other comprehensive income for the financial period, net of tax		13.2	0.9
Total comprehensive loss for the financial period attributable to the owners of Orora Limited		(59.0)	(49.3)
Total comprehensive income/(loss) for the period attributable to owners of Orora Limited arises from:			
Continuing operations		(93.3)	(58.0)
Discontinued operations		34.3	8.7
Total comprehensive loss for the financial period		(59.0)	(49.3)

Statement of Financial Position

As at 30 June 2014

AUD million	Note	2014	2013
Current assets			
Cash and cash equivalents	5.1	30.5	14.9
Trade and other receivables	4.1	385.6	223.5
Inventories	4.2	404.3	316.3
Other financial assets	4.4	0.8	2.8
Other current assets	4.5	33.6	26.1
Total current assets		854.8	583.6
Non-current assets			
Other financial assets	4.4	11.9	9.1
Property, plant and equipment	4.6	1,544.3	1,625.8
Deferred tax assets	3.2	22.4	-
Intangible assets	4.7	232.3	138.5
Other non-current assets	4.5	88.3	73.8
Total non-current assets		1,899.2	1,847.2
Total assets		2,754.0	2,430.8
Current liabilities			
Trade and other payables	4.3	541.0	357.3
Interest-bearing liabilities	5.1	14.2	790.6
Other financial liabilities	5.3	4.2	1.3
Provisions	4.8	107.2	173.9
Total current liabilities		666.6	1,323.1
Non-current liabilities			
Other payables	4.3	6.5	6.2
Interest-bearing liabilities	5.1	651.9	-
Other non-current financial liabilities	5.3	2.2	0.1
Deferred tax liabilities	3.2	12.9	13.6
Provisions	4.8	32.2	26.3
Total non-current liabilities		705.7	46.2
Total liabilities		1,372.3	1,369.3
NET ASSETS		1,381.7	1,061.5
Equity			
Contributed equity	5.6.1	513.4	215.3
Reserves	5.6.2	109.2	(0.8)
Retained earnings	5.6.3	759.1	847.0
TOTAL EQUITY		1,381.7	1,061.5

Statement of Changes in Equity

For the financial year ended 30 June 2014

AUD million	Note	Attributable to owners of Orora Limited			
		Contributed equity	Reserves	Retained earnings	Total equity
Balance at 1 July 2013		215.3	(0.8)	847.0	1,061.5
Loss for the financial period	5.6.3	-	-	(72.2)	(72.2)
Total other comprehensive income	5.6.2	-	13.2	-	13.2
Total comprehensive income/(loss) for the financial period		-	13.2	(72.2)	(59.0)
Transactions with owners in their capacity as owners:					
Issues of shares for consideration under the demerger restructuring activities ⁽¹⁾	5.6.1	298.7	-	-	298.7
Equity attributable to entities acquired and disposed under common control ⁽¹⁾	5.6.2 & 5.6.3	-	(38.2)	153.4	115.2
Demerger common control transaction ⁽¹⁾	5.6.2 & 5.6.3	-	132.9	(132.9)	-
Shares purchased on-market to satisfy issue of rights under share-based payment plans	5.6.1	(0.6)	-	-	(0.6)
Dividends paid	5.6.3	-	-	(36.2)	(36.2)
Share-based payment expense	5.6.2	-	2.1	-	2.1
Balance at 30 June 2014		513.4	109.2	759.1	1,381.7
Balance at 1 July 2012		215.3	(1.7)	897.2	1,110.8
Loss for the financial period	5.6.3	-	-	(50.2)	(50.2)
Total other comprehensive income	5.6.2	-	0.9	-	0.9
Total comprehensive income/(loss) for the financial period		-	0.9	(50.2)	(49.3)
Balance at 30 June 2013		215.3	(0.8)	847.0	1,061.5

(1) Refer to note 2 which describes the impact on the reported results of Orora Limited arising from transactions and restructuring activities undertaken as part of the demerger from Amcor Ltd.

Cash Flow Statement

For the financial year ended 30 June 2014

AUD million	Note	2014	2013
Cash flows from operating activities			
Loss for the financial period from continuing activities		(106.5)	(58.7)
Depreciation	3.1.2	94.6	89.7
Amortisation of intangible assets	3.1.2	7.7	9.4
Impairment losses on property, plant and equipment, intangibles, receivables and inventory		226.8	103.1
Reversal of impairment losses on receivables and inventory		(10.2)	(17.6)
Net finance costs	5.4	43.7	48.1
Net gain on disposal of non-current assets		(5.8)	(80.2)
Fair value (gain)/loss on financial assets at fair value through income statement		1.1	(0.4)
Dividends from other entities		(0.6)	(0.3)
Share-based payment expense	3.1.2	2.1	-
Other sundry items		21.7	16.8
Income tax benefit	3.2	(38.3)	(47.0)
Operating cash flows before changes in working capital and provisions		236.3	62.9
- (Increase)/Decrease in prepayments and other operating assets		(7.3)	(37.1)
- (Decrease)/Increase in employee benefits and other operating liabilities		(2.3)	(0.4)
- (Decrease)/Increase in provisions		(41.6)	19.9
- (Increase)/Decrease in trade and other receivables		(8.4)	(1.7)
- Decrease/(Increase) in inventories		10.2	24.3
- Increase/(Decrease) in trade and other payables		51.0	13.3
		237.9	81.2
Dividends received		0.6	0.3
Interest received		0.6	0.1
Borrowing costs		(47.1)	(48.1)
Income tax paid		(40.9)	-
Net cash from continuing operating activities	3.1.1	151.1	33.5
Net cash from discontinued operating activities		5.7	(1.0)
Net cash flows from operating activities		156.8	32.5
Cash flows from investing activities			
Granting of loans to associated companies and other persons		(0.1)	(0.2)
Payments for acquisition of controlled entities and businesses, net of cash acquired		14.2	(27.0)
Payments for property, plant and equipment and intangible assets	3.1.1	(110.6)	(137.8)
Proceeds on disposal of controlled entities and businesses		-	4.5
Proceeds on disposal of property, plant and equipment		4.7	43.6
Net cash from continuing investing activities		(91.8)	(116.9)
Net cash from discontinued investing activities		(3.3)	(6.6)
Cash, net of overdraft, disposed of		(4.5)	-
Net cash flows from investing activities		(99.6)	(123.5)

AUD million	Note	2014	2013
Cash flows from financing activities			
Shares purchased on-market to satisfy granting of rights under share-based payment plans	5.6.1	(0.6)	-
Proceeds from borrowings		1,588.4	100.3
Repayment of borrowings		(1,591.3)	-
Dividends and other equity distributions paid	5.6.3	(36.2)	-
Net cash from continuing financing activities		(39.7)	100.3
Net cash from discontinued financing activities		(0.5)	8.1
Net cash flows from financing activities		(40.2)	108.4
Net increase in cash held			
Cash and cash equivalents at the beginning of the financial period		17.0	17.4
Cash and cash equivalents at the beginning of the financial period		13.6	(3.8)
Effects of exchange rate changes on cash and cash equivalents		(0.1)	-
Cash and cash equivalents at the end of the financial period⁽¹⁾		30.5	13.6

(1) Refer to notes 5.1 and 5.2 for details of the financing arrangements of the Group.

Reconciliation of cash and cash equivalents

For purposes of the Cash Flow Statement, cash and cash equivalents includes cash on hand and at bank and short term money market investments, net of outstanding bank overdrafts. Cash and cash equivalents as at the end of the financial year as shown in the Cash Flow Statement is reconciled to the related items in the Statement of Financial Position as follows:

Cash assets and cash equivalents	5.1	30.5	14.9
Bank overdrafts	5.1	-	(1.3)
Cash and cash equivalents at the end of the financial period		30.5	13.6

Notes to the Financial Statements

30 June 2014

Section 1 Basis of preparation

This section sets out the accounting policies that relate to the Financial Statements of Orora Limited (formerly Amcor Packaging (Australia) Pty Limited) and its controlled entities. Where an accounting policy is specific to one note, the policy is described within the note to which it relates. These policies have been consistently applied to all periods presented, except as described in note 1.5.

This section also discusses new accounting standards, amendments and interpretations issued by the Australian Accounting Standards Board (AASB), whether they are effective in 2014 or later years and how these changes are expected to impact the financial position and performance of the Group.

1.1 Reporting entity

Orora Limited (the Company) is a company domiciled in Australia. The Financial Report includes Financial Statements of the Company and its subsidiaries (together referred to as the 'Group' and individually 'Group companies'). The Group is primarily involved in the manufacture and supply of packaging products and services to the grocery, fast moving consumer goods and industrial markets.

1.2 Basis of accounting

Statement of compliance

The Group is a for-profit entity for the purposes of preparing the Financial Statements. This general purpose Financial Report for the year ended 30 June 2014 has been prepared in accordance with Australian Accounting Standards (AASBs), including Australian Accounting Interpretations adopted by the AASB and the *Corporations Act 2001*. The Financial Report of the Group also complies with International Financial Reporting Standards (IFRSs) and Interpretations as issued by the

International Accounting Standards Board (IASB). These Financial Statements for the year ended 30 June 2014 are the first the Group has prepared in accordance with IFRS.

The Company is of the kind referred to in the Australian Securities and Investments Class Order 98/0100 dated 10 July 1998. In accordance with that Class Order, amounts in the consolidated Financial Statements have been rounded to the nearest \$100,000 or, where the amount is \$50,000 or less, zero, unless specifically stated otherwise. The consolidated Financial Statements were approved by the Board of Directors on 25 August 2014.

1.3 Basis of measurement

The consolidated Financial Statements have been prepared under the historical cost basis except for the following items which are measured at fair value:

- derivative financial instruments
- non-derivative financial instruments measured at fair value through profit or loss
- available-for-sale financial assets.

1.4 Critical accounting judgments and estimates

The preparation of consolidated Financial Statements requires management to exercise judgement and make estimates and assumptions in applying the Group's accounting policies which impact the reported amounts of assets, liabilities, income and expenses.

Estimates and assumptions are evaluated on an ongoing basis and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The actual result may differ from these accounting estimates. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

The following are the critical accounting policies that involve a high degree of judgement or complexity, or where assumptions and estimation uncertainties are significant in the preparation of the consolidated Financial Statements.

Testing for impairment of assets

The determination of impairment for non-financial assets, financial assets, goodwill and other intangible assets involves the use of judgements and estimates that include, but are not limited to, the cause, timing and measurement of the impairment.

Management is required to make significant judgements concerning the identification of impairment indicators, such as changes in competitive positions, expectations of growth, increased cost of capital, and other factors that may indicate impairment such as a business restructuring. In addition, management is also required to make significant estimates regarding future cash flows and the determination of fair values when assessing the recoverable amount of assets (or group of assets). Input into these valuations require assumptions and estimations to be made about forecast earnings before interest and tax and related future cash flows, growth rates, applicable discount rates, useful lives and residual values.

The judgements, estimates and assumptions used in assessing impairment are management's best estimates based on current and forecast market conditions. Changes in economic and operating conditions impacting these assumptions could result in changes in the recognition of impairment charges in future periods.

Direct and indirect income tax, including utilisation of tax losses

The Group is subject to income taxes in Australia and foreign jurisdictions and as a result significant judgement is required

in determining the Group's provision for income tax. There are many transactions and calculations relating to the ordinary course of business for which the ultimate tax determination is uncertain. The Group recognises liabilities for uncertain tax positions based on management's best estimate of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, these differences impact the current and deferred tax provisions in the period in which such determination is made.

The assumptions regarding future realisation, and therefore the recognition of deferred tax assets, may change due to future operating performance and other factors.

Measurement of asset restoration and restructuring provisions

The determination of provisions for asset restoration and restructuring involves the use of judgements and estimates as to the timing and measurement of future cash outflows.

Asset restoration provisions require assessments to be made of lease make-good conditions and decommissioning and environmental risks. The provisions also require estimates to be made of costs to dismantle and remove equipment and to restore the site to the condition required under the terms of the lease and required by environmental laws and regulations.

Restructuring provisions require assessments to be made regarding the timing of recognition, specifically are plans sufficiently detailed, approved and communicated to support recognition at a point in time. The provisions also require estimates to be made of the cost of restructuring and the timing of these cash outflows.

The judgements, estimates and assumptions used in the booking of asset

restoration and restructuring provisions are management's best estimates based on current and forecast operating and market conditions.

Measurement of fair value

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Orora Group Treasury team performs the financial instrument valuations required for financial reporting purposes, including level 3 fair values, if any, and report directly to the Chief Financial Officer (CFO) and the Audit and Compliance Committee. Discussions of valuation processes and results are held with the CFO and Orora Group Treasury at least once every six months, in line with the Group's half-yearly reporting requirements. Significant valuation issues are reported to the Audit and Compliance Committee.

When measuring the fair value of an asset or liability, the Group uses market observable data as far as possible. Fair values are categorised into three levels as prescribed under accounting standards, with each of these levels indicating the reliability of the inputs used in determining fair value. The levels in the fair value hierarchy are:

Level 1: fair value identified from quoted price traded in an active market for an identical asset or liability at the end of the reporting period. The quoted market price used for assets is the last bid price.

Level 2: fair value determined using valuation techniques that maximise the use of observable market data and rely as little as possible on entity-specific estimates. All significant inputs used in the valuation method are observable.

Level 3: one or more of the significant inputs used in determining fair value for the asset or liability is not based on

observable market data (unobservable input).

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period when the change has occurred.

Further information regarding the assumptions made in measuring fair values is included in the following notes:

- valuation of available-for-sale financial instruments – refer note 4.4
- valuation of derivative financial instruments – refer note 5.3
- measurement of share-based payments – refer note 5.6.5.

1.5 Changes in accounting policy

Except for the changes below, the Group has consistently applied the accounting policies set out within this Financial Report to all periods presented in these consolidated Financial Statements.

The Group has adopted the following new standards and amendments to standards, including any consequential amendments to other standards, with a date of initial application of 1 July 2013:

- AASB 10 *Consolidated Financial Statements*, AASB 11 *Joint Arrangements*, AASB 12 *Disclosure of Interests in Other Entities*, AASB 128 *Investments in Associates and Joint Ventures*, AASB 127 *Separate Financial Statements* and AASB 2011-7 *Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangement Standards* and AASB 2012-10 *Amendments to Australian Accounting Standards – Transition Guidance and other Amendments* together represent a suite of related standards covering the accounting and disclosure requirements for consolidated Financial Statements, associates, joint arrangements and off balance sheet vehicles

Notes to the Financial Statements

30 June 2014

Section 1 Basis of preparation (continued)

1.5 Changes in accounting policy (continued)

- AASB 13 *Fair Value Measurement* and AASB 2011-8 *Amendments to Australian Accounting Standards arising from AASB 13* combines guidance for all fair value measurements required in other standards
- AASB 119 *Employee Benefits* and AASB 2011-10 *Amendments to Australian Accounting Standards arising from AASB 119* amends disclosure, presentation and accounting to defined benefit plans and other employee benefits
- AASB 2011-4 *Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements [AASB 124]*.

In addition to the above, the Group has early adopted AASB 2013-3 *Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets*.

Although the adoption of these standards has resulted in some changes to the accounting policies of the Group they have not resulted in any adjustment to the amounts recognised in the Financial Statements. The standards have however affected the disclosures in the notes to the Financial Statements.

1.6 New accounting standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2014 and have not been applied in preparing these consolidated Financial Statements. The following new or amended accounting standards and interpretations issued by the AASB have been identified

as those which may have a material impact on the Group in the period of initial application.

AASB 9 *Financial Instruments*

AASB 9 *Financial Instruments* addresses the classification, measurement and derecognition of financial liabilities. With the recent amendments to the standard in December 2013, AASB 9 now also sets out new rules for hedge accounting. The standard is not applicable until 1 January 2018 but is available for early adoption.

There will be no impact on the Group's accounting for financial assets or financial liabilities on adoption of the standard. The new hedging rules however will align hedge accounting more closely with the Group's risk management practices and as a general rule, it will be easier to apply hedge accounting once the standard is adopted. The new standard also introduces expanded disclosure requirements and changes in presentation with regards to financial instruments.

The Group has not yet completed the analysis on how its own hedging arrangements would be affected by the new rules, and therefore has not yet decided whether to adopt any parts of AASB 9 early. In order to apply the new hedging rules, the Group would have to adopt AASB 9 and the consequential amendments to AASB 7 *Financial Instruments: Disclosures* and AASB 139 *Financial Instruments: Recognition and Measurement* in their entirety.

AASB 2014-1 *Amendments to Australian Accounting Standards*

AASB 2014-1 *Amendments to Australian Accounting Standards* makes numerous amendments and editorial corrections to Australian Accounting Standards and Interpretations with regards to the following:

- amendments arising from the issuance by the International Accounting

Standards Board Annual Improvements to *IFRSs 2010-2012 Cycle and Annual Improvements to IFRSs 2011-2013 Cycle*

- amendments to AASB 119 *Employee Benefits* in relation to the requirements for contributions from employees or third parties that are linked to service
- amendments to particular accounting standards to delete reference to AASB 1031 *Materiality*
- amendments to accounting standards to defer the mandatory application date of AASB 9 *Financial Instruments* to annual periods beginning on or after 1 January 2018, including consequential amendments to numerous accounting standards as a consequence of the introduction of the new hedge accounting rules into AASB 9, as discussed above.

Each amendment is distinct and each has their own application date and transition provisions. A preliminary review of the amendments introduced by AASB 2014-1 indicate that the application of each amendment is not expected to have any impact upon the financial results of the Group.

1.7 Basis of consolidation

Business combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The acquisition method is used regardless of whether equity instruments or other assets of a business are acquired.

The consideration transferred for the acquisition comprises the fair values of the assets transferred, the liabilities incurred and the equity interest issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any

pre-existing equity interest in the subsidiary.

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the amount of any non-controlling interest recognised in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree; less
- the fair value of the Group's share of the identifiable assets acquired and liabilities assumed.

When the excess is negative and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a bargain purchase. Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently measured to fair value with changes in fair value recognised in profit or loss.

Subsidiaries

Subsidiaries are all those entities that are controlled by the Group. The Group controls an entity when it has power over an entity, exposure or rights to variable returns from its involvement with that entity and has the ability to use that power to affect those returns. In assessing control, in addition to

considering the existence of potential voting rights that are presently exercisable or convertible, the Group also considers relationships with other parties that may result in the Group controlling an entity on the basis of de facto circumstances.

The Financial Statements of subsidiaries are included in the consolidated Financial Statements from the date that the Group obtains control until the date that control ceases. All balances and transactions between entities included within the Group are eliminated.

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any other components of equity. Any resulting gain or loss is recognised in the income statement. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Orora Employee Share Trust

The Group has formed the Orora Employee Share Trust (the 'Trust') for the purpose of managing and administering the Group's Employee Share Schemes (refer note 5.6.5), through the acquiring, holding and transferring of shares, or rights to shares, in the Company.

The Trust is consolidated as the entity is controlled by the Group. All shares held by the Trust are disclosed as treasury shares and deducted from contributed equity (refer note 5.6.1).

1.8 Foreign currencies

Items included in the Financial Statements of each of the entities included within the Group are measured using the currency of the economic environment in which the entity primarily generates and expends cash (the 'functional currency'). These consolidated Financial Statements are presented in Australian dollars, which is the functional currency of the Company, Orora Limited.

Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currency of the entity using exchange rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency of the entity holding the monetary assets and liabilities at the foreign exchange rate at that date. Foreign exchange gains and losses arising from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in equity as qualifying cash flow hedges or net investment hedges.

Translation differences on non-monetary items, such as equities held at fair value through profit or loss, are reported as part of the fair value gain or loss.

Translation differences on non-monetary items, such as equities classified as available-for-sale financial assets, are included in the available-for-sale investments revaluation reserve in equity.

Foreign operations

The results and financial position of all entities within the Group that have a functional currency different from the presentation currency are translated into Australian dollars as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing exchange rate at the date of that balance sheet
- income and expenses for each income statement and amount recognised in other comprehensive income are translated at average exchange rates, which approximate the exchange rates at the dates of the transactions

Notes to the Financial Statements

30 June 2014

Section 1 Basis of preparation (continued)

1.8 Foreign operations (continued)

Foreign operations (continued)

- goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and are translated at the closing exchange rate.

On consolidation, all the resulting exchange differences arising from the translation are recognised in other comprehensive income and accumulated as a separate component of equity in the Exchange Fluctuation Reserve (EFR). When a foreign operation is disposed of, the amount that has been recognised in equity in relation to the proportion of the foreign operation disposed of is transferred to the income statement as an adjustment to the profit or loss on disposal.

1.9 Financial instruments

Classification

The financial assets and liabilities of the Group, as presented in the statement of financial position, are classified into the following financial instrument categories in accordance with AASB 139 *Financial Instruments – Recognition and Measurement*:

- ‘Loans and receivables’ – separately disclosed as cash and cash equivalents and trade and other receivables and are measured at amortised cost
- ‘Available-for-sale financial assets’ – separately disclosed in other financial assets as an available-for-sale financial instrument and measured at fair value through other comprehensive income
- ‘Financial instruments at fair value through profit or loss’ – separately disclosed in other financial assets or other financial liabilities as a derivative financial instrument and measured at fair value through profit or loss
- ‘Financial liabilities measured at amortised cost’ – separately disclosed as trade and other payables and interest-bearing liabilities.

Judgement is required when determining the appropriate classification of the Group’s financial instruments. Details on the accounting policies for the measurement of the above instruments are set out in the relevant notes.

Recognition and derecognition

The Group recognises a financial asset or liability when it becomes a party to the contract. Financial instruments are no longer recognised in the statement of financial position when the contractual rights to receive cash flows from the instrument expire or when the Group no longer retains control of substantially all the risks and rewards under the instrument.

Section 2 Orora Limited demerger

Effective 17 December 2013 Orora Limited (the Company) and its controlled entities (collectively referred to as the Group) demerged from Amcor Ltd. The Company was listed as a separate standalone entity on the Australian Securities Exchange (ASX) on 18 December 2013 and the demerger was implemented on 31 December 2013 with the Group repaying amounts owed to Amcor Ltd totalling \$765.8 million pursuant to the Demerger Agreement.

Prior to the demerger, the Company and Amcor Ltd were required to undertake an internal corporate restructure which took place on 31 October 2013. As a result of the corporate restructure, certain flexible packaging assets and businesses of the Company were sold and several entities ceased to be and several entities became, subsidiaries of the Company. In addition, a number of operating assets and liabilities were legally transferred between the Company and entities within the Amcor Ltd Group.

As required for statutory reporting purposes, the statutory financial information for the Orora Group has been presented for the financial year ended 30 June 2014 and for the comparative financial year ended 30 June 2013. However, as a result of the corporate restructure, the statutory financial information does not give a view of the performance of the Orora Group as it is currently structured.

The Orora Group statutory financial information includes the results of certain flexible packaging entities, assets and operations for the financial year ended 30 June 2013 and for the period 1 July 2013 to 31 October 2013, being the date at which these operations ceased to be part of the Orora Group under the internal corporate restructure, as well as internal and external borrowings of the Company that were held up to the demerger date,

but which were retained by Amcor Ltd post the demerger. The statutory financial information only includes the results of the Orora Group's current businesses in North America and certain closure and fibre activities in the Australia and New Zealand region from 1 November 2013, the date at which these operations became part of the Orora Group under the internal corporate restructure.

To assist shareholders in their understanding of the Orora Group's business as it is now structured, pro forma financial information for the years ended 30 June 2014 and 2013 is provided in the Review of Operations section of the Directors' Report (and can also be found in the Company's Investor Results Release to the ASX on 25 August 2014). This pro forma information is prepared on the basis that the business as it is now structured was in effect for the period 1 July 2012 to 30 June 2014. In the preparation of the pro forma financial information, adjustments have been made to the Orora Group's results, as they are presented in Group's segment note (refer note 3.1.1), to present a view of performance as if the corporate restructure had been effective from 1 July 2012. Additional adjustments have also been made in the presentation of pro forma financial information to reflect changes in depreciation and corporate costs, associated with the Company becoming a standalone listed entity, as well as reflecting the Group holding external debt and applying an effective tax rate of 30.8% in respect of the periods presented.

The pro forma adjustments referred to above have been made on a basis consistent with those contemplated on page 46 of the *Amcor Ltd Demerger Scheme Booklet*. A reconciliation between the pro forma financial information and the Orora Group segment financial information is included within the Directors' Report (and the aforementioned Investor Results Release).

The reconciliations and the pro forma financial information will form part of the Directors' Report. They have not been audited.

2.1 Businesses acquired and disposed

As part of the corporate internal restructure undertaken by the Orora Group pursuant to the Demerger Deed with Amcor Ltd, certain assets, liabilities and legal entities have been acquired and divested by the Orora Group. Details of the legal entities acquired and disposed are included in note 6.3.1.

These transactions occurred under the common control of Amcor Ltd and for consolidation purposes have been accounted for as transactions between entities under common control. As a consequence no acquisition accounting in the form of a purchase price allocation was undertaken and therefore the assets and liabilities have not been remeasured to fair value nor has any goodwill arisen. As the Orora Group has elected to account for the business combination as a common control transaction all the assets and liabilities acquired by the Orora Group, as a result of the internal corporate restructure, have been recognised at values consistent with the carrying value of those assets and liabilities in Amcor Ltd's accounts immediately prior to the restructure.

The businesses disposed of under the corporate internal restructure, which occurred prior to the demerger, have been treated as a discontinued operation within this financial report. As a result of the internal restructure the flexible packaging assets and businesses were transferred to Amcor and resulted in the recognition of a gain on sale of \$29.8 million which was settled through intercompany loans between Orora and the Amcor Group upon demerger. This gain is presented within discontinued operations.

Notes to the Financial Statements

30 June 2014

Section 2 Orora Limited demerger (continued)

2.1 Businesses acquired and disposed (continued)

Disposed businesses

The following table identifies the carrying value of the net assets divested at the date of restructuring:

AUD million

Carrying value of net assets derecognised	
Cash and cash equivalents	4.5
Trade and other receivables	43.2
Inventories	38.6
Property, plant and equipment	80.7
Intangible assets	35.3
Deferred tax assets	10.5
Other non-current assets	4.5
Total assets	217.3
Trade and other payables	44.3
Interest-bearing liabilities	136.7
Provisions	37.5
Total liabilities	218.5
Net liabilities derecognised	(1.2)

Acquired businesses

The carrying value of the assets and liabilities that were acquired by the Orora Group as part of the internal corporate restructure that occurred prior to the demerger are as follows:

AUD million

Carrying value of net assets acquired	
Cash and cash equivalents	20.9
Trade and other receivables	228.2
Inventories	133.0
Property, plant and equipment	182.8
Intangible assets	142.5
Deferred tax assets	29.9
Other non-current assets	34.9
Total assets	772.2
Trade and other payables	176.7
Interest-bearing liabilities	156.8
Current tax liabilities	35.7
Deferred tax liabilities	39.2
Provisions	20.9
Total liabilities	429.3
Net assets recognised	342.9

Under the internal corporate restructure, the acquisition of the North America business and certain closure and fibre packaging activities in the Australia and New Zealand region, was funded through a share issue. As the acquisition was undertaken at the direction and while under the common control of Amcor Ltd these transactions have been recognised, for consolidation purposes, within equity. As a result the movements in equity include the acquisition of the reserves and retained earnings of the acquired operations as at the date of the corporate restructure and the recognition of a demerger reserve of \$132.9 million. The demerger reserve represents the difference between the deemed consideration established under the internal corporate restructure and the carrying value of the assets and liabilities acquired, under the common control transaction.

2.2 Impairment of assets

On demerger it was necessary to undertake an assessment of the carrying value of the Orora business and its Cash Generating Units (CGUs), as the fair value of the Orora business and its CGUs at the time of the demerger were influenced by the new listed entity, Orora Limited's, cost of capital.

In performing the impairment assessment management estimated the recoverable amount of each CGU based on the present value of the future cash flows expected to be derived from the CGU (value in use). The value in use assessment was calculated using five year cash flow projections that were sourced from the Group's latest internal forecasts and a pre-tax discount rate of 10.6% with nominal growth anticipated in the terminal value year.

For the majority of the CGUs, the assessment indicated that the recoverable amounts were higher than the carrying value of the assets and no impairment was required. However for the Orora Fibre CGU, which forms part of the Orora Australasia segment, the recoverable amount was below the carrying value of the assets indicating the existence of a potential impairment. Having identified the potential impairment management undertook a detailed assessment of the assets within this CGU to identify the specific assets impaired, as a result of this review an impairment of \$209.8 million was recognised. Of the impairment identified \$178.2 million relates to property, plant and equipment (refer note 4.6) and \$13.3 million to intangible assets, being computer software (refer note 4.7). The impairment identified also included asset write downs totalling \$18.3 million of which \$9.2 million related to property, plant and equipment, \$1.5 million to intangible assets and \$7.6 million inventory. The impairment losses have been recognised within 'general and administrative' expense in the income statement.

In respect of the Fibre CGU value in use computation if the pre-tax discount rate applied to the cash flow projections had been 1% higher than management's estimate (11.6% rather than 10.6%) then the impairment identified would have been \$84.7 million higher. In accordance with the Groups' accounting policies the impairment loss recognised at the date of demerger was reassessed at 30 June 2014 for any indication that the loss may have changed, no such indicators were identified.

Notes to the Financial Statements

30 June 2014

Section 3 Results for the year

This section focuses on the results and performance of the Group and includes disclosures explaining the Group's results for the year, segmental information, significant items, taxation and earnings per share.

3.1 Profit before tax

Accounting policies

Revenue recognition

Revenue is stated exclusive of Goods and Service Tax (GST) and Valued Added Tax (VAT) and comprises the sale of products and services to third parties. Selecting the appropriate timing and amount of revenue recognised requires some judgement.

Revenue from the sale of products is measured at fair value of the consideration received or receivable, net of returns allowances and discounts. Revenue is recognised when the risks and rewards of ownership have transferred to the customer. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, the costs incurred or to be incurred cannot be measured reliably, there is a risk of return of goods or there is continuing management involvement with the goods.

Dividend income is recognised on the date that the Group's right to receive payment is established.

3.1.1 Segment information

The financial information provided in this note represents the twelve month financial performance of the Orora Group as it is currently structured, that is it includes the financial results of the Orora operations located in Australia, New Zealand and North America but excludes the financial results of the flexible packaging operations disposed under the internal corporate restructure. The financial information for each reportable segment is consistent with the reporting to the chief operating decision maker. It does not include any pro forma adjustments as contemplated in note 2.

Description of segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group companies.

All operating segment results are regularly reviewed by the Group's chief operating decision maker which has been identified as the Corporate Executive Team (CET). The CET consists of the Managing Director and Chief Executive Officer, the Chief Financial Officer and the Group General Manager, Strategy. The CET provides the strategic direction and management oversight of the day to day activities of the Group in terms of monitoring results, providing approval for capital expenditure decisions and approving strategic planning for the Group.

The chief operating decision maker considers the business primarily from a geographic activity perspective and the reportable segments have therefore been identified as Australasia and North America. The following summary describes the operations of each reportable segment.

Orora Australasia

This segment focuses on the manufacture of fibre and beverage packaging products within Australia and New Zealand. The products manufactured by this segment include glass bottles, beverage cans, wines closures, corrugated boxes, cartons and sacks and the manufacture of recycled paper.

Orora North America

This segment, predominately located in North America, purchases, warehouses, sells and delivers a wide range of packaging and other related materials. The business also includes integrated corrugated sheet and box manufacturing and equipment sales capabilities.

Other

This segment includes the Corporate function of the Group.

Segment results

The following information for the financial years ended 30 June 2014 and 2013 represents the twelve month financial performance of the Orora Group as it is currently structured and represents the information related to each reportable segment, as provided to the CET. Earnings before interest, related income tax expense (EBIT) and significant items is the Group's key profit indicator. This reflects the way the business is managed and how the performance of the Group is assessed.

AUD million	Australasia		North America		Corporate		Total Reported	
	2014	2013	2014	2013	2014	2013	2014	2013
Reportable segment revenue								
Revenue from external customers	1,912.9	1,935.7	1,263.2	1,007.1	-	-	3,176.1	2,942.8
Inter-segment revenue	5.2	-	-	-	-	-	5.2	-
Total reportable segment revenue	1,918.1	1,935.7	1,263.2	1,007.1	-	-	3,181.3	2,942.8
Reportable segment profit/(loss)								
Earnings before depreciation, amortisation, interest, related income tax expense and significant items	245.4	207.2	67.5	51.2	(13.6)	6.2	299.3	264.6
Depreciation and amortisation	(93.4)	(104.6)	(10.4)	(7.7)	(5.4)	(6.1)	(109.2)	(118.4)
Earnings before interest, related income tax expense and significant items	152.0	102.6	57.1	43.5	(19.0)	0.1	190.1	146.2
Significant items before related income tax expense (refer note 3.1.2)	(229.6)	(114.6)	(0.1)	-	(21.7)	0.2	(251.4)	(114.4)
Earnings before interest and related income tax expense	(77.6)	(12.0)	57.0	43.5	(40.7)	0.3	(61.3)	31.8
Capital spend on the acquisition of property, plant and equipment and intangibles	101.9	140.8	14.9	8.6	(1.6)	2.9	115.2	152.3
Receivables	236.5	234.4	155.5	136.3	2.3	10.0	394.3	380.7
Inventory	334.9	327.9	69.4	69.0	-	-	404.3	396.9
Payables	(357.9)	(310.2)	(159.3)	(144.7)	(21.3)	(35.5)	(538.5)	(490.4)
Working capital	213.5	252.1	65.6	60.6	(19.0)	(25.5)	260.1	287.2
Average funds employed ⁽¹⁾	1,895.6	1,461.0	263.8	203.1	(15.4)	(19.2)	2,144.0	1,644.9
Operating free cash flow ⁽²⁾	172.9	123.1	45.7	38.3	(68.4)	(22.3)	150.2	139.1

(1) Average funds employed represents net working capital plus property, plant and equipment held at the beginning and end of the reporting period.

(2) Operating free cash flow represents the cash flow generated from Orora's operating and investing activities, before interest, tax and dividends.

Notes to the Financial Statements

30 June 2014

Section 3 Results for the year (continued)

3.1.1 Segment information (continued)

Understanding the segment results

The following tables reconcile the financial information provided to the Corporate Executive Team (CET) to the statutory results of the Orora Group.

Segment Revenue

Sales between segments are priced on an 'arm's length' basis and are eliminated on consolidation. The revenue from external parties reported to the CET is measured in a manner consistent with that in the income statement.

Segment revenue reconciles to total revenue from continuing operations as follows:

AUD million	2014	2013
Total reporting segment revenue	3,181.3	2,942.8
Elimination of inter-segment revenue	(5.2)	-
	3,176.1	2,942.8
Remove pre-acquisition revenue of acquired businesses ⁽¹⁾	(528.0)	(1,310.6)
Revenue from external customers	2,648.1	1,632.2
Other income ⁽²⁾	26.8	99.6
Finance income	0.9	0.3
Consolidated revenue and other income	2,675.8	1,732.1
Revenue from external customers by product		
Fibre and paper-based packaging	1,708.1	1,587.2
Beverage packaging	652.1	691.2
Traded packaging products	815.9	664.4
	3,176.1	2,942.8
Remove pre-acquisition revenue of acquired businesses ⁽¹⁾	(528.0)	(1,310.6)
Consolidated sales revenue	2,648.1	1,632.2

(1) Represents the pre-acquisition revenue of North America and certain closure and fibre packaging activities in Australia and New Zealand that were acquired by Orora Limited on 31 October 2013 as part of the internal corporate restructuring undertaken prior to the demerger of the Orora business from Amcor Ltd, refer note 2.

(2) Other income in 2013 includes \$22.9 million gain on sale of property, plant and equipment and \$57.3 million on the sale of the Fairfield land.

No single customer, within an operating segment, generates revenue greater than 10% of the Group's total revenues.

Segment EBIT

The CET uses an adjusted EBIT measure to assess the performance of the segments. This measure excludes the effects of individually significant non-recurring gains/losses however the profit measure does include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Interest income and expenditure and other finance costs are not allocated to the segments, as this type of activity is driven by the central Orora Group Treasury function, which manages the funding position of the Group.

Segment earnings reconciles to profit before income tax from continuing operations as follows:

AUD million	2014	2013
Total reporting earnings before interest and related income tax expense	(61.3)	31.8
Remove pre-acquisition earnings of acquired businesses ⁽¹⁾	(39.8)	(89.4)
Loss from operations	(101.1)	(57.6)
Finance income	0.9	0.3
Finance expense	(44.6)	(48.4)
Loss before related income tax expense	(144.8)	(105.7)

(1) Represents the pre-acquisition operating profit of North America and certain closure and fibre packaging activities in Australia and New Zealand that were acquired by Orora Limited on 31 October 2013 as part of the internal corporate restructuring undertaken prior to the demerger of the Orora business from Amcor Ltd, refer note 2.

Segment capital spend on the acquisition of property, plant and equipment and intangibles

Segment acquisition of property, plant and equipment and intangibles reconciles to statutory consolidated acquisition of property, plant and equipment and intangibles as follows:

AUD million	2014	2013
Total reportable segment capital spend on the acquisition of property, plant and equipment and intangibles	115.2	152.3
Remove acquired property, plant and equipment relating to acquired businesses ⁽¹⁾	(4.6)	(14.5)
	110.6	137.8
Add acquired property, plant and equipment relating to flexibles business ⁽²⁾	3.3	3.7
Movement in capital creditors	-	(0.3)
Movement in prepaid capital items	0.8	1.5
Capitalised asset restoration costs	0.2	1.7
Other non-cash adjustments	10.6	0.5
Consolidated acquisition of property, plant and equipment and intangibles⁽³⁾	125.5	144.9

(1) Represents the acquisition of property, plant and equipment and intangibles by North America and certain closure and fibre packaging activities in Australia and New Zealand that were acquired by Orora Limited on 31 October 2013 as part of the internal corporate restructuring undertaken prior to the demerger of the Orora business from Amcor Ltd, refer note 2.

(2) Represents the flexibles business owned by Orora Limited that was disposed of during the period as part of the internal corporate restructuring that took place prior to the demerger, refer note 2.

(3) Represents additions for the period, excluding acquired balances through business combinations. Refer notes 4.6 and 4.7.

Notes to the Financial Statements

30 June 2014

Section 3 Results for the year (continued)

3.1.1 Segment information (continued)

Understanding the segment results (continued)

Segment working capital

Segment working capital reconciles to the statutory consolidated trade and other receivables, inventory and trade and other payables as follows:

AUD million	2014	2013
Total reportable segment working capital	260.1	287.2
Remove working capital relating to acquired businesses ⁽¹⁾	-	(129.8)
Add working capital receivables relating to flexibles business ⁽²⁾	-	38.9
	260.1	196.3
Less amounts included in working capital for management reporting purposes:		
Financial instruments	3.4	(1.5)
Other current assets	(16.4)	(9.0)
Add amounts excluded from working capital for management reporting purposes:		
Capital creditors and other payables	(6.7)	(16.1)
Financial instruments and other assets	8.5	12.8
Consolidated working capital⁽³⁾	248.9	182.5

(1) Represents the working capital balances of North America and certain closure and fibre packaging activities in Australia and New Zealand that were acquired by Orora Limited on 31 October 2013 as part of the internal corporate restructuring undertaken prior to the demerger of the Orora business from Amcor Ltd, refer note 2.

(2) Represents the flexibles business owned by Orora Limited that was disposed of during the period as part of the internal corporate restructuring that took place prior to the demerger, refer note 2.

(3) Represents trade and other receivables, inventory and trade and other payables, refer notes 4.1, 4.2 and 4.3.

Segment average funds employed

Segment average funds employed reconciles to the statutory consolidated measure as follows:

AUD million	2014	2013
Total reportable segment average funds employed	2,144.0	1,644.9
Remove impact relating to acquired businesses ⁽¹⁾	(106.0)	(378.3)
Add impact of flexibles business ⁽²⁾	36.1	138.0
Consolidated average funds employed	2,074.1	1,404.6

(1) Represents the average funds employed of North America and certain closure and fibre packaging activities in Australia and New Zealand that were acquired by Orora Limited on 31 October 2013 as part of the internal corporate restructuring undertaken prior to the demerger of the Orora business from Amcor Ltd, refer note 2.

(2) Represents the flexibles business owned by Orora Limited that was disposed of during the period as part of the internal corporate restructuring that took place prior to the demerger, refer note 2.

Segment operating free cash flow

Segment operating free cash flow reconciles to statutory operating cash flow as follows:

AUD million	2014	2013
Total reportable segment operating free cash flow	150.2	139.1
Remove operating free cash flow relating to acquired businesses ⁽¹⁾	12.0	(59.0)
	162.2	80.1
Remove investing cash flow activities included in segment operating free cash flow	78.0	2.2
Add operating cash flow activities excluded from segment operating free cash flow	(89.1)	(48.8)
Net cash flows from operating activities	151.1	33.5

(1) Represents the operating free cash flow of North America and certain closure and fibre packaging activities in Australia and New Zealand that were acquired by Orora Limited on 31 October 2013 as part of the internal corporate restructuring undertaken prior to the demerger of the Orora business from Amcor Ltd, refer note 2.

Geographical information

In presenting information on the basis of geographical location both segment revenue and segment non-current assets are based on the location of the Orora business.

AUD million	Revenue		Non-current assets ⁽¹⁾	
	2014	2013	2014	2013
Geographic location				
Australia	1,620.8	1,669.1	1,526.4	1,732.9
New Zealand	297.3	266.5	118.6	129.4
United States of America	1,231.4	977.6	219.7	214.5
Other	26.6	29.6	0.2	(0.3)
	3,176.1	2,942.8	1,864.9	2,076.5
Remove pre-acquisition measure of acquired businesses ⁽²⁾	(528.0)	(1,310.6)	-	(357.1)
Add measure relating to flexibles business ⁽³⁾	-	-	-	118.7
Consolidated measure	2,648.1	1,632.2	1,864.9	1,838.1

(1) Non-current assets exclude deferred tax assets and non-current financial instruments.

(2) Represents the geographical measure of North America and certain closure and fibre packaging activities in Australia and New Zealand that were acquired by Orora Limited on 31 October 2013 as part of the internal corporate restructuring undertaken prior to the demerger of the Orora business from Amcor Ltd, refer note 2.

(3) Represents the flexibles business owned by Orora Limited that was disposed of during the period as part of the internal corporate restructuring that took place prior to the demerger, refer note 2.

Notes to the Financial Statements

30 June 2014

Section 3 Results for the year (continued)

3.1.2 Operating costs

The financial information provided in this note represents the statutory results of the Orora Group for the financial years ended 30 June 2014 and 2013.

Employee benefits

Employee costs for continuing operations can be analysed as follows:

AUD million	2014	2013
Wages and salaries	559.2	381.6
Workers' compensation and other on-costs	48.7	29.2
Superannuation costs - accumulation funds	25.6	25.2
Other employment benefits expense	5.0	0.4
Share-based payments expense		
- Equity settled share-based payments - options	0.5	-
- Equity settled share-based payments - performance rights and other compensation plans	1.6	-
- Amounts recharged by Amcor Ltd ⁽¹⁾	4.9	0.4
Total employee benefits expense	645.5	436.8

(1) The share-based payment expense recharged by Amcor represents the share-based payment expense relating to grants awarded to Orora Group employees under Amcor Long Term and Short Term Incentive Plans prior to the demerger. The recharge in the current period also includes additional share-based payment expenditure relate to the early vesting of certain awards in accordance with the Demerger Deed, refer to note 5.6.5.

Refer to note 5.6.5 for further details on share-based payments arrangements. Details of the Key Management Personnel emoluments, share options, post-retirement benefits and other long term employee benefits are set out in the Remuneration Report section of the Directors' Report.

Depreciation and amortisation

Depreciation for the twelve months to 30 June 2014 for continuing operations was \$94.6 million (2013: \$89.7 million). In addition, an amortisation expense of \$7.7 million, for continuing operations, was recognised during the twelve month period (2013: \$9.4 million) relating to the other intangible assets.

Operating leases

The total operating lease expenditure recognised during the year for continuing operations was \$70.9 million (2013: \$45.7 million). The Group leases motor vehicles, plant and equipment and property that are classified as operating leases. The leases generally provide the Group with a right of renewal at which time all terms are renegotiated.

Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease, while any material lease incentive is recognised as an integral part of the total lease expense, over the term of the lease. The total undiscounted future minimum lease payments under non-cancellable operating leases fall due for payment as follows:

AUD million	2014	2013
Lease expenditure contracted but not provided for or payable:		
Within one year	70.4	53.7
Between one and five years	169.5	117.5
More than five years	98.2	32.4
	338.1	203.6
Less sub-lease rental income	(0.2)	-
	337.9	203.6

Other expenditure commitments

At 30 June 2014 the Group had other expenditure commitments of \$102.0 million (2013: \$103.6 million) in respect of other supplies and services yet to be provided.

Auditors' remuneration

AUD thousand	2014	2013
Auditors of the Company – PwC Australia		
<i>Audit and other assurance services</i>		
Audit and review of financial reports	936.6	563.4
Other assurance services	-	3.2
<i>Other services</i>		
Taxation services and transaction related taxation advice	505.0	-
Other advisory services	39.5	-
Total PwC Australia remuneration	1,481.1	566.6
Network firms of PwC Australia		
<i>Audit and other assurance services</i>		
Audit and review of financial reports	198.1	-
Total Network firms of PwC Australia remuneration	198.1	-
Total Auditors' remuneration	1,679.2	566.6

Notes to the Financial Statements

30 June 2014

Section 3 Results for the year (continued)

3.1.2 Operating costs (continued)

Significant items from continuing operations

Significant items are large, non-recurring gains or losses that are excluded from management's assessment of profit because by their nature they could distort the Group's underlying quality of earnings. They are typically gains or losses arising from events that are not considered part of the core operations of the business. These items are excluded to reflect performance in a consistent manner and are in line with how the business is managed and measured on a day-to-day basis.

Significant income items are included in 'other income', whilst significant expenditure items are included within 'general and administration' expense in the income statement.

AUD million	2014			2013		
	Before tax	Tax (expense)/ benefit	Net of tax	Before tax	Tax (expense)/ benefit	Net of tax
<i>Income</i>						
Gain on disposal of Fairfield property	-	-	-	57.3	(9.7)	47.6
Gain on disposal of Flexibles businesses under internal corporate restructure (refer note 2)	29.8	-	29.8	-	-	-
	29.8	-	29.8	57.3	(9.7)	47.6
<i>Expense</i>						
Asset impairments recognised on demerger (refer note 2)	(209.8)	62.5	(147.3)	-	-	-
Cost incurred on demerger	(19.2)	0.6	(18.6)	-	-	-
Australasia restructuring ⁽¹⁾	(22.4)	6.7	(15.7)	(171.7)	48.8	(122.9)
	(251.4)	69.8	(181.6)	(171.7)	48.8	(122.9)
Total significant items	(221.6)	69.8	(151.8)	(114.4)	39.1	(75.3)
Significant items attributable to:						
Continuing operations	(251.4)	69.8	(181.6)	(114.4)	39.1	(75.3)
Discontinued operations	29.8	-	29.8	-	-	-
Total significant items	(221.6)	69.8	(151.8)	(114.4)	39.1	(75.3)

(1) Restructuring costs in the current period represent provision for loss making recycling contracts arising as a result of the closing the old Botany Paper and Cartonboard Mills and commissioning the new B9 recycled paper mill (2013: includes asset impairments of \$88.2 million and other costs associated with the closure of the Petrie cartonboard plant in Queensland, the closure of the Thomastown Metal Closures business in Victoria and the establishment of strategic "self-help" cost reduction projects).

3.2 Taxation

This note sets out the tax accounting policies of the Group, the current and deferred tax charges or credits in the year (which together make up the total tax charge or credit in the income statement), a reconciliation of profit before tax to the tax charge (or credit) and the movements in the deferred tax assets and liabilities.

Accounting policies

Goods and services tax/value added tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax and value added tax (GST/VAT) and other sales related taxes, except where the amount of GST/VAT incurred is not recoverable from the relevant taxation authority. In these circumstances GST/VAT is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Income Tax

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income, in which case it is recognised directly in equity or in other comprehensive income respectively.

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous periods, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the consolidated Financial Statements, and by the availability of unused tax losses.

Current tax assets and liabilities are offset where the Group has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Deferred tax is recognised using the balance sheet method in which temporary differences are calculated based on the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- taxable temporary differences arising on the initial recognition of goodwill
- taxable differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit
- temporary differences relating to investments in subsidiaries to the extent that the Group is able to control the timing of the reversal of the temporary difference and it is probable that they will not reverse in the foreseeable future.

Deferred tax is measured at the tax rates that are expected to be applied when the temporary difference reverses, that is, when the asset is realised or the liability is settled, based on the laws that have been enacted or substantively enacted at the reporting date.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only to the extent that it is probable that future taxable profits will be available against which the assets can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset and when the deferred tax balances relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but the Group intends to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Notes to the Financial Statements

30 June 2014

Section 3 Results for the year (continued)

3.2 Taxation (continued)

Taxation - Income statement

The total taxation charge in the income statement is analysed as follows:

AUD million	2014	2013
Current tax (expense)/benefit		
Current period	(6.7)	21.7
Adjustments to current tax expense relating to prior periods	0.1	2.2
Tax losses, tax credits and temporary differences not recognised for book in prior years now recouped	3.4	24.6
Total current tax (expense)/benefit	(3.2)	48.5
Deferred tax (expense)/benefit		
Origination and reversal of temporary differences	42.1	(1.5)
Change in applicable tax rates	(0.6)	-
Total deferred tax benefit/(expense)	41.5	(1.5)
Total income tax benefit attributable to continuing operations	38.3	47.0
Deferred income tax (expense)/benefit included in income tax expenses comprises:		
Increase/(Decrease) in deferred tax assets	(4.4)	9.0
(Increase)/Decrease in deferred tax liabilities	45.9	(10.5)
Deferred income tax benefit/(expense) included in income tax	41.5	(1.5)

The following table provides a numerical reconciliation of income tax expense to prima facie tax payable:

AUD million	2014	2013
Loss before related income tax expense relating to continuing operations	(144.8)	(105.7)
Tax at the Australian tax rate of 30% (2013: 30%)	43.4	31.7
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:		
Net non-deductible/non-assessable for tax	(11.8)	(11.5)
Tax losses, tax credits and temporary differences not recognised for book in prior years now recouped	3.4	24.6
Effect of local tax rate change	(0.6)	-
	34.4	44.8
Over provision in prior period	7.0	2.2
Foreign tax rate differential	(3.1)	-
Total income tax benefit	38.3	47.0

Taxation - Statement of financial position

The tables below outline the deferred tax asset/(liabilities) that are recognised in the statement of financial position, together with their movements in the year. Deferred tax assets and liabilities are attributable to the following:

AUD million	2014			2013		
	Assets	Liabilities	Net	Assets	Liabilities	Net
Property, plant and equipment	-	(35.9)	(35.9)	-	(48.6)	(48.6)
Impairment of trade receivables	1.9	-	1.9	0.7	-	0.7
Intangibles assets	-	(13.2)	(13.2)	-	(0.3)	(0.3)
Valuation of inventories	11.9	-	11.9	10.3	-	10.3
Employee benefits	36.3	-	36.3	25.7	-	25.7
Provisions	18.3	-	18.3	22.6	-	22.6
Financial instruments at fair value	1.7	-	1.7	-	(0.3)	(0.3)
Tax losses carried forward	6.9	-	6.9	-	-	-
Accruals and other items	5.3	(23.7)	(18.4)	20.4	(44.1)	(23.7)
Tax assets/(liabilities)	82.3	(72.8)	9.5	79.7	(93.3)	(13.6)
Tax set off	(59.9)	59.9	-	(79.7)	79.7	-
Net deferred tax asset/(liability)	22.4	(12.9)	9.5	-	(13.6)	(13.6)

Notes to the Financial Statements

30 June 2014

Section 3 Results for the year (continued)

3.2 Taxation (continued)

Taxation - Statement of financial position (continued)

The following table sets out the movements in the temporary differences during the year:

AUD million	Net asset/ (liability) at 1 July	Recognised in income statement	Recognised in other compre- hensive income	Acquired balances	Included in disposal group	Exchange difference	Net asset/ (liability) at 30 June
2014							
Property, plant and equipment	(48.6)	41.4	-	(24.5)	(4.0)	(0.2)	(35.9)
Impairment of trade receivables	0.7	1.3	-	0.2	(0.2)	(0.1)	1.9
Intangible assets	(0.3)	(2.1)	-	(11.1)	-	0.3	(13.2)
Valuation of inventories	10.3	0.5	-	1.6	(0.5)	-	11.9
Employee benefits	25.7	1.6	-	13.2	(3.9)	(0.3)	36.3
Provisions	22.6	(3.3)	-	1.5	(2.6)	0.1	18.3
Financial instruments at fair value	(0.3)	0.2	1.7	-	0.1	-	1.7
Tax losses carried forward	-	(4.3)	-	11.0	-	0.2	6.9
Accruals and other items	(23.7)	6.2	-	(1.2)	0.6	(0.3)	(18.4)
	(13.6)	41.5	1.7	(9.3)	(10.5)	(0.3)	9.5
2013							
Property, plant and equipment	(47.2)	(1.4)	-	-	-	-	(48.6)
Impairment of trade receivables	0.3	0.4	-	-	-	-	0.7
Intangible assets	-	-	-	(0.3)	-	-	(0.3)
Valuation of inventories	9.3	1.0	-	-	-	-	10.3
Employee benefits	27.7	(2.0)	-	-	-	-	25.7
Provisions	19.6	3.0	-	-	-	-	22.6
Financial instruments at fair value	0.3	(0.2)	(0.4)	-	-	-	(0.3)
Accruals and other items	(21.4)	(2.3)	-	-	-	-	(23.7)
	(11.4)	(1.5)	(0.4)	(0.3)	-	-	(13.6)

Unrecognised deferred tax assets and liabilities

Deferred tax liabilities have not been recognised in respect of temporary differences arising as a result of the translation of the Financial Statements of the Group investments in subsidiaries. The deferred tax liability will only arise in the event of disposal of the subsidiary, and no such disposal is expected in the foreseeable future.

Unremitted earnings of the Group's international operations are considered to be reinvested indefinitely and relate to the ongoing operations. Upon distribution of any earnings in the form of dividends or otherwise, the Group may be subject to withholding taxes payable to various foreign countries, however, such amounts are not considered to be significant. As the Group controls when the deferred tax liability will be incurred and is satisfied that it will not be incurred in the foreseeable future, the deferred tax liability has not been recognised. There are no unrecognised deferred tax assets.

3.3 Earnings per share

Accounting policies

Earnings per share (EPS) is the amount of post-tax profit attributable to each share.

Basic earnings per share

Basic EPS is calculated by dividing the net profit attributable to ordinary shareholders of the Company for the reporting period, by the weighted average number of ordinary shares on issue during the reporting period excluding ordinary shares purchased by the Company and held as treasury shares. As at 30 June 2014 the Company did not hold any Treasury Shares.

Diluted earnings per share

Diluted EPS reflects any commitments the Group has to issue shares in the future. The diluted EPS is calculated by adjusting the basic EPS for the effect of conversion to ordinary shares associated with dilutive potential ordinary shares, which comprise share options and rights granted to employees. To calculate the impact it is assumed that all share options and rights are exercised.

AUD cents	2014	2013
Basic earnings per share		
From continuing operations	(11.0)	(11.1)
From discontinued operations	3.5	1.6
Total basic earnings per share attributable to the ordinary equity holders of Orora Limited	(7.5)	(9.5)
Diluted earnings per share		
From continuing operations	(11.0)	(11.1)
From discontinued operations	3.5	1.6
Total diluted earnings per share attributable to the ordinary equity holders of Orora Limited	(7.5)	(9.5)

Calculation of EPS

The calculation of basic and diluted earnings per share has been based on the following profit attributable to ordinary shareholders and weighted average number of ordinary shares outstanding:

AUD million	2014	2013
Basic and diluted earnings per share		
Loss from continuing operations	(106.5)	(58.7)
Profit from discontinued operations	34.3	8.5
Loss attributable to the ordinary equity holders of Orora Limited used in calculating basic earnings per share	(72.2)	(50.2)
Number of shares (million)		
Weighted average number of ordinary shares for basic earnings per share ⁽¹⁾	965.3	530.6
Effect of employee options and performance rights ⁽²⁾	3.3	-
Weighted average number of ordinary shares and potential ordinary shares for diluted earnings per share	968.6	530.6

(1) The weighted average number of shares has been restated to reflect the change in the capital structure of the Company as a result of its internal restructure and demerger from Amcor Ltd, as if the change had occurred at the beginning of the comparative period.

(2) The calculation of the weighted average number of shares has been adjusted for the effect of these potential shares from the date of issue.

Notes to the Financial Statements

30 June 2014

Section 4 Assets and liabilities

This section shows the assets used to generate the Group's trading performance and the liabilities incurred as a result. Liabilities relating to the Group's financing activities are addressed in Section 5. Deferred tax assets and liabilities are shown in note 3.2.

On the following pages there are notes covering working capital, non-current assets and liabilities and provisions.

4.1 Trade and other receivables

Accounting policies

Trade receivables and loans and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest rate method, less any impairment losses. Trade and other receivables are presented as current assets, except for those where collection is not expected for more than 12 months after the reporting date which are classified as non-current assets.

The collectability of trade and other receivables is reviewed on an ongoing basis. Individual debts which are known to be uncollectable are written off when identified. An impairment provision is recognised when there is objective evidence that the Group will be unable to collect amounts due, according to the original terms of the receivables. Financial difficulty of the debtor, default in payments and the probability that the debtor will enter bankruptcy are considered indicators that a trade receivable is impaired. Where it is considered unlikely that the full amount of the receivable will be collected, a provision is raised for the amount that is doubtful.

The amount of the impairment loss is recognised in the income statement within 'general and administration' expense. When a trade receivable, for which an impairment provision had been recognised, becomes uncollectable it is written off against the impairment provision. Subsequent recoveries of amounts previously written off are credited against 'general and administration' expense in the income statement.

Loans are non-derivative financial assets with fixed or determinable payments and are measured at their amortised cost using the effective interest rate method and are usually interest-bearing. They are included in current assets, except for those with maturities greater than 12 months after the reporting date which are classified as non-current assets. Refer note 4.4.

Trade and other receivables

AUD million	2014	2013
Trade receivables	355.3	201.9
Less provision for impairment losses	(6.8)	(2.3)
	348.5	199.6
Loans and other receivables from Amcor entities (formerly related parties)	-	8.5
Loans and other receivables ⁽¹⁾	37.1	15.4
Total current trade and other receivables	385.6	223.5

(1) These amounts generally arise from transactions outside the usual operating activities of the Group. Interest may be charged at commercial rates where the terms of repayment exceed six months. Collateral is not normally obtained.

The carrying value of trade and other receivables, less impairment provisions, is considered to approximate fair value, due to the short term nature of the receivables.

Credit risks related to receivables

Customer credit risk is managed by each business group in accordance with the procedures and controls set out in the Group's credit risk management policy. Credit limits are established for all customers based on external and internal credit rating criteria and letters of credit or other forms of credit insurance cover are obtained where appropriate. In monitoring customer credit risk, customers are grouped according to their credit characteristics, including whether they are an individual or a legal entity, whether they are a wholesale, retail or end-user customer, their geographic location, industry and existence of previous financial difficulties.

For some trade receivables the Group may also obtain security in the form of guarantees, deeds of undertaking or letters of credit which can be called upon if the counterparty is in default under the terms of the agreement. The Group does not otherwise require collateral in respect of trade and other receivables.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The ageing of trade receivables, according to their due date, is as follows:

AUD million	Impaired receivables		Not impaired	
	2014	2013	2014	2013
Not past due	0.2	-	227.2	140.1
Past due 0-30 days	-	-	71.6	34.7
Past due 31-120 days	1.2	0.8	48.2	23.9
More than 121 days	5.4	1.2	1.5	1.2
	6.8	2.0	348.5	199.9

In assessing an appropriate provision for impairments of receivables consideration is given to historical experience of bad debts, the ageing of receivables, knowledge of debtor insolvency or other credit risk and individual account assessment.

As at 30 June 2014, current trade receivables of the Group with a nominal value of \$6.8 million (2013: \$2.0 million) were impaired. The amount of the provision was \$6.8 million (2013 \$2.3 million). The individually impaired receivables relate to transactions which have been disputed by customers, or receivables owing from customers experiencing financial difficulties. In some cases it has been assessed that a portion of the receivables is expected to be recovered.

The Group has recognised a loss of \$6.2 million (2013: \$3.3 million) in respect of impaired trade receivables during the financial year ended 30 June 2014. The loss has been included in 'general and administration' expense in the income statement.

As at 30 June 2014, current trade receivables of \$121.3 million (2013: \$59.8 million) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default.

Movements in the provision for impairments of receivables are as follows:

AUD million	2014	2013
Opening balance	2.3	0.8
Bad debts expense - charged to expense	6.1	2.1
Reversal of impairment	-	(0.1)
Receivables written off during the period as uncollectible	(1.8)	(0.5)
Additions under common control transaction (refer note 2.1)	1.0	-
Unused amount reversed	(0.1)	-
Disposal of business and controlled entities	(0.6)	-
Effects of movement in exchange rate	(0.1)	-
Closing balance	6.8	2.3

Notes to the Financial Statements

30 June 2014

Section 4 Assets and liabilities (continued)

4.2 Inventories

Accounting policies

Raw materials, work in progress and finished goods are valued at the lower of cost and net realisable value. The cost of inventories is based on the first-in, first-out principle or weighted average cost formula and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. In respect of manufacturing inventories and work in progress, cost includes an appropriate proportion of production fixed and variable overheads incurred in the normal course of business. Cost may also include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of inventories.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Inventories

AUD million	2014	2013
Raw materials and stores at cost	156.6	109.9
Work in progress at cost	11.7	20.4
Finished goods at cost	208.9	142.0
Total inventory carried at cost	377.2	272.3
Raw materials and stores at net realisable value	10.0	10.9
Work in progress at net realisable value	0.1	5.7
Finished goods at net realisable value	17.0	27.4
Total inventory carried at net realisable value	27.1	44.0
Total inventories	404.3	316.3

During the period the Group recognised a write-down of \$7.9 million (2013: \$3.6 million) with regard to the net realisable value of inventories. Included in this write down is \$7.6 million of engineering spares relating to the Fibre Cash Generating Unit (CGU) impairment assessment, refer note 2.2 for further details. The \$7.6 million write down has been included in 'general and administration' expense while the remaining \$0.3 million recognised in 'cost of sales' expense in the income statement.

4.3 Trade and other payables

Accounting policies

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of the financial year which were unpaid at the end of the financial year. These amounts are unsecured. Trade and other payables are included in current liabilities, except for those liabilities where payment is not due within 12 months from reporting date which are classified as non-current liabilities.

Trade and other payables are stated at their amortised cost and are non-interest-bearing. The carrying value of trade and other payables is considered to approximate fair value due to the short term nature of the payables.

Trade and other payables

AUD million	2014	2013
Current		
Secured creditors	-	1.1
Trade creditors	374.5	272.3
Other creditors and accruals	166.5	83.9
Total current trade and other payables	541.0	357.3
Non-current		
Other unsecured creditors	6.5	6.2
Total non-current other payables	6.5	6.2

4.4 Other financial assets

Accounting policies

Derivative financial instruments

Derivative financial instruments are recognised initially at fair value on the date the instrument is entered into. Subsequent to initial recognition, derivative financial instruments are remeasured to fair value at the end of each reporting period. The gain or loss on remeasurement to fair value is recognised immediately in the income statement unless the derivative is designated and is effective as a hedging instrument, in which event, the timing and the recognition of profit or loss depends on the nature of the hedging relationship.

Investments in equity securities

Investments in listed equity securities are available-for-sale financial assets and are included in non-current assets. Investments in listed equity securities are initially recognised at fair value plus transaction costs and are subsequently carried at fair value. The fair value of the investment is based on last quoted price. Unrealised gains and losses arising from changes in the fair value are recognised in other comprehensive income and accumulated in the available-for-sale reserve. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments within equity are reclassified to the income statement.

Loans and other receivables

Loans are non-derivative financial assets with fixed or determinable payments and are measured at their amortised cost using the effective interest rate method and are usually interest-bearing. They are included in non-current assets when the maturity is greater than 12 months after the reporting date.

Impairment

Financial assets are assessed at each reporting period to assess whether there is any objective evidence that they are impaired. A financial asset is considered to be impaired if there is objective evidence which indicates that there has been a negative effect on the estimated future cash flows of that asset. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed in groups which share similar credit risk characteristics.

Impairment losses in respect of financial assets measured at amortised cost are calculated as the difference between the carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is measured as the difference between the acquisition cost and the current fair value when there is a significant or prolonged decline in the fair value of a financial asset below its cost.

Impairment losses are recognised in the income statement. Any cumulative loss in respect of an available-for-sale financial asset recognised previously in equity is transferred to the income statement when the impairment is recognised.

Impairment losses are only reversed if the reversal can be objectively related to an event occurring after the impairment loss was recognised. For financial assets that are measured at amortised cost the reversal is recognised in the income statement. For available-for-sale financial assets that are equity securities, the reversal is recognised directly in equity.

Other financial assets

AUD million	2014	2013
Current		
Derivative financial instruments (refer note 5.3)	0.8	2.8
Total current other financial assets	0.8	2.8
Non-Current		
Available-for-sale financial instruments	9.1	4.6
Loans and other receivables	2.8	4.5
Total non-current other financial assets	11.9	9.1

The fair value available-for-sale financial instrument, which represents investments in companies listed on stock exchanges, is \$9.1 million (2013: \$4.6 million) and was determined by reference to quoted share prices in an active market (classified as Level 1 in the fair value hierarchy). The carrying value of loans and other receivables is considered to approximate fair value.

Notes to the Financial Statements

30 June 2014

Section 4 Assets and liabilities (continued)

4.5 Other assets

AUD million	2014	2013
Current		
Contract incentive payments ⁽¹⁾	16.9	15.9
Prepayments	16.7	10.2
Total current other assets	33.6	26.1
Non-current		
Contract incentive payments ⁽¹⁾	58.0	67.6
Prepayments	4.2	5.7
Other non-current assets	26.1	0.5
Total non-current other assets	88.3	73.8

(1) Contract incentives are provided to customers to secure long term sale agreements and are amortised over the period of the contractual arrangement.

4.6 Property, plant and equipment

The following section provides information about the physical assets used by the Group to operate the business and generate revenues and profits.

The cost of property, plant and equipment is the amount initially paid for the asset. A depreciation expense is charged to the income statement to reflect annual wear and tear and the reduced value of the asset over time. Depreciation is calculated by estimating the number of years the Group expects the asset to be used (useful economic life). If there has been a technological change or decline in business performance the Directors review the value of the assets to ensure they have not fallen below their depreciated value. If an asset's value falls below its depreciated value an additional one-off impairment charge is made against profit.

Accounting policies

Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the item including borrowing costs that are related to the acquisition, construction or production of a qualifying asset. Cost also may include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial year in which they are incurred.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount of the disposed asset and are included in the income statement in the period the disposal occurs and are recognised net within 'other income' in the income statement.

Depreciation

Property, plant and equipment, excluding freehold land, is depreciated at rates based upon the expected useful lives, or in the case of leasehold improvements the lease term, using the straight-line method. Land is not depreciated. Depreciation rates used for each class of asset for the current and comparative periods are as follows:

- Buildings between 1% - 5%
- Land improvements between 1% - 3%
- Plant and equipment between 2.5% - 25%

Depreciation methods, residual values and useful lives are reassessed, and adjusted if appropriate, at each reporting date.

Impairment

Property, plant and equipment that is subject to depreciation is reviewed for impairment whenever events or changes in circumstances indicate that the asset's carrying amount is greater than its estimated recoverable amount. Indicators of impairment may include changes in technology and business performance. Where it is identified that the carrying amount is greater than the asset recoverable amount, the asset is immediately written down to its recoverable amount.

Impairment losses recognised in prior periods in respect of property, plant and equipment are assessed at each reporting date for any indications that the impairment loss has decreased or may no longer exist. The impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount of the asset and is reversed only to the extent that the carrying amount of the asset does not exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised.

Property, plant and equipment

Property, plant and equipment can be analysed as follows:

AUD million	Land	Land improve- ments	Buildings	Plant and equipment	Assets under cons- truction	Total
2014						
Cost						
Opening balance	69.4	10.0	403.3	2,524.8	-	3,007.5
Additions for the period	-	-	21.0	100.2	-	121.2
Disposals during the period	-	-	(0.9)	(89.6)	-	(90.5)
Additions through business acquisitions	-	-	-	0.2	-	0.2
Additions under common control transaction (refer note 2.1)	4.1	1.3	36.5	419.6	-	461.5
Disposal of businesses under common control transaction (refer note 2.1)	-	-	(4.6)	(214.0)	-	(218.6)
Other transfers	-	-	6.0	(6.0)	-	-
Effect of movements in foreign exchange rates	0.3	-	1.7	17.6	-	19.6
Closing balance	73.8	11.3	463.0	2,752.8	-	3,300.9
Accumulated depreciation and impairment						
Opening balance	(0.3)	(2.6)	(59.1)	(1,319.7)	-	(1,381.7)
Depreciation charge	-	(0.3)	(9.2)	(88.6)	-	(98.1)
Disposals during the period	-	-	(0.7)	55.8	-	55.1
Additions under common control transaction (refer note 2.1)	-	(0.5)	(16.8)	(261.4)	-	(278.7)
Disposal of businesses under common control transaction (refer note 2.1)	-	-	3.3	134.6	-	137.9
Impairment loss	(0.1)	-	(34.2)	(143.9)	-	(178.2)
Effect of movements in foreign exchange rates	-	-	(0.9)	(12.0)	-	(12.9)
Closing balance	(0.4)	(3.4)	(117.6)	(1,635.2)	-	(1,756.6)
Carrying value 30 June 2014	73.4	7.9	345.4	1,117.6	-	1,544.3

Notes to the Financial Statements

30 June 2014

Section 4 Assets and liabilities (continued)

4.6 Property, plant and equipment (continued)

Property, plant and equipment (continued)

AUD million	Land	Land improve- ments	Buildings	Plant and equipment	Assets under cons- truction	Total
2013						
Cost						
Opening balance	92.3	13.5	272.4	2,353.5	594.3	3,326.0
Additions for the period	-	-	1.7	49.1	90.3	141.1
Disposals during the period	(22.9)	(3.5)	(48.5)	(386.2)	-	(461.1)
Additions through business acquisitions	-	-	-	1.5	-	1.5
Other transfers	-	-	177.7	506.9	(684.6)	-
Closing balance	69.4	10.0	403.3	2,524.8	-	3,007.5
Accumulated depreciation and impairment						
Opening balance	(0.3)	(5.3)	(84.1)	(1,538.9)	-	(1,628.6)
Depreciation charge	(0.1)	(0.2)	(8.4)	(91.5)	-	(100.2)
Disposals during the period	0.1	2.9	33.4	385.8	-	422.2
Impairment loss	-	-	-	(75.1)	-	(75.1)
Closing balance	(0.3)	(2.6)	(59.1)	(1,319.7)	-	(1,381.7)
Carrying value 30 June 2013	69.1	7.4	344.2	1,205.1	-	1,625.8

At 30 June 2014, no property, plant and equipment was provided as security for any interest-bearing borrowings (2013: nil).

Impairments

30 June 2014

During the year ended 30 June 2014, the Australasia segment recorded impairments of \$187.4 million of property, plant and equipment relating to the Fibre CGU impairment assessment, of which \$9.2 million of equipment assets were scrapped with an additional impairment of \$178.2 million recognised. The impairments were recognised within 'general and administration' expense in the income statement; refer note 2.2 for further details.

In accordance with the Group's accounting policies the impairment loss recognised in the current period, and the impairment recognised in the prior period (see discussion below), were reassessed at 30 June 2014 for any indications that the loss may have decreased or may no longer exist, no such indicators were identified.

30 June 2013

During the year ended 30 June 2013 an impairment of \$75.1 million was recognised as a result of the restructuring events that were undertaken within the Australasia segment. This included an impairment of \$2.2 million recognised on the closure of the Thomastown Metal Closures business in Victoria and an impairment of \$72.9 million recognised on the announcement of the closure of the Petrie recycled cartonboard manufacturing plant in Queensland, which occurred in September 2013.

The recoverable amounts of the assets were assessed as nil as management do not anticipate being able to utilise or sell these assets and they will be scrapped on the closure and demolition of the closed sites.

Capital commitments

At 30 June 2014 the Group had capital commitments contracted but not provided for in respect of the acquisition of property, plant and equipment of \$7.1 million (2013: \$5.7 million).

4.7 Intangible assets

The following section provides information about the non-physical assets used by the Group to operate the business and generate revenue and profits.

These assets include customer relationships, licences, software development, and goodwill. The cost of these assets is the amount that the Group has paid or, where there has been a business combination, the fair value of the specific intangible assets that could be sold separately or which arise from legal rights. In the case of goodwill, this cost is the amount the Group has paid in acquiring a business over and above the fair value of the individual assets and liabilities acquired.

The value of intangible assets, with the exception of goodwill, reduces over the number of years the Group expects to use the asset, the useful economic life, via an annual amortisation charge to the income statement. Where there has been technological change or decline in the business performance, management review the value of assets to ensure they have not fallen below their recoverable amount. Should an asset's value fall below its recoverable amount an additional one-off impairment charge is made against profit.

Accounting policies

Computer software

Expenditure on significant commercial development, including major software applications and associated systems, is capitalised and amortised on a straight-line basis over the period of time during which the benefits are expected to arise, typically between three to ten years.

Software costs are capitalised as intangible assets if they are separable or arise from contractual or other legal rights and it is probable that the expected future economic benefits attributable to the asset will flow to the Group, and the cost of the asset can be measured reliably.

Where software is internally generated, only the costs incurred in the development phase are capitalised and these are amortised on a straight-line basis over the period of time during which the benefits are expected to arise, typically a period not exceeding ten years. Software costs which are incurred in the research phase are expensed.

Goodwill

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. Goodwill is not amortised, instead goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less any accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash generating units for the purpose of impairment testing. The allocation is made to those cash generating units or groups of cash generating units that are expected to benefit from the business combination in which the goodwill arose.

Other intangible assets

Other intangible assets are measured at cost less accumulated amortisation and accumulated impairment losses, except for those identified as having indefinite useful lives which are not amortised. As at 30 June 2014 the Group does not hold any indefinite life intangible assets, other than goodwill.

Impairment

Impairment testing is completed at each reporting date for goodwill and intangible assets that have indefinite useful lives or assets that are not ready for use, or more frequently if events or changes in circumstances indicate that the asset may be impaired.

For intangible assets that are subject to amortisation the asset is reviewed for impairment whenever events or changes in circumstances indicate that the asset's carrying amount is greater than its estimated recoverable amount. Indicators of impairment may include changes in technology and business performance.

In testing for impairment, the recoverable amount is estimated for an individual asset or, if it is not possible to estimate the recoverable amount for the individual asset, the recoverable amount of the cash generating unit (CGU) to which the asset belongs. CGUs are the smallest identifiable group of assets that generate cash flows that are largely independent from the cash flows of other assets or group of assets. Each CGU is no larger than an operating segment.

Notes to the Financial Statements

30 June 2014

Section 4 Assets and liabilities (continued)

4.7 Intangible assets (continued)

Impairment (continued)

The recoverable amount of an asset or a CGU is the greater of fair value less cost of disposal 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 the risks specific to the asset or CGU and the market's current assessment of the time value of money. An impairment loss is recognised in the income statement if the carrying amount of an asset or a CGU exceeds its recoverable amount. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs) and then, to reduce the carrying amount of the other assets in the CGU (group of CGUs).

Impairment losses recognised in respect of goodwill are not reversed. Impairment losses recognised in prior periods in respect of intangible assets are assessed at each reporting date for any indications that the impairment loss has decreased or may no longer exist. The impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount of the asset and is reversed only to the extent that the carrying amount of the asset does not exceed the carrying amount that would have been determined, net of amortisation, had no impairment loss been recognised.

Intangible assets

Intangible assets can be analysed as follows:

AUD million	Computer software	Goodwill	Other intangible assets	Total
2014				
Cost				
Opening balance	115.4	107.9	1.0	224.3
Additions through internal activities	3.4	-	-	3.4
Additions for the period	0.9	-	-	0.9
Additions through business acquisitions	-	2.4	-	2.4
Additions under common control transaction (refer note 2.1)	37.1	135.7	5.6	178.4
Disposals during the period	(4.4)	-	-	(4.4)
Disposal of businesses under common control transaction (refer note 2.1)	(5.8)	(35.2)	-	(41.0)
Effect of movements in foreign exchange rates	0.3	2.2	-	2.5
Closing balance	146.9	213.0	6.6	366.5
Accumulated amortisation and impairment				
Opening balance	(77.9)	(7.9)	-	(85.8)
Amortisation charge	(7.7)	-	-	(7.7)
Disposals during the period	3.0	-	-	3.0
Additions under common control transaction (refer note 2.1)	(30.3)	-	(5.6)	(35.9)
Disposal of businesses under common control transaction (refer note 2.1)	5.7	-	-	5.7
Impairment loss	(13.3)	-	-	(13.3)
Effect of movements in foreign exchange rates	(0.2)	-	-	(0.2)
Closing balance	(120.7)	(7.9)	(5.6)	(134.2)
Carrying value 30 June 2014	26.2	205.1	1.0	232.3

AUD million	Computer software	Goodwill	Other intangible assets	Total
2013				
Cost				
Opening balance	118.5	87.1	-	205.6
Additions through internal activities	2.2	-	-	2.2
Additions for the period	1.6	-	-	1.6
Additions through business acquisitions	-	20.8	1.0	21.8
Disposals during the period	(6.9)	-	-	(6.9)
Closing balance	115.4	107.9	1.0	224.3
Accumulated amortisation and impairment				
Opening balance	(69.4)	(7.9)	-	(77.3)
Amortisation charge	(9.5)	-	-	(9.5)
Disposals during the period	6.4	-	-	6.4
Impairment loss	(5.4)	-	-	(5.4)
Closing balance	(77.9)	(7.9)	-	(85.8)
Carrying value 30 June 2013	37.5	100.0	1.0	138.5

The amortisation of computer software is included in 'general and administration' expenses within the income statement.

Impairments

During the year ended 30 June 2014, the Australasia segment recorded impairments of \$14.8 million of computer software assets relating to the Fibre CGU impairment assessment of which \$1.5 million of assets were scrapped while and additional impairment of \$13.3 million was recognised (2013: \$5.4 million of computer software relating to the announced closure of the Petrie recycled cartonboard manufacturing plant in Queensland). The impairments were recognised within 'general and administration' expense in the income statement, refer note 2.2 for further details.

Goodwill impairment tests

For the purpose of impairment testing, goodwill is allocated to cash generating units or groups of cash generating units (CGUs) according to the level at which management monitors goodwill.

The goodwill amounts allocated below are tested annually or more regularly if there are indicators of impairment, by comparing the recoverable amount of each CGU or group of CGU assets to their carrying value. The recoverable amounts of the CGUs were based on the present value of the future cash flows expected to be derived from the CGU (value in use). Value in use is calculated from cash flow projections for five years using data from the Group's latest internal forecasts. The key assumptions for the value in use calculations are those regarding discount rates, growth rates and expected changes in earnings.

The forecasts used in the value in use calculations are management's best estimate of income, expenses, capital expenditure and cash flows for each asset and CGU. Changes in selling prices and direct costs are based on past experience and management's expectation of future changes in the markets in which the Group operates. Cash flows beyond the five year period are extrapolated using estimated growth rates which are determined with regard to the long term performance of each CGU in their respective markets and are not expected to exceed the long term average growth rates for the industry in which each CGU operates.

Notes to the Financial Statements

30 June 2014

Section 4 Assets and liabilities (continued)

4.7 Intangible assets (continued)

Goodwill impairment tests (continued)

The following table presents a summary of the goodwill allocation and the key assumptions used in determining the recoverable amount of each CGU:

CGU	Goodwill Allocation		Pre-Tax Discount Rate		Growth Rate	
	2014 AUD million	2013 AUD million	2014 %	2013 %	2014 %	2013 %
Australasia	90.3	64.8	10.7	9.1	2.0	nominal
North America	114.8	-	10.7	-	2.0	-
Other ⁽¹⁾	-	35.2	-	9.9	-	3.0
	205.1	100.0				

(1) The 'other' balance represents goodwill relating to the Australian Flexible operations that were transferred to Amcor Ltd under the internal corporate restructure that took place prior to the demerger (refer note 2).

The discount rate used in performing the value in use calculations reflects the Group's weighted average cost of capital, as adjusted for specific risks relating to each geographical region in which the CGU's operate.

4.8 Provisions

A provision is recognised by the Group where an obligation exists, relating to events in the past and it is probable that cash will be paid to settle it. A provision is made where the Group is not certain how much cash will be required to settle a liability, so an estimate is required.

Accounting policies

A provision is recognised when there is a legal or constructive obligation as a result of a past event and it is probable that a future sacrifice of economic benefits will be required to settle the obligation, and the amount can be reliably estimated.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the obligation at the reporting date. The present value of a provision is determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the recovery receivable is recognised as an asset when it is virtually certain that the recovery will be received.

Employee entitlements

Employee entitlements include the liability for annual leave and long service leave. The current provision for employee entitlements includes accrued annual leave, vesting sick leave and long service leave. Long service leave covers all unconditional entitlements, where employees have committed the required period of service and also where employees are entitled to pro-rate payments in certain circumstances.

Employee entitlements are measured as the present value of estimated future cash outflows to be made in respect of services provided by the employee up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and period of service.

Liabilities that are not expected to be settled within 12 months are discounted using market yields at the reporting date of high quality corporate bonds or the market yield on government bonds if there is no deep market for corporate bonds within a particular country. The rates used reflect the terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Liabilities for employee benefits such as wages, salaries, sick leave and other current employee entitlements represent present obligations arising from employees' services provided to the reporting date and are calculated at undiscounted amounts based on remuneration wage and salary rates, including related on-costs, such as workers compensation insurance and payroll tax and are presented in other payables.

Insurance and other claims

Insurance and other claims include provisions for workers' compensation, insurance and other claims. Provisions are recognised for claims received and expected to be received in relation to incidents occurring prior to reporting date and are measured based upon historical claim rates.

Estimated net future cash flows are based on the assumption that all claims will be settled and the weighted average cost of historical claims adjusted for inflation will continue to approximate future costs.

Asset restoration

The Group is required to restore leased premises to their original condition at the end of the respective lease term, typically relating to excessive wear and tear or alternations that have been made to the lease property to accommodate the operations of the business. A provision has been recognised, for the present value, of the estimated lease expenditure associated with the remediation of these sites. These costs have been capitalised as part of the cost of leasehold improvements and are amortised over the shorter of the lease term or the useful life of the asset. In addition, in a small number of cases there are also areas of known or suspected contamination caused by past practice including, for example, the existence of underground storage tanks. In these cases additional amounts are included in the provision for the potential clean up of that contamination.

Where the Group has a legal or constructive obligation to restore a site on which an asset is located either through make-good provisions included in lease agreements or decommissioning of environmental risks, the present value of the estimated costs of dismantling and removing the asset and restoring the site is recognised as a provision with a corresponding increase to the related item of property, plant and equipment.

At each reporting date, the liability is remeasured in line with changes in discount rates, estimated cash flows and the timing of those cash flows. Any changes in the liability are added to or deducted from the related asset, other than the unwinding of the discount, which is recognised as a financing cost in the income statement.

Restructuring

The restructuring provision primarily relates to cost reduction and reorganisation activities associated with the Australasia operations. In addition, restructuring provisions have also been recognised in relation to costs associated with the closure of the Petrie recycled cartonboard manufacturing plant and the Zillmere cartons site in Queensland, Australia and the beverage closures business in North Laverton, Victoria, Australia.

A provision for restructuring is recognised when the Group has a detailed formal restructuring plan and the restructuring has either commenced or has been publicly announced. Future operating costs in relation to the restructuring are not provided for.

Where a restructuring plan includes the termination of employees before normal retirement date, or when an employee accepts voluntary redundancy, the Group recognises a provision for redundancy when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal. The amount recognised is measured only in reference to services already provided by the employee. Payments falling due greater than 12 months after reporting date are discounted to present value.

Notes to the Financial Statements

30 June 2014

Section 4 Assets and liabilities (continued)

4.8 Provisions (continued)

Provisions

The movements in provisions during the year are as follows:

AUD million	Employee entitlements	Insurance and other claims	Asset restoration	Restructuring	Total
Balance at 1 July 2013	85.2	12.8	17.7	84.5	200.2
Provisions made during the period	30.0	7.3	0.4	35.8	73.5
Payments made during the period	(36.0)	(5.5)	(0.4)	(67.7)	(109.6)
Released during the period	(2.2)	(0.7)	(0.7)	(5.9)	(9.5)
Additions under common control transaction (refer note 2.1)	11.8	4.3	4.8	-	20.9
Disposal of businesses under common control transaction (refer note 2.1)	(13.8)	(1.7)	(2.8)	(19.2)	(37.5)
Unwinding of discount	-	0.1	0.6	-	0.7
Effect of movement in foreign exchange rate	0.5	-	0.2	-	0.7
Balance at 30 June 2014	75.5	16.6	19.8	27.5	139.4
Current	68.2	15.0	6.0	18.0	107.2
Non-current	7.3	1.6	13.8	9.5	32.2
Balance at 1 July 2012	91.9	13.4	22.2	35.2	162.7
Provisions made during the period	32.8	3.1	1.7	130.4	168.0
Payments made during the period	(39.9)	(2.9)	(3.9)	(80.6)	(127.3)
Released during the period	(0.8)	(0.8)	(2.9)	(0.2)	(4.7)
Additions through business acquisitions	0.9	-	-	-	0.9
Unwinding of discount	-	-	0.6	-	0.6
Other transfers	0.3	-	-	(0.3)	-
Balance at 30 June 2013	85.2	12.8	17.7	84.5	200.2
Current	78.2	12.8	4.3	78.6	173.9
Non-current	7.0	-	13.4	5.9	26.3

Section 5 Capital structure and financing costs

This section outlines how the Group manages its capital structure and related financing costs, including its balance sheet liquidity and access to capital markets.

The Directors determine the appropriate capital structure of Orora, specifically, how much is raised from shareholders (equity) and how much is borrowed from financial institutions (debt) in order to finance the Group's activities both now and in the future. The Directors consider the Group's capital structure and dividend policy at least twice a year ahead of announcing results and do so in the context of its ability to continue as a going concern, to execute the strategy and to deliver its business plan.

Prior to the Group's demerger from Amcor Ltd a syndicate of domestic and international financial institutions committed to provide a \$1,100.0 million revolving multicurrency facility to the Group. The facility is made up of two tranches, with Tranche A being a \$550.0 million facility maturing in December 2016, and Tranche B a \$550.0 million facility maturing in December 2018. On 31 December 2013, \$765.8 million was drawn down under the facility to effect the demerger (refer note 2).

During the 2014 reporting period Orora Limited has complied with the financial covenants of its borrowing facilities.

5.1 Net cash

AUD million	2014	2013
Cash on hand and at bank	27.6	11.2
Deposits at call	2.9	3.7
Total cash and cash equivalents	30.5	14.9
Loan amounts owing to Amcor Ltd, due within one year	-	789.3
Bank overdrafts	-	1.3
Bank loans due within one year	14.2	-
Amounts due within one year	14.2	790.6
Bank loans due after one year	651.9	-
Total debt	666.1	790.6
Net debt	635.6	775.7

Cash and cash equivalents

Cash and cash equivalents include cash on hand and at bank, short term deposits and short term money market investments. Bank overdrafts are shown within interest-bearing liabilities in current liabilities on the statement of financial position. The carrying value of cash and cash equivalents is considered to approximate fair value.

Loan amounts owing to Amcor Ltd, due within one year

Prior to the demerger the Group was historically funded through working capital facilities and intercompany loans provided by Amcor Ltd. These loans were repayable at call and were therefore disclosed as payable within one year and interest was charged at commercial rates.

Bank loans due within one year

Loans due within one year include bank overdrafts and uncommitted loans facilities that are repayable on demand and form an integral part of the Group's cash management processes.

Notes to the Financial Statements

30 June 2014

Section 5 Capital structure and financing costs (continued)

5.1 Net cash (continued)

Bank loans due after one year

In December 2013 AUD765.8 million was drawn under the Group's revolving multicurrency facility, to repay amounts owed to Amcor Ltd pursuant to the Demerger Agreement (refer note 2).

As at 30 June 2014 bank loans due after one year include:

- AUD425.0 million drawn under a AUD550.0 million committed global syndicated multi-currency facility maturity in December 2016
- USD179.3 million and AUD40.0 million drawn under a AUD550.0 million committed global syndicated multi-currency facility maturity in December 2018.

The amounts have been drawn under Australian and US dollars and bear interest at the applicable BBSY and LIBOR rate plus an applicable credit margin.

5.2 Interest-bearing liabilities

The Group's interest-bearing liabilities represent borrowings from financial institutions. The interest payable on these instruments is shown in the net financing costs in note 5.4.

Accounting policies

Bank overdrafts, bank loans and other loans are initially recognised at their fair value, net of transaction costs incurred. Subsequent to initial recognition, interest-bearing liabilities are measured at amortised cost with any difference between the net proceeds and the maturity amount recognised in the income statement over the period of the borrowings using the effective interest rate method.

Interest-bearing liabilities are derecognised when the obligation specified in the contract is discharged, cancelled or expires. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid is recognised in profit or loss as other income or finance costs.

Interest-bearing liabilities are classified as current liabilities, except for those liabilities where the Group has an unconditional right to defer settlement for at least 12 months after the reporting period which are classified as non-current liabilities.

Maturity of interest-bearing liabilities

The table below analyses the Group's borrowings by when they fall due for payment:

AUD million	Current	Non-current			Total
	1 year or less, or on demand	1-2 years	2-5 year	More than 5 years	
2014					
Unsecured borrowings					
Bank loans	14.2	-	651.9	-	666.1
Amounts owing to Amcor Ltd	-	-	-	-	-
Total unsecured borrowings	14.2	-	651.9	-	666.1
Total debt	14.2	-	651.9	-	666.1
2013					
Unsecured borrowings					
Bank overdrafts	1.3	-	-	-	1.3
Amounts owing to Amcor Ltd	789.3	-	-	-	789.3
Total unsecured borrowings	790.6	-	-	-	790.6
Total debt	790.6	-	-	-	790.6

For all borrowings, the fair values are not materially different to their carrying amount since the interest payable on those borrowings is either close to current market rates or the borrowings are of a short term nature.

5.3 Derivative financial instruments

A derivative is a type of financial instrument typically used to manage risk. A derivative's value changes over time in response to underlying variables such as exchange rates or interest rates and is entered into for a fixed period. A hedge is where a derivative is used to manage an underlying exposure.

The Group is exposed to changes in interest rates on its net borrowings, changes in foreign exchange rates on its foreign currency commercial transactions (transaction risk) and translation of balance sheet items of foreign subsidiaries (translation risk) and exposure to commodity price and employee share price risk arising from the Group's operational activities. In accordance with Board approved policies the Group uses derivative financial instruments to hedge these underlying exposures. Refer to note 5.5 for further details regarding the risk management policies of the Group.

Derivative financial instruments are initially included in the statement of financial position at their fair value, either as assets or liabilities, and are subsequently remeasured at fair value or 'marked to market' at each reporting date. Movements in instruments measured at fair value are recorded in the income statement in net financing costs.

An interest rate swap is an instrument to exchange a fixed rate of interest for a floating rate, or vice versa, or one type of floating rate for another. A cross-currency interest rate swap exchanges a fixed or floating interest rate in one currency for a floating or fixed interest rate at in another currency.

Accounting policies

Derivative financial instruments are recognised initially at fair value on the date the instrument is entered into. Subsequent to initial recognition, derivative financial instruments are remeasured to fair value at the end of each reporting period. The gain or loss on remeasurement to fair value is recognised immediately in the income statement unless the derivative is designated and is effective as a hedging instrument, in which event the timing and the recognition of profit or loss depends on the nature of the hedging relationship.

Notes to the Financial Statements

30 June 2014

Section 5 Capital structure and financing costs (continued)

5.3 Derivative financial instruments (continued)

Accounting policies (continued)

The Group designates certain derivatives either as:

- hedges of the exposure to fair value changes in recognised assets or liabilities or firm commitments (fair value hedges);
- hedges of the exposure to variability in cash flows attributable to a recognised asset or liability or highly probable forecast transaction (cash flow hedges); or
- hedges of net investments in foreign operations (net investment hedges).

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, as to whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items.

Derivative instruments are classified as non-current assets or liabilities when the remaining maturity of the hedged item is greater than 12 months, and are classified as current assets or liabilities when the remaining maturity is less than 12 months. Trading derivatives are classified as a current asset or liability.

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in the income statement within other income or other expenses.

Fair value hedge

Where a derivative financial instrument is designated as a hedge of exposure to changes in fair value of a recognised asset or liability, the changes in the fair value of the derivative are recognised in the income statement, together with the changes in fair value of the hedged asset or liability attributable to the hedged risk. The gain or loss relating to the effective portion of interest rate swaps hedging fixed rate borrowings is recognised in the income statement within finance costs, together with changes in the fair value of the hedged fixed rate borrowings attributable to interest rate risk. The gain or loss relating to the ineffective portion is recognised in the income statement within other income or other expenses.

If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortised to the income statement over the period to maturity using a recalculated effective interest rate.

Cash flow hedge

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability, or a highly probable forecast transaction, the effective part of any gain or loss on the derivative financial instrument is recognised in other comprehensive income and accumulated in equity in the hedging reserve. The change in the fair value that is identified as ineffective is recognised immediately in the income statement within other income or other expenses.

Amounts accumulated in equity are transferred to the income statement in the periods when the hedged item affects profit or loss (for instance, when the forecast sale that is hedged takes place). However, when the forecast transaction that is hedged results in the recognition of a non-financial asset (for example, inventory), the gains and losses previously deferred in equity are transferred from equity and included in the measurement of the initial cost or carrying amount of the asset.

When a hedging instrument expires or is sold, terminated or exercised, 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.

Derivative financial instruments

As at 30 June 2014 and 2013, the Group only held derivative financial instruments whose fair values were measured in accordance with Level 2 of the fair value hierarchy. The following table sets out the fair value of derivative financial instruments analysed by type of contract.

AUD million	Level 2 fair value hierarchy	
	2014	2013
Assets		
<i>Current</i>		
Derivative financial instruments - fair value through profit and loss:		
Forward exchange contracts	0.2	0.7
Commodity contracts	0.2	-
Derivative financial instruments - cash flow hedges:		
Forward exchange contracts	0.4	1.3
Interest rate swap contracts	-	0.8
Total current derivatives in an asset position	0.8	2.8
Total derivatives in an asset position (refer note 4.4)	0.8	2.8
Liabilities		
<i>Current</i>		
Derivative financial instruments - fair value through profit and loss:		
Forward exchange contracts	0.9	0.1
Commodity contracts	-	0.9
Derivative financial instruments - cash flow hedges:		
Forward exchange contracts	3.2	0.3
Interest rate swap contracts	0.1	-
Total current derivatives in a liability position	4.2	1.3
<i>Non-current</i>		
Derivative financial instruments - fair value through profit and loss:		
Forward exchange contracts	0.1	-
Interest rate swap contracts	-	0.1
Derivative financial instruments - cash flow hedges:		
Forward exchange contracts	0.1	-
Interest rate swap contracts	2.0	-
Total non-current derivatives in a liability position	2.2	0.1
Total derivatives in a liability position	6.4	1.4
Net derivative (liability)/asset position	(5.6)	1.4

Notes to the Financial Statements

30 June 2014

Section 5 Capital structure and financing costs (continued)

5.3 Derivative financial instruments (continued)

Fair value measurements

Derivative financial instruments are recognised and measured at fair value in the Financial Statements. The specific valuation techniques used to value the derivative financial instruments include:

- fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves;
- the fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date; and
- the fair value of the commodity forward contracts is determined using the commodity price at the balance sheet date.

There were no transfers between Levels 1 and 2 for recurring fair value measurements during the year. The Group does not hold any Level 3 derivative financial instruments.

5.4 Net financing costs

This section details the interest income generated on the Group's cash and other financial assets and the interest expense incurred on borrowings and other financial liabilities.

Accounting policies

Net financing costs comprises interest income on funds invested and interest expense on borrowings, amortisation of discounts or premiums related to borrowings, amortisation of ancillary costs incurred in connection with the arrangement of borrowings and the unwinding discount on provision balances. Interest income and interest expense on borrowings are recognised as they accrue using the effective interest rate method.

Financing expenses are brought to account in determining profit for the period, except to the extent the expenses are directly attributable to the acquisition, construction or production of a qualifying asset. Such financing costs are capitalised as part of the cost of the asset up to the time it is ready for its intended use and are then amortised over the expected useful economic life.

Net financing costs

Net financing costs can be analysed as follows:

AUD million	2014	2013
Finance income		
Retirement benefit interest income	0.2	-
Interest income	0.7	0.3
Total finance income	0.9	0.3
Finance expenses		
Interest paid/payable:		
- Unwinding of discount	(0.6)	(0.3)
- Retirement benefit interest expense	(0.3)	-
- Finance charges on amounts owed to Amcor Ltd	(21.0)	(57.2)
- External	(20.2)	(4.9)
Amount capitalised ⁽¹⁾	-	14.0
Total interest paid/payable	(42.1)	(48.4)
Borrowing costs	(2.5)	-
Total finance expenses	(44.6)	(48.4)
Net financing cost	(43.7)	(48.1)

(1) The financial expenditure capitalised in the prior period relate to financial costs that were capitalised in respect of the construction of the B9 recycled paper mill located at Botany, New South Wales, Australia.

5.5 Financial risk management

The Group's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance as set out in the table below:

Risk	Exposure arising from	Management
Market risk – foreign currency	Future commercial transactions Recognised financial assets and liabilities not denominated in AUD	Forward foreign exchange contracts Loans drawn in foreign currency by foreign entities to create natural hedge of foreign currency assets and liabilities
Market risk - interest rate	Short and long term borrowings at variable rates	Interest rate swaps
Market risk – commodity price risk	Purchase of raw materials	Contractually passed through to customers
Market risk – employee share plan risk	Changes in the share price of the Company	Purchase of Treasury Shares held by Orora Employee Share Trust
Credit risk	Cash and cash equivalents, trade receivables, derivative financial instruments	Credit limits, retention of title over goods sold, letters of credit
Liquidity risk	Borrowings and other liabilities	Availability of committed credit lines and borrowing facilities

Financial risk management is carried out by Orora Group Treasury under policies that have been approved by the Board for managing each of these risks including principles and procedures with respect to risk tolerance, delegated levels of authority on the type and use of financial instruments and the reporting of these exposures. The treasury function reports regularly to the Audit and Compliance Committee and treasury operations are subject to periodic reviews. Transactions are only undertaken if they relate to underlying exposures, the Group does not use derivatives to speculate. Refer to note 5.3 for details on the derivatives held by the Group at reporting date.

5.5.1 Market risk

Foreign exchange risk

The Group operates internationally and is therefore exposed to currency risk arising from movements in foreign currency rates, primarily with respect to the US Dollar and NZ Dollar. The foreign exchange risk arises from:

- differences in the dates foreign currency commercial transactions are entered into and the date they are settled (transaction risk)
- recognised monetary assets and liabilities held in a non-functional currency and net investments in foreign operations (translation risk).

To manage the foreign currency exchange risk the Group's foreign exchange policy is to hedge material foreign currency denominated expenditure at the time of commitment and to hedge a proportion of foreign currency denominated forecasted exposures (mainly relating to export sales and the purchase of inventory) on a rolling 18 month basis, using either a natural hedge where one exists, or through the use of forward foreign exchange contracts taken out for up to two years from the forecast date.

Generally, the Group's borrowings are denominated in currencies that match the cash flows generated by the underlying operations of the Group, which are primarily Australian and US dollars. Interest payable on those borrowings is denominated in the currency of the borrowing. This provides a natural economic hedge in respect of the US operations without requiring derivatives to be entered into.

The Group's investments in its US subsidiaries is hedged by a US dollar denominated unsecured bank loan (carrying amount of the assets is USD230.9 million) which mitigates the foreign currency translation risk arising from the subsidiaries net assets. The fair value of the borrowing at 30 June 2014 was USD182.1 million. The Group's investments in other subsidiaries are not hedged.

Forward exchange contracts are measured at fair value with gains and losses taken to the cash flow hedge reserve until such time as the hedged item affects profit or loss or they are included in the costs of hedged inventory purchases or other asset acquisitions.

Notes to the Financial Statements

30 June 2014

Section 5 Capital structure and financing costs (continued)

5.5 Financial risk management (continued)

5.5.1 Market risk (continued)

Foreign exchange risk (continued)

Exposure

The summary quantitative data about the Group's exposure to currency risk as reported to the management of the Group is as follows:

AUD million	2014	
	USD	NZD
Funds employed	245.0	172.3
Net Debt	(174.1)	5.3
Gearing	71.1%	(3.1%)
EBITDA	69.8	29.3
Net Debt	(174.1)	5.3
Leverage	2.5	(0.2)

The Group's exposure to foreign currency transaction risk at the end of the reporting period, expressed in Australian dollars, was as follows:

AUD million	AUD			NZD		
	USD	EUR	NZD	USD	EUR	AUD
2014						
Next 18 months forecasted sales	60.9	-	23.1	-	-	-
Next 18 months forecasted purchases	(64.8)	(37.1)	(1.5)	(7.7)	(2.6)	(94.4)
Net forecast transaction exposure	(3.9)	(37.1)	21.6	(7.7)	(2.6)	(94.4)
Forward exchange contracts	22.2	15.3	(17.1)	4.0	0.2	51.0
Net exposure	18.3	(21.8)	4.5	(3.7)	(2.4)	(43.4)

Amounts recognised in profit or loss and other comprehensive income

During the year, the Group recognised a foreign currency loss of \$0.9 million (2013: loss \$0.9 million) and a loss of \$1.1 million (2013: gain \$0.4 million) relating to foreign currency derivatives, that did not qualify as hedges, within general and administrative expenses in the income statement. In addition, a loss of \$3.8 million (2013: \$1.6 million gain) relating to cash flow hedges and a \$13.0 million gain (2013: nil) on the translation of foreign operations was recognised in other comprehensive income.

Sensitivity

At 30 June 2014, if the Australian dollar had weakened by 10% against the US dollar with all other variables held constant, equity would have been \$2.7 million higher.

At 30 June 2014, if the Australian dollar had weakened by 10% against the NZ dollar with all other variables held constant, equity would have been \$5.5 million lower.

Interest rate risk

The Group's main interest rate risk arises from long term borrowings with variable rates, which expose the Group to cash flow interest rate risk. The Group's Treasury risk management policy is to maintain an appropriate mix between fixed and floating rate borrowings, monitoring global interest rates, and where appropriate, hedging floating interest rate exposures or borrowings at fixed interest rates through the use of interest rate swaps and forward interest rate contracts.

The Group's policy is to hold up to 85.0% fixed rate debt. At 30 June 2014 approximately 45.0% of the Group's debt is fixed rate.

Exposure

The Group had the following variable rate borrowings and interest rate swap contracts outstanding at 30 June:

	2014	
	Weighted average interest rate %	Balance AUD million
Bank loans	3.5%	666.1
Interest rate swaps (notional principal amount)	2.8%	300.0
Net exposure to cash flow interest rate risk		366.1

All of the Group's interest rate swaps are classified as cash flow hedges so any movement in the fair value is recognised directly in equity with the amounts accumulated in equity transferred to the income statement in the period in which the hedged item affects profit or loss. During the year \$2.1 million loss was recognised directly in equity in relation to interest rate swaps.

Sensitivity

At 30 June 2014, if Australian and US interest rates had increased by 1.0%, post-tax profit for the year would have been \$7.0 million lower. If Australian dollar interest rates had decreased by 1.0%, post-tax profit for the year would have been \$4.4 million higher. US dollar debts have been excluded from the sensitivity for interest rate decreases as rates are already below 1.0%.

Commodity price risk

The Group is exposed to commodity price risk arising from the purchase of aluminium. In managing commodity price risk the Group is able to pass on the price risk contractually to customers through rise and fall adjustments. In the case of aluminium some hedging is undertaken using fixed price swaps on behalf of certain customers. Hedging undertaken is based on customer instructions and all related benefits and costs are passed through onto the customer on maturity of the transaction.

Movements in commodity hedges are recognised in equity. The cumulative amount of the hedge is recognised in the income statement when the forecast transaction is realised. However, there is no impact on profit as a result of movements in commodity prices where hedges have been put in place as the Group passes the price risk contractually through to customers through rise and fall adjustments in customer contractual arrangements. As the Group ultimately passes on the movement risk associated with commodity prices, no sensitivity has been performed.

Employee Share Plan risk

The Group is exposed to movements in the value of ordinary shares of Orora Limited in respect of the obligations under the Group's Employee Share Plans (refer 5.6.5). To mitigate this risk, during the period, the Group established the Orora Employee Share Trust (the 'Trust') to manage and administer the Group's responsibilities under the Employee Share Plans through the acquiring, holding and transferring of shares, or rights to shares, in the Company to participating employees.

The Trust is consolidated as the substance of the relationship is that the Trust is controlled by the Group. As at 30 June 2014, the Trust did not hold any treasury shares in the Company (2013: nil) but did hold 2,083,312 allocated shares in respect of the CEO Grant (2013: nil). Refer to note 5.6.1 for further details.

Notes to the Financial Statements

30 June 2014

Section 5 Capital structure and financing costs (continued)

5.5 Financial risk management (continued)

5.5.2 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's financing policy is to fund itself for the long term by using debt instruments with a range of maturities and to ensure access to appropriate short term facilities. Orora Group Treasury aims to maintain flexibility within the funding structure through the use of bank overdrafts and bank loans.

Management monitors liquidity risk through maintaining minimum undrawn committed liquidity of at least AUD175.0 million that can be drawn upon at short notice and regularly monitoring rolling forecasts of cash inflows and outflows in relation to the Group's activities. This monitoring includes financial ratios to assess possible future credit ratings and headroom and takes into account the accessibility of cash and cash equivalents.

Financing arrangements

The committed and uncommitted standby arrangements and unused facilities of the Group are set out below:

AUD million	2014		
	Committed	Uncom- mitted	Total
<i>Financing facilities available:</i>			
Bank overdrafts	-	6.3	6.3
Loan facilities and term debt	1,100.0	67.5	1,167.5
	1,100.0	73.8	1,173.8
<i>Facilities utilised:</i>			
Bank overdrafts	-	-	-
Loan facilities and term debt	655.4	14.2	669.6
	655.4	14.2	669.6
<i>Facilities not utilised:</i>			
Bank overdrafts	-	6.3	6.3
Loan facilities and term debt	444.6	53.3	497.9
	444.6	59.6	504.2

At 30 June 2014 the Group has a revolving multicurrency facility available consisting of two tranches of \$550.0 million each. \$425.0 million has been drawn under the first tranche of the facility which has a maturity of December 2016, while \$230.4 million has been drawn under the second tranche with a maturity of December 2018. The facility, which is unsecured, can be extended. The facility has leverage and interest cover financial covenants normal for such a facility.

Maturity of financial liabilities

The table below analyses the Group's financial liabilities including derivatives into relevant maturity groupings based on the period remaining until the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows (including interest), so will not always reconcile with the amounts disclosed on the statement of financial position:

AUD million	1 year or less	1-2 years	2-5 years	More than 5 years	Total contractual cash flows	Carrying amount (assets)/ liabilities
2014						
<i>Non-derivative financial instruments</i>						
Trade and other payables	541.0	2.2	1.9	2.4	547.5	547.5
Borrowings	37.7	23.9	682.2	-	743.8	666.1
Total non-derivatives	578.7	26.1	684.1	2.4	1,291.3	1,213.6
<i>Derivatives</i>						
Net settled (interest rate swaps and commodity contracts)	(0.3)	(0.5)	(1.3)	-	(2.1)	(1.9)
Gross settled forward exchange contracts						
- Inflow	199.0	15.8	0.9	-	215.7	
- Outflow	(202.3)	(16.2)	(0.9)	-	(219.4)	
Total gross settled forward exchange contracts	(3.3)	(0.4)	-	-	(3.7)	(3.7)
Total derivatives	(3.6)	(0.9)	(1.3)	-	(5.8)	(5.6)

5.5.3 Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. It arises principally from the Group's receivables from customers, cash and cash equivalents and in-the-money derivatives. There is also credit risk relating to the Group's own credit rating as this impacts the availability and cost of future finance.

The Group manages credit risk through the maintenance of procedures such as the utilisation of systems of approval, granting and renewal of credit limits, regular monitoring of exposures against such credit limits and assessing the overall financial stability and competitive strength of the counterparty on an ongoing basis.

Trade and other receivables

Credit risk exposures related to trade and other receivables are discussed in note 4.1.

Cash and cash equivalents and derivatives

Credit risk related to balances with banks and financial institutions are managed by Orora Group Treasury in accordance with Group policy. The policy only allows financial derivative instruments to be entered into with high credit quality financial institutions with a minimum long term credit rating of A- or better by Standard & Poor's. In addition the Board has approved the use of these financial institutions, and specific internal guidelines have been established with regards to limits, dealing and settlement procedures.

The maximum exposure to credit risk by class of recognised financial assets at the end of the reporting period, excluding the value of any security held, is equivalent to the carrying amount and classification of the financial assets (net of any provisions) as presented in the statement of financial position.

Guarantees

The Group's policy is to provide financial guarantees only to certain parties securing the liabilities of subsidiaries, and are only provided in exceptional circumstances. At 30 June 2014 no financial guarantees have been provided (2013: nil).

Notes to the Financial Statements

30 June 2014

Section 5 Capital structure and financing costs (continued)

5.6 Equity

This section explains material movements recorded in shareholders' equity that are not explained elsewhere in the Financial Statements. The movements in equity and the balance at 30 June 2014 are presented in the consolidated statement of changes in equity.

The Group utilises share award schemes as part of its employee remuneration packages and in respect of managing its responsibilities under these schemes the Company has established the Orora Employee Share Trust (the 'Trust'). Information relating to the Orora share-based compensation schemes and the Trust is provided below.

5.6.1 Contributed equity

Accounting policies

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or the exercise of options are recognised as a deduction from equity, net of any related income tax benefit effects. The Company does not have authorised capital or par value in respect of its issued shares. All issued shares are fully paid, all shares rank equally with regard to the Company's residual assets. Ordinary shares entitle the holder to participate in dividends, as declared from time to time and are entitled to one vote per share at meetings of the Company.

Treasury shares

Where the Orora Employee Share Trust purchases equity instruments in the Company that have been identified as treasury shares, the consideration paid, including any directly attributable costs, is deducted from equity, net of any related income tax effects. When the treasury shares are subsequently sold or reissued, any consideration received, net of any directly attributable costs and the related income tax effects, is recognised as an increase in equity, and the resulting surplus or deficit on the transaction is presented in retained earnings.

Contributed equity

AUD million	2014	2013
Issued and paid-up:		
1,206,684,923 ordinary shares with no par value (2013: 212,198,429)	513.4	215.3
Total contributed equity	513.4	215.3

Reconciliation of ordinary shares

	2014		2013	
	No. '000	AUD million	No. '000	AUD million
Balance at beginning of period	212,198	215.3	212,198	215.3
Issue of shares for consideration under the demerger restructuring activities ⁽¹⁾	270,352	298.7	-	-
Share capital consolidation ⁽²⁾	(482,549)	-	-	-
Shares issued under the Amcor demerger scheme ⁽³⁾	1,206,684	-	-	-
Shares purchased on-market to satisfy issue of CEO Grant	-	(0.6)	-	-
Balance at end of period	1,206,685	513.4	212,198	215.3

(1) Refer to note 2 which describes the impact on the reported results of Orora Limited arising from transactions and restructuring activities undertaken as part of the demerger from Amcor Ltd. The issue of shares for consideration under the demerger restructuring activities include transaction costs that were settled as part of the demerger transaction.

(2) Immediately prior to the demerger the Company undertook a share consolidation whereby all the shares on issue were converted to one ordinary share.

(3) Under the Amcor demerger scheme, one Orora Limited share was offered for every Amcor Ltd ordinary share held on the record date, being 24 December 2013, thereby resulting in the issue of 1,206.7 million ordinary shares.

Orora Employee Share Trust

The Group holds shares in itself as a result of shares purchased by the Orora Employee Share Trust (the 'Trust'). The Trust has been established on 20 February 2014 to manage and administer the Company's responsibilities under the Groups Employee Share Plans (refer note 5.6.5) through the acquiring, holding and transferring of shares, or rights to shares, in the Company to participating employees. In respect of these transactions, at any point in time the Trust may hold 'allocated' and 'unallocated' shares.

Allocated shares represent those shares that have been purchased and awarded to employees under the CEO Grant (refer note 5.6.5). These shares are restricted in that the employee is unable to dispose of the shares for a period of up to five years (or as otherwise determined by the Board). The Trust holds these shares on behalf of the employee until the restriction period is lifted at which time the Trust releases the shares to the employee. Where the Orora Employee Share Trust purchases equity instruments in the Company, as the result of managing the Company's responsibilities under the Groups' CEO Grant Employee Share Plan award, the consideration paid, including any directly attributable costs, is deducted from equity, net of any related income tax effects.

Unallocated shares represent those shares that have been purchased by the Trust on-market to satisfy the potential future vesting of awards granted under the Groups Employee Shares Plans, other than the CEO Grant. As the shares are unallocated they are identified and accounted for as treasury shares.

Transactions with the Group-sponsored Trust are included in these Financial Statements. In particular, the Trust's purchases of shares in Orora Limited are debited directly to equity. The shares are held in the Trust until such time as they may be transferred to participants of the various Group share schemes. In accordance with the Trust Deed, the Trustees have the power to exercise all voting rights in relation to any investment (including shares) held within the Trust.

As at 30 June 2014 the Trust did not hold any unallocated (treasury) shares in the Company (2013: nil) but did hold 2,803,312 allocated shares in respect of the CEO Grant (2013: nil).

Notes to the Financial Statements

30 June 2014

Section 5 Capital structure and financing costs (continued)

5.6 Equity (continued)

5.6.2 Other reserves

Accounting policies

Available-for-sale revaluation reserve

Changes in the fair value of investments, such as equities and available-for-sale financial assets, are taken to the revaluation reserve. Amounts are recognised in the income statement when the associated asset is disposed of or impaired.

Cash flow hedge reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred.

Demerger reserve

The demerger reserve represents the difference between the consideration paid by Orora under the internal corporate restructure, which was measured at fair value, and the assets and liabilities acquired, which were recognised at their carrying value under a common control transaction. Further information in respect of the demerger is disclosed in note 2.

Share-based payment reserve

The share-based payment reserve is used to recognise the fair value of options and rights recognised as an expense. The Company provides benefits to employees (including senior executives) of the Group in the form of share-based payments, whereby, employees render services in exchange for options or rights over shares. Refer to note 5.6.5 for further details of the Group's share-based payment plans.

The fair value of options and rights granted is recognised as an employee benefit expense in the income statement with a corresponding increase in the share-based payments reserve in equity and is spread over the vesting period during which the employees become unconditionally entitled to the option or right. Upon exercise of the options or rights, the balance of the share-based payments reserve, relating to the option or right, is transferred to share capital.

Exchange fluctuation reserve

Exchange differences arising on translation of foreign controlled operations are taken to the exchange fluctuation reserve. Gains or losses accumulated in equity are recognised in the income statement when a foreign operation is disposed of.

Other reserves

AUD million	Available- for-sale revaluation reserve	Cash flow hedge reserve	Share- based payment reserve	Demerger reserve	Exchange fluctuation reserve	Total reserves
Balance at 1 July 2013	(1.5)	0.7	-	-	-	(0.8)
<i>Other comprehensive income/(loss):</i>						
Net change in fair value	4.4	-	-	-	-	4.4
Effective portion of changes in fair value	-	(5.9)	-	-	-	(5.9)
Currency translation differences	-	-	-	-	13.0	13.0
Deferred tax	-	1.7	-	-	-	1.7
Total other comprehensive income/(loss)	4.4	(4.2)	-	-	13.0	13.2
<i>Transactions with owners in their capacity as owners:</i>						
Reserves attributable to entities acquired under common control	-	0.4	-	-	(38.6)	(38.2)
Transfers to/(from) equity accounts	-	-	-	132.9	-	132.9
Share-based payment expense	-	-	2.1	-	-	2.1
Balance at 30 June 2014	2.9	(3.1)	2.1	132.9	(25.6)	109.2
Balance at 1 July 2012	(1.2)	(0.5)	-	-	-	(1.7)
<i>Other comprehensive income/(loss):</i>						
Net change in fair value	(0.3)	-	-	-	-	(0.3)
Effective portion of changes in fair value	-	1.6	-	-	-	1.6
Deferred tax	-	(0.4)	-	-	-	(0.4)
Total other comprehensive income/(loss)	(0.3)	1.2	-	-	-	0.9
Balance at 30 June 2013	(1.5)	0.7	-	-	-	(0.8)

5.6.3 Retained earnings

AUD million	2014	2013
Retained earnings at the beginning of the period	847.0	897.2
Net loss attributable to members of the owners of Orora Limited	(72.2)	(50.2)
Retained earnings attributable to entities acquired under common control	153.4	-
Transfers to/(from) equity accounts	(132.9)	-
	795.3	847.0
Ordinary dividends:		
- Interim paid ⁽¹⁾	(36.2)	-
- Final paid ⁽²⁾	-	-
	(36.2)	-
Retained earnings at the end of the period	759.1	847.0

(1) The 2014 interim dividend paid on 2 April 2014 was 3.0 cents per share, the Company did not make a 2013 interim dividend distribution.

(2) The Company did not make a final dividend distribution in the 2013 financial year.

Retained earnings comprises profit for the year attributable to owners of the Company and other items recognised directly in equity as presented on the consolidated statement of changes in equity.

Notes to the Financial Statements

30 June 2014

Section 5 Capital structure and financing costs (continued)

5.6 Equity (continued)

5.6.4 Capital management

Risk management

The key objective of the Group when managing its capital is to safeguard its ability to continue as a going concern, so that the Group can continue to provide returns for shareholders and benefits for other stakeholders, and maintain an optimal capital and funding structure that optimises the cost of capital available to the Group over the long term. The Group defines capital as including equity and net debt.

In order to optimise the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, vary capital expenditure, draw down additional debt or sell assets to reduce debt in line with the strategic objectives and operating plans of the Group.

The key objectives include:

- maintaining a credit profile and the requisite financial metrics to secure access to alternate funding sources with a spread of maturity dates and sufficient undrawn committed facility capacity; and
- optimising over the long term, and to the extent practicable, the weighted average cost of capital to reduce the cost of capital to the Group while maintaining financial flexibility.

The Group uses a range of financial metrics to monitor the efficiency of its capital structure, including on-balance sheet gearing and leverage ratios, and ensure that its capital structure provides sufficient financial strength to allow it to secure access to debt finance at reasonable cost. At 30 June 2014, the Group's on-balance sheet gearing and leverage ratios were 31.5% and 2.2 times, respectively.

Dividends

On 25 August 2014 the Directors of Orora Limited declared a final dividend of 3.0 cents per ordinary share, unfranked as there are insufficient franking credits available for distribution from the franking account. The final dividend is payable on 8 October 2014. The balance of the franking accounting as at 30 June 2014 is nil (2013: nil).

The financial effect of this dividend has not been brought into account in the consolidated Financial Statements for the year ended 30 June 2014 and will be recognised in the financial report for the year ending 30 June 2015. For the interim dividend non-resident shareholders were subject to Australian withholding tax as the dividend was not franked or sourced from the parent entity's Conduit Foreign Income Account.

For the final dividend non-resident shareholders will be subject to Australian withholding tax as the dividend will not be franked or sourced from the parent entity's conduit Foreign Income Account. As a result, non-residents will be subject to Australian withholding tax.

No dividends were paid in the prior period.

5.6.5 Share-based compensation

The Company did not have any share-based compensation schemes in place prior to the Group's separation from Amcor Ltd and therefore no comparative information has been provided below. Subsequent to the Orora Group's demerger from Amcor Ltd, the Group has established the following share-based compensation schemes which are governed by the terms and conditions contained within the Orora Limited Equity Incentive Plan Rules.

Refer to note 3.1.2 for details of the share-based payment expense that has been recognised during the period in respect of the Group's Employee Share Plans.

Accounting policies

The Company provides benefits to employees (including senior executives) of the consolidated entity in the form of share-based payments, whereby employees render services in exchange for options or rights over shares.

The fair value of options and rights granted is recognised as an employee benefit expense in the income statement with a corresponding increase in the share-based payments reserve in equity and is spread over the vesting period during which the employees become unconditionally entitled to the option or right. Upon exercise of the options or rights, the balance of the share-based payment reserve, relating to the option or right, is transferred to share capital.

The fair value of options is measured at grant date taking into account market performance conditions, but excludes the impact of any non-market conditions (eg profitability and sales growth targets). Non-market vesting conditions are included in the assumptions about the number of options that are expected to be exercisable. The fair value of options granted is measured using the Black Scholes option pricing model that takes into account the exercise price, term of the option, impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

At each reporting period the Group revises the estimate of the number of options that are expected to vest based on the non-market vesting conditions. Any impact to the revision of an original estimate is recognised in the income statement with a corresponding adjustment to the share-based payment reserve. The employee expense, recognised each period, reflects the most recent estimate.

The fair value of rights is measured at grant date using a Monte-Carlo valuation model which simulates the date of vesting, the percentage vesting, the share price and total shareholder return. Once the simulated date of vesting is determined a Black-Scholes methodology is utilised to determine the fair value of the rights granted.

The dilutive effect, if any, of outstanding options or rights is reflected as additional share dilution in the computation of earnings per share (refer note 3.3).

Notes to the Financial Statements

30 June 2014

Section 5 Capital structure and financing costs (continued)

5.6 Equity (continued)

5.6.5 Share-based compensation (continued)

CEO Grant

Under the CEO Grant, the Board nominates certain senior executives as eligible to receive fully-paid ordinary shares in part satisfaction of their remuneration for the relevant financial year. The number of shares issued is at the discretion of the Board. The restrictions on these shares do not allow the employee to dispose of the shares for a period of up to five years (or as otherwise determined by the Board), unless the employee ceases employment later than three years after the shares were issued. Any right or interest in the shares will be forfeited if the employee voluntarily ceases employment within three years from the date the shares were issued or, if the employee is dismissed during the restriction period, for cause or poor performance. The shares subject to the CEO Grant carry full dividend entitlements and voting rights.

Details of the total movement in shares issued under the CEO Grant are as follows:

	Number	Weighted average fair value AUD
Restricted shares at beginning of financial period	-	-
Transfer of award on demerger from Amcor Ltd	1,703,988	0.44
Issued during the period	450,820	1.16
Restriction lifted	(71,496)	0.08
Restricted shares at end of financial period	2,083,312	0.60

A number of awards issued under the CEO Grant are replacement awards for those Orora participants who, at demerger date, held unvested restricted shares issued to them under the Amcor Senior Executive Retention Share Plan (SERSP). In accordance with the provisions of the Demerger Deed the awards held by the Orora participants under the Amcor SERSP were divested and the proceeds used to purchase an equivalent value of Orora shares over the first five days trading post the effective date of the demerger. The replacement awards remain subject to the same time restriction and minimum holding period as when the awards were issued under the Amcor SERSP.

Long Term Incentive

In 2014 the Group established the Orora Long Term Incentive plan (LTI). Under the LTI, share options or performance rights over shares in the Company, or performance shares, may be issued to executive officers, senior executives and senior employees. The exact terms and conditions of each award are determined by the Directors of the Company at the time of grant.

Share options

Share options granted under the LTI give the employee the right to acquire a share at a future point in time upon meeting specified vesting conditions that are both time-and-performance-based and require payment of an exercise price. The share options are granted at no consideration and carry no dividend entitlement or voting rights until they vest and are exercised to ordinary shares on a one-for-one basis. The number of shares that ultimately vest is subject to meeting an Earnings per Share (EPS) hurdle and the satisfaction of a Return on Average Funds Employed (RoAFE) test.

Share options that have vested following satisfaction of time and performance conditions will remain exercisable until the expiry date. On expiry, any vested but unexercised share options will lapse. Unvested awards are forfeited if the employee voluntarily ceases employment or is dismissed for poor performance.

Performance rights

Performance rights granted under the LTI give the employee the right to receive a share at a future point in time upon meeting specified vesting conditions that are both time-and-performance-based with no exercise price payable. The performance rights are granted at no consideration and carry no dividend entitlement or voting rights until they vest and are exercised to ordinary shares on a one-for-one basis. Two-thirds of the number of performance rights that ultimately vest are subject to a relative Total Shareholder Return test. The remaining one-third is subject to meeting an EPS hurdle and the satisfaction of a RoAFE test.

Performance rights or performance shares that have vested following the time and performance conditions will remain exercisable until the expiry date. On expiry, any vested but unexercised performance rights or performance shares will lapse. Unvested awards are forfeited if the employee voluntarily ceases employment or is dismissed for poor performance.

Details of the total movement in shares granted under the share options and performance rights are as follows:

Grant date	Expiry date	Exercise price AUD	Balance at beginning of period No.	Granted No.	Exercised No.	Balance at end of period		Proceeds received AUD
						On issue No.	Vested & Exercisable No.	
2014								
Options								
19 Feb 2014	30 Sept 2021	1.22	-	4,475,000	-	4,475,000	-	-
19 Feb 2014	30 Sept 2022	1.22	-	4,005,000	-	4,005,000	-	-
19 Feb 2014	30 Sept 2023	1.22	-	4,005,000	-	4,005,000	-	-
			-	12,485,000	-	12,485,000	-	-
Weighted average fair value (AUD)⁽¹⁾			-	0.24	-	0.24	-	
19 Feb 2014	30 Sept 2016	-	-	1,862,000	-	1,862,000	-	-
19 Feb 2014	30 Sept 2017	-	-	1,682,000	-	1,682,000	-	-
19 Feb 2014	30 Sept 2018	-	-	1,682,000	-	1,682,000	-	-
			-	5,226,000	-	5,226,000	-	-
Weighted average fair value (AUD)⁽¹⁾			-	0.87	-	0.87	-	

(1) The above fair value is determined in accordance with AASB 2 *Share-based Payment* in respect of recognising the share-based payment expense of the award granted.

In accordance with the provisions of the Demerger Deed, the 2012 Amcor LTIP awards held by Orora participants were forfeited, with the participant to receive a pro-rata deferred cash compensation payment based on time served before the demerger, as a percentage of the total performance period. Participants will receive the deferred cash compensation payment from Amcor in March 2015 on the condition that they are still an employee of Orora at that time. A replacement award has been granted to these participants under the Orora LTI.

The 2013 Amcor LTIP awards held by Orora participants were forfeited and replacement awards provided to the Orora employees under the Orora LTI. The 2014 Amcor LTIP awards held by Orora participants have been withheld due to the proximity of the award date to the demerger and as a consequence a substitute award has been provided to participants under the Orora LTI. The 2014 Orora award was granted at the same time as the replacement 2012 and 2013 awards were granted in accordance with the Demerger Deed.

In respect of the 2012 and 2013 replacement Orora LTI awards and the 2014 award, no allocation was made to N Garrard (Managing Director and Chief Executive Officer) during the period. A separate resolution will be put to shareholders at the 2014 Annual General Meeting to approve a grant of options and rights to N Garrard to cover the three tranches granted under the LTI.

Notes to the Financial Statements

30 June 2014

Section 5 Capital structure and financing costs (continued)

5.6 Equity (continued)

5.6.5 Share-based compensation (continued)

Fair value of options and rights

The fair value of each option granted is estimated on the date of grant using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the vesting and performance criteria, and where applicable the market condition criteria, the impact of dilution, the non-tradeable nature of the option, the share price at grant date and expected volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

The fair value of each right grant is estimated at grant date using a Monte-Carlo valuation model which simulates the date of vesting, the percentage vesting, the share price and total shareholder return. Once the simulated date of vesting is determined, a Black-Scholes methodology is utilised to determine the fair value of the rights granted.

The following weighted average assumptions were used for options and rights granted in the current period:

	2014
Expected dividend yield (%)	4.50
Expected price volatility of the Company's shares (%)	22.00
Share price at grant date (AUD)	1.33
Exercise price (AUD) – options only	1.22
Risk-free interest rate – options (%)	3.93
Expected life of option – (years)	3.46
Risk-free interest rate – rights (%)	3.04
Expected life of rights – (years)	3.46

Short Term Incentive

Deferred Equity

The Orora Limited Short Term Incentive plan – Deferred Equity provides a short term incentive opportunity to selected executives, in the form of rights to Orora Limited shares. The number of rights that are allocated to each eligible executive is based on:

- 33.3% of the value of the cash bonus payable under the Executive Management Incentive Plan, following the end of the performance period
- the volume weighted average price of Orora Limited ordinary shares for the five trading days prior to 30 June, being the end of the performance period
- where cash bonuses are determined in currencies other than Australian dollars, the average foreign exchange rate for the same five-day period.

An executive will forfeit allocated performance rights if either they voluntarily leave Orora employment during the restriction period or their employment is terminated for cause. Board discretion applies in the case of involuntary termination of employment and change of control.

For the year ended 30 June 2014, the equity outcomes will be determined and allocated in September 2014. For the year ended 30 June 2014, the Group recognised an expense of \$0.3 million in relation to this incentive plan.

Section 6 Other notes

6.1 Related party transactions

The related parties identified by the Directors include investments and key management personnel.

To enable users of our Financial Statements to form a view about the effects of related party relationships on the Group, we disclose the related party relationship when control exists, irrespective of whether there have been transactions between the related parties. Details of investment in subsidiaries are disclosed in note 6.3.

6.1.1 Parent entity

The ultimate parent entity within the Orora Group is Orora Limited, which is domiciled and incorporated in Australia. Prior to the demerger and subsequent listing of Orora Limited on the Australian Securities Exchange, the ultimate parent entity of Orora Limited was Amcor Ltd.

Transactions with entities in the wholly-owned Orora Group are made on normal commercial terms and conditions and during the year included:

- purchases and sales of goods and services; and
- provision of administrative assistance.

Transactions between entities of the Orora Group, whilst a wholly-owned subsidiary of Amcor Ltd, and the controlled entities of Amcor Ltd included:

- advancement and repayment of loans from Amcor Ltd to Orora entities;
- provision by Amcor of management, and administrative assistance;
- purchase and sales of products and services;
- interest expense paid by Orora Limited for money borrowed;
- transfer of tax-related balances for tax consolidation purposes;
- provision of transactional banking facilities on behalf of Orora Limited; and
- acting as an employer for certain Orora employees, including responsibility for payroll and superannuation.

With the exception of some interest-free loans provided by Amcor Ltd and the sale of inventory by Orora's Australian entities to Amcor for sale within Australia which occurred at nil margin, all other transactions were conducted according to normal commercial terms and conditions.

Amounts owing to and from entities in the Orora Group and entities in the Amcor Group were dealt with on demerger in the manner as set out in note 2.

Notes to the Financial Statements

30 June 2014

Section 6 Other notes (continued)

6.1 Related party transactions (continued)

6.1.2 Key Management Personnel

Key Management Personnel (KMP) consist of Orora Limited Executive and Non-Executive Directors, the Chief Financial Officer and the Group General Manager, Strategy. Key management personnel compensation is as follows:

AUD thousand	2014	2013
Short term employee benefits	3,473	1,632
Long term employee benefits	79	20
Post-employment benefits	103	29
Share-based payment expense	1,899	1,041
	5,554	2,722

During the period KMP received shares in Orora Limited under the Amcor demerger scheme, whereby one Orora Limited share was offered for every Amcor Ltd ordinary share held on the record date, being 24 December 2013. As a result of this transaction KMP received 1,385,156 shares (\$1,689,890) in Orora Limited upon the Company's listing on the Australian Securities Exchange. In addition, during the period certain KMP were granted 450,820 restricted shares (\$522,951) under the CEO Grant (refer note 5.6.5).

Detailed remuneration disclosures are provided in the Remuneration Report section of the Directors' Report. Apart from the information disclosed in this note, no Director has entered into a material contract with the Group this financial year and there were no material contracts involving Directors' interests existing at year end.

At 30 June 2014 no individual KMP or related party holds a loan with the Group.

6.1.3 Other related parties

Contributions to superannuation funds on behalf of employees are disclosed in note 3.1.2.

6.2 Contingent liabilities

A contingent liability is a liability that is not sufficiently certain to qualify for recognition as a provision where uncertainty may exist regarding the outcome of future events.

Various entities in the Group are party to legal actions which have arisen in the ordinary course of business. The actions are being defended and the Directors are of the opinion that provisions are not required as no material losses are expected to arise.

6.3 Principal subsidiary undertakings and investments

The ultimate parent entity of the Group is Orora Limited, a company incorporated in Australia. The companies listed below are those whose results or financial position principally affected the figures shown in the annual report:

Controlled entities	Country of incorporation	Orora Group's effective interest	
		2014	2013
Specialty Packaging Group Pty Ltd	Australia ⁽¹⁾	100%	100%
Orora Closure Systems Pty Ltd ⁽²⁾	Australia ⁽¹⁾	100%	-
Orora Packaging New Zealand Ltd ⁽²⁾	New Zealand	100%	-
Orora North America ⁽²⁾	United States	100%	-

(1) Orora Limited and these subsidiary companies have entered into an approved deed for the cross guarantee of liabilities; refer note 6.4.

(2) Joined Group on 31 October 2013 as part of the demerger restructuring activities.

Refer to note 2 which describes the impact on the reported results of Orora Limited arising from transactions and restructuring activities undertaken as part of the demerger from Amcor Ltd.

6.3.1 Acquisition of controlled entities

On 31 October 2013 Orora Limited acquired a 100% interest in the following entities as a result of the demerger restructuring activities (refer note 2):

Controlled entities	Country of incorporation	Controlled entities	Country of incorporation
Orora Closure Systems Pty Ltd	Australia ⁽¹⁾	The Anle Box & Paper Co of Indiana Inc	United States
Orora NZ Holdings Ltd	New Zealand	Kent H Landsberg Co of Illinois, LLC	United States
Orora Packaging New Zealand Ltd	New Zealand	Kent H Landsberg Co of El Paso LP	United States
Kent H Landsberg Europe Limited	United Kingdom	Orora Texas LLC	United States
AAPD DGP	United States	Kent Landsberg Co of Dallas, LP	United States
AAPD LLC	United States	KDS Printing & Packaging Inc	United States
Orora North America	United States	Hanson Staple Company, Inc	United States
APD California, LLC	United States	Orora de Mexico SA de CV	Mexico
Box Builders (Inc)	United States	Kent H Landsberg Co de Mexico SA de CV	Mexico
Corrugated Service Orange Inc	United States	Sunclipse de Mexico SA de CV	Mexico
Zetco Inc	United States	Kent H Landsberg (Shanghai) Co Ltd	China
Just in Time Inc	United States	Kent H Lansberg Singapore Pte Ltd	Singapore
Frantis Manufacturing Company Inc	United States	Landsberg Canada Inc	Canada

(1) This subsidiary has entered into an approved deed for the cross guarantee of liabilities with Orora Limited and other entities domiciled in Australia; refer note 6.4.

In addition to the entities acquired as part of the internal corporate restructure, on 1 July 2013 the Group acquired 100% of the equity of Chapview Pty Limited, a small distribution business located in Australia.

The Group did not acquire any controlled entities during the period ending 30 June 2013. However on 3 July 2012 the Group did acquire the business assets of Wayne Richardson Sales, an independently owned packaging and industrial distributor with eight distribution centres across Australia.

Notes to the Financial Statements

30 June 2014

Section 6 Other notes (continued)

6.3 Principal subsidiary undertakings and investments (continued)

6.3.2 Disposal of controlled entities

On 31 October 2013 Orora Limited disposed its investment in Techni-Chem Australia Pty Ltd, a company domiciled in Australia, as a result of the demerger restructuring activities. Refer to note 2 for further information on the impact on the reported results of Orora Limited of this disposal.

The Group did not dispose of any entities during the period ending 30 June 2013.

6.4 Deed of Cross Guarantee

Under the terms of ASIC Class Order 98/1418 (as amended), certain wholly-owned controlled entities have been granted relief from the *Corporations Act 2001* requirement to prepare and lodge audited Financial Reports and Directors' Reports.

It is a condition of the Class Order that the holding entity, Orora Limited, and each of the relevant subsidiaries, enter into a Deed of Cross Guarantee whereby each company guarantees the debts of the company's party to the Deed.

On 9 May 2014 the holding entity, Orora Limited, entered into the deed of cross guarantee with the following subsidiaries:

Envirocrates Pty Ltd	ACN 089523919 CCC Pty Ltd
PP New Pty Ltd	Chapview Pty Ltd
Pak Pacific Corporation Pty Ltd	Rota Die International Pty Ltd
AP Chase Pty Ltd	Rota Die Pty Ltd
ACN 002693843 Box Pty Ltd	AGAL Holdings Pty Ltd
Lynyork Pty Ltd	Orora Packaging Australia Pty Ltd
Fibre Containers (Queensland) Pty Ltd	Orora Closure Systems Pty Ltd
Speciality Packaging Group Pty Ltd	

Financial Statements for the Orora Limited Deed of Cross Guarantee

The consolidated income statement, statement of comprehensive income and statement of financial position, comprising Orora Limited and the wholly-owned subsidiaries party to the deed, after eliminating all transactions between the parties, as at 30 June, are set out below.

Income statement

AUD million	2014
Sales revenue	1,605.2
Cost of sales	(1,361.1)
Gross profit	244.1
Other income	52.1
Operating expenses	(383.8)
Loss from operations	(87.6)
Financial income	0.7
Financial expenses	(41.2)
Net finance costs	(40.5)
Loss before related income tax benefit	(128.1)
Income tax benefit	42.1
Loss from continuing operations	(86.0)
Discontinued Operations	
Profit from discontinued operations, net of tax	33.0
Loss for the financial period	(53.0)

Statement of comprehensive income

Loss for the financial period	(53.0)
Other comprehensive income/(loss)	
Items that may be reclassified subsequently to profit or loss:	
<i>Available-for-sale financial assets</i>	
Net change in fair value of available-for-sale financial assets	4.4
<i>Cash flow hedges</i>	
Effective portion of changes in fair value of cash flow hedges	(5.9)
Tax on cash flow hedges	1.7
Other comprehensive income for the financial period, net of tax	0.2
Total comprehensive loss for the financial period	(52.8)

Summary of movements in retained earnings

Loss for the financial period	(53.0)
Retained (loss)/profits at beginning of financial period	838.2
Retained earnings attributable to entities acquired under common control	35.8
Transfers from equity accounts	(39.5)
	781.5
Dividends recognised during the financial period	(36.2)
Retained losses at the end of the financial period	745.3

Notes to the Financial Statements

30 June 2014

Section 6 Other notes (continued)

6.4 Deed of Cross Guarantee (continued)

Financial Statements for the Orora Limited Deed of Cross Guarantee (continued)

Statement of financial position

AUD million	2014
Current assets	
Cash and cash equivalents	6.0
Trade and other receivables	195.2
Inventories	292.6
Other financial assets	0.8
Other current assets	23.2
Current tax receivable	6.0
Total current assets	523.8
Non-current assets	
Other financial assets	223.7
Property, plant and equipment	1,381.8
Deferred tax assets	17.7
Intangible assets	88.6
Other non-current assets	56.0
Total non-current assets	1,767.8
Total assets	2,291.6
Current liabilities	
Trade and other payables	350.0
Interest-bearing liabilities	52.5
Other financial liabilities	4.2
Provisions	93.8
Total current liabilities	500.5
Non-current liabilities	
Trade and other payables	0.7
Interest-bearing liabilities	462.8
Other financial liabilities	2.2
Provisions	25.6
Total non-current liabilities	491.3
Total liabilities	991.8
Net assets	1,299.8
Equity	
Contributed equity	513.4
Reserves	41.1
Retained profits	745.3
Total equity	1,299.8

6.5 Orora Limited information

Accounting policies

The financial information for the parent entity Orora Limited has been prepared on the same basis as the consolidated Financial Statements, except as set out below.

Investments in subsidiaries

In the Company's Financial Statements, investments in subsidiaries are carried at cost less, where applicable, accumulated impairment losses.

Tax consolidation regime

On 1 January 2014 the Company and its wholly-owned Australian resident entities formed a tax-consolidated group and are therefore taxed as a single entity. The head entity within the tax-consolidated group is Orora Limited.

The Company, and the members of the tax-consolidated group, recognise their own current tax expense/income and deferred tax assets and liabilities arising from temporary differences using the 'stand alone taxpayer' approach by reference to the carrying amounts of assets and liabilities in the separate Financial Statements of each entity and the tax values applying under tax consolidation.

In addition to its current and deferred tax balances, the Company also recognises the current tax liabilities (or assets), and the deferred tax assets arising from unused tax losses and unused tax credits assumed from members of the tax-consolidated group, as part of the tax-consolidation arrangement. Assets or liabilities arising under tax funding agreements with members of the tax-consolidated group are recognised as current amounts receivable or payable from the other entities within the tax-consolidated group.

Nature of tax funding agreement

The Company, as the head entity of the tax-consolidated group, in conjunction with the other members of the tax-consolidated group, has entered into a tax funding agreement which sets out the funding obligations of members of the tax-consolidated group in respect of tax amounts. The tax funding agreement requires payment to/from the head entity equal to the current tax liability/asset assumed by the head entity of the tax-consolidated group, resulting in the head entity recognising an intercompany receivable/payable equal to the amount of the tax liability/asset assumed.

The agreement requires wholly-owned subsidiaries to make contributions to the Company for tax liabilities arising from external transactions during the period. The contributions are calculated as if each subsidiary continued to be a standalone taxpayer in its own right. The contributions are payable annually and reflect the timing of the head entity's obligation to make payments for tax liabilities to the relevant tax authority.

Summary financial information

The individual Financial Statements for the parent entity show the following aggregate amounts:

Summarised income statement and comprehensive income

AUD million	Orora Limited	
	2014	2013
Loss before related income tax expense for continuing operations	(155.0)	(113.1)
Income tax benefit	53.9	49.2
Loss after tax for continuing operations	(101.1)	(63.9)
Profit from discontinued operations, net of tax	33.0	6.0
Loss for the financial period	(68.1)	(57.9)
Total comprehensive loss	(67.9)	(57.0)

Notes to the Financial Statements

30 June 2014

Section 6 Other notes (continued)

6.5 Orora Limited information (continued)

Summary financial information (continued)

Summarised balance sheet

AUD million	Orora Limited	
	2014	2013
Total current assets	503.7	524.9
Total assets	2,218.9	2,332.8
Total current liabilities ⁽¹⁾	463.8	1,219.3
Total liabilities	953.6	1,263.5
Net assets	1,265.3	1,069.3
Equity		
Contributed equity	513.4	215.3
Reserves:		
Share-based payment reserve	2.0	-
Available-for-sale reserve	2.9	(1.5)
Cash flow hedge reserve	(3.5)	0.7
Retained profits	750.5	854.8
Total equity	1,265.3	1,069.3

(1) As at 30 June 2013 total current liabilities includes loans repayable on demand to Amcor Ltd of \$737.4 million.

Contingent liabilities of Orora Limited

Pursuant to the terms of the ASIC Class Order 98/1418 (as amended) dated 13 August 1998, which relieved certain wholly-owned subsidiaries from specific accounting and financial reporting requirements, Orora Limited and all of the Company's Australian wholly-owned subsidiaries entered into an approved deed for the cross guarantee of liabilities. No liabilities subject to the Deed of Cross Guarantee at 30 June 2014 are expected to arise to Orora Limited and subsidiaries, as all such subsidiaries were financially sound and solvent at that date.

Details of the deed and the consolidated financial position of the Company and the subsidiaries party to the deed are set out in note 6.4.

6.6 Events subsequent to balance date

Acquisition of plastic packaging distributor

On 1 July 2014 the Group completed a small bolt-on acquisition of a plastic packaging distribution business in Texas, USA. The business services customers in the food and produce sectors in the USA, Mexico and Canada and will form part of the North America reporting segment.

Directors' Declaration

1. In the opinion of the Directors of Orora Limited (the 'Company'):
 - (a) the Financial Statements and notes, and the Remuneration Report within the Directors' Report, are in accordance with the *Corporations Act 2001* including:
 - (i) complying with Australian Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the Orora Group's financial position as at 30 June 2014 and its performance for the year ended on that date; and
 - (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
2. Note 1.2 confirms that the Financial Statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.
3. At the date of this declaration, there are reasonable grounds to believe that the Company and the consolidated entities identified in note 6.4 will be able to meet any obligations or liabilities to which they are or may become subject by virtue of the Deed of Cross Guarantee between the Company and those consolidated entities pursuant to ASIC Class Order 98/1418.
4. The Directors have been given the declarations required by section 295A of the *Corporations Act 2001* by the Managing Director and Chief Executive Officer and Chief Financial Officer for the financial year ended 30 June 2014.

This declaration is made in accordance with a resolution of the Directors, dated at Melbourne, in the State of Victoria, on 25 August 2014.



Chris Roberts
Chairman

Independent auditor's report to the members of Orora Limited



Report on the financial report

We have audited the accompanying financial report of Orora Limited (the company), which comprises the statement of financial position as at 30 June 2014, the income statement, statement of comprehensive income, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration for Orora Limited Group (the consolidated entity). The consolidated entity comprises the company and the entities it controlled at year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1.2, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the Financial Statements comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the consolidated entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

PricewaterhouseCoopers, ABN 52 780 433 757

Freshwater Place, 2 Southbank Boulevard, SOUTHBANK VIC 3006, GPO Box 1331, MELBOURNE VIC 3001
T: 61 3 8603 1000, F: 61 3 8603 1999, www.pwc.com.au

Liability limited by a scheme approved under Professional Standards Legislation

Auditor's opinion

In our opinion:

- (a) the financial report of Orora Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.
- (b) the financial report and notes also comply with International Financial Reporting Standards as disclosed in Note 1.2.

Report on the Remuneration Report

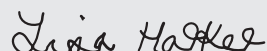
We have audited the remuneration report included in pages 36 to 52 of the directors' report for the year ended 30 June 2014. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion

In our opinion, the remuneration report of Orora Limited for the year ended 30 June 2014 complies with section 300A of the *Corporations Act 2001*.



PricewaterhouseCoopers



Lisa Harker
Partner

Melbourne
25 August 2014

Statement of shareholdings

Statement pursuant to Australian Securities Exchange official list requirements:

Holders of shares in Orora Limited at 16 July 2014

Rank	Name	Shares held	% of issued capital
1	J P Morgan Nominees Australia Limited	199,822,315	16.56%
2	National Nominees Limited	184,406,236	15.28%
3	HSBC Custody Nominees (Australia) Limited	171,526,872	14.21%
4	Citicorp Nominees Pty Limited	107,320,710	8.89%
5	RBC Investor Services Australia Nominees Pty Limited	54,645,774	4.53%
6	BNP Paribas Noms Pty Ltd	43,184,767	3.58%
7	HSBC Custody Nominees (Australia) Limited - A/C 2	42,169,931	3.49%
8	RBC Investor Services Australia Nominees Pty Limited	25,312,226	2.10%
9	Citicorp Nominees Pty Limited	21,673,736	1.80%
10	Australian Foundation Investment Company Limited	12,864,129	1.07%
11	BNP Paribas Nominees Pty Ltd	10,539,677	0.87%
12	AMP Life Limited	9,585,280	0.79%
13	RBC Investor Services Australia Nominees Pty Limited	9,473,907	0.79%
14	National Nominees Limited	9,426,000	0.78%
15	HSBC Custody Nominees (Australia) Limited	8,629,621	0.72%
16	UBS Nominees Pty Ltd	8,550,000	0.71%
17	Bond Street Custodians Limited	6,716,796	0.56%
18	Sandhurst Trustees Ltd	4,670,000	0.39%
19	ARGO Investments Limited	4,614,711	0.38%
20	UBS Wealth Management Australia Nominees Pty Ltd	3,556,171	0.29%
TOTAL		938,688,859	77.79%

Substantial shareholders as at 16 July 2014

Holder	No. of Shares
National Australia Bank Limited and its associated entities	60,476,375
Perpetual Limited and its subsidiaries	102,658,172

Distribution of shareholdings

Fully paid ordinary shares as at 16 July 2014

Range	No. of holders	No. of securities	% issued capital
100,001 and over	172	996,011,116	82.54
10,001 to 100,000	4,467	99,198,238	8.22
5,001 to 10,000	5,537	39,924,331	3.31
1,001 to 5,000	25,737	60,193,507	4.99
1 to 1,000	25,936	11,357,731	0.94
Total	61,849	1,206,684,923	100.00
Unmarketable parcels	11,629	1,734,056	0.14

Voting requirements

Votes of shareholders are governed by Rules 45 to 50 of the Company's Constitution. In broad summary, but without prejudice to the provisions of these rules, on a show of hands every shareholder present in person shall have one vote and upon a poll every shareholder present in person or by proxy or attorney shall have one vote for every fully paid share held.

Unquoted equity securities - issued pursuant to various Orora Limited employee incentive plans as at 16 July 2014

Unquoted equity securities	Number of employees participating	Number of securities
Options over ordinary shares – exercise price \$1.22	14	12,485,000
Rights	14	5,226,000

Shareholder information

Shareholder enquiries

Shareholders seeking information about their shareholding or dividends should contact Orora's Share Registry, Link Market Services Limited. Contact details are overleaf. For security and privacy reasons, before contacting the Share Registry, shareholders should have their Securityholder Reference Number (SRN) or Holder Identification Number (HIN) available.

Shareholders can also access a wide variety of holding information via Link's website: www.linkmarketservices.com.au and make some changes online or download forms including:

- choosing the preferred method of receiving the Annual Report
- checking holding balances
- updating address details
- updating bank details
- providing an email address
- electing to participate in the DRP

Dividends

The Company normally pays dividends around April and October each year.

Shareholders should retain all remittance advices relating to dividend payments for tax purposes.

Orora pays its dividends in two ways:

1. By direct deposit to an Australian bank, building society or credit union account

Shareholders can receive their dividends directly into a nominated bank, building society or credit union account anywhere in Australia. Payments are electronically credited on the dividend payment date and confirmed by a payment advice sent to the shareholder.

Shareholders can provide, or update, banking details online at Orora's Share Registry at www.linkmarketservices.com.au.

2. By cheque payable to the shareholder

International shareholders who do not have an account with an Australian banking institution will receive their dividends by Australian dollar cheque.

Lost or stolen cheques should be reported, in writing, immediately to Orora's Share Registry to enable a "stop payment" and replacement.

In addition, eligible shareholders can choose to have their dividend earnings reinvested in Orora shares.

Dividend Reinvestment Plan (DRP)

The DRP provides shareholders in Australia and New Zealand with the opportunity to re-invest their dividends to acquire additional Orora shares. Shares acquired under the DRP rank equally with existing fully-paid ordinary shares.

Full details of the DRP and a DRP election form are available from Orora's Share Registry, or from Orora's website.

Stock exchange listing

Orora Limited shares are listed on the Australian Securities Exchange (ASX) and are traded under the code ORA.

Annual General Meeting

The Annual General Meeting of Orora Limited will be held at the Clarendon Auditorium, Melbourne Convention and Exhibition Centre, 2 Clarendon Street, South Wharf, Melbourne, Victoria, at 11.00 am (AEDT), Thursday 16 October 2014.

Formal notice of the meeting is sent to each shareholder.

Orora publications and communications

The Annual Report is mailed in mid-September only to those shareholders who request a copy.

Orora's website www.ororagroup.com offers shareholders details of the latest share price, announcements made to the ASX, including half-year and full-year results, investor and analyst presentations and many other publications that may be of interest.

Corporate directory

Orora Limited

Registered office and principal administrative office

109 – 133 Burwood Road
Hawthorn Victoria 3122
Australia

Telephone: +61 3 9811 7111
Facsimile: +61 3 9811 7171
Website: www.ororagroup.com

ABN: 55 004 275 165

Chairman

Mr C I Roberts

Managing Director and Chief Executive Officer

Mr N D Garrard

Chief Financial Officer

Mr S G Hutton

Company Secretary

Ms A L Stubbings

Auditors

PricewaterhouseCoopers
2 Southbank Boulevard
Southbank Victoria 3006

Australia Telephone: +61 3 8603 1000
Facsimile: +61 3 8603 1999
Website: www.pwc.com.au

Orora share registry

Link Market Services Limited

Street address:
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Melbourne Victoria 3000

Postal address:
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Sydney South NSW 1235

Telephone: +61 1800 207 622
Facsimile: +61 2 9287 0303
Email: orora@linkmarketservices.com.au
Website: www.linkmarketservices.com.au

Financial calendar 2014/15*

Financial year 2013/14 ends	30 June 2014
Announcement of full year results for 2013/14	25 August 2014
Ex-dividend date for final dividend 2013/14	8 September 2014
Record date for final dividend 2013/14	10 September 2014
Record date for Dividend Reinvestment Plan (DRP) for 2013/14	11 September 2014
Dividend payment date and DRP allotment	8 October 2014
Annual General Meeting	16 October 2014
Financial half year ends	31 December 2014
Announcement of interim results for 2014/15	February 2015
Ex-dividend date for interim dividend 2014/15	March 2015
Record date for interim dividend 2014/15	March 2015
Record date for DRP for 2014/15	March 2015
Dividend payment date and DRP allotment	April 2015
Financial year 2014/15 ends	30 June 2015

*Dates may be subject to change.

Paper and printing of this annual report

Both the printer and the paper used to produce this document have Forest Stewardship Council® (FSC®) and ISO 14001 environmental certification.

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