DELIVERING ON THE PROMISE

Annual Report 2015

Orora Limited
ABN 55 004 275 165

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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’, ‘2014/15’, ‘FY2014/15’, ‘FY15’ and ‘2015’ refer to the financial year ended 30 June 2015. ‘FY14’, ‘2013/14’ and ‘2014’ refer to the financial year ended 30 June 2014.

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

The Financial Report was authorised for issue by the Directors on 26 August 2015.

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

OPERATING AND FINANCIAL HIGHLIGHTS

- Net profit after tax up 25.9%
- Double digit earnings growth in Australasia and North America – despite subdued market conditions
- Through financial discipline, earnings growth is being converted into strong cash flow providing a robust platform for future growth
- Declared dividends up 25.0% and at the top end of the indicated payout range

SALES REVENUE
$3.4 billion
↑ 7.3%

EBIT
$225.1 million
↑ 17.2%

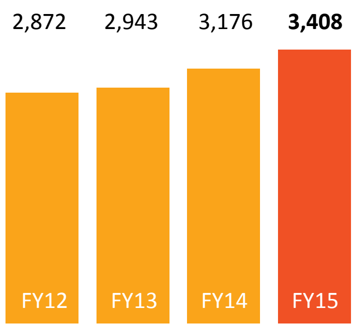
EBIT TO SALES
up from 6.0%
6.6%

NET PROFIT AFTER TAX
$131.4 million
↑ 25.9%

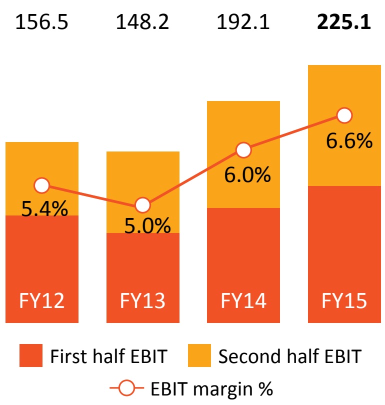
UNDERLYING OPERATING CASH FLOW
$260.8 million
↑ 19.1%

DIVIDEND
7.5¢ per share
↑ 25.0%

SALES[1]
AUD million



EBIT[2]
AUD million



(1) FY12–FY14 represent pro forma sales
(2) FY12–FY14 represent pro forma EBIT

MESSAGE TO SHAREHOLDERS

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

Dear Shareholder,

Orora is pleased to present its 2015 Annual Report, covering the first full year of operations as an independently listed company.

The 2015 financial year has been a successful period for Orora. The Company delivered on its objectives and generated strong earnings growth and increased financial returns.

Over the period, Orora grew sales revenue by 7.3% to $3.4 billion despite subdued market conditions in both its core markets: North America and Australasia. Orora delivered benefits from the 'self-help' cost reduction programs slightly ahead of target, increased market share in the Glass division and grew earnings in North America. This culminated in earnings before income tax (EBIT) of $225.1 million, up 17.2% on the previous year, and net profit after tax (NPAT) of $131.4 million, up a pleasing 25.9%.

Through continued financial discipline and improved management of working capital, Orora converted earnings to underlying cash flow, which improved 19.1% to $260.8 million. This further strengthened Orora's balance sheet and enabled a reduction in leverage to 1.9 times, down from 2.2 times in the prior year and down from 2.9 times at the time the demerger was announced. This provides a solid balance sheet platform to pursue future growth opportunities. Net debt during the period reduced to $606.9 million, compared to $635.6 million at 30 June 2014.

Orora has announced a final dividend of 4.0 cents per share partially franked to 30%. Combined with the interim dividend of 3.5 cents per share (unfranked), the total dividends declared for the year were 7.5 cents per share, which is an increase of 25.0% over the prior year. This represents a dividend payout ratio of approximately 69.0% of NPAT, which is again at the top end of Orora's indicated payout range and reflects the Board's continued confidence in the business.

REVIEW OF OPERATIONS

There is a detailed review of operational performance on pages 4 to 31 of this report.

Overall performance of the businesses during the year was pleasing, given economic conditions across Orora's key markets remained generally subdued.

Orora Australasia delivered sales growth of 1.2% to $1.9 billion. Underlying sales increased 2.5%, broadly in line with GDP, after adjusting for changes in business operations during the prior year. The Australasian business increased earnings by 11.8% to $181.6 million, with growth underpinned by further delivery of cost reduction and innovation benefits at the Company's state-of-the-art paper mill (B9) in Botany, New South Wales, and the realisation of remaining footprint and cost-reduction efficiency programs in the Fibre Packaging business. Orora delivered incremental cost reduction and innovation benefits of $18.4 million at B9 during the course of the year, taking cumulative benefits to $21.4 million.

In the Beverage business, the Glass division grew market share in the wine segment, which helped offset a slight decline in underlying glass volumes. Importantly, the Beverage team delivered the scheduled rebuild of the G1 glass furnace at Gawler (South Australia) on time and on budget. Notwithstanding this, the G1 rebuild and higher gas prices had an adverse impact on Glass earnings during the period.

Within the Beverage Can division, volumes were stable whilst earnings were driven higher by a continued focus on increasing efficiency and reducing costs. During the year, the business was pleased to extend a long term customer agreement for a further ten years.

The Fibre Packaging business group saw higher sales, with strength in the New Zealand Corrugated division and increased volumes in most end markets offsetting weakness in the beverage and grocery segments. The continued focus on cost improvement drove higher earnings than the previous year.

In March, Orora was pleased to announce an investment of approximately $20.0 million in a new state-of-the-art dairy sack line as a result of securing a supply agreement with Fonterra. The machine will be commissioned in late calendar year 2016. It will be located at the existing facility in Keon Park, Victoria. As a customer-led company, long-term investments and contracts such as this demonstrate Orora's commitment to invest in initiatives for its customers and drive innovation across the Company.

The performance of the B9 paper mill during the year was pleasing, with production increasing approximately 10% to 367,000 tonnes of recycled paper. As anticipated, export of paper from B9 to the business and external customers in North America increased from 8,500 tonnes to 55,300 tonnes. In the next twelve months, this is expected to grow to in excess of 70,000 tonnes. Overall, production ramp-up of B9 remains on track; it is anticipated the mill will exit the 2016 financial year on a monthly production run rate approaching designed output capacity of 400,000 tonnes.

Orora's North American operations had another strong year, delivering constant currency sales growth of 6.2% to USD1.2 billion. The Landsberg Packaging Solutions division increased revenue by 8.7% through higher sales to existing customers, winning market share and the benefit of the July 2014 acquisition of Worldwide Plastics. Higher revenue was driven by a focus on securing larger corporate accounts, primarily within the targeted


markets of food, pharmaceutical/health, information technology and automotive. Orora North America's constant currency earnings were 14.1% higher at USD59.9 million, driven by increased sales, an ongoing focus on procurement, increased manufacturing efficiency and operating cost control.

The integration of the Worldwide Plastics acquisition is currently tracking ahead of expectations. Orora is set to deliver the targeted 20% return on investment acquisition hurdle rate in the 2016 financial year, a year ahead of the expected return criteria.

In line with the Group's growth strategy, on 26 August 2015 Orora announced that it had signed an agreement to acquire the assets and business of Jakait, a supplier of packaging, logistics services and label products to the greenhouse produce sector based in Ontario, Canada.

The acquisition of Jakait is consistent with Orora's growth strategy for North America as it provides further capability in the large food and produce market and expands the Company's geographic footprint into Canada. Cost and revenue synergies are expected to be realised in the next two years as the business is integrated with Orora's existing business activities.

THE ORORA WAY DRIVING OUTPERFORMANCE

Orora is a customer-focused packaging company. Orora's selection as a Supplier of the Year by both Lion and Coca-Cola Amatil is testament to this approach and the Company is very proud of these awards. Throughout 2015, The Orora Way was further embedded within the business, launching recognition and reward programs which continue to reinforce awareness and aim to drive behavioural change to more closely align with the Orora Values and the focus on Outperformance.

As part of embedding The Orora Way framework and with funding aided by the disposal of land at Petrie (Queensland), Orora established the Orora Global Innovation Fund in July 2015. The objective of the fund is to invest approximately $45.0 million across the Company over three years, with an emphasis on innovation, modernisation and productivity. This is part of being a customer-led business and encouraging "out of the box" thinking to drive sustainable benefits.

With a strong leadership team in place, a focus on talent development, a sound strategy and a solid balance sheet, Orora remains well placed to deliver further growth and improvement in shareholder returns.

OUTLOOK

Orora expects to continue to drive organic growth, deliver on the B9 'self-help' initiatives and invest in innovation and growth during 2016, with earnings expected to be higher than reported in 2015, 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

ORORA LIMITED 2014-15 AWARDS

COCA-COLA AMATIL

CCA Supplier of the Year - *Packaging & Ingredients*

LION

Lion Supplier of the Year (2014) for *Orora Glass*

BRW 2014 most INNOVATIVE companies

BRW Most Innovative Companies - *Highest ranked packaging company*

Australian Packaging Design Awards 2014

WORLDSTAR WINNER 2015

Two Worldstar awards

Pride In Print Awards

NZ Pride in Print Awards - *14 Gold and 5 Highly Commended*

energy efficiency council
2014 INDUSTRY AWARD WINNER

Energy Efficiency Council and Energy Users Association of Australia Award for *Australia Leading Energy User 2014*

LEARNX IMPACT AWARDS 2015 Gold Winner

LearnX Impact Awards for *Delivering on the Promise - Best ELearning Design* and *Best Rapid Authoring - Induction*

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 of the Orora Group for the comparative period, being the financial year ended 30 June 2014, does not give a relevant view of the performance of the Orora Group as it is currently structured. Accordingly, the Operating and Financial Review contains pro forma financial information for the year ended 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 2013 to 30 June 2014. Details of the pro forma adjustments made to the Orora Group's segment financial information for the financial year ended 30 June 2014 can be found on page 22 of the 2014 Annual Report and are contained within the footnotes to the Operating and Financial Review within 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
- average funds employed.

Performance measures such as Earnings per Share, Return on Average Funds Employed 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.

With a sound strategy, a strong balance sheet, customer focus and an experienced and talented leadership team, Orora is well-placed to deliver further growth and improved shareholder returns.

CHRIS ROBERTS

WHO WE ARE
AND WHAT WE DO

An innovative, customer-focused provider of packaging solutions

SALES
AUD billion

$3.4b

TEAM MEMBERS

5,600

MANUFACTURING PLANTS

39

DISTRIBUTION CENTRES

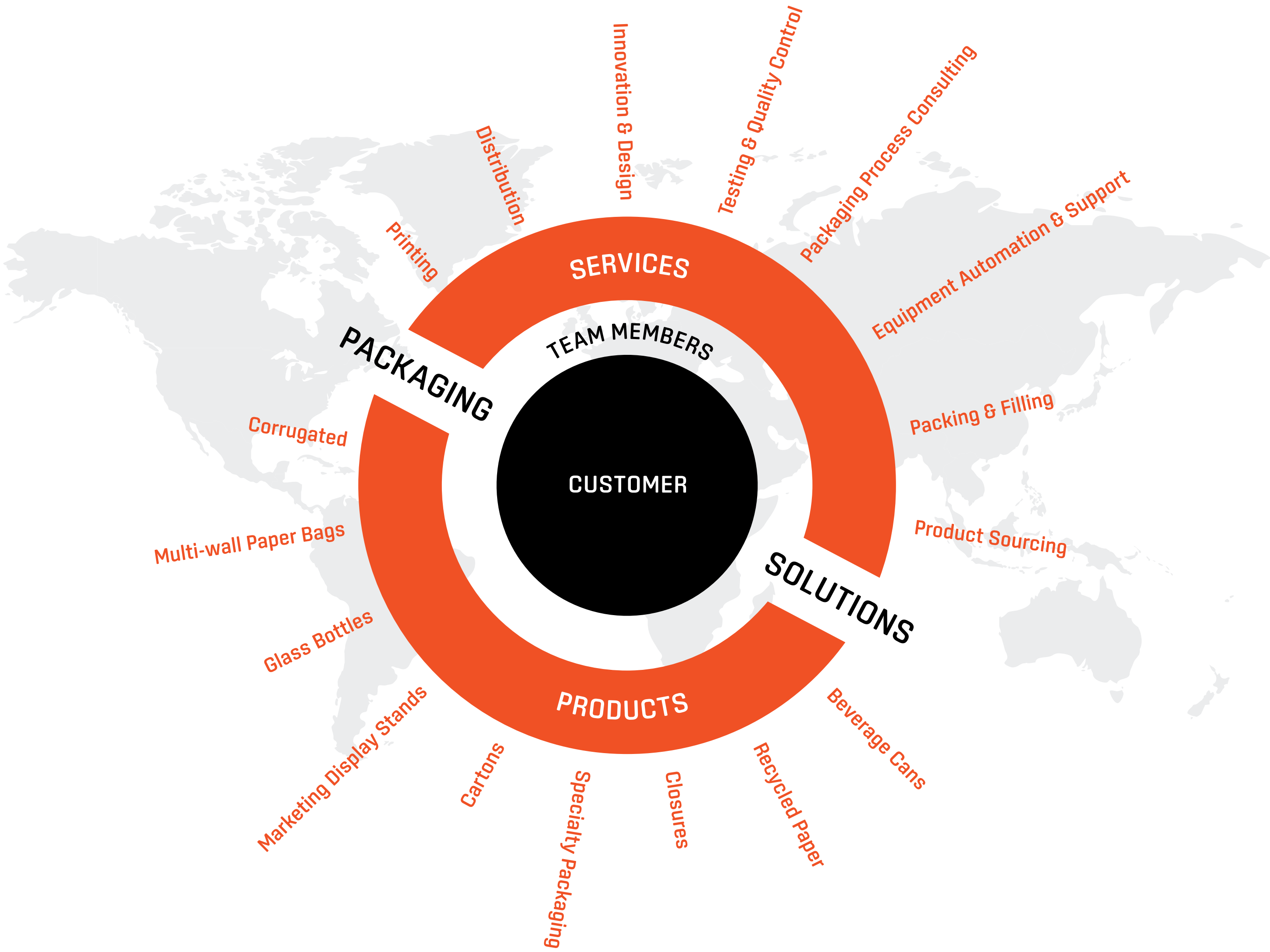
85

COUNTRIES

7

NUMBER OF SHAREHOLDERS

45,000+



Our team members around the globe are driven by a shared belief and determination to deliver on the promises they make to customers, shareholders, communities and each other.

Orora offers tailored packaging solutions encompassing the manufacture of packaging products such as glass bottles, beverage cans, corrugated boxes, recycled paper, cartons and multi-wall paper bags and services including global sourcing of packaging products, packaging distribution, design, printing and warehousing optimisation.

Every day, millions of consumers buy and use goods in packaging proudly designed, developed, produced or supplied by Orora.

We continue to grow our packaging solutions capability, extending our traditional packaging manufacturing platform in Australasia and distribution platform in North America through our global sourcing desk in Shenzhen, China and high-value packaging design and engineering services in Australasia.

OUR CUSTOMERS

Orora values the strong relationships it has established and continues to grow with customers. Our customers are at the very core of our business, the centre of all we do. It is this focus that ultimately generates shareholder value.

Customer focus drives our passion for innovation and design.

In Australasia our customers are predominantly in the grocery, fast moving consumer goods, agricultural and industrial markets. In North America, they are in the food, healthcare, technology, automotive, industrial, warehousing and shipping industries.

OUR APPROACH

We work collaboratively with customers to constantly expand, evolve and improve our offering. We anticipate changing consumer preferences and trends, and we deliver innovative packaging solutions that help our customers establish, maintain and grow leading positions in their respective markets.

Recognition of Orora as a Supplier of the Year during the reporting period by both Coca-Cola Amatil and Lion, as well as Orora's inclusion in the 2014 BRW Most Innovative Companies list, the highest ranking packaging company in that list, are testament to our approach.

THE ORORA WAY

What We Believe

AT ORORA WE BELIEVE PACKAGING TOUCHES LIVES.

TOGETHER WE DELIVER ON THE PROMISE OF WHAT'S INSIDE.

What We Value

TEAMWORK

PASSION

RESPECT

INTEGRITY

What We Deliver

OUTPERFORMANCE THROUGH...

Customer Focus

Safety

Financial Discipline

Our People

OUR TEAM MEMBERS

Our team members are central to our ability to deliver on the promises we make to customers. The safety and wellbeing of team members, development of talent within the business and recruitment of skills required for the business to thrive, are priorities. During the past year we introduced an award-winning induction program. We invested in talent development, launching our own training and development portal Orora Global University (OGU) and, for the first time, announcing specific diversity-based recruitment targets. We aim to build on this foundation in the years ahead.

DELIVERING ON THE PROMISE

In 2014 we embarked on a program to develop a company culture to drive Outperformance. That program uncovered a shared belief in the importance of what we do, the values to which we hold ourselves accountable, and an operating framework through which we deliver Outperformance.

During 2015 we continued to embed that program, known as The Orora Way, within our business, initiating campaigns to reinforce awareness and launching programs to recognise and reward behaviours aligned with The Orora Way framework.

We continue to hardwire The Orora Way in the business to underpin and guide all we do, and in doing so drive Outperformance to generate value for shareholders.

Truly great companies have a firmly held belief in the importance of what they do, a set of values that underpin all they do and an operating framework by which to deliver that vision.

NIGEL GARRARD

OUR BUSINESS STRATEGY

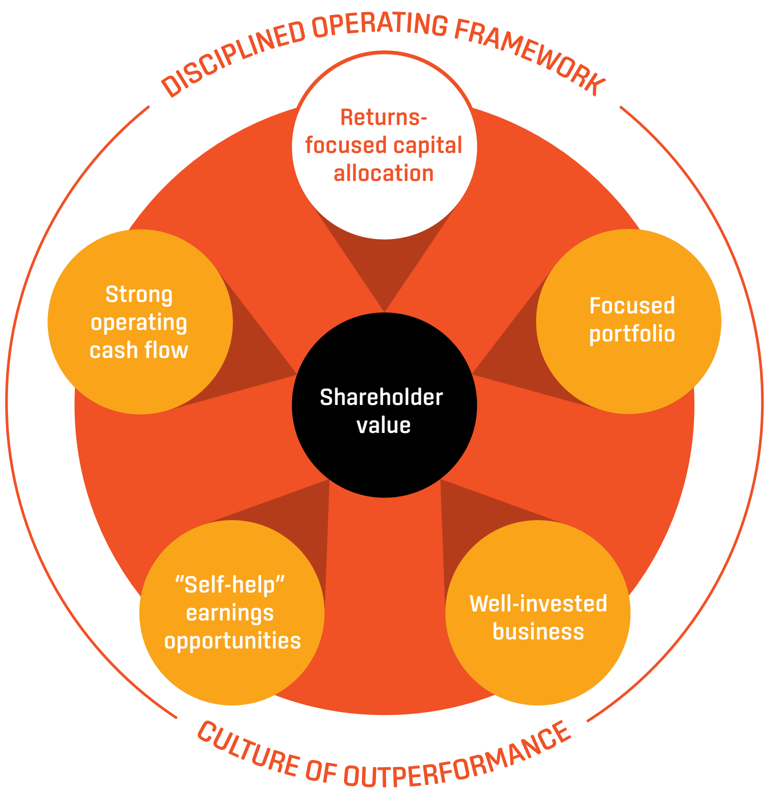
A customer-led provider of innovative packaging solutions, Orora has, since listing in December 2013, consistently delivered in line with its stated strategy.

With an experienced Board and executive team, Orora creates shareholder value through disciplined execution in five areas: focused portfolio, well-invested businesses, "self-help" earnings opportunities, strong operating cash flow, and returns-focused capital allocation. Orora executes its strategy within a disciplined operating framework and a culture of Outperformance.

The Company has successfully completed a number of divestment and footprint rationalisation initiatives in recent years. Orora seeks exposure to attractive end-market segments through packaging sectors that exhibit appealing return and growth characteristics. The Company continues to refine and focus its portfolio to meet these objectives.

Significant large-scale investments of more than $1 billion have been made in the business over recent years and Orora continues to invest in innovation and growth. In July 2015, it established the Orora Global Innovation Fund – approximately $45.0 million to be invested over three years to drive innovation, modernisation and productivity across the Company. This is part of being customer-led and encouraging "out of the box" thinking to deliver sustainable benefits.

Orora's approach to delivering "self-help" earnings opportunities, ensuring strong operating cash flows, and maintaining returns-focused capital allocation are shown in the table opposite.



WHAT IS NEXT?

Having established a strong balance sheet, Orora continues to invest in innovation and growth for future success, while operating a disciplined framework for capital allocation.

In Australasia, Orora continues to focus on merger and acquisition initiatives, innovation, and customer-led growth investments such as the $20.0 million investment announced in February 2015 in a state-of-the-art dairy sack line to supply multi-walled dairy bags to Fonterra's New Zealand milk powder operations.

In North America, merger and acquisition activities will be sought to enhance Orora's geographic footprint and/or customer value proposition. This supplements organic growth from targeting large corporate accounts and augmenting the Company's position with current customers. Furthermore, Orora aims to realise the benefits of its integrated fibre offering by leveraging the improved performance characteristics of paper from its state-of-the-art B9 recycled paper mill in Botany, Australia, which is increasingly being exported to the North American business.

	WHAT THIS MEANS	WHAT WE SAID WE WOULD DO	WHERE WE ARE AT 30 JUNE 2015
SIGNIFICANT "SELF-HELP" EARNINGS OPPORTUNITIES	Optimise our cost base and realise targeted benefits from recent initiatives	$93.0 million of total cost reduction benefits from: • Cost reductions & product innovations from the B9 recycled paper mill • Portfolio exits and plant closures • Other initiatives	$64.4 million of cumulative cost savings to date: • $21.4 million of cumulative benefits from B9 – slightly ahead of guidance • Completed large-scale program of portfolio exits, plant closures and other initiatives delivering on target $43.0 million of cumulative benefits
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 net CapEx[1] at 80–90% of depreciation in FY15	Strong cash flow conversion of stable earnings streams – cash conversion 76%[2] – above 70% target Leverage reduced from 2.2x to 1.9x Net CapEx $80.7 million in FY15 was within 80–90% of depreciation. Spend on key projects in line with expectations
RETURNS-FOCUSED CAPITAL ALLOCATION	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	Maintain a sustainable dividend pay-out ratio of 60–70% of NPAT pre SIs[3] Partially frank dividends to the extent practicable M&A that complements existing operations or provides attractive growth options Maintain a disciplined approach to investments with an ROI hurdle of 20%[4]	Declared dividends up 25.0% in FY15 and at high end of payout ratio Final FY15 dividend franked to 30% Maintaining an active M&A pipeline to improve industry structures and/or strengthen our competitive position/value proposition Established a well-credentialed M&A team with a regional presence in Australasia & North America Implemented a repeatable merger, acquisition and integration process Completed some small bolt-on acquisitions during FY15

(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 average funds employed by the third full year of ownership for "bolt-on" acquisitions, or by a minimum of year five for "adjacent" acquisitions

A PROVEN MERGER AND ACQUISITION PROCESS

Merger and acquisition activity has become a significant focus for both Orora's Australasian and North American operations. To ensure the successful execution of Orora's growth strategy, we have established a well-credentialed merger and acquisition team and adopted a proven and repeatable merger, acquisition and integration process. This approach combines the technical skills of our in-house specialists, the operational expertise of our functional business leaders, and proprietary systems and methods unique to The Orora Way.

Disciplined execution in line with this process will ensure that these activities create maximum shareholder value in the shortest possible time. A high-level overview of this process is outlined below.

ORIGINATION → **INITIAL ASSESSMENT** → **DUE DILIGENCE** → **INTEGRATION** →

Efficiently find and develop opportunities that align with Orora's strategy.

Balance earnings and returns, chosen segments, profit execution pipeline, in-house M&A specialists (Australia and North America).

Conduct thorough due diligence.

In-house subject matter experts and commercial due diligence augmented by external experts as required.

Quickly and successfully integrate businesses into Orora for maximum value creation.

One hundred day plans, clarity of roles and accountability, The Orora Way operating model, in-house integration specialists.

Key to Orora's growth strategy will be to successfully execute a proven and repeatable merger, acquisition and integration process that maximises value in the shortest possible time.

THE BOARD OF DIRECTORS

CHRIS ROBERTS
(BCom)

Independent Non-Executive Director and Chairman

Chris Roberts has significant knowledge of fast-moving consumer products, where the packaging component is critical. He has gained this expertise through executive roles internationally and in Australia as CEO of Reckitt & Colman, 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 (September 2006 to April 2015)
- Deputy Chairman, The Centre for Independent Studies (since August 2004)
- Director (1999 to 2013) and Chairman (2000 to 2013), Amcor Ltd
- Director, Australian Agricultural Company Limited (June 2001 to May 2008, and June 2009 to March 2012)

Director and Chairman since 2013.

Board committee membership

- Chair, Executive Committee and Nomination Committee
- Member, Human Resources Committee and Audit & Compliance Committee

NIGEL GARRARD
(BEc, CA, MAICD)

Managing Director and Chief Executive Officer

After an extensive career in the consumer goods industry, Nigel Garrard joined Amcor in 2009 where he was President of the Australasia and Packaging Distribution business group until it was demerged to form Orora in 2013.

Prior to Amcor, Nigel 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, Nigel 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.

A former Chairman of National Food Industry Strategy Ltd and former Director of Australian Food & Grocery Council and Victorian Relief Foodbank Ltd, Nigel has been involved with a wide range of industry associations.

Director since May 2009. Appointed Managing Director and CEO of Orora Ltd in December 2013.

Board committee membership

- Member, Executive Committee

ABI CLELAND
(BA, BCom, MBA, GAICD)

Independent Non-Executive Director

Abi Cleland has extensive experience in strategy, M&A, digital and business growth globally. This has been gained from 20 years of executive roles in the industrial, retail, agriculture and financial services sectors including with ANZ, Amcor, Incitec Pivot and BHP.

Abi currently runs an advisory and management business, Absolute Partners, that focuses on disruptive change, strategy and business growth.

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

- Director, Swimming Australia (since July 2015)
- Committee Member Lazard's Private Equity Fund 2 Investment Committee (since January 2013)
- Director, Australian Independent Business Media (August 2010 to June 2012)
- Managing Director, Absolute Partners (since September 2012)

Director since February 2014.

Board committee membership

- Member, Audit & Compliance Committee and Human Resources Committee

SAM LEWIS

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

Independent Non-Executive Director

Sam 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, Sam provided accounting and transactional advisory services to major organisations in Australia, and has significant experience working with manufacturing and consumer business organisations.

Sam holds a Bachelor of Arts, Economics from the University of Liverpool in the UK, and is a member of the Institute of Chartered Accountants in Australia and the Institute of Chartered Accountants in England and Wales.

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

- Director, Aurizon Holdings Limited (since February 2015)

Director since March 2014.

Board committee membership

- Chair, Audit & Compliance Committee
- Member, Executive Committee

JOHN PIZZEY

[BEng (Chem), Dip.Mgt., FTSE]

Independent Non-Executive Director

John Pizzey has extensive knowledge of the international resources industry and global environmental 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 Limited
- Director, Air Liquide Australia Limited (since April 2008)
- Chairman (May 2010 to December 2013) and Director (November 2005 to December 2013) of Iluka Resources Limited
- Director, Amcor Ltd (September 2003 to December 2013)
- Member of the MonashHeart Strategic Advisory Board

Director since December 2013.

Board committee membership

- Chair, Human Resources Committee
- Member, Executive Committee and Nomination Committee

JEREMY SUTCLIFFE

[LLB (Hons), MAICD]

Independent Non-Executive Director

Jeremy Sutcliffe has broad international corporate experience as 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, Jeremy previously held positions with Baker & McKenzie Solicitors, London and Sydney, Sims Metal Management Limited and associated companies (including Group CEO), and Interim Managing Director & CEO of CSR Limited.

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

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

Director since December 2013.

Board committee membership

- Member, Human Resources Committee, Audit & Compliance Committee and Nomination Committee

BOARD COMMITTEES

Executive Committee

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

Nomination Committee

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

Audit & Compliance Committee

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

Human Resources Committee

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

EXECUTIVE LEADERSHIP TEAM

NIGEL GARRARD
(BEc, CA, MAICD)

Managing Director and Chief Executive Officer

Please see page 12.

DAVID BERRY
(BSc, GDip AppSc (Business Science))

Group General Manager, Packaging and Distribution

David Berry joined Orora as Group General Manager, Packaging and Distribution at the time of listing in December 2013. Prior to that David was Group General Manager, Cartons and Sacks with Amcor Australasia, having joined Amcor in 2006. David brings 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.

SIMON BROMELL
(BSc, GDip Agribus, GAICD)

Group General Manager, Beverage

Simon Bromell joined Orora in 2014 bringing 25 years' experience in leadership roles across the national food supply chain in consumer goods and agribusiness. Prior to Orora, Simon was General Manager of Gold Coin Asia, and also spent four years as Managing Director of Fonterra's Australian Ingredients business. Before this he held senior management roles across a range of businesses and functions at Mars from 1996 to 2009.

DAVID LEWIS
(BCom (Hons))

Group General Manager, Strategy

Prior to Orora's listing on the ASX David spent seven years with Amcor, initially as Vice President of Strategy and then as a Global Key Account Director in Switzerland. Prior to joining Amcor, David 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.

BRIAN LOWE
(MBA)

Group General Manager, Fibre

Prior to taking on his current role, Brian was the Group General Manager of Orora's Beverage business. This followed two years in the same role with Amcor's Australasia and Packaging Distribution business. Before joining Amcor in 2011, Brian 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.

LOUISE MARSHALL
(BBus)

Group General Manager, Human Resources

Louise joined Orora in the role of Group General Manager, Human Resources in July 2015. She brings more than 17 years' Human Resources experience including five years at ASX-listed Tabcorp Holdings Ltd where she was Executive General Manager – Human Resources. Prior to her time at Tabcorp, Louise spent more than eight years at PricewaterhouseCoopers where she was Executive Director Human Capital for its Australian business.

PETER DE HENNIN

(BBus (Marketing))

Group General Manager, Paper and Recycling

Prior to joining Orora Limited in 2014, Peter was the Chief Executive Officer of Detmold Flexibles for five years. Peter brings more than 35 years' experience in a wide variety of packaging mediums and manufacturing processes, including two years as CEO of Steelbro Group, and three years as CEO of the Finewrap Group of Companies.

STUART HUTTON

(BBus, CA)

Chief Financial Officer

Stuart Hutton joined Orora in December 2013, having previously served as Chief Financial Officer (CFO) of Amcor's Australasia and Packaging Distribution business. Stuart brings more than 20 years' experience in senior finance roles including five years with Orica as CFO for the Minova Group, Chemical Services Division and Mining Services (North America) and four years as CFO of WorldMark Holdings Pty Ltd. Stuart spent nine years during the early part of his career with Deloitte Touche Tohmatsu in audit and corporate finance.

CRAIG JACKSON

(BCom, MBA, CPA, MAICD)

Group General Manager, Procurement and Supply

Prior to joining Orora Limited, Craig 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, procurement 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.

BERNIE SALVATORE

(Dip Ind Mngt (Eng), MBA)

President, Orora North America

Prior to taking on his current role, Bernie Salvatore was President of Amcor Packaging Distribution, having joined the company in 2002. Bernie brings more than 30 years' experience in the North American packaging industry, working for several publicly listed companies. Prior to Amcor, Bernie spent 20 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.

ANN STUBBINGS

(BA/LLB, MAICD)

Company Secretary and Group General Counsel

Ann has more than 20 years' experience in private practice and corporate legal roles, across the manufacturing and financial services sectors, in corporate governance and regulatory matters, company secretariat, commercial law, dispute resolution, and financial services law. Ann joined Orora at its listing on the ASX in December 2013, having previously served as Senior Group Legal Counsel at Amcor Ltd from 2008 to December 2013 and Alternate Company Secretary from 2009.

OPERATIONAL REVIEW
ORORA AUSTRALASIA

Countries **2**

Team members **3,500**

Plants **28**

EARNINGS[1]

(AUD MILLION)	2015	Pro forma[2] 2014	Change (%)
Sales revenue	**1,935.5**	1,912.9	1.2
EBIT[3]	**181.6**	162.5[4]	11.8
EBIT margin (%)	**9.4**	8.5	
Average Funds Employed (AFE)	**1,777.2**	1,822.9[4]	(2.5)
EBIT[3]/AFE (%)	**10.2**	8.9	

SEGMENT CASH FLOW

(AUD MILLION)	2015	2014	Change (%)
EBITDA[5]	**261.9**	245.4	6.7
Non-cash items	**21.2**	14.6	
Movement in total working capital	**(1.8)**	10.5	
Net capital expenditure	**(64.1)**	(69.2)	
Underlying operating cash flow	**217.2**	201.3	7.9
Cash significant items	**(14.8)**	(33.6)	
Operating free cash flow[1]	**202.4**	167.7	

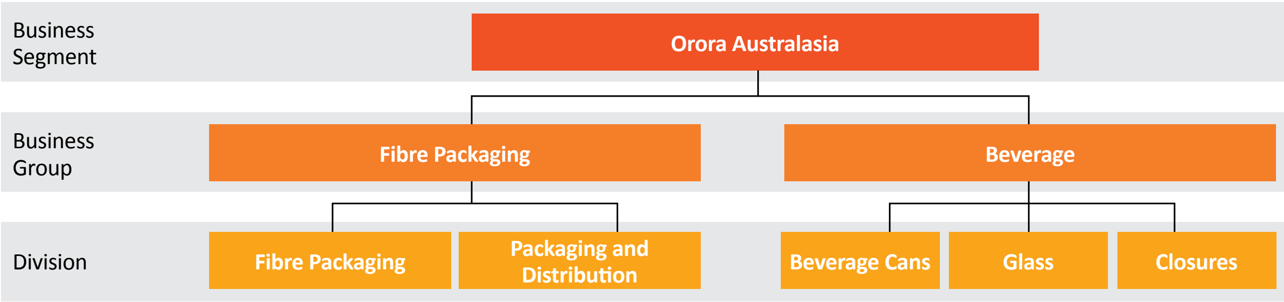
(1) As reported in the Segment Note contained within the Financial Statements, refer note 2.

(2) The reported results in the Segment Note (refer note 2) present a view of performance as if the internal corporate restructure associated with the demerger in December 2013 had been effective from 1 July 2013. Refer to page 22 of the 2014 Annual Report for further details.

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

(4) Pro forma adjustments increase EBIT from $152.0 million to $162.5 million as a result of a $10.5 million reduction in the depreciation charge from accounting for the asset impairment included in the Demerger Scheme Book being applicable from 1 July 2013. This pro forma adjustment also decreases Average Funds Employed from $1,895.6 million by $72.7 million to $1,822.9 million.

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



KEY POINTS

- Despite economic conditions in Australia remaining flat, the Australasian business delivered an increased EBIT of $19.1 million to $181.6 million, 11.8% higher than the prior period
- Organic volume growth, outside of market share gains in Glass, remained generally muted and broadly in line with GDP. Overall sales increased 1.2% to $1.9 billion, with underlying sales growing 2.5%, after accounting for changes in business operations during the prior year
- The Australasian business improved RoAFE by 130 bps to 10.2% (up from 8.9%) driven by higher earnings with benefits from previous large scale investments materialising
- The Australian businesses have worked through the implications of the Carbon Tax repeal. The net adverse impact in FY15 was $4.4 million

FIBRE DIVISION

- Fibre earnings were higher than the prior year, driven by the ongoing ramp-up of the B9 recycled paper mill and remaining cost improvement initiatives

FIBRE PACKAGING

- Sales in New Zealand were higher than the prior year driven by stronger volumes in the agriculture sector
- Sales in Australia were stable with the prior year. Improvements in the meat, fruit and produce sectors were offset by weakness in the beverage and grocery segments. Other markets were generally steady
- Cost improvement and sales margin initiatives contributed to better margins
- While there will be an adverse earnings impact in FY16 from a recently terminated distribution agreement, it is expected to be recovered in the medium term as the business is actively investing in expanding and refining its "go direct" channel to market. For example, in May 2015, the business completed a small bolt on acquisition of a South Australian based distributor of fibre packaging to fruit and produce growers and, in June 2015, approved three new purpose built distribution facilities in North Queensland

PACKAGING AND DISTRIBUTION:

- Improved sales in the dairy and quick service restaurant segments were offset by softness in the grocery and industrial markets. Earnings were in line with the prior year
- The Australian Cartons business successfully implemented SAP during the year
- A small subscale Cartons converting plant in Zillmere, Queensland closed in September 2014. Transition of production to the remaining Cartons facilities has been completed

BOTANY RECYCLED PAPER MILL (B9):

- Production ramp up remains on track. Manufacturing stability continued to improve in FY15 enabling the team to focus on reducing the cost of production
- During the 12 months to June 2015, 367,000 tonnes of recycled paper were produced (335,000 tonnes in FY14) – this was in line with expectations
- B9 exported 55,300 tonnes of recycled paper to Orora North America and US based customers during FY15 (8,500 in FY14)
- During the year, the business signed a short term agreement to sell 12,000 tonnes of recycled paper to one of the world's largest paper producers – an endorsement of the world class quality and functionality of B9 paper
- The ongoing rationalisation of Orora's recycling collection footprint continued in FY15 and included disposing the Western Australian recycling assets

BEVERAGE DIVISION

- Beverage earnings were slightly ahead of the prior year. Glass market share gains within the wine segment and manufacturing efficiencies across the Beverage Division were largely offset by the impact of rebuilding Orora's first glass furnace (G1) and higher gas costs at Glass. The wine closure division earnings were steady

BEVERAGE CANS

- Volumes were stable whilst earnings were higher driven by manufacturing productivity initiatives
- A long term customer agreement was renewed in December 2014 for a further 10 years
- The business is in the advanced stages of transitioning to a full import sourcing model for aluminium. Management of the working capital impact is well progressed

OPERATIONAL REVIEW
ORORA AUSTRALASIA
CONTINUED

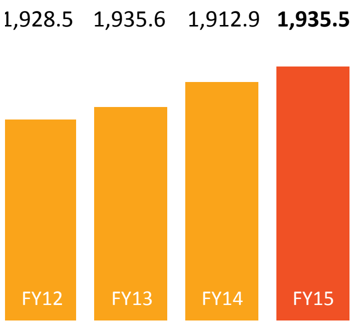
SALES

$ 1,935.5 million

1.2%

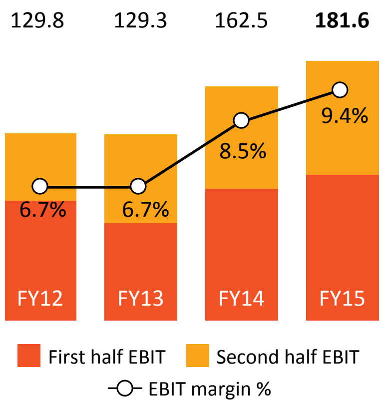
SALES[1]

AUD million



EBIT[2]

AUD million



(1) FY12–FY14 represent pro forma sales

(2) FY12–FY14 represent pro forma EBIT

GLASS

- Sales in the wine segment were ahead of the prior year. The business benefited from market share gains, whilst underlying wine volumes were slightly softer
- Volumes in the beer segment were steady
- The rebuild of G1 was completed on schedule in April 2015 in line with expectations. CapEx was approximately $30.0 million and the adverse earnings impact was $7.4 million
- On 1 January 2015, the Glass business commenced paying higher gas prices following the expiry of the legacy long term supply agreement. The impact on EBIT in the second half of FY15 was $4.6 million. Despite cost pass through mechanisms taking effect, the incremental impact on EBIT in FY16 is expected to be a further $2.0 million. The net unrecovered portion is expected to be recovered from the market over time
- Imported soda ash prices are also rising (due both to commodity and FX). Despite pass through mechanisms taking effect, the expected adverse impact in FY16 is approximately $3.0 million

INNOVATION, GROWTH & SUSTAINABILITY

- Orora will invest approximately $20.0 million in a new state of the art dairy sack line as a result of securing a long term supply agreement with Fonterra. The machine will be commissioned in late calendar year 2016. It will be located within Orora's existing facility at Keon Park, Victoria
- The Australasian business will utilise the Orora Global Innovation Fund to drive innovation, modernisation and productivity across the business group
- Orora's achievements within innovation have been recognised by external parties and several customer Supplier of the Year awards during FY15
- As an example, and in recognition of Orora's leadership within sustainability, the business won the Energy Efficiency Council of Australia award for Large Business in 2015
- Orora has commissioned an innovative trade waste treatment plant at the Scoresby Fibre Packaging facility in Victoria – virtually eliminating the site's prescribed industrial waste to landfill and providing tangible environmental benefits

PERSPECTIVES FOR FY16

- As part of assisting the delivery of the remaining B9 cost reduction benefits and in line with ramp up expectations, it is anticipated B9 will exit FY16 on a monthly production run rate approaching designed output capacity of 400,000 tonnes
- Export of B9 paper to North America is expected to increase to in excess of 70,000 tonnes in FY16
- From January 2016, B9 will commence paying higher gas prices due to the expiry of the legacy long term supply agreement. Expected FY16 EBIT impact is approximately $2.0 million – $3.0 million
- The Packaging and Distribution division has commenced a reorganisation of its New Zealand Cartons operations. This involves the consolidation of three existing NZ sites into two, with the Wellington site to be closed (FY16) and production capability at the remaining NZ sites to be upgraded. The business currently serviced from Wellington will be transferred to the remaining NZ sites and Orora's Australian Cartons business. This project is expected to be completed in the second half of FY16. Costs incurred to date are approximately $2.3 million and have been accounted for within the Corporate division
- As previously disclosed, the Glass division has won market share in the beer segment commencing October 2015

OPERATIONAL REVIEW
ORORA NORTH AMERICA

USA
Mexico
UK
Canada
China

Countries **5**

Team members **2,100**

Plants **11**

EARNINGS[1]

AUD MILLION	2015	2014	Change (%)
Sales revenue	**1,472.3**	1,263.2	16.6
EBIT[2]	**71.6**	57.1	25.4
EBIT margin (%)	**4.9**	4.5	
Average Funds Employed (AFE)	**316.3**	263.8	19.9
EBIT[2]/AFE (%)	**22.6**	21.6	
Local currency sales revenue (USD million)	**1,231.7**	1,159.7	6.2
Local currency EBIT[2] (USD million)	**59.9**	52.5	14.1

SEGMENT CASH FLOW

AUD MILLION	2015	2014	Change (%)
EBITDA[3]	**84.2**	67.5	24.7
Non-cash items	**(0.1)**	1.9	
Movement in total working capital	**3.3**	(9.8)	
Net capital expenditure	**(19.6)**	(13.9)	
Underlying operating cash flow	**67.8**	45.7	48.4
Cash significant items	**-**	-	
Operating free cash flow[1]	**67.8**	45.7	

(1) As reported in the Segment Note contained within the Financial Statements, refer note 2.
(2) Earnings before interest, related income tax expense and significant items.
(3) Earnings before depreciation, amortisation, interest, related income tax expense and significant items.

OPERATIONAL REVIEW
ORORA NORTH AMERICA
CONTINUED

The business continues to benefit from its ongoing transition to a provider of customised packaging solutions

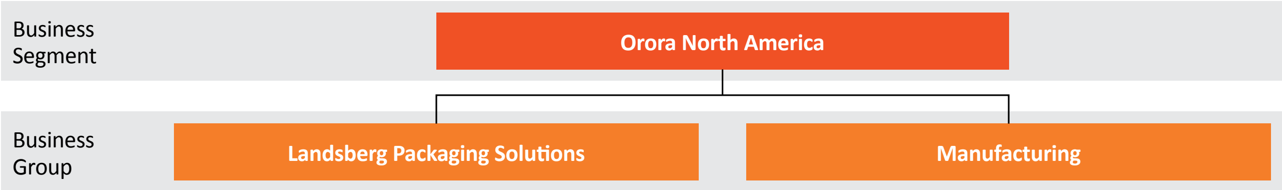
SALES

USD1,231.7 million

↑6.2%

KEY POINTS - REVENUES

- The North American business had a strong year with sales up 6.2% on a constant currency basis despite underlying market conditions remaining subdued
- Landsberg Packaging Solutions increased revenue by 8.7% through higher sales to existing customers, winning market share and the benefit of the July 2014 acquisition of Worldwide Plastics
- Higher revenue was driven by a focus on securing larger corporate accounts within the targeted markets of food, pharmaceutical/health, IT and auto and by ongoing commission-only sales growth
  - Corporate accounts grew 10.5% and now represent approximately 22% of revenues
  - Sales to the above target markets grew 14% and now represent approximately 40% of revenues
- The business continues to benefit from its ongoing transition to a provider of customised packaging solutions as opposed to a distributor of commodity product. This represents the ability to add value at every level of the customer's supply chain via a unique design-through-to-end-consumer approach to packaging
- Integration of the Worldwide Plastics acquisition, a Texas based distributor of plastic packaging products to the food and produce sector, is ahead of expectations. The 20% RoAFE acquisition hurdle rate is expected to be achieved in FY16, a year ahead of return criteria
- The Manufacturing division delivered increased earnings through improved manufacturing efficiency and solid operating cost control despite continued margin pressure
- The North American business imported 55,300 tonnes of B9 paper (8,500 tonnes in FY14), the majority for internal usage, which enables the business to market an integrated fibre offering
- Foreign Exchange (FX) benefit on North American sales was AUD123.1 million



EBIT, RETURNS AND CASH FLOW

- EBIT margin improved to 4.9% (compared to 4.5% in FY14) reflecting efficiency benefits, sound overall operating cost control and ongoing procurement improvements
- Reported earnings were up 25.4% with FX translation benefits of AUD5.7 million over the prior period
- On a constant currency basis, earnings for the year were up 14.1% on the prior year at USD59.9 million
- RoAFE grew 100 bps to 22.6% due to higher earnings and good balance sheet management
- Sound capital management drove strong cash conversion of 80.6% – providing a solid funding platform for future growth

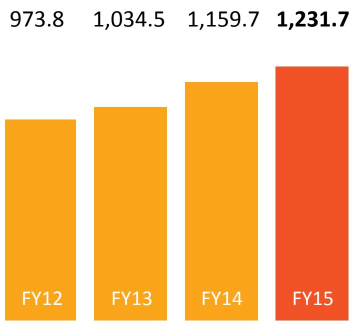
GROWTH AGENDA

- Whilst the bias is slightly positive, the business is yet to witness any tangible improvement in economic conditions within the region
- The focus remains on securing large corporate accounts and increasing sales to current customers. This growth will be driven organically through leveraging the national footprint of the business, extensive product breadth and customised packaging solution value proposition
- The business will continue to seek to capitalise on the benefits of an integrated fibre operation through selling the enhanced performance characteristics of B9 paper
- A pipeline of acquisition targets within the preferred markets is being actively managed. These will either complement/extend the geographic footprint and/or enhance the customised product capability of the business
- Orora North America will utilise the Orora Global Innovation Fund to drive innovation, modernisation and productivity across the business segment

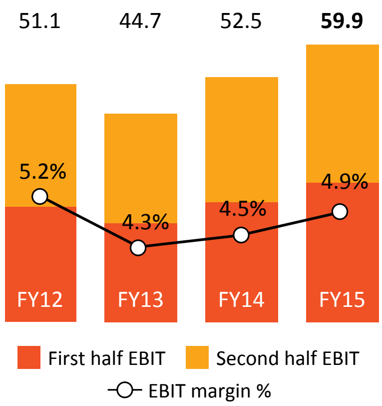
PERSPECTIVES FOR FY16

- Integration of the new Enterprise Resource Planning (ERP) system is on track. Expenditure of USD9.9 million occurred in FY15, with approximately the same amount to be spent in FY16 and a small amount in FY17
- With integration of the July 2014 acquisition on track, the North American business is well placed to deliver benefits from cross selling of rigid plastic packaging

SALES
USD million



EBIT
USD million



FINANCIAL REVIEW SUMMARY

CONSOLIDATED INCOME[1]

$ million	2015	Pro forma[2] 2014
Sales revenue	3,407.8	3,176.1
Earnings before depreciation, amortisation, interest, related income tax expense and significant items	**323.2**	290.8
Depreciation and amortisation	(98.1)	(98.7)
Earnings before interest, related income tax expense and significant items	**225.1**	192.1
Significant items before tax	-	-
Earnings before interest and related income tax expense	**225.1**	192.1 [3]
Net financing costs	(37.9)	(41.3)[4]
Income tax expense	(55.8)	(46.4)[4]
Profit for the financial period from continuing operations	**131.4**	104.4

CONSOLIDATED BALANCE SHEET[5]

$ million	2015	2014
Cash	67.3	30.5
Other current assets	931.1	824.3
Property, plant and equipment	1,547.4	1,544.3
Intangible assets	287.9	232.3
Investments and other assets	103.3	122.6
Total assets	**2,937.0**	2,754.0
Interest-bearing liabilities	674.2	666.1
Payables and provisions	820.8	706.2
Total equity	1,442.0	1,381.7
Total liabilities and equity	**2,937.0**	2,754.0

CONSOLIDATED CASH FLOW

$ million	2015	Pro forma[2] 2014
Earnings before depreciation, amortisation, interest, related income tax expense and significant items	**323.2**	290.8 [6]
Non-cash items	20.0	14.3
Movement in total working capital	(1.7)	(4.7)[7]
Net capital expenditure	(80.7)	(81.5)
Underlying Operating Cash Flow from continuing operations	**260.8**	218.9
Cash significant items	(19.2)	(57.3)[7]
Operating Free Cash Flow from continuing operations	**241.6** [8]	161.6

REVENUE

Sales revenue of $3,407.8 million was up 7.3% on the prior year, driven by:

- Higher sales in North America – from securing increased sales to existing customers, market share gains and benefits from the July 2014 acquisition
- Increased Glass sales as a result of the impact of market share gains in the wine segment
- Higher sales in the NZ Fibre operations from improved volumes in fresh food
- Pass through of higher aluminium prices within Beverage Cans
- Foreign exchange benefit on US dollar denominated North American sales ($123.1 million on the prior year)

Revenue gains were partially offset by:

- Reduced external paper exports to Asia as a result of increased B9 paper exports to Orora North America
- Lost revenue from the Petrie cartonboard mill closure during the prior year
- Exit of sales of surplus Old Corrugated Cardboard (OCC) to Asia resulting from ongoing OCC collection footprint rationalisation
- Slightly lower sales in Australasia Packaging & Distribution
- Tighter margins in the North American Manufacturing business

Taking into account several of the above factors, underlying sales in Australasia increased by 2.5%. Constant currency sales in North America grew by 6.2%.

EARNINGS BEFORE INTEREST AND TAX

EBIT increased by 17.2% to $225.1 million. Improved earnings attributable to:

- On target delivery of B9 recycled paper mill cost reduction and innovation benefits
- Cost reduction, efficiency and sales margin improvement initiatives within the Fibre Packaging division
- Glass market share gains in the wine segment and production efficiencies across the Beverage business
- Increased Landsberg Packaging Solutions sales and cost efficiency benefits in the North American business
- Translational foreign exchange benefit from US dollar denominated earnings ($5.7 million on the prior year)

Earnings gains were partially offset by:

- The three month rebuild of Orora's first glass furnace (G1) completed in April 2015
- Higher gas costs within the Glass division impacting from January 2015
- Impact from the repeal of the Carbon Tax by the Australian Government

COST REDUCTION UPDATE

- On target delivery of $18.4 million of incremental cost reduction and innovation benefits from the B9 recycled paper mill were delivered in FY15. This takes the total cumulative benefits delivered from B9 to $21.4 million out of $42.5 million of targeted net "self help" benefits
- Cumulative B9 benefits reflect $19.1 million from cost reduction and $2.3 million from innovation/sales synergy benefits
- Remaining incremental cost reduction benefits of $6.9 million were delivered from previously disclosed portfolio exits/plant closures and cost improvement/productivity initiatives. These programs have now been delivered on target and in full, with $43.0 million of cumulative benefits realised since inception in 2013
- Orora expects to deliver approximately $15.0 million of incremental B9 benefits in FY16, with the remainder in FY17

(1) As reported in the Segment Note contained within the Financial Statements (refer note 2) with the exception of net financing costs and income tax expense which is not included in the Segment Note.

(2) The reported results in the Segment Note (refer note 2) present a view of performance as if the internal corporate restructure associated with the demerger in December 2013 had been effective from 1 July 2013. Refer to page 24 of the 2014 Annual Report for further details.

(3) Pro forma adjustments increase earnings from a loss of $61.3 million to a profit of $192.1 million as a result of: a reduction in the depreciation charge of $10.5 million; offset by an increase in corporate costs of $8.5 million, from accounting for the asset impairment and additional standalone costs from 1 July 2013; and the removal of one-off significant items expense of $251.4 million, as adjusted for in the Demerger Scheme Book.

(4) Pro forma adjustments to financing costs is based on the effective funding cost applied in the Demerger Scheme Book, whilst pro forma tax expense 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.

(5) IFRS compliant information extracted from the audited Financial Statements.

(6) Pro forma adjustments reduce earnings from $299.3 million to $290.8 million as a result of recognising additional standalone costs from 1 July 2013 of $8.5 million, as adjusted for in the Demerger Scheme Book.

(7) Pro forma adjustments of $11.5 million reduce the total working capital cash outflow from $16.2 million to $4.7 million as a result of excluding the defined benefit pension top up, consistent with the 2014 Annual Report. Whilst the cash significant items are adjusted by $13.6 million, from a cash outflow of $70.9 million to $57.3 million, to exclude a demerger related payment. Refer to page 25 of the 2014 Annual Report for further details.

(8) As reported per the Segment Note in the Financial Statements (refer note 2).

FINANCIAL REVIEW SUMMARY CONTINUED

BALANCE SHEET

Key balance sheet movements since June 2014 were:

- Increase in other current assets is mainly a result of the foreign exchange translation effect on North American receivables and inventories. Lower inventory in most Australasian divisions, including stock drawdown relating to the glass furnace rebuild, was offset by raw material stock build in Beverage Cans to support the transition to imported sourcing model for aluminium (working capital impact partially offset by higher related payables – refer below)
- Net property, plant and equipment (PP&E) increased due to the foreign exchange translation impact on Orora North America PP&E. CapEx for FY15 included spend on the following major items: corrugated equipment upgrades/innovation capability enhancements in Australasia and North America, including high quality printing technology in New Zealand; rebuild of the G1 glass furnace; and initial deposits on the new dairy sack line in Victoria. Depreciation for the period was $92.6 million
- Increase in intangible assets reflects movement within the North American business associated with the foreign exchange translation effect on intangible assets, goodwill relating to the July 2014 US acquisition and CapEx spend on the new Enterprise Resource Planning (ERP) system licences
- The disposal of shares in Lindsay Australia Limited (LAU) is represented within the decrease in Investments and Other Assets
- Net debt decreased by $28.7 million during the year as a result of converting increased earnings into cash. This is despite the adverse foreign exchange translation impact on USD denominated net debt of $36.7 million. On a constant currency basis, net debt would have been $67.0 million lower than June 2014
- Increase in payables and provisions reflect higher creditors as a result of the transition to an import sourcing model for aluminium, improved trading terms with vendors, impact of the US acquisition in July 2014 and the foreign exchange translation effect on North American payables. This was partially offset by utilisation of cost reduction and restructuring provisions (see Cash Flow below)

CASH FLOW

Earnings growth was successfully converted into cash with operating cash flow increasing by $41.9 million to $260.8 million. Cash conversion increased to 76% from 72% in the prior period and exceeded the 70% target.

Main movements included:

- Increase in EBITDA of $32.4 million
- Sound management of working capital across the business
- Gross CapEx totalled $106.1 million and included expenditure on the G1 glass furnace rebuild and new ERP system in North America
- Net CapEx of $80.7 million includes proceeds of $11.3 million from the disposal of LAU shares, $9.0 million from the sale of a surplus land parcel at Botany, NSW and $5.0 million from the sale of assets associated with the Western Australian recycling business. Net CapEx in FY16, including initial investments under the Orora Innovation Fund and proceeds from the sale of Petrie, is expected to be in line with the medium term average of 80–90% of depreciation
- Cash significant items in FY15 relate to spend on onerous recycling contracts and final payments in relation to the legacy cost reduction and footprint rationalisation initiatives. There is approximately $6.0 million of spend remaining on the onerous recycling contracts, which are expected to run down over the next two to three years

WORKING CAPITAL

- Average total working capital to sales decreased to 10.3% (compared to 10.6% in the prior period) reflecting better inventory management and improved vendor trading terms across the business offsetting the impact of higher inventory positions from the transition to an import sourcing model for aluminium

CORPORATE UPDATE

- The proprietary Orora Way operating model was launched in July 2014 to drive competitive advantage through a customer led culture of Outperformance. As part of embedding this framework and with funding aided by the disposal of the Petrie land (refer Events Subsequent within the Director's Report), the Orora Global Innovation Fund was established in July 2015. The plan is to invest approximately $45.0 million over three years with an emphasis on innovation, modernisation and productivity across Orora. This is part of being a customer led business and encouraging "out of the box" thinking to drive sustainable benefits
- Orora sold its shareholding in LAU in March 2015. The net profit impact from the sale after allowing for costs associated with an ongoing legal dispute with LAU and establishing Orora's "go direct to end-customer" model was approximately $1.7 million
- A parcel of surplus land was sold in the first half of FY15 at Botany, New South Wales. The profit impact from the sale was minimal

SUSTAINABILITY

At Orora we aim to do what is right, keep each other safe and operate in a way that demonstrates respect for each other, the community and our customers.

OUR APPROACH

Our values of Integrity, Respect and Teamwork underpin our approach to sustainability, which is based on the 'triple bottom line' of:

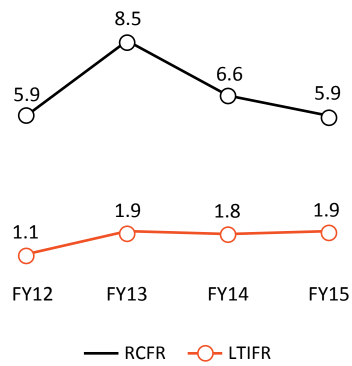
- Planet: finding innovative ways to reduce the impact that our operations and products may have on the environment and resources
- Community: caring for our people and the communities in which we operate
- Prosperity: finding innovative ways to create opportunities and mitigate risk.

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.

WORKPLACE SAFETY

At Orora, we believe one injury is one too many and accordingly safety will continue to be an area of focus.

ORORA GROUP SAFETY PERFORMANCE



Our safety performance is measured using two key metrics – Lost Time Injury Frequency Rate (LTIFR) and Recordable Case Frequency Rate (RCFR). These are shown in the chart above. LTIFR is measured by calculating the number of injuries resulting in at least one full work day lost per million hours worked.

In FY15, the LTIFR was 1.9, which corresponds to 26 cases across our business. This compares to our previous year's performance of 1.8 (24 cases).

RCFR is measured by calculating the number of medical treatment cases and lost time injuries per million hours worked. In FY15, the RCFR was 5.9, which corresponds to 80 cases requiring medical treatment across our business. This compares to 89 cases the year before.

At the time of demerger, we took the opportunity to review our approach to safety and implement our own safety strategy. While we still have some way to go, as evidenced by LTIFR remaining steady, we have made good progress in reducing RCFR. We continue to adjust our approach to remove safety risks from our business, and aim to reduce both safety measures in the years ahead.

ORORA GROUP SAFETY STRATEGY

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 risks
- Plant and equipment design – review and ensure all plant and equipment is suitably designed and safeguarded to enable safe operation
- Capability – continue to develop our team members so 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 and have made good progress over the course of the year.

SUSTAINABILITY
CONTINUED

INNOVATING TO ACHIEVE ECO TARGETS

Orora has commissioned an innovative trade waste treatment plant at the Scoresby Fibre Packaging facility in Victoria that virtually eliminates the site's prescribed industrial waste to landfill and provides tangible environmental benefits. The custom-designed plant employs microbial treatment of inorganic waste to reduce waste volumes and toxicity in support of Orora's Eco target of 25% reduction of waste to landfill by 2019.

IMPLEMENTATION OF SAFETY STRATEGY

From a leadership perspective over the last financial year, management's focus has been shifted to scrutiny and mitigation of potential Serious Injury or Fatality (SIF) level risk, which has ensured that resources continue to be applied to areas where they can make the greatest impact on the safety of our team members.

To complement this, senior leadership has continued to demonstrate their commitment to proactively manage safety and engage with all team members to find the most effective engagement strategies. This has been captured and managed through the safety leadership tour program, which involves all leaders, from General Manager level to the CEO, taking time when visiting sites to actively engage in conversations about safety with team members on the shop floor.

These conversations are an opportunity for the leaders to hear about any safety concerns, monitor key initiative progress and offer feedback on observations of tasks being performed while reinforcing safety standards. Reports on these tours are collated centrally for analysis.

Work continues on the enhancement of the health, safety and environment management system, with a focus this year on major hazard and critical process management. This has further focused efforts in an objective, risk-based approach, to augment the Company's assurance system utilising the principles of risk management. Compliance with the management system will continue to be monitored through both external and internal audits.

An indication of the success of these initiatives was the safety performance experienced during the completion of the Gawler Glass G1 furnace rebuild. The rebuild was carried out by partnering with a principal contractor and involved a significant increase in manning levels to complete the complex project scope. The project was successfully delivered without a recordable case or lost time injury, which was the result of the strong collaboration between Orora and the principal contractor on safety, technical and operational fronts.

FOSTERING DIVERSITY

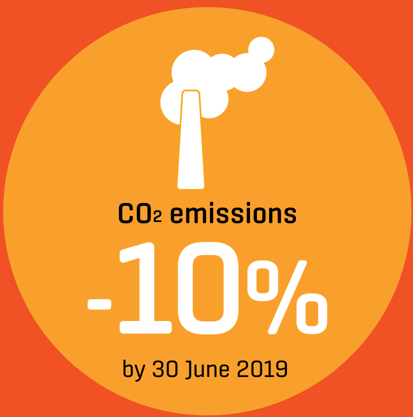
Diversity is essential to Orora's growth and success. We strive to ensure an inclusive and respectful environment for all team members, which includes a strong focus on gender representation. Orora currently has:

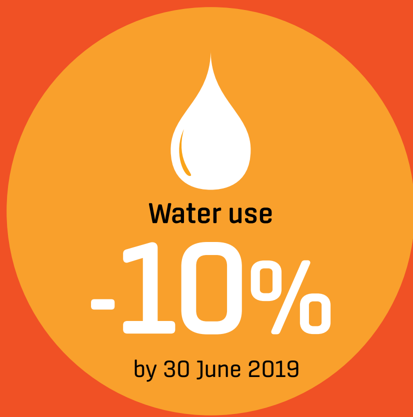
- 33% female representation on the Board
- 18% female representation in leadership roles; and
- targets in place to have females comprise at least 30% of all new team member (and leadership) hires by the financial year ending 30 June 2017.

Further information on Orora's diversity initiatives can be found in Orora's Corporate Governance Statement at www.ororagroup.com/investor-relations.

ECO TARGETS

In June 2014 Orora announced the following global resource efficiency targets.*

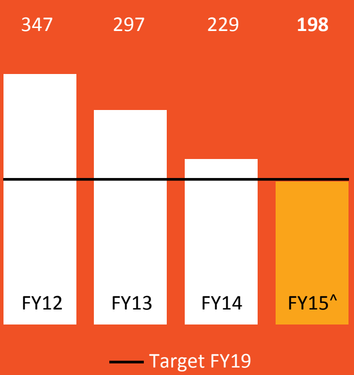




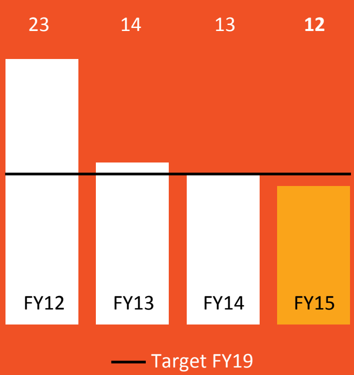
Orora made significant progress towards its 2019 Eco Targets during the reporting period. This progress is largely the result of improved efficiency at Orora's B9 recycled paper mill at Botany, New South Wales, as well as individual projects at many manufacturing facilities.

The Company will continue to report progress toward these targets each year.

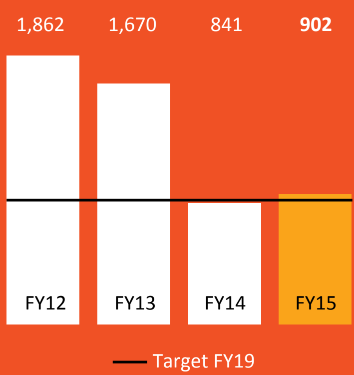
ORORA GROUP
CO_2 EMISSIONS INTENSITY
tonnes CO_2/AUD million Net Revenue



ORORA GROUP
WASTE TO LANDFILL INTENSITY
tonnes/AUD million Net Revenue



ORORA GROUP
WATER USE INTENSITY
kilolitres/AUD million Net Revenue



* Resource efficiency reductions from a baseline of calendar year 2013.
^ G1 rebuild during FY15 resulted in reduced energy usage during the period.

SUSTAINABILITY
CONTINUED

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.

At Orora we work with customers to help them achieve their sustainability objectives. We redesign customers' packaging to increase the number of packages that can be stacked on a pallet or in a truck to help them reduce their carbon footprint, improve supply chain efficiencies and help optimise customers' filling operations to reduce waste.

CREATING OPERATIONAL VALUE

Our approach to sustainability also aims to create value for Orora and ultimately 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

UNDERSTANDING SUSTAINABILITY RISK

In March 2014, the Australian Securities Exchange Corporate Governance Council released the third edition of its *Corporate Governance Principles and Recommendations* (the ASX Principles). This includes a new Recommendation 7.4 that requires a listed entity to disclose whether it has any material exposure to economic, environmental and social sustainability risks, and if it does, how it manages or intends to manage those risks. The ASX Principles define 'material exposure' as a 'real possibility that the risk in question could substantially impact the listed entity's ability to create or preserve value for security holders over the short, medium or long term'.

Orora has determined that it does not have a material exposure to environmental or social sustainability risks. In forming this conclusion on sustainability risks, Orora engaged external advisers to facilitate this initial assessment of its sustainability risk profile. The scope of work covered all of Orora's operations, and considered the direct and indirect risks to Orora's operations, reputation, financial performance and supply chain. For information on Orora's assessment of economic risks refer to pages 30 to 31.

The advisers carried out the assessment in several stages:

1. Interviewing senior representatives from Strategy, Sales, Human Resources, Environment, Safety, Energy, Corporate Affairs, Risk, Investor Relations, Legal (Company Secretary) and Procurement. This provided an informed internal stakeholder view, which identified a number of risks and risk categories
2. Researching the sustainability risk profile of the packaging industry in general, including the risk profile of a number of Orora's peers in the packaging manufacturing and recycling industries; as well as customers in Orora's supply chain. The scope of this work covered economic, environmental and social sustainability risk
3. Interviewing several of Orora's key customers, to compare Orora's view of sustainability risk to the views held by its most important market sectors

4. Conducting a workshop with internal stakeholders, including senior management, to validate the sustainability risks identified in the interviews and research, and culminating in an agreed list of risks that were rated based on their potential business impact, using the adviser's materiality assessment framework. The results were then mapped, tested and socialised with key internal stakeholders

The sustainability risks that could potentially impact Orora identified through this process are referred to below.

However, none of these risks referred to below were assessed to be material for Orora at this time. The principal risks and uncertainties that could have a material impact on Orora are set out on pages 30 to 31.

Energy pricing risk – the impact of rising natural gas and electricity prices

Energy supply risk – the risk of a natural gas shortage in the New South Wales market, leading to possible operational disruption of Orora's B9 recycled paper mill at Botany, NSW

Ethical sourcing risk – the reputational and supply chain risk arising from sourcing materials from developing countries that may not have the same standards for governance, human rights, environmental protection and quality, as more established markets

Resource depletion risk – the reputational and supply chain risk from resource depletion in Orora's supply chain, notably the impact of water scarcity on Orora's operations and markets, principally in the western regions of North America

Safety risk – the risk to team member health and safety associated with Orora's manufacturing activities, including team member health and wellbeing

Innovation risk – the risk of Orora falling behind its competitors (or being perceived to have fallen behind), due to a lack of innovation in products and new markets

Waste and recycling risk – the risk of Orora being perceived as falling behind its competitors in the development of recyclable products, and in waste collection and recycling

Climate risk – the risk of climate change including the operational risks of extreme weather events, and changes to food production and raw material availability due to sustained climatic changes

Having concluded there are no material environmental and social sustainability risks at this time, Orora will continue to monitor these risks internally during the financial year ending 30 June 2016, and continue to enhance response plans to address these risks. Responses are likely to include operational and strategic risk-mitigation processes, development of performance measures to assess the effectiveness of responses, and reporting of progress using standard indicators of sustainability performance.

Orora intends to carry out the sustainability materiality assessment process on a periodic basis as part of the normal internal risk-assessment cycle, and as required to monitor changes to existing risks and to identify and assess new risks that emerge.

CARBON DISCLOSURE PROJECT

Orora has responded to the Carbon Disclosure Project's (CDP) request for information relating to climate change and water. CDP is a global organisation that encourages entities to self-report data on climate change, water and forest risk. CDP provides information to investors, companies and governments regarding carbon-related issues and businesses preparedness to manage carbon impacts. This is the first year Orora has responded to this survey. The Company is awaiting feedback from the CDP.

At this time Orora has chosen to respond only to CDP as it is considered to be the most appropriate sustainability rating index for a company of Orora's size and coverage. Orora has not responded to other ratings indices.

ORORA NZ ENERGY EFFICIENCY PROGRAM

Orora has entered into a strategic partnership with the New Zealand Government's Energy Efficiency Conservation Authority (EECA) to invest in energy efficiency projects across all of Orora's New Zealand manufacturing facilities.

Orora expects to complete the program over three years. The program includes energy efficiency training for Orora team members at each site.

AWARDS AND RECOGNITION

This year Orora received an Energy Efficiency Council of Australia award in the Large Business category for its energy efficiency program.

Orora was also a finalist in the United Nations Association of Australia World Environment Day Awards for Excellence in Overall Environmental Management.

PRINCIPAL RISKS

Listed below are the principal risks and uncertainties that could have a material impact on Orora 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. The risks outlined below are not listed in order of importance.

RISK	DESCRIPTION	MITIGATION STRATEGIES
ECONOMIC CONDITIONS	Orora is susceptible to major changes in macro-economic conditions in a single country, region or market. Sudden and/or prolonged deterioration in the economy may impact the value chain or industries on which Orora is dependent and could have a material negative impact on financial performance.	Orora seeks to mitigate the severity of impact that deterioration in macro-economic conditions in a single country, region or market may have by: • 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 • continuing to invest in manufacturing capabilities to improve cost positions
COUNTRY AND REGULATORY RISK	Orora predominantly operates in Australia, New Zealand and the United States. Orora also operates in other jurisdictions across a broad range of legal, accounting, 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.	Orora continually monitors changes or proposed changes in regulatory regimes that may impact on operations. Where possible, Orora appoints local management teams, that bring a strong understanding of the local operating environment and strong customer relationships. Orora also implements training on compliance matters globally, and regular review of country risk is performed by business leaders.
CUSTOMER	Orora has strong relationships with key customers for the supply of packaging products and associated packaging-related services. These relationships are fundamental to Orora's success, and the loss of key customers may have a negative impact on financial performance.	Orora 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.
CONSUMER PREFERENCES	Changes in consumer preferences may result in some of Orora's existing product range becoming obsolete, or new products not meeting sales and margin expectations. Orora 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.	Orora works closely with its customers and suppliers to propose solutions that address evolving consumer preferences. Orora 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	MITIGATION STRATEGIES
COMPETITION	Orora operates in highly competitive markets with varying barriers to entry, industry structures and competitor motivational patterns. The actions of established or potential competitors may have a negative impact on financial performance.	Orora 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. Orora also recognises innovation as a source of competitive advantage.
SUPPLY CHAIN	Disruption to Orora's supply chain caused by an interruption in the availability of key components, raw materials, or by technology failure may adversely impact sales and/or customer relations, resulting in unexpected costs.	Orora's businesses are sensitive to input price risks, including energy and other commodities, in various forms and with varying degrees of impact. Although Orora seeks to mitigate these risks through various input pricing strategies, there is no guarantee that Orora will be able to manage all future commodity and input price movements. Failure to do so may adversely affect Orora's operations and financial performance. Orora's approach to supply chain risk management is multi-faceted and includes: • implementing a multi-sourcing strategy for the supply of raw materials • customer contracts that provide for regular and timely pass-through of movements in raw materials input costs • supplier due diligence and risk management
FINANCIAL	Orora faces a variety of risks arising from the unpredictability of financial markets, including the cost and availability of funds to meet its business needs and movements in interest rates, foreign exchange rates and commodity prices.	Orora'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, where possible, Orora plans to proportionally draw down debt in currencies that align with the proportion of assets in those same currencies, thereby creating a natural hedge.
MERGERS AND ACQUISITIONS (M&A)	Orora'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.	Orora's Strategy Team works with the businesses to identify suitable targets that are aligned to Orora's overall strategy. An M&A framework is in place that imposes rigour in target selection, approval, due diligence, integration preparation/planning and post-merger value capture.
TALENT	Orora's operating and financial performance is largely dependent on its ability to attract and retain talent, in particular key personnel. Any loss of key personnel could adversely affect operating and financial performance.	Orora's human resource policies are designed to ensure that: • Orora has access to the widest possible pool of talent, through its diversity strategy • recruitment, training and talent identification and retention programs are in place • a high-performance culture is delivered by setting challenging objectives and rewarding high-performing individuals • remuneration is competitive in the relevant employment markets in order to attract, motivate and retain talent, and is aligned with business outcomes that deliver value to shareholders
BUSINESS INTERRUPTION AND DISRUPTION	Orora operates numerous manufacturing plants across a number of countries. Circumstances such as natural disaster, technology failure or industrial disruption may occur, which might preclude key sites from operating. In these circumstances, financial performance may be negatively impacted.	Orora undertakes business continuity planning and disaster preparedness for high value or strategically important sites and functions. Orora also engages in continuous identification, review and mitigation of property risks, as well as independent loss prevention audits.
LITIGATION	As is the case with all businesses, Orora is exposed to potential legal and other claims, or disputes, in the ordinary course of business, including contractual disputes and other claims.	Orora takes legal advice in respect of such claims, and where relevant, makes provisions and disclosure regarding such claims in its financial statements. There are no current claims or disputes of a material nature.

*Environmental and social sustainability risks that are not considered material are referred to on page 29.

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 2015

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STATUTORY MATTERS

BOARD OF DIRECTORS

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

C I (Chris) Roberts

N D (Nigel) Garrard

A P (Abi) Cleland

S L (Samantha) Lewis

G J (John) Pizzey

J L (Jeremy) Sutcliffe

All directors served on the Board for the period from 1 July 2014 to 30 June 2015.

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 pages 12 to 13 of this Annual Report.

COMPANY SECRETARY

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 15 of this Annual Report.

DIRECTORS' MEETINGS HELD BETWEEN 1 JULY 2014 AND 30 JUNE 2015

	Board		Audit & Compliance Committee		Executive Committee		Human Resources Committee		Nomination Committee**	
Scheduled Meetings	10		4		2		4		-	
Unscheduled Meetings	1		-		-		-		-	
	A	B	A	B	A	B	A	B	A	B
A P Cleland	11	11	4	4	2*	-	4	4	-	-
N D Garrard	11	11	4*	-	2	2	4*	-	-	-
S L Lewis	11	11	4	4	2	2	4*	-	-	-
G J Pizzey	11	11	4*	-	2	2	4	4	-	-
C I Roberts	11	11	4	4	2	2	4	4	-	-
J L Sutcliffe	11	11	4	4	-	-	4	4	-	-

* Indicates that although the Director is not a member of a specific committee, the Director attended the meeting. Due to the size of the Orora Board, it is the practice of all Directors to attend meetings of the Audit & Compliance and Human Resources Committees.

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

A Number of meetings attended.

B Number of meetings held during the time the Director held office (in the case of Board meetings) or as 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 begin at page 4 of this Annual Report.

STATE OF AFFAIRS

There have been no significant changes in the state of affairs of the consolidated entity during the financial year ended 30 June 2015.

PRINCIPAL ACTIVITIES

The general activities of the consolidated entity are set out on pages 6 to 7 of this Annual Report.

There were no 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

US PRIVATE PLACEMENT

On 17 July 2015, the Group announced that it had successfully completed the USD250.0 million private placement. Refer to note 8.3 for further details on the impact of the private placement.

AUSTRALIAN LAND SALE

On 20 July 2015, the Group announced that it had reached agreement to sell Petrie land for a total consideration of $50.5 million. The Group received $20.0 million on the exchange of contracts and the balance of the proceeds will be paid as decommissioning of the site progresses over the next two years. The total profit on the sale is anticipated to be approximately $10.0 million.

EARLY ADOPTION OF AASB 9 *FINANCIAL INSTRUMENTS*

On 24 August 2015, the Board approved the early adoption of AASB 9 Financial Instruments as issued in December 2014, with effect from 1 July 2015. Refer to note 8.3 to the Financial Statements for further information.

ACQUISITION OF JAKAIT

On 26 August 2015, Orora signed an agreement to acquire the assets and business of Jakait, a supplier of packaging, logistics services and label products to the greenhouse produce sector based in Ontario, Canada. The consideration is CAD16.5m (AUD17.2m) which represents an EBITDA multiple of 5.6 times. There is also an additional returns based consideration component of up to CAD5.5m (AUD5.7m) payable over 5 years. The anticipated effective date is 1 September 2015. The acquisition will be funded from existing cash/debt facilities.

LIKELY DEVELOPMENTS

The Operating and Financial Review beginning at page 4 of this Annual 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. 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 likely result in unreasonable prejudice to the Company. Details 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 have also not been included.

DIVIDENDS

Dividends paid or declared by the Company to members during the financial year are set out in note 5.2 to the Financial Statements.

On 24 August 2015, the Board authorised management to issue a request to the Trustee of the Orora Employee Share Trust to waive the entitlement of Treasury Shares held in the Trust to be paid the final 2014/15 dividend. Refer to note 8.3 of the Financial Statements for further information.

ENVIRONMENTAL PERFORMANCE AND REPORTING

The Company is committed to continuous improvement of 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

In July 2014, the Australian Government passed a number of legislative amendments to repeal the carbon tax. In November 2014, the Australian Government passed amendments to the *Carbon Credits (Carbon Farming Initiative) Act 2011* (Carbon Credits Act), which gave effect to the Emissions Reduction Fund, an element of the Australian Government's Direct Action Plan.

The Carbon Credits Act applies to facilities with direct CO_2 emissions of greater than 100,000 tonnes per year. These facilities are required to maintain their direct emissions below their historical peak level. Facilities that exceed their historical peak CO_2 emissions will be required to purchase CO_2 credits to offset their increase in emissions.

Orora's Gawler glass plant exceeds the 100,000 tonnes per year CO_2 threshold and is therefore subject to the Carbon Credits Act. Due to the recent re-build of its G1 furnace with improved energy efficiency, it is unlikely that the Gawler plant will exceed its historical peak for some time.

The CO_2 emissions from Orora's B9 recycled paper mill in Botany, New South Wales are currently below the 100,000 tonnes per year CO_2 threshold, and for the time being will not be subject to the Carbon Credits Act.

Orora's other manufacturing facilities are significantly below the 100,000 tonnes per year of CO_2 threshold so are also not currently subject to the Carbon Credits Act.

(b) Greenhouse gas requirements

In Australia, Orora is subject to reporting obligations under the Australian Government's *National Greenhouse & Energy Reporting Act 2007* (NGER Act).

The NGER Act requires the company to report on its annual Australian greenhouse gas emissions and energy use. The Company has data gathering and management systems in place that comply with the NGER Act and the Clean Energy Regulator's audit processes.

(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 financial year ended 30 June 2015.

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 2014	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	-	235,731	1,077,001
N D Garrard	1,494,467	-	40,096	1,534,563
G J Pizzey	66,468	-	48,160	114,628
J L Sutcliffe	100,000	-	50,000	150,000
A P Cleland	50,000	-	91,186	141,186
S L Lewis	40,000	-	48,000	88,000

STATUTORY MATTERS

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	4,175,000
19 Feb 2014	30 Sep 2022	1.22	3,305,000
19 Feb 2014	30 Sep 2023	1.22	3,305,000
21 Oct 2014	30 Sep 2021	1.22	1,750,000
21 Oct 2014	30 Sep 2022	1.22	1,750,000
21 Oct 2014	30 Sep 2023	1.22	1,750,000

SHARES ISSUED ON EXERCISE OF OPTIONS

There were no ordinary shares of the Company issued during or since the financial year ended 30 June 2015 on the exercise of options granted over unissued shares or interests.

ON-MARKET SHARE PURCHASES TO SATISFY EMPLOYEE SHARE PLANS

During the financial year 6,613,486 shares were purchased on-market and held in trust to satisfy obligations under the Company's employee incentive plans. The average price per security at which these shares were purchased was $1.74.

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. This includes 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 financial year ended 30 June 2015.

INDEMNIFICATION OF AUDITORS

The Company's auditor is PricewaterhouseCoopers (PwC). During and since the financial year ended 30 June 2015:

- 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, while 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, nor has any application for leave been made in respect of the Company, 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 & Compliance Committee, is satisfied that the provision of those non-audit services during the financial year by the auditors is compatible with the general standard of independence for auditors, 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 & Compliance Committee to ensure they do not impact 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 & 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 55.

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 3.4 to the Financial Statements on page 73. In each case, the engagement of PwC was made on its merits (based on service level, expertise, cost, as well as geographical spread).

ROUNDING OFF

The Company is of a kind referred to in the Australian Investments and Securities Commission Class Order 98/100 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.

CORPORATE GOVERNANCE STATEMENT

The key features of Orora's corporate governance framework are set out in the Corporate Governance Statement, which is available at: www.ororagroup.com/investor-relations/governance.

REMUNERATION REPORT

Dear Fellow Shareholder,

On behalf of the Board I am pleased to present Orora's Remuneration Report for the financial year ended 30 June 2015.

The remuneration detailed in the report reflects Orora's remuneration strategy and the Company's performance over the course of the year.

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

The Company's performance is inextricably linked with the talent and performance of its team members. As such, appropriate remuneration structures, and the role they play in attracting and retaining talent, and motivating team members, are critical to delivering Outperformance.

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

The Board concluded that conditions were such that there was no need to change the approach to remuneration that was adopted in 2014.

CRoberts

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 2015.

INTRODUCTION

STRUCTURE OF THIS REPORT

Orora's 2015 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 the financial year ended 30 June 2015
5. Executive KMP Service Agreements
6. Non-Executive Directors' remuneration

KEY MANAGEMENT PERSONNEL

For the purposes of this report, key management personnel (KMP) includes 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. References to "Other Executive KMP" means the Executive KMP excluding the Managing Director and Chief Executive Officer.

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.

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 the financial year ended 30 June 2015 has driven remuneration outcomes for our Senior Executives.

Table 1 summarises key indicators of the performance of Orora and relevant shareholder returns over the financial year ended 30 June 2015. This table will be expanded in future years to include a five year summary of the Orora Group's financial results.

Table 1

Financial Summary for year ended 30 June(1)	2015	2014(2)
EBIT ($m)	**225.1**	192.1
Dividends per ordinary share (cents)	**7.5**	6.0
Closing share price ($ as at 30 June)	**2.09**	1.43
EPS Growth (%)	**25.9%**	-
NPAT ($m)	**131.4**	104.4
Cumulative TSR (%)(3)	**51.6%**	-
Operating Free Cash Flow(4)	**260.8**	218.9
RoAFE(5)	**10.6%**	9.3%

(1) For future financial years, statutory financial performance will be presented on a post significant items basis (subject to Board discretion).

(2) 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 did not represent the performance of the Orora Group as it is currently structured. Accordingly, the pro forma financial results of the Orora Group (which forms the base for future performance assessment) has been disclosed above in respect of the financial year ended 30 June 2014 and is presented on a pre-significant items basis.

(3) Total Shareholder Return (TSR) is calculated as the change in share price for the year, plus dividends announced for the year, divided by opening share price.

(4) Operating Free Cash Flow excludes cash significant items that are considered to be outside the ordinary course of operations and non-recurring in nature and include net capital expenditure.

(5) Return on Average Funds Employed (RoAFE) is calculated as EBIT/average funds employed.

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 the financial year ended 30 June 2015, the average short term reward for the Executive KMP is at above target levels, which aligns with overall Company performance that exceeded the targets that were set.

2. EXECUTIVE REMUNERATION AT ORORA

2.1 SUMMARY OF EXECUTIVE REMUNERATION FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

A summary of Orora's remuneration arrangements for Executive KMP, key developments and outcomes for the financial year ended 30 June 2015 is set out in **Table 2**.

Table 2

	Executive remuneration component	Payment vehicle	Performance measure	Annual specific targets/ performance link	Key developments/ outcomes for FY15	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	Performance based adjustments reviewed in line with market positioning.	**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**	Target recordable case frequency rate (RCFR)	For the financial year ended 30 June 2015, the average short term reward for the Executive KMP is at above target levels, which aligns with overall Company performance which exceeded the targets that were set.	**Sections 3.1 and 3.3**
			Group earnings measure	Earnings per share (EPS) post significant items		
			Group return measure	Return on average funds employed (RoAFE) post significant items		
			Group asset management measure	Average working capital (AWC) as a % of Sales		
			Group cash flow measure	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)[(1)]	Combination Rights/ Options instrument Grants are determined using Market Value (Rights) and Fair Value (Options) but may be nominally adjusted at the Board's discretion.	Return on average funds employed (RoAFE) gate and earnings per share (EPS) hurdle on Options and one-third of Rights. The Option exercise price for the 2014 multi-tranche grant is $1.22.	Gate: Compound annual growth rate (CAGR) of 5% in RoAFE off a base of the pro forma 30 June 2014 RoAFE of 9.3% Vesting: 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 per share	Orora made one LTI grant of three separate tranches in the financial year ended 30 June 2015. This grant was to N D Garrard to account for forfeited Amcor grants and a new Orora grant. Shareholder approval was obtained in respect of N D Garrard's LTI grant at the 2014 Orora AGM. Vesting in respect of each tranche will occur following the release of the full year results for the financial years ended 30 June 2016, 2017 and 2018 respectively (expected to be in September 2016, 2017 and 2018 respectively).	**Sections 3.1 and 3.4**
			Relative total shareholder return (TSR) on two-thirds of Rights.	Percentile ranking above median (threshold) to 75th percentile (maximum) in TSR		

(1) The LTI grant to N D Garrard occurred on 21 October 2014 (FY15) following shareholder approval at the 2014 Annual General Meeting. LTI grants for all Other Executive KMP occurred on 1 May 2014 (FY14) as disclosed in the FY14 Annual Report.

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 12 to 15. The KMP covered in this report are listed in **Table 3**.

Table 3

Name	Title
Directors	
C I (Chris) Roberts	Independent Non-Executive Director and Chairman
N D (Nigel) Garrard	Managing Director and Chief Executive Officer
G J (John) Pizzey	Independent Non-Executive Director
J L (Jeremy) Sutcliffe	Independent Non-Executive Director
A P (Abigail) Cleland	Independent Non-Executive Director
S L (Samantha) Lewis	Independent Non-Executive Director
Executive KMP	
S G (Stuart) Hutton	Chief Financial Officer
D J (David) Lewis	Group General Manager, Strategy

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, Other 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 Human Resources Committee ensures that Orora's Senior Executives are motivated to pursue the long term growth and success of Orora 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 the financial year ended 30 June 2015, the Human Resources Committee did not receive any remuneration recommendations from independent remuneration consultants in relation to the KMP.

Hedging of securities

Executive KMP and other Senior Executives are prohibited under the Share Trading Policy from engaging in hedging arrangements over unvested securities issued under employee share plans. This prohibition extends to vested securities held by Executive KMP and other Senior Executives to which the Minimum Shareholding Policy applies. Non-Executive Directors do not participate in Orora's employee share plans.

2.4.2 MINIMUM SHAREHOLDING POLICY

To strengthen alignment of the interests of the Executive KMP and other Senior Executives 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 and other Senior Executives 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 and other Senior Executives 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.

2.4.3 SHARE TRADING POLICY

The Board has implemented blackout periods during which all Orora employees (including Executive KMP and other Senior Executives) 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.

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**.

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 deferred 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]	• 5 – 10% Safety (target recordable case frequency rate) • 25 – 95% Financial (which can include: earnings per share (EPS), earnings before interest and tax (EBIT), cash flow, average working capital (AWC) as a percentage of sales, return on average funds employed (RoAFE)) • 0 – 70% personal strategic measure. 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).		
	Why these conditions were chosen	To incentivise continuous safety improvement, successful and sustainable financial business outcomes that drive long term business and sustainability.		
	Long Term Incentive (LTI)		**35%**	**30%**
	Purpose	Reward the achievement of long term sustainable business outcomes and value creation for shareholders.		
	Term	Four years (standard term – the 2014 multi-tranche offer provided terms from 2.5 years – 4.5 years)		
	Instrument	Performance Rights (Rights) and Share Options (Options)		
	Performance conditions	RoAFE gate and EPS hurdle for one-third of Rights and all Options. Relative total shareholder return (TSR) for remaining two-thirds of Rights.		
	Why these conditions were chosen	The combination of RoAFE and EPS represents a strong measure of overall business performance. Having an exercise price for Options ensures that this performance translates into shareholder value creation as no Options are earned unless the share price increases. The use of a relative TSR condition for Rights provides a shareholder perspective of the Company's relative performance against comparable Australian ASX-listed companies.		

Table 4 (continued)

		MD & CEO (approx. % of total)	Other Executive KMP (approx. % of total)
Variable or 'at risk' (continued)			
Retention share/payment plan (CEO Grant)			
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 five 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. All financial performance conditions were determined on a post significant items basis. 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

Orora sets fixed remuneration for the Executive KMP by referencing the market median remuneration for similar roles in listed companies of similar size to Orora competing in comparable geographic locations. In setting fixed remuneration, Orora also considers responsibilities that 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. The Company also considers business and individual performance, as well as the ability to retain key talent, when setting and adjusting this element of remuneration.

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 and relevant targets for participants.

Two–thirds of any STI award is made annually in the form of a cash payment following the release of end of year results. One–third 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. Orora uses deferred performance rights to provide 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 STI award 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).

Each Executive KMP's allocation is subject to a risk of forfeiture if that member of the Executive KMP either voluntarily leaves Orora's 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 Orora's employment.

REMUNERATION REPORT

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 the financial year ended 30 June 2015 are shown in **Table 5**.

Table 5

Name	STI % range	STI % target	Total STI value ($)	% Earned in year	% of Maximum forfeited in year	Cash STI ($)	Deferred perf. Rights ($)	Deferred perf. rights (No. Rights)[1]
Executive Director								
N D Garrard[2]	0% to 100% of TFR	70.0%	1,211,159	98.0%	2.0%	807,439	403,720	194,096
Other Executive KMP								
S G Hutton	0% to 75% of Base Salary	52.5%	392,924	73.4%	2.1%	261,949	130,975	62,968
D J Lewis	0% to 75% of Base Salary	52.5%	368,119	72.2%	3.7%	245,413	122,706	58,993

(1) The cash and deferred performance rights will be granted in September 2015 following the determination of the STI. Deferred performance rights allocations will be determined based on the volume-weighted average price of Orora shares for the five trading days prior to 30 June 2015 ($2.08 per share).

(2) 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 D Garrard under the STI was obtained at the time of Orora's demerger from Amcor Ltd. 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 D Garrard on market, however the Company may instead issue new ordinary shares to N D Garrard.

3.4 LONG TERM INCENTIVE (LTI)

Orora's LTI component of the remuneration arrangements for Executive KMP is set out below. 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 Rights)	Rights (2/3 of Rights)

The 2014 LTI offer to N D Garrard, granted in the financial year ended 30 June 2015, consisted of three separate tranches which accounted for two grants (2012 and 2013) forfeited under the Amcor Ltd Long Term Incentive Plan (as a result of the demerger), and one new Orora grant for 2014. Separate shareholder approval for this LTI grant to N D Garrard was obtained at the 2014 Orora Annual General Meeting.

A summary of key dates for each of the three tranches to N D Garrard 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 FY16 (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 FY17 (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 FY18 (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 in **Table 9**.

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.

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% CAGR applicable to each tranche, is set out in **Table 8**:

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 in **Table 9**.

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 calculated on a constant currency basis (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 the financial year ended 30 June 2014. 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**, subject to any adjustments for significant 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**.

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 claw back 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 THE FINANCIAL YEAR ENDED 30 JUNE 2015

4.1 GRANTS OF OPTIONS AND RIGHTS AFFECTING REMUNERATION

Table 11 details awards granted that are still in progress (remain unvested) which impact Executive KMP remuneration for the financial year ended 30 June 2015:

Table 11

Grant year	Grant type	Instrument	Vesting condition(s)	Vesting/Testing Date	Status
2015[(1)]	STI[(3)]	Deferred Performance Rights	Continuous service	1 September 2017	In progress
2014[(2)]	STI[(3)]	Deferred Performance Rights	Continuous service	1 September 2016	In progress
	LTI[(4)]	Options, Rights	• RoAFE • EPS • Relative TSR • Share price greater than exercise price	Tranche 1: 30 June 2016 Tranche 2: 30 June 2017 Tranche 3: 30 June 2018	In progress
	Retention Share/ Payment Plan (CEO Grant)	Shares or cash	Continuous service	Tranche 1: 31 December 2015 Tranche 2: 31 December 2016	In progress

(1) The STI deferred performance rights will be granted in September 2015.

(2) The STI deferred performance rights were granted on 8 September 2014.

(3) An ASX waiver from the requirement in Listing Rule 10.14 to obtain separate shareholder approval for the grant of deferred performance rights to ND Garrard under the STI was obtained at the time of Orora's demerger from Amcor. This waiver applies to the 2014 and 2015 STI grants.

(4) The LTI grant to N D Garrard occurred on 21 October 2014 (FY15) following shareholder approval at the 2014 Annual General Meeting. LTI grants for all Other Executive KMP occurred on 1 May 2014 (FY14) as disclosed in the FY14 Annual Report.

4.2 REMUNERATION OF EXECUTIVE KMP

Details of the nature and amount of each element of remuneration of the Executive KMP are presented in **Table 12**. Executive KMP were all employed for the full financial year ended 30 June 2015, whereas some comparative 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

			Short term employee benefits			Other long term	Post employment	Share-based payments				
Name			**Base Salary**	**Other Benefits[1]**	**Cash STI**	**Long Service Leave**	**Super-annuation Benefits**	**Shares**	**Cash Settled**	**Equity Settled**	**% of total employee compensation received as options and/or rights**	**Total employee compensation**
Executive Director												
N D Garrard	**2015**	**Orora**	**1,196,696**	**7,601**	**807,439**	**38,561**	**30,304**	**-**	**-**	**1,472,220**	**41.4%**	**3,552,821**
Managing Director and Chief Executive Officer	2014	Orora[2]	676,071	657	282,019	40,719	14,583	-	-	660,132[3]	39.4%	1,674,181
	2014	Amcor[2]	436,394	21,392	329,920	6,973	10,417	-	561,445	287,742	17.4%	1,654,283
	2014	Total	1,112,465	22,049	611,939	47,692	25,000	-	561,445	947,874	28.5%	3,328,464
Other Executive KMP												
S G Hutton	**2015**	**Orora**	**586,396**	**-**	**261,949**	**12,472**	**25,304**	**118,522**	**-**	**322,122**	**24.3%**	**1,326,765**
Chief Financial Officer	2014	Orora[4]	335,416	-	94,250	3,683	14,583	59,427	-	136,780	21.2%	644,139
	2014	Amcor[4]	225,882	-	92,625	6,870	10,417	-	73,791	135,249	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
D J Lewis	**2015**	**Orora**	**547,500**	**3,000**	**245,413**	**13,252**	**25,000**	**98,408**	**-**	**301,158**	**24.4%**	**1,233,731**
Group General Manager, Strategy	2014	Orora[5]	270,000	54,552	87,500	20,977	12,500	49,882	-	127,850	20.5%	623,261
Total	**2015**		**2,330,592**	**10,601**	**1,314,801**	**64,285**	**80,608**	**216,930**	**-**	**2,095,500**	**34.3%**	**6,113,317**
	2014		1,943,763	76,601	886,314	79,222	62,500	109,309	635,236	1,347,753	26.2%	5,140,698

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

(2) The 2014 Orora remuneration for N D Garrard represents the period from 17 December 2013 to 30 June 2014. The 2014 Amcor remuneration for N D Garrard represents the period from 1 July 2013 to 16 December 2013 (i.e. the date immediately before the effective date of the demerger).

(3) The share-based payment expense for N D Garrard has been restated to reflect the fair value of the grant of Options and Rights approved by shareholders at the 2014 Annual General Meeting. The difference between the expense estimated at 30 June 2014 and the actual fair value of the Options and Rights at grant date has been recognised in the income statement for the financial period ended 30 June 2015.

(4) The 2014 Orora remuneration for S G Hutton represents the period from 17 December 2013 to 30 June 2014. The 2014 Amcor remuneration for S G 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).

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

4.3 EXECUTIVE KMP: ORDINARY SHAREHOLDING AND HOLDING OF OPTIONS AND RIGHTS OVER EQUITY INSTRUMENTS

Table 13 shows the movements 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 during the financial year ended 30 June 2015 and for the comparative period.

Table 13

			Movements during the financial period[1]					Additional information		
Name and holding		**Opening balance**	**Granted/ Received on exercise[2]**	**Exercised**	**Purchased**	**Other[3]**	**Closing Balance**	**Vested during the year**	**Balance vested and not yet exercised**	**Accounting fair value of grant yet to vest ($)[4]**
Executive Director										
N D Garrard										
Ordinary Shares	**2015**	**1,506,855**	**-**	**-**	**40,409**	**-**	**1,547,264**	**-**	**-**	**-**
	2014	-	-	-	909,000	597,855	1,506,855	-	-	-
Short Term Incentive Awards										
- Deferred Performance Rights	**2015**	**-**	**97,923[5]**	**-**	**-**	**-**	**97,923**	**-**	**-**	**149,822**
	2014	-	-	-	-	-	-	-	-	-
Long Term Incentive Awards										
- Share Options	**2015**	**-**	**5,250,000[6]**	**-**	**-**	**-**	**5,250,000**	**-**	**-**	**2,187,500**
	2014	-	-	-	-	-	-	-	-	-
- Performance Rights	**2015**	**-**	**2,218,500[6]**	**-**	**-**	**-**	**2,218,500**	**-**	**-**	**2,943,210**
	2014	-	-	-	-	-	-	-	-	-
Other Executive KMP										
S G Hutton										
Ordinary Shares	**2015**	**265,980**	**-**	**-**	**63,000**	**-**	**328,980**	**-**	**-**	**-**
	2014	-	245,902[7]	-	-	20,078	265,980	-	-	-
Short Term Incentive Awards										
- Deferred Performance Rights	**2015**	**-**	**32,725[5]**	**-**	**-**	**-**	**32,725**	**-**	**-**	**50,069**
	2014	-	-	-	-	-	-	-	-	-
Long Term Incentive Awards										
- Share Options	**2015**	**1,725,000**	**-**	**-**	**-**	**-**	**1,725,000**	**-**	**-**	**408,250**
	2014	-	1,725,000	-	-	-	1,725,000	-	-	408,250
- Performance Rights	**2015**	**720,000**	**-**	**-**	**-**	**-**	**720,000**	**-**	**-**	**626,400**
	2014	-	720,000	-	-	-	720,000	-	-	626,400

(Table continued overpage)

4.3 EXECUTIVE KMP: ORDINARY SHAREHOLDING AND HOLDING OF OPTIONS AND RIGHTS OVER EQUITY INSTRUMENTS (CONTINUED)

Table 13 (continued)

			Movements during the financial period[1]					Additional information		
Name and holding		Opening balance	Granted/ Received on exercise[2]	Exercised	Purchased	Other[3]	Closing Balance	Vested during the year	Balance vested and not yet exercised	Accounting fair value of grant yet to vest ($)[4]
Other Executive KMP										
D J Lewis										
Ordinary Shares	**2015**	**548,134**	**-**	**-**	**-**	**-**	**548,134**	**-**	**-**	**-**
	2014	-	204,918[7]	-	-	343,216	548,134	-	-	-
Short Term Incentive Awards										
- Deferred Performance Rights	**2015**	**-**	**30,381[5]**	**-**	**-**	**-**	**30,381**	**-**	**-**	**46,483**
	2014	-	-	-	-	-	-	-	-	-
Long Term Incentive Awards										
- Share Options	**2015**	**1,605,000**	**-**	**-**	**-**	**-**	**1,605,000**	**-**	**-**	**379,850**
	2014	-	1,605,000	-	-	-	1,605,000	-	-	379,850
- Performance Rights	**2015**	**675,000**	**-**	**-**	**-**	**-**	**675,000**			**587,250**
	2014	-	675,000	-	-	-	675,000	-	-	587,250

(1) The aggregate equity securities granted to/received by all participants in each of the equity incentive schemes (other than the Executive KMP), during the 2015 financial year are as follows: STI (deferred performance rights): 767,835; LTI (Options): nil; LTI (Rights): 250,000; and 100,000 restricted ordinary shares granted under the CEO Grant.

(2) The accounting value of all awards granted during the financial year to the Executive KMP is as follows: N D Garrard $5,280,532; S G Hutton $50,069 and D J Lewis $46,483. In respect of the LTI, awards are only exercisable upon satisfaction of performance conditions for each tranche. In respect of the STI, awards are exercisable on 1 September 2016.

(3) 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.

(4) This represents the maximum accounting value for future years of the STI awards (deferred performance rights) and the LTI awards (Options and 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.

(5) The STI awards were granted on 8 September 2014, have a fair value of $1.53 and will expire on 1 September 2016. No exercise price is applicable to the deferred performance rights granted. No awards granted during the period vested during the period.

(6) The LTI Options and Rights were granted to N D Garrard on 21 October 2014 over three tranches with different performance periods, following shareholder approval at the 2014 Annual General Meeting. In respect of the Options granted, all three tranches have an exercise price of $1.22. The Tranche 1 and Tranche 2 Options granted both have an accounting fair value of $0.42 and will expire on 30 September 2021 and 30 September 2022, respectively. The Tranche 3 Options granted have an accounting fair value of $0.41 and expire on 30 September 2023. 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 $1.40, whilst the Tranche 2 Rights granted have an accounting fair value of $1.32 and Tranche 3 an accounting fair value of $1.26. No exercise price is payable in respect of the Rights granted under any tranche. No awards granted during the period vested during the period.

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

5 EXECUTIVE KMP SERVICE AGREEMENTS

Orora formalises remuneration and other terms of employment for the Executive KMP in service agreements. Specific information relating to the terms of the service agreements is set out in **Table 14**.

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 (total termination payment must not exceed 12 months' Total Fixed Remuneration).
S G Hutton	Open	6 months	Greater of amount payable required by law and payment in lieu of notice (total termination payment must not exceed 12 months' base salary).
D J Lewis	Open	6 months	Greater of amount payable required by law and payment in lieu of notice (total termination payment must not exceed 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 current Non-Executive Director aggregate fee limit is $1,600,000 as previously disclosed in the 2014 Annual Report.

Non-Executive Directors receive an annual fixed 'base' fee of $195,700 for their role as Board members, plus additional fees for members and chairs of Board Committees. The Chairman receives an annual fixed fee of $391,400, but does not receive additional fees for his involvement with Committees. A 3% increase was applied in the financial year ended 30 June 2015 to the fixed 'base' fees for Non-Executive Directors and the annual fixed fee for the Chairman.

Shareholders will be asked at the 2015 Annual General Meeting to approve the maximum aggregate amount out of which directors' fees may be paid from $1,600,000 per annum to $1,900,000 per annum, as the remuneration payments are now approaching the maximum aggregate amount approved by shareholders in 2013 as part of the Amcor demerger. The Non-Executive Directors' aggregate fee limit was set in 2013 at the time of the demerger from Amcor. While it is not intended to fully utilise the proposed increase in the immediate future, the purpose of this proposed increase is to allow additional capacity within the maximum fee limit to address factors such as:

- to provide scope to accommodate any increase in the number of directors during a transition period for the purposes of Board succession planning;
- to allow for future adjustments in Directors' remuneration in line with market conditions; and
- to ensure that Orora can continue to attract high calibre individuals as Non-Executive Directors in what is an increasingly demanding and onerous role.

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. Non-Executive Directors are not subject to a minimum shareholding policy. This is consistent with the principles of independence and impartiality adopted by the Board.

REMUNERATION REPORT

6.3 REMUNERATION OF NON-EXECUTIVE DIRECTORS

Table 15

$		Salary and Fees	Other Benefits[1]	Superannuation Benefits	Total Compensation	Date of appointment
C I Roberts	**2015**	**350,700**	**4,900**	**35,000**	**390,600**	17 Dec 13
	2014[2]	195,234	2,511	9,160	206,905	
G J Pizzey	**2015**	**204,066**	**2,956**	**18,784**	**225,806**	17 Dec 13
	2014[2]	109,446	1,513	8,888	119,847	
J L Sutcliffe	**2015**	**209,066**	**2,938**	**18,784**	**230,788**	17 Dec 13
	2014[2]	112,135	1,508	8,888	122,531	
A P Cleland	**2015**	**185,251**	**2,938**	**17,879**	**206,068**	1 Feb 14
	2014[2]	76,278	1,167	7,164	84,609	
S L Lewis	**2015**	**199,131**	**2,940**	**18,784**	**220,855**	1 Mar 14
	2014[2]	65,706	933	5,982	72,621	
Total	**2015**	**1,148,214**	**16,672**	**109,231**	**1,274,117**	
	2014[2]	558,799	7,632	40,082	606,513	

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

(2) The 2014 Remuneration of Non-Executive Directors represents the remuneration of the Non-Executive Directors from the date of their appointment to 30 June 2014. CI Roberts, GJ Pizzey and JL Sutcliffe were appointed on 17 December 2013, which was the effective date of the demerger of the Company from Amcor Ltd. AP Cleland and SL Lewis were appointed in February and March 2014 respectively.

6.4 DETAILS OF NON-EXECUTIVE DIRECTORS' ORDINARY SHAREHOLDINGS

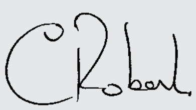
Table 16

Number of shares		Opening balance	Purchased	Other[1]	Closing balance
C I Roberts	**2015**	**841,270**	**235,731**	**-**	**1,077,001**
	2014	-	517,720	323,550	841,270
G J Pizzey	**2015**	**66,468**	**48,160**	**-**	**114,628**
	2014	-	20,000	46,468	66,468
J L Sutcliffe	**2015**	**100,000**	**50,000**	**-**	**150,000**
	2014	-	46,011	53,989	100,000
A P Cleland	**2015**	**50,000**	**91,186**	**-**	**141,186**
	2014	-	50,000	-	50,000
S L Lewis	**2015**	**40,000**	**48,000**	**-**	**88,000**
	2014	-	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.

DECLARATION

This Directors' Report is made in accordance with a resolution of the Directors, dated at Melbourne, in the State of Victoria, on 26 August 2015.



CHRIS ROBERTS
Chairman

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of Orora Limited for the year ended 30 June 2015, 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

LISA HARKER
Partner
PricewaterhouseCoopers

Melbourne
26 August 2015

FINANCIAL REPORT

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CONSOLIDATED INCOME STATEMENT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

$ million	Note	2015	2014
CONTINUING OPERATIONS			
Sales revenue	3.1	**3,407.8**	2,648.1
Cost of sales		**(2,799.1)**	(2,206.3)
Gross profit		**608.7**	441.8
Other income	3.1	**19.3**	26.8
Sales and marketing expenses		**(163.1)**	(116.2)
General and administration expenses		**(239.8)**	(453.5)
Profit/(loss) from operations	2.2	**225.1**	(101.1)
Finance income	3.1	**0.2**	0.9
Finance expenses	3.2	**(38.1)**	(44.6)
Net finance costs		**(37.9)**	(43.7)
Profit/(loss) before related income tax (expense)/benefit		**187.2**	(144.8)
Income tax (expense)/benefit	3.5.1	**(55.8)**	38.3
Profit/(loss) for the financial period from continuing operations		**131.4**	(106.5)
DISCONTINUED OPERATIONS			
Profit from discontinued operations, net of tax	7.2	**–**	34.3
Profit/(loss) for the financial period attributable to the owners of Orora Limited		**131.4**	(72.2)
		Cents	Cents
Profit/(loss) per share from continuing operations attributable to the ordinary equity holders of Orora Limited			
Basic earnings per share	5.6	**10.9**	(11.0)
Diluted earnings per share	5.6	**10.8**	(11.0)
Profit/(loss) per share attributable to the ordinary equity holders of Orora Limited			
Basic earnings per share	5.6	**10.9**	(7.5)
Diluted earnings per share	5.6	**10.8**	(7.5)

The above Consolidated Income Statement should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

$ million	Note	2015	2014
Profit/(loss) for the financial period		**131.4**	(72.2)
Other comprehensive income/(expense)			
Items that may be reclassified subsequently to profit or loss:			
Available-for-sale financial assets			
Net change in fair value of available-for-sale financial assets	5.4	**–**	4.4
Cash flow hedges			
Effective portion of changes in fair value of cash flow hedges	5.4	**(3.1)**	(5.9)
Tax on cash flow hedges	5.4	**(0.1)**	1.7
Foreign exchange translation			
Exchange differences on translation of foreign operations	5.4	**20.0**	13.0
Net investment hedge of foreign operations	5.4	**(3.7)**	–
Tax on exchange differences on translating foreign operations	5.4	**0.3**	–
Items subsequently reclassified to profit or loss:			
Available-for-sale financial assets			
Net change in fair value of available-for-sale financial assets reclassified to profit or loss	5.4	**(2.9)**	–
Cash flow hedges			
Net change in fair value of cash flow hedges reclassified to profit or loss	5.4	**2.7**	–
Other comprehensive income for the financial period, net of tax	5.4	**13.2**	13.2
Total comprehensive income/(expense) for the financial period attribtuable to the owners of Orora Limited		**144.6**	(59.0)
Total comprehensive income/(expense) for the period attributable to owners of Orora Limited arises from:			
Continuing operations		**144.6**	(93.3)
Discontinued operations		**–**	34.3
Total comprehensive income/(expense) for the financial period		**144.6**	(59.0)

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2015

$ million	Note	2015	2014
CURRENT ASSETS			
Cash and cash equivalents	5.7	**67.3**	30.5
Trade and other receivables	4.1	**427.7**	385.6
Inventories	4.2	**451.1**	404.3
Other financial assets	4.4	**7.5**	0.8
Other current assets	4.5	**44.8**	33.6
Total current assets		**998.4**	854.8
NON-CURRENT ASSETS			
Other financial assets	4.4	**3.5**	11.9
Property, plant and equipment	4.6	**1,547.4**	1,544.3
Deferred tax assets	3.5.2	**0.7**	22.4
Goodwill and intangible assets	4.7	**287.9**	232.3
Other non-current assets	4.5	**99.1**	88.3
Total non-current assets		**1,938.6**	1,899.2
Total assets		**2,937.0**	2,754.0
CURRENT LIABILITIES			
Trade and other payables	4.3	**636.0**	541.0
Interest-bearing liabilities	5.7	**–**	14.2
Other financial liabilities	6.2	**3.9**	4.2
Current tax liabilities		**2.7**	–
Provisions	4.8	**110.3**	107.2
Total current liabilities		**752.9**	666.6
NON-CURRENT LIABILITIES			
Other payables	4.3	**19.7**	6.5
Interest-bearing liabilities	5.7	**674.2**	651.9
Other non-current financial liabilities	6.2	**8.4**	2.2
Deferred tax liabilities	3.5.2	**14.2**	12.9
Provisions	4.8	**25.6**	32.2
Total non-current liabilities		**742.1**	705.7
Total liabilities		**1,495.0**	1,372.3
NET ASSETS		**1,442.0**	1,381.7
EQUITY			
Contributed equity	5.3	**502.7**	513.4
Reserves	5.4	**127.2**	109.2
Retained earnings	5.5	**812.1**	759.1
TOTAL EQUITY		**1,442.0**	1,381.7

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

		Attributable to owners of Orora Limited			
$ million	Note	Contributed equity	Reserves	Retained earnings	Total equity
Balance at 1 July 2014		**513.4**	**109.2**	**759.1**	**1,381.7**
Profit for the financial period	5.5	**–**	**–**	**131.4**	**131.4**
Total other comprehensive income	5.4	**–**	**13.2**	**–**	**13.2**
Total comprehensive income/(expense) for the financial period		**–**	**13.2**	**131.4**	**144.6**
Transactions with owners in their capacity as owners:					
Purchase of treasury shares	5.3	**(11.4)**	**–**	**–**	**(11.4)**
Dividends paid	5.5	**–**	**–**	**(78.4)**	**(78.4)**
Settlement of options and performance rights	5.3 & 5.4	**0.7**	**(0.7)**	**–**	**–**
Share-based payment expense	5.4	**–**	**5.5**	**–**	**5.5**
Balance at 30 June 2015		**502.7**	**127.2**	**812.1**	**1,442.0**
Balance at 1 July 2013		215.3	(0.8)	847.0	1,061.5
Loss for the financial period	5.5	–	–	(72.2)	(72.2)
Total other comprehensive income	5.4	–	13.2	–	13.2
Total comprehensive income/(expense) 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)	5.3	298.7	–	–	298.7
Equity attributable to entities acquired and disposed under common control(1)	5.4 & 5.5	–	(38.2)	153.4	115.2
Demerger common control transaction(1)	5.4 & 5.5	–	132.9	(132.9)	–
Shares purchased on-market to satisfy issue of rights under share-based payment plans	5.3	(0.6)	–	–	(0.6)
Dividends paid	5.5	–	–	(36.2)	(36.2)
Share-based payment expense	5.4	–	2.1	–	2.1
Balance at 30 June 2014		513.4	109.2	759.1	1,381.7

(1) Refer to note 7.2 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 above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

CONSOLIDATED CASH FLOW STATEMENT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

$ million	Note	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(loss) for the financial period from continuing activities		**131.4**	(106.5)
Depreciation	3.2	**92.6**	94.6
Amortisation of intangible assets	3.2	**5.5**	7.7
Net impairment losses on property, plant and equipment, intangibles, receivables and inventory		**2.6**	216.6
Net finance costs		**37.9**	43.7
Net gain on disposal of non-current assets		**(3.8)**	(5.8)
Net gain on disposal of available-for-sale financial instrument		**(1.7)**	–
Fair value (gain)/loss on financial instruments at fair value through income statement		**(1.0)**	1.1
Dividends from other entities		**(0.6)**	(0.6)
Share-based payment expense	3.2	**5.5**	2.1
Other sundry items		**26.8**	21.7
Income tax expense/(benefit)	3.5.1	**55.8**	(38.3)
Operating cash flows before changes in working capital and provisions		**351.0**	236.3
– (Increase)/Decrease in prepayments and other operating assets		**(13.5)**	(7.3)
– (Decrease)/Increase in provisions		**(13.2)**	(41.6)
– (Increase)/Decrease in trade and other receivables		**(8.5)**	(8.4)
– (Increase)/Decrease in inventories		**(35.2)**	10.2
– Increase/(Decrease) in trade and other payables		**41.2**	48.7
		321.8	237.9
Dividends received		**0.6**	0.6
Interest received		**0.1**	0.6
Interest and borrowing costs paid		**(35.4)**	(47.1)
Income tax paid		**(33.1)**	(40.9)
Net cash from continuing operating activities	2.2	**254.0**	151.1
Net cash from discontinued operating activities		**–**	5.7
Net cash flows from operating activities		**254.0**	156.8
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES			
Repayment/(Granting) of loans to associated companies and other persons		**0.1**	(0.1)
Payments for acquisition of controlled entities and businesses, net of cash acquired		**(12.1)**	14.2
Payments for property, plant and equipment and intangible assets	2.2	**(110.3)**	(110.6)
Proceeds on disposal of non-current assets		**25.4**	4.7
Net cash used in continuing investing activities		**(96.9)**	(91.8)
Net cash used in discontinued investing activities		**–**	(3.3)
Cash, net of overdraft, disposed of		**–**	(4.5)
Net cash flows used in investing activities		**(96.9)**	(99.6)

The above Consolidated Cash Flow Statement should be read in conjunction with the accompanying notes.

CONSOLIDATED CASH FLOW STATEMENT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

$ million	Note	2015	2014
CASH FLOWS USED IN FINANCING ACTIVITIES			
Shares purchased on-market to satisfy granting of rights under share-based payment plans	5.3	–	(0.6)
Payments for treasury shares	5.3	**(11.4)**	–
Proceeds from borrowings		**1,857.6**	1,588.4
Repayment of borrowings		**(1,893.5)**	(1,591.3)
Dividends paid and other equity distributions	5.2	**(78.4)**	(36.2)
Net cash used in continuing financing activities		**(125.7)**	(39.7)
Net cash used in discontinued financing activities		–	(0.5)
Net cash flows used in financing activities		**(125.7)**	(40.2)
Net increase in cash held		**31.4**	17.0
Cash and cash equivalents at the beginning of the financial period		**30.5**	13.6
Effects of exchange rate changes on cash and cash equivalents		**5.4**	(0.1)
Cash and cash equivalents at the end of the financial period[1]		**67.3**	30.5

(1) Refer to note 5.7 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	5.7	**67.3**	30.5
Bank overdrafts	5.7	–	–
Cash and cash equivalents at the end of the financial period		**67.3**	30.5

The above Consolidated Cash Flow Statement should be read in conjunction with the accompanying notes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 JUNE 2015

SECTION 1: BASIS OF PREPARATION

Orora Limited (the Company) is a for-profit entity for the purposes of preparing this Financial Report and is domiciled in Australia. The Company and its subsidiaries (collectively referred to as the Group) are primarily involved in the manufacture and supply of packaging products and services to grocery, fast moving consumer goods and industrial markets.

This section sets out the basis of preparation and the Group accounting policies that relate to the consolidated financial statements as a whole. Where an accounting policy is specific to one note, the policy is described within the note to which it relates.

This Financial Report is a general purpose financial report which:

- has been prepared in accordance with Australian Accounting Standards (AASBs), including Australian Accounting Interpretations adopted by the Australian Accounting Standards Board, 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);
- has been prepared under the historical cost basis except for financial instruments and available-for-sale investments, which have been measured at fair value. Non-derivative financial instruments are measured at fair value through the income statement;
- is presented in Australian dollars with values rounded to the nearest $100,000 unless otherwise stated, in accordance with the Australian Securities and Investments Class Order 98/100;
- presents reclassified comparative information where required for consistency with the current period presentation;
- adopts all new and amended Accounting Standards and Interpretations issued by the AASB that are relevant to the operations of the Group and effective for reporting periods beginning on or after 1 July 2014. Refer to note 8.8.1 for further details;
- does not early adopt any Accounting Standards and Interpretations that have been issued or amended but are not yet effective. Refer to note 8.8.2 for further details; and
- has applied the Group accounting policies consistently to all periods presented, except as described in note 8.8.1.

The consolidated general purpose Financial Report for the Group for the year ended 30 June 2015 was authorised for issue in accordance with a resolution of the Directors on 26 August 2015. The Directors have the power to amend and reissue the Financial Report.

BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of the Company and its controlled entities. Details of the controlled entities (subsidiaries) of the Company are contained in note 7.1.

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. The subsidiary financial statements are prepared for the same reporting period as the parent company, using consistent accounting policies and all balances and transactions between entities included within the Group are eliminated.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting when control is obtained by the Group.

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.

Transactions in foreign currencies are initially recorded in the functional currency of the entity using the exchange rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Foreign exchange gains and losses arising from the translation of the monetary assets and liabilities, or from the settlement of foreign currency transactions, are recognised in the income statement, except when deferred in equity as qualifying cash flow hedges or net investment hedges. The amounts deferred in equity in respect of cash flow hedges are recognised in the income statement when the hedged item affects profit or loss and, for net investment hedges, when the investment is disposed of.

As at the reporting date, the assets and liabilities of entities within the Group that have a functional currency different from the presentation currency, are translated into Australian dollars at the rate of exchange at the balance sheet date and the income statements are translated at the average exchange rate for the year. The exchange differences arising on the retranslation are taken directly to a separate component of equity in the Exchange Fluctuation Reserve.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 JUNE 2015

SECTION 1: BASIS OF PREPARATION (continued)

FINANCIAL INSTRUMENTS

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; and
- '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.

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.

CRITICAL ACCOUNTING JUDGEMENTS 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. Judgements and estimates that are material to the Financial Report are as follows:

- direct and indirect income tax, including utilisation of tax losses – refer note 3.5;
- measurement of asset restoration and restructuring provisions – refer note 4.8;
- testing for impairment of assets – refer note 6.3; and
- measurement of fair value – refer note 6.2.

OTHER ACCOUNTING POLICIES

Significant and other accounting policies that summarise the measurement basis used and are relevant to an understanding of the financial statements are provided throughout the notes to the financial statements.

SECTION 2: SEGMENT INFORMATION

2.1 SEGMENT RESULTS

The following information for the financial years ended 30 June 2015 and 2014 represents the twelve month financial performance of the Orora Group as it is currently structured.

	Continuing Operations							
	Australasia		North America		Other		Total Reported	
$ million	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014
Reportable segment revenue								
Revenue from external customers	**1,935.5**	1,912.9	**1,472.3**	1,263.2	**–**	–	**3,407.8**	3,176.1
Inter-segment revenue	**35.2**	5.2	**–**	–	**–**	–	**35.2**	5.2
Total reportable segment revenue	**1,970.7**	1,918.1	**1,472.3**	1,263.2	**–**	–	**3,443.0**	3,181.3
Reportable segment profit/(loss)								
Earnings before depreciation, amortisation, interest, related income tax expense and significant items	**261.9**	245.4	**84.2**	67.5	**(22.9)**	(13.6)	**323.2**	299.3
Depreciation and amortisation	**(80.3)**	(93.4)	**(12.6)**	(10.4)	**(5.2)**	(5.4)	**(98.1)**	(109.2)
Earnings before interest, related income tax expense and significant items	**181.6**	152.0	**71.6**	57.1	**(28.1)**	(19.0)	**225.1**	190.1
Significant items before related income tax expense (refer note 3.3)	**–**	(229.6)	**–**	(0.1)	**–**	(21.7)	**–**	(251.4)
Total reportable segment earnings	**181.6**	(77.6)	**71.6**	57.0	**(28.1)**	(40.7)	**225.1**	(61.3)
Capital spend on the acquisition of property, plant and equipment and intangibles	**86.5**	101.9	**20.2**	14.9	**3.6**	(1.6)	**110.3**	115.2
Receivables	**231.6**	236.5	**201.6**	155.5	**16.1**	2.3	**449.3**	394.3
Inventory	**339.3**	334.9	**111.8**	69.4	**–**	–	**451.1**	404.3
Payables	**(362.9)**	(357.9)	**(234.6)**	(159.3)	**(36.7)**	(21.3)	**(634.2)**	(538.5)
Working capital	**208.0**	213.5	**78.8**	65.6	**(20.6)**	(19.0)	**266.2**	260.1
Average funds employed[1]	**1,777.2**	1,895.6	**316.3**	263.8	**27.5**	(15.4)	**2,121.0**	2,144.0
Operating free cash flow[2]	**202.4**	167.7	**67.8**	45.7	**(28.6)**	(68.4)	**241.6**	145.0

(1) Average funds employed represents net working capital plus property, plant and equipment held at the beginning and end of the reporting period. The reduction in this measure for the Australasia segment is a result of the property, plant and equipment impairment recognised in December 2013 (refer note 7.2).

(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 CONSOLIDATED FINANCIAL STATEMENTS

30 JUNE 2015

SECTION 2: SEGMENT INFORMATION (continued)

2.2 UNDERSTANDING THE SEGMENT RESULTS

The Group's operating segments are organised and managed according to their geographical location. Each segment represents a strategic business that offers different products and operates in different industries and markets. The Corporate Executive Team (the chief operating decision-makers) monitor the operating results of the businesses separately for the purpose of making decisions about resource allocation and performance assessment.

Segment performance is evaluated based on earnings before interest and related income tax expense (EBIT). This measure excludes the effects of individually significant non-recurring gains/losses whilst including items directly attributable to the 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 managed on a Group basis. Transfer prices between segments are priced on an 'arms-length' basis, in a manner similar to transactions with third parties, and are eliminated on consolidation.

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, predominantly 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.

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

Segment revenue

Segment revenue reconciles to sales revenue, from continuing operations, as follows:

$ million	2015	2014
Total reported segment revenue	**3,443.0**	3,181.3
Elimination of inter-segment revenue	**(35.2)**	(5.2)
	3,407.8	3,176.1
Remove pre-acquisition revenue of acquired businesses(1)	–	(528.0)
Total sales revenue	**3,407.8**	2,648.1
Revenue by product:		
Fibre and paper-based packaging	**1,656.4**	1,708.1
Beverage packaging	**702.8**	652.1
Traded packaging products	**1,048.6**	815.9
	3,407.8	3,176.1
Remove pre-acquisition revenue of acquired businesses(1)	–	(528.0)
Total sales revenue	**3,407.8**	2,648.1

(1) Represents the pre-acquisition value relating to 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 7.2.

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

Segment EBIT

Segment earnings reconciles to profit/(loss) from operations before income tax, from continuing operations, as follows:

$ million	2015	2014
Total reported segment earnings	**225.1**	(61.3)
Remove pre-acquisition earnings of acquired businesses[(1)]	**–**	(39.8)
Profit/(loss) from operations	**225.1**	(101.1)

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

Segment capital spend on the acquisition of property, plant and equipment and intangibles reconciles to additions for the period, excluding acquired balances through business combinations (refer notes 4.6 and 4.7) as follows:

$ million	2015	2014
Total reported segment capital spend	**110.3**	115.2
Remove capital spend relating to acquired businesses[(1)]	**–**	(4.6)
	110.3	110.6
Add capital spend relating to flexibles business[(2)]	**–**	3.3
Movement in capital creditors	**0.2**	–
Movement in prepaid capital items	**(5.3)**	0.8
Capitalised asset restoration costs	**1.4**	0.2
Other non-cash adjustments	**1.7**	10.6
Consolidated acquisition of property, plant and equipment and intangibles	**108.3**	125.5

Segment working capital

Segment working capital reconciles to trade and other receivables, inventory and trade and other payables (refer notes 4.1, 4.2 and 4.3) as follows:

$ million	2015	2014
Total reported segment working capital	**266.2**	260.1
Less amounts included in working capital for management reporting purposes:		
Financial instruments	**(3.6)**	3.4
Other current assets	**(22.8)**	(16.4)
Add amounts excluded from working capital for management reporting purposes:		
Capital creditors and other payables	**(5.5)**	(6.7)
Loans receivable and other assets	**8.5**	8.5
Consolidated working capital	**242.8**	248.9

(1) Represents the pre-acquisition value relating to 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 7.2.

(2) Represents amounts relating to the flexible 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 7.2.

SECTION 2: SEGMENT INFORMATION (continued)

2.2 UNDERSTANDING THE SEGMENT RESULTS (continued)

Segment average funds employed

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

$ million	2015	2014
Total reported segment average funds employed	**2,121.0**	2,144.0
Remove impact relating to acquired businesses(1)	–	(106.0)
Add impact of flexibles business(2)	–	36.1
Consolidated average funds employed	**2,121.0**	2,074.1

Segment operating free cash flow

Segment operating free cash flow reconciles to net cash flow from continuing operations as follows:

$ million	2015	2014
Total reported segment operating free cash flow	**241.6**	145.0
Remove operating free cash flow relating to acquired businesses(1)	–	12.0
	241.6	157.0
Remove investing cash flow activities included in segment operating free cash flow	**80.8**	83.2
Add interest and tax paid excluded from segment operating free cash flow	**(68.4)**	(89.1)
Net cash flows from continuing operating activities	**254.0**	151.1

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.

	Revenue		Non-current assets(3)	
$ million	2015	2014	2015	2014
Geographic location				
Australia	**1,604.4**	1,620.8	**1,510.3**	1,526.4
New Zealand	**331.1**	297.3	**131.2**	118.6
United States of America	**1,439.8**	1,231.4	**292.9**	219.7
Other	**32.5**	26.6	–	0.2
	3,407.8	3,176.1	**1,934.4**	1,864.9
Remove pre-acquisition measure of acquired businesses(1)	–	(528.0)	–	–
Consolidated measure	**3,407.8**	2,648.1	**1,934.4**	1,864.9

(1) Represents the pre-acquisition value relating to 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 7.2.
(2) Represents amounts relating to the flexible 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 7.2.
(3) Non-current assets exclude deferred tax assets and non-current financial instruments.

SECTION 3: RESULTS FOR THE YEAR

3.1 INCOME

$ million	2015	2014
Revenue from sale of goods	**3,407.8**	2,648.1
Dividend received/receivable	**0.6**	0.6
Net gain on disposal of property, plant and equipment	**3.8**	5.8
Net gain on disposal of available-for-sale investment	**1.7**	–
Fair value gains on other financial assets designated at fair value through income statement	**1.0**	–
Service income	**7.1**	7.4
Other	**5.1**	13.0
Total other income	**19.3**	26.8
Retirement benefit interest income	**–**	0.2
External interest income	**0.2**	0.7
Total finance income	**0.2**	0.9

Recognition and measurement

Revenue is measured at the fair value of the consideration received or receivable and selecting the appropriate timing and amount of revenue recognised requires some judgement.

Sale of goods

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

Dividends

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

Rendering of services

With respect to services rendered, revenue is recognised in the period in which the services are rendered. For fixed-price contracts revenue is recognised depending on the stage of completion of the service to be provided.

Finance income

Revenue is recognised as the interest accrues to the related financial asset. Interest is determined using the effective interest rate method, which applies the interest rate that exactly discounts estimated future cash receipts over the expected life of the financial instrument.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 JUNE 2015

SECTION 3: RESULTS FOR THE YEAR (continued)

3.2 OPERATING COSTS

$ million	2015	2014
Wages and salaries	**596.1**	559.2
Workers' compensation and other on-costs	**53.2**	48.7
Superannuation costs – accumulation funds	**25.9**	25.6
Other employment benefits expense	**7.0**	5.0
Share-based payments expense		
– Options	**1.0**	0.5
– Performance rights and other plans	**4.5**	1.6
– Amounts recharged by Amcor Ltd(1)	**–**	4.9
Total employee benefits expense	**687.7**	645.5
Minimum lease payments	**70.1**	70.9
Total rental expense relating to operating leases	**70.1**	70.9
Depreciation	**92.6**	94.6
Amortisation of intangibles	**5.5**	7.7
Total depreciation and amortisation	**98.1**	102.3
Net impairment of trade receivables	**2.2**	6.2
Net write-down of inventories	**1.4**	7.9
Impairment of plant, equipment and other assets	**–**	153.1
Impairment of property	**–**	34.3
Impairment of intangible assets	**–**	14.8
Total impairment expense	**3.6**	216.3
Interest paid/payable:		
– Unwinding of discount	**0.9**	0.6
– Retirement benefit interest expense	**–**	0.3
– Finance charges on amounts owed to Amcor Ltd	**–**	21.0
– External interest expense	**33.8**	20.2
Total interest paid/payable	**34.7**	42.1
Borrowing costs	**3.4**	2.5
Total finance expense	**38.1**	44.6

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

Recognition and measurement

Employee benefits expense

The Group's accounting policy for liabilities associated with employee benefits is contained in note 4.8. Refer to note 8.1 for the accounting policy relating to share-based payments.

Operating leases

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. Refer to note 8.2 for future lease commitments.

Depreciation and amortisation expense

Refer to notes 4.6 and 4.7 for the Group's accounting policy and details on depreciation and amortisation.

Impairment

Impairment expenses are recognised to the extent that the carrying amount of assets exceed their recoverable amount. Refer to note 6.3 for further details on impairments recognised on non-financial assets.

Finance expense

Finance expense comprises 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 expense on borrowings is 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 JUNE 2015

SECTION 3: RESULTS FOR THE YEAR (continued)

3.3 SIGNIFICANT ITEMS

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.

	2015			2014		
$ million	**Before tax**	**Tax (expense)/ benefit**	**Net of tax**	Before tax	Tax (expense)/ benefit	Net of tax
Income						
Gain on disposal of Flexibles businesses under internal corporate restructure (refer note 7.2)	–	–	–	29.8	–	29.8
Total income	–	–	–	29.8	–	29.8
Expense						
Asset impairments recognised on demerger (refer note 7.2)	–	–	–	(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)
Total expense	–	–	–	(251.4)	69.8	(181.6)
Total significant items	–	–	–	(221.6)	69.8	(151.8)
Significant items attributable to:						
Continuing operations	–	–	–	(251.4)	69.8	(181.6)
Discontinued operations	–	–	–	29.8	–	29.8
Total significant items	–	–	–	(221.6)	69.8	(151.8)

(1) Restructuring costs in the prior 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 paper recycling mill.

3.4 AUDITOR'S REMUNERATION

$ thousand	2015	2014
Auditor of the Company – PwC Australia		
Audit and other assurance services		
Audit and review of financial reports	**654.5**	936.6
Other assurance services	**55.0**	–
Other services		
Taxation services and transaction related taxation advice	**368.0**	505.0
Other advisory services	**5.5**	39.5
Total PwC Australia remuneration	**1,083.0**	1,481.1
Network firms of PwC Australia		
Audit and other assurance services		
Audit and review of financial reports	**64.0**	198.1
Other services		
Taxation services, transaction related taxation advice and due diligence	**230.0**	–
Total Network firms of PwC Australia remuneration	**294.0**	198.1
Total Auditor's remuneration	**1,377.0**	1,679.2

3.5 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.

3.5.1 Income tax (expense)/benefit

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

$ million	2015	2014
Current tax (expense)/benefit		
Current period	**(35.7)**	(3.3)
Adjustments relating to prior periods	**–**	0.1
Total current tax expense	**(35.7)**	(3.2)
Deferred tax (expense)/benefit		
Origination and reversal of temporary differences	**(20.1)**	42.1
Change in applicable tax rates	**–**	(0.6)
Total deferred tax (expense)/benefit	**(20.1)**	41.5
Total income tax (expense)/benefit attributable to continuing operations	**(55.8)**	38.3
Deferred income tax (expense)/benefit included in income tax expense comprises:		
Increase/(Decrease) in deferred tax assets	**(5.2)**	(4.4)
(Increase)/Decrease in deferred tax liabilities	**(14.9)**	45.9
Deferred income tax (expense)/benefit included in income tax	**(20.1)**	41.5

SECTION 3: RESULTS FOR THE YEAR (continued)

3.5 TAXATION (continued)

3.5.1 Income tax (expense)/benefit (continued)

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

$ million	2015	2014
Profit/(loss) before related income tax (expense)/benefit relating to continuing operations	**187.2**	(144.8)
Tax at the Australian tax rate of 30% (2014: 30%)	**(56.2)**	43.4
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:		
Net non-deductible/non-assessable for tax	**2.5**	(9.5)
Tax losses, net tax credits and temporary differences not recognised for book in prior years now recouped	**3.4**	1.1
Effect of local tax rate change	**–**	(0.6)
	(50.3)	34.4
(Under)/over provision in prior period	**(0.6)**	7.0
Foreign tax rate differential	**(4.9)**	(3.1)
Total income tax (expense)/benefit	**(55.8)**	38.3

Recognition and measurement

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

Current tax is the expected tax payable on 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. Current tax is also 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

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; and
- 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.

Offsetting deferred tax balances

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.

Critical accounting judgement and estimate

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 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 determinations 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.

3.5.2 Deferred tax assets and liabilities

The tables below outline the deferred tax assets/(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:

	2015			2014		
$ million	**Assets**	**Liabilities**	**Net**	Assets	Liabilities	Net
Property, plant and equipment	**–**	**(57.5)**	**(57.5)**	–	(35.9)	(35.9)
Impairment of trade receivables	**0.7**	**–**	**0.7**	1.9	–	1.9
Intangible assets	**–**	**(17.6)**	**(17.6)**	–	(13.2)	(13.2)
Valuation of inventories	**12.0**	**–**	**12.0**	11.9	–	11.9
Employee benefits	**42.7**	**–**	**42.7**	36.3	–	36.3
Provisions	**14.7**	**–**	**14.7**	18.3	–	18.3
Financial instruments at fair value	**1.1**	**–**	**1.1**	1.7	–	1.7
Tax losses carried forward	**1.5**	**–**	**1.5**	6.9	–	6.9
Accruals and other items	**11.3**	**(22.4)**	**(11.1)**	5.3	(23.7)	(18.4)
Tax assets/(liabilities)	**84.0**	**(97.5)**	**(13.5)**	82.3	(72.8)	9.5
Tax set off	**(83.3)**	**83.3**	**–**	(59.9)	59.9	–
Net deferred tax asset/(liability)	**0.7**	**(14.2)**	**(13.5)**	22.4	(12.9)	9.5

SECTION 3: RESULTS FOR THE YEAR (continued)

3.5 TAXATION (continued)

3.5.2 Deferred tax assets and liabilities (continued)

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

$ 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
2015							
Property, plant and equipment	**(35.9)**	**(17.2)**	**–**	**–**	**–**	**(4.4)**	**(57.5)**
Impairment of trade receivables	**1.9**	**(1.3)**	**–**	**–**	**–**	**0.1**	**0.7**
Intangible assets	**(13.2)**	**(1.3)**	**–**	**–**	**–**	**(3.1)**	**(17.6)**
Valuation of inventories	**11.9**	**(0.2)**	**–**	**–**	**–**	**0.3**	**12.0**
Employee benefits	**36.3**	**2.7**	**–**	**–**	**–**	**3.7**	**42.7**
Provisions	**18.3**	**(3.7)**	**–**	**–**	**–**	**0.1**	**14.7**
Financial instruments at fair value	**1.7**	**(0.7)**	**0.1**	**–**	**–**	**–**	**1.1**
Tax losses carried forward	**6.9**	**(5.3)**	**–**	**–**	**–**	**(0.1)**	**1.5**
Accruals and other items	**(18.4)**	**6.9**	**0.1**	**–**	**–**	**0.3**	**(11.1)**
	9.5	**(20.1)**	**0.2**	**–**	**–**	**(3.1)**	**(13.5)**
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

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.

SECTION 4: ASSETS AND LIABILITIES

This section details 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 3.5.2.

4.1 TRADE AND OTHER RECEIVABLES

$ million	2015	2014
Trade receivables	**394.9**	355.3
Less provision for impairment losses	**(2.4)**	(6.8)
	392.5	348.5
Loans and other receivables(1)	**35.2**	37.1
Total current trade and other receivables	**427.7**	385.6

(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.

Recognition and measurement

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 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.

Impairment of trade receivables

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.

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 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.

SECTION 4: ASSETS AND LIABILITIES (continued)

4.1 TRADE AND OTHER RECEIVABLES (continued)

Credit risks related to receivables

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

$ million	2015	2014
Opening balance	**6.8**	2.3
Bad and doubtful debt expense – charged to expense	**1.4**	6.1
Reversal of impairment	**(0.3)**	–
Receivables written off during the period as uncollectable	**(5.7)**	(1.8)
Additions under common control transaction	**–**	1.0
Unused amount reversed	**–**	(0.1)
Disposal of business and controlled entities	**–**	(0.6)
Effects of movement in exchange rate	**0.2**	(0.1)
Closing balance	**2.4**	6.8

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.

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:

	Impaired Receivables		Not Impaired	
$ million	2015	2014	2015	2014
Not past due	**–**	0.2	**265.7**	227.2
Past due 0-30 days	**0.3**	–	**95.3**	71.6
Past due 31-120 days	**0.6**	1.2	**31.0**	48.2
More than 121 days	**1.5**	5.4	**0.5**	1.5
	2.4	6.8	**392.5**	348.5

As at 30 June 2015, current trade receivables of the Group with a nominal value of $2.4 million (2014: $6.8 million) were impaired. The amount of the provision was $2.4 million (2014: $6.8 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 net loss of $2.2 million (2014: $6.2 million) in respect of impaired trade receivables during the financial year ended 30 June 2015. The loss has been included in 'general and administration' expense in the income statement.

As at 30 June 2015, current trade receivables of $126.8 million (2014: $121.3 million) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default.

4.2 INVENTORIES

$ million	2015	2014
Raw materials and stores at cost	**188.6**	156.6
Work in progress at cost	**12.2**	11.7
Finished goods at cost	**230.0**	208.9
Total inventory carried at cost	**430.8**	377.2
Raw materials and stores at net realisable value	**12.2**	10.0
Work in progress at net realisable value	**0.1**	0.1
Finished goods at net realisable value	**8.0**	17.0
Total inventory carried at net realisable value	**20.3**	27.1
Total inventories	**451.1**	404.3

Recognition and measurement

Inventories are valued at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Costs incurred in bringing each product to its existing location and condition are accounted for as follows. Cost may also include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of inventory:

- Raw materials – purchase cost on a weighted average cost formula
- Manufactured finished goods and work in progress – cost of direct material and labour and an appropriate proportion of production and variable overheads incurred in the normal course of business.

During the period the Group recognised a net write-down of $1.4 million (2014: $7.9 million) with regard to the net realisable value of inventories which has been recognised in 'cost of sales' expense in the income statement. In the comparative period the $7.9 million write-down included $7.6 million engineering spares relating to the Fibre Cash Generating Unit (CGU) impairment assessment (refer note 7.2) which was included in 'general and administration' expense in the income statement, while the remaining $0.3 million recognised in 'cost of sales' expense.

4.3 TRADE AND OTHER PAYABLES

$ million	2015	2014
Current		
Trade creditors	**433.1**	374.5
Other creditors and accruals	**202.9**	166.5
Total current trade and other payables	**636.0**	541.0
Non-current		
Other unsecured creditors	**19.7**	6.5
Total non-current other payables	**19.7**	6.5

Recognition and measurement

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.

SECTION 4: ASSETS AND LIABILITIES (continued)

4.4 OTHER FINANCIAL ASSETS

$ million	2015	2014
Current		
Derivative financial instruments (refer note 6.2)	**7.5**	0.8
Total current other financial assets	**7.5**	0.8
Non-current		
Available-for-sale financial instruments	**–**	9.1
Derivative financial instruments (refer note 6.2)	**1.2**	–
Loans and other receivables	**2.3**	2.8
Total non-current other financial assets	**3.5**	11.9

The carrying value of loans and other receivables is considered to approximate fair value. As at 30 June 2014, the fair value of the available-for-sale financial instrument, which represented investments in companies listed on stock exchanges, was $9.1 million and was determined by reference to quoted share prices in an active market (classified as level 1 in the fair value hierarchy).

Recognition and measurement

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. Refer to note 6.2 for further details pertaining to derivative financial instruments.

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.

4.5 OTHER ASSETS

$ million	2015	2014
Current		
Contract incentive payments[1]	**16.5**	16.9
Prepayments	**28.3**	16.7
Total current other assets	**44.8**	33.6
Non-current		
Contract incentive payments[1]	**62.7**	58.0
Prepayments	**2.8**	4.2
Other non-current assets	**33.6**	26.1
Total non-current other assets	**99.1**	88.3

(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

$ million	Land	Land improvements	Buildings	Plant and equipment	Total
2015					
Cost					
Opening balance	73.8	11.3	463.0	2,752.8	3,300.9
Additions for the period	–	–	1.3	86.3	87.6
Disposals during the period	(2.8)	–	(1.5)	(45.7)	(50.0)
Additions through business acquisitions	–	–	0.1	1.0	1.1
Other transfers	0.5	0.4	2.7	(3.6)	–
Effect of movements in foreign exchange rates	0.2	–	3.5	26.5	30.2
Closing balance	71.7	11.7	469.1	2,817.3	3,369.8
Accumulated depreciation and impairment					
Opening balance	(0.4)	(3.4)	(117.6)	(1,635.2)	(1,756.6)
Depreciation charge	–	(0.2)	(9.6)	(82.8)	(92.6)
Disposals during the period	0.1	–	1.6	42.0	43.7
Effect of movements in foreign exchange rates	–	–	(1.4)	(15.5)	(16.9)
Closing balance	(0.3)	(3.6)	(127.0)	(1,691.5)	(1,822.4)
Carrying value 30 June 2015	71.4	8.1	342.1	1,125.8	1,547.4

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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SECTION 4: ASSETS AND LIABILITIES (continued)

4.6 PROPERTY, PLANT AND EQUIPMENT (continued)

$ million	Land	Land improvements	Buildings	Plant and equipment	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 7.2)	4.1	1.3	36.5	419.6	461.5
Disposal of businesses under common control transaction (refer note 7.2)	–	–	(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 7.2)	–	(0.5)	(16.8)	(261.4)	(278.7)
Disposal of businesses under common control transaction (refer note 7.2)	–	–	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

At 30 June 2015, no property, plant and equipment was provided as security for any interest-bearing borrowings (2014: nil).

Recognition and measurement

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 an asset. Cost may also 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, only when it is probable that future economic benefits associated with the item will flow to the Group. All other repairs and maintenance are charged to the income statement during the financial year in which they are incurred.

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 and certain leased plant and equipment 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.

Derecognition

An item of property, plant and equipment is derecognised when it is sold or otherwise disposed of, or when its use is not expected to bring any future economic benefits. Any gains or loss on disposal, determined by comparing proceeds with the carrying amount of the disposed asset, are included in the income statement in the period the disposal occurs and are recognised net within 'other income' in the income statement (refer note 3.1).

Impairment

Refer to note 6.3 for details on impairment testing.

4.7 GOODWILL AND INTANGIBLE ASSETS

$ million	Goodwill	Computer software	Other	Total
2015				
Cost				
Opening balance	213.0	146.9	6.6	366.5
Additions for the period	–	20.7	–	20.7
Additions through business acquisitions	10.1	–	–	10.1
Disposals during the period	–	(2.0)	–	(2.0)
Other transfers	–	1.0	(1.0)	–
Effect of movements in foreign exchange rates	27.5	10.0	1.3	38.8
Closing balance	250.6	176.6	6.9	434.1
Accumulated amortisation and impairment				
Opening balance	(7.9)	(120.7)	(5.6)	(134.2)
Amortisation charge	–	(5.5)	–	(5.5)
Disposals during the period	–	2.0	–	2.0
Effect of movements in foreign exchange rates	–	(7.2)	(1.3)	(8.5)
Closing balance	(7.9)	(131.4)	(6.9)	(146.2)
Carrying value 30 June 2015	242.7	45.2	–	287.9

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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SECTION 4: ASSETS AND LIABILITIES (continued)

4.7 GOODWILL AND INTANGIBLE ASSETS (continued)

$ million	Goodwill	Computer software	Other	Total
2014				
Cost				
Opening balance	107.9	115.4	1.0	224.3
Additions for the period	–	4.3	–	4.3
Additions through business acquisitions	2.4	–	–	2.4
Additions under common control transaction (refer note 7.2)	135.7	37.1	5.6	178.4
Disposals during the period	–	(4.4)	–	(4.4)
Disposal of businesses under common control transaction (refer note 7.2)	(35.2)	(5.8)	–	(41.0)
Effect of movements in foreign exchange rates	2.2	0.3	–	2.5
Closing balance	213.0	146.9	6.6	366.5
Accumulated amortisation and impairment				
Opening balance	(7.9)	(77.9)	–	(85.8)
Amortisation charge	–	(7.7)	–	(7.7)
Disposals during the period	–	3.0	–	3.0
Additions under common control transaction (refer note 7.2)	–	(30.3)	(5.6)	(35.9)
Disposal of businesses under common control transaction (refer note 7.2)	–	5.7	–	5.7
Impairment loss	–	(13.3)	–	(13.3)
Effect of movements in foreign exchange rates	–	(0.2)	–	(0.2)
Closing balance	(7.9)	(120.7)	(5.6)	(134.2)
Carrying value 30 June 2014	205.1	26.2	1.0	232.3

Recognition and measurement

Goodwill

Goodwill acquired in a business combination is initially measured at cost. Cost is measured as the cost of the amount the Group has paid in acquiring a business over and above the fair value of the individual assets and liabilities acquired. 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.

Goodwill is allocated to cash generating units for the purpose of impairment testing as follows. 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.

	Goodwill Allocation	
CGU	**2015 $ million**	2014 $ million
Australasia	**92.5**	90.3
North America	**150.2**	114.8
	242.7	205.1

Refer to note 6.3 for further details on impairment.

Other intangible assets

Other intangible assets include computer software, customer relationships and software licences. The cost of these assets is the amount that the Group has paid or, where there has been a business combination, their fair value at the date of acquisition.

Internal spend on computer software is only capitalised within the development phase and only when the asset is separate and it is probably that future economic benefits attributable to the asset will flow to the Group.

Following initial recognition, other intangible assets are carried at cost less amortisation and any impairment losses. Other intangible assets are amortised on a straight-line basis over their useful life and tested for impairment whenever there is an indication that they may be impaired. The amortisation period and method is reviewed at each financial year. Computer software and licences are amortised over a period of between three to ten years whilst customer relationships are amortised over a period of up to 20 years.

The Group does not hold any indefinite life other intangible assets.

4.8 PROVISIONS

$ million	Employee entitlements	Workers' compen-sation, insurance and other claims	Asset restoration	Restructuring	Total
Balance at 1 July 2014	**75.5**	**16.6**	**19.8**	**27.5**	**139.4**
Provisions made during the period	**29.3**	**6.9**	**1.5**	**10.5**	**48.2**
Payments made during the period	**(26.1)**	**(5.8)**	**–**	**(21.6)**	**(53.5)**
Released during the period	**(0.5)**	**–**	**(1.0)**	**–**	**(1.5)**
Additions through business acquisitions	**0.1**	**–**	**–**	**–**	**0.1**
Unwinding of discount	**–**	**0.2**	**0.5**	**0.2**	**0.9**
Effect of movement in foreign exchange rate	**1.0**	**0.8**	**0.3**	**0.2**	**2.3**
Balance at 30 June 2015	**79.3**	**18.7**	**21.1**	**16.8**	**135.9**
Current	**71.8**	**17.5**	**6.2**	**14.8**	**110.3**
Non-current	**7.5**	**1.2**	**14.9**	**2.0**	**25.6**

SECTION 4: ASSETS AND LIABILITIES (continued)

4.8 PROVISIONS (continued)

$ million	Employee entitlements	Workers' compen-sation, 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 7.2)	11.8	4.3	4.8	–	20.9
Disposal of businesses under common control transaction (refer note 7.2)	(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

Recognition and measurement

Provisions are recognised when:

- the Group has a present obligation (legal or constructive) as a result of a past event;
- it is probable that a future sacrifice of economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the amount of the obligation.

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.

Employee entitlements

The provision for employee entitlements represents the obligation for annual leave, long service leave entitlements and incentives accrued by employees.

Liabilities for employee benefits such as wages, salaries 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.

The liability for annual leave and long service leave is recognised in the provision for employee entitlements. It is 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. Expected future payments that are not expected to be settled within 12 months are discounted using market yields at the reporting date of high quality corporate bonds. The rates used reflect the terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Workers' compensation, insurance and other claims

Insurance and other claims include provisions for workers' compensation, insurance and other claims. The Group self-insures for various risks including risks associated with workers' compensation. 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.

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 in 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.

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, including discussions with affected personnel, with employee-related costs recognised over the period of any required further service. Future operating costs in relation to the restructuring are not provided for. Payments falling due greater than 12 months after reporting date are discounted to present value.

Critical accounting judgement and estimate

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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SECTION 5: CAPITAL STRUCTURE AND FINANCING

This section outlines how the Group manages its capital structure and related financing, including its balance sheet liquidity and access to capital markets.

5.1 CAPITAL MANAGEMENT

Capital is defined as the combination of shareholders' equity, reserves and net debt. 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.

$ million	Note	2015	2014
Equity and reserves			
Contributed equity	5.3	**502.7**	513.4
Reserves	5.4	**127.2**	109.2
Retained earnings	5.5	**812.1**	759.1
		1,442.0	1,381.7
Net financial debt			
Total interest-bearing liabilities	5.7	**674.2**	666.1
Less cash and cash equivalents	5.7	**(67.3)**	(30.5)
		606.9	635.6
Net capital		**2,048.9**	2,017.3

The Board determines the appropriate capital structure of the Group, 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 and to execute the strategy and deliver the business plan of the Group.

In order to optimise the capital structure, the Group may:

- adjust the amount of ordinary dividends paid to shareholders;
- maintain a dividend investment plan;
- raise or return capital to shareholders;
- raise or repay debt for working capital and capital expenditure requirements, or to facilitate acquisitions in line with the strategic objectives and operating plans of the Group.

The purpose of the Group's capital management framework is to maintain 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 optimise, 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 2015, the Group's on-balance sheet gearing and leverage ratios were 29.6% (2014: 31.5%) and 1.9 times (2014: 2.2 times), respectively.

5.2 DIVIDENDS

	Cents per share	Total amount $ million	Date of payment
Declared and paid during the period			
For the year ended 30 June 2015			
Final dividend for 2014 (unfranked)	**3.0**	**36.2**	**8 October 2014**
Interim dividend for 2015 (unfranked)	**3.5**	**42.2**	**9 April 2015**
		78.4	
For the year ended 30 June 2014			
Final dividend for 2013	–	–	–
Interim dividend for 2014 (unfranked)	3.0	36.2	2 April 2014
		36.2	
Proposed and unrecognised at period end[(1)]			
For the year ended 30 June 2015			
Final dividend for 2015 (30% franked)	**4.0**	**48.3**	**13 October 2015**
For the year ended 30 June 2014			
Final dividend for 2014 (unfranked)	3.0	36.2	8 October 2014

(1) Estimated final dividend payable, subject to variations in the number of shares up to record date.

Franking Account

Franking credits available to shareholders of the Company are nil (2014: nil) at the 30.0% (2014: 30.0%) corporate tax rate. The final dividend for 2015 is 30.0% franked, and the Company is of the opinion that sufficient franking credits will arise from tax instalments expected to be paid in the year ending 30 June 2016.

Conduit Foreign Income Account

For Australian tax purposes non-resident shareholder dividends will not be subject to Australian withholding tax to the extent that they are franked or sourced from the parent entity's Conduit Foreign Income Account. For the 2015 dividend, 70.0% of the dividend to non-residents is sourced from the parent entity's Conduit Foreign Income Account (2015: interim dividend 100%, 2014: interim and final dividend nil). As a result, 100% of the 2015 interim and final dividend paid to a non-resident will not be subject to Australian withholding tax.

Dividend reinvestment plan

The Group operates a dividend reinvestment plan which allows eligible shareholders to elect to invest dividends in ordinary shares. All holders of Orora Limited ordinary shares with Australian or New Zealand addresses registered with the share registry are eligible to participate in the plan. The allocation price for shares is based on the average of the daily volume weighted average price of Orora Limited ordinary shares sold on the Australian Securities Exchange, calculated with reference to a period of not less than ten consecutive trading days as determined by the Directors.

SECTION 5: CAPITAL STRUCTURE AND FINANCING (continued)

5.3 CONTRIBUTED EQUITY

$ million	2015	2014
Issued and fully paid ordinary shares:		
1,206,684,923 ordinary shares with no par value (2014: 1,206,684,923)	**513.8**	513.4
Treasury shares:		
6,460,678 ordinary shares with no par value (2014: nil)	**(11.1)**	–
Total contributed equity	**502.7**	513.4

Reconciliation of issued and fully paid ordinary shares

	2015		2014	
	No. '000	**$ million**	No. '000	$ million
Balance at beginning of period	**1,206,685**	**513.4**	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 (note 8.1.1)	–	–	–	(0.6)
Restriction lifted on shares issued under the CEO Grant (note 8.1.1)	–	**0.6**	–	–
Exercise of performance rights under the Short Term Incentive Plan (note 8.1.3)	**53**	**0.1**	–	–
Treasury shares used to satisfy issue of CEO Grant (note 8.1.1)	–	**(0.2)**	–	–
Treasury shares used to satisfy exercise of rights under the Short Term Incentive Plan (note 8.1.3)	**(53)**	**(0.1)**	–	–
Balance at end of period	**1,206,685**	**513.8**	1,206,685	513.4

(1) Refer to note 7.2 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.

Reconciliation of treasury shares

	2015		2014	
	No. '000	**$ million**	No. '000	$ million
Balance at beginning of period	**–**	**–**	–	–
Acquisition of shares by the Orora Employee Share Trust	**6,614**	**11.4**	–	–
Allocation of treasury shares to satisfy issue of CEO Grant	**(100)**	**(0.2)**	–	–
Treasury shares used to satisfy exercise of rights under Employee Share Plans	**(53)**	**(0.1)**	–	–
Balance at end of period	**6,461**	**11.1**	–	–

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. Refer to note 7.1.1 for further information on the Orora Employee Share Trust.

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SECTION 5: CAPITAL STRUCTURE AND FINANCING (continued)

5.4 RESERVES

$ million	Available-for-sale revaluation reserve	Cash flow hedge reserve	Share-based payment reserve	Demerger reserve	Exchange fluctuation reserve	Total reserves
Balance 1 July 2014	**2.9**	**(3.1)**	**2.1**	**132.9**	**(25.6)**	**109.2**
Other comprehensive income/(loss):						
Effective portion of changes in fair value	**–**	**(3.1)**	**–**	**–**	**–**	**(3.1)**
Reclassification to profit or loss	**(2.9)**	**2.7**	**–**	**–**	**–**	**(0.2)**
Currency translation differences	**–**	**–**	**–**	**–**	**16.3**	**16.3**
Deferred tax	**–**	**(0.1)**	**–**	**–**	**0.3**	**0.2**
Total other comprehensive income/(loss)	**(2.9)**	**(0.5)**	**–**	**–**	**16.6**	**13.2**
Transactions with owners in their capacity as owners:						
Settlement of options and performance rights	**–**	**–**	**(0.7)**	**–**	**–**	**(0.7)**
Share-based payments expense	**–**	**–**	**5.5**	**–**	**–**	**5.5**
Balance at 30 June 2015	**–**	**(3.6)**	**6.9**	**132.9**	**(9.0)**	**127.2**
Balance 1 July 2013	(1.5)	0.7	–	–	–	(0.8)
Other comprehensive income/(loss):						
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
Transactions with owners in their capacity as owners:						
Reserves attribtuable to entities acquired under common control	–	0.4	–	–	(38.6)	(38.2)
Tranfers to/(from) equity accounts	–	–	–	132.9	–	132.9
Share-based payments expense	–	–	2.1	–	–	2.1
Balance at 30 June 2014	2.9	(3.1)	2.1	132.9	(25.6)	109.2

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 cash flow hedge 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.

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 8.1 for further details of the Groups' 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.

Demerger reserve

The demerger reserve represents the difference between the consideration paid by Orora under the internal corporate restructure 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 7.2.

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.

5.5 RETAINED EARNINGS

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.

$ million	2015	2014
Retained earnings at the beginning of the period	**759.1**	847.0
Net profit/(loss) attributable to the owners of Orora Limited	**131.4**	(72.2)
Retained earnings attributable to entities acquired under common control	**–**	153.4
Tranfers to/(from) equity accounts	**–**	(132.9)
	890.5	795.3
Ordinary dividends:		
– Interim paid (refer note 5.2)	**(42.2)**	(36.2)
– Final paid (refer note 5.2)	**(36.2)**	–
	(78.4)	(36.2)
Retained earnings at the end of the period	**812.1**	759.1

SECTION 5: CAPITAL STRUCTURE AND FINANCING (continued)

5.6 EARNINGS PER SHARE

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

cents	2015	2014
Basic earnings per share		
From continuing operations	**10.9**	(11.0)
From discontinued operations	–	3.5
Total basic earnings per share attributable to the ordinary equity holders of Orora Limited	**10.9**	(7.5)
Diluted earnings per share		
From continuing operations	**10.8**	(11.0)
From discontinued operations	–	3.5
Total diluted earnings per share attributable to the ordinary equity holders of Orora Limited	**10.8**	(7.5)

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 Group and held as 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 and new shares are issued.

Calculation of EPS

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

$ million	2015	2014
Basic and diluted earnings per share		
Profit/(loss) from continuing operations	**131.4**	(106.5)
Profit from discontinued operations	–	34.3
Profit/(loss) attributable to the ordinary equity holders of Orora Limited used in calculating basic earnings per share	**131.4**	(72.2)

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

Number million	2015	2014(1)
Weighted average number of ordinary shares for basic earnings per share(2)	**1,203.0**	965.3
Effect of employee options and performance rights(3)	**11.1**	3.3
Weighted average number of ordinary shares and potential ordinary shares for diluted earnings per share	**1,214.1**	968.6

(1) In the prior period 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 weighted average number of ordinary shares excludes ordinary shares purchased by the Group and held as treasury shares.
(3) The calculation of the weighted average number of shares has been adjusted for the effect of these potential shares from the date of issue.

5.7 NET FINANCIAL DEBT

$ million	2015	2014
Cash on hand and at bank	**67.3**	27.6
Deposits at call	**–**	2.9
Total cash and cash equivalents	**67.3**	30.5
Bank loans due within one year	**–**	14.2
Bank loans due after one year	**674.2**	651.9
Total debt (refer note 5.7.1)	**674.2**	666.1
Net debt	**606.9**	635.6

At 30 June 2015, the Group had access to a $1,000.0 million revolving multicurrency facility through a syndicate of domestic and international financial institutions. The facility is made up of two tranches with Tranche A, being a $500.0 million facility maturing in December 2016 and Tranche B, a $500.0 million facility maturing in December 2018. The facility is unsecured and can be extended.

Subsequent to the end of the current reporting period, on 17 July 2015, the Group announced that it had successfully completed the US private placement of notes issued by its wholly-owned US subsidiary, raising USD250.0 million through the issuance of notes with eight and ten year maturities. As a result, Tranche A of the revolving multicurrency facility has been reduced to $350.0 million maturing in December 2016, whilst Tranche B has been reduced to $400.0 million maturing in December 2018.

During both the current and comparative reporting period Orora Limited has complied with the financial covenants of its borrowing facilities.

Recognition and measurement

Cash at bank and on deposit

Cash and short-term deposits comprise cash at bank and on hand, and short-term money market investments with an original maturity of three months or less. Cash at bank earns interest at floating rates based on daily bank deposits. Short-term deposits are made for varying periods, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

The carrying value of cash and cash equivalents is considered to approximate fair value.

Bank overdrafts and loans

All loans and borrowings are initially recognised at the fair value of the consideration received, less directly attributable transaction costs. 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.

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.

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.

SECTION 5: CAPITAL STRUCTURE AND FINANCING (continued)

5.7 NET FINANCIAL DEBT (continued)

5.7.1 Interest-bearing liabilities

The Group's interest-bearing liabilities represent borrowings from financial institutions. The following table provides a maturity analysis of these borrowings as at 30 June:

$ million	Current 1 year or less, or on demand	Non-current 1-2 years	 2-5 years	 More than 5 years	Total
2015					
Unsecured borrowings					
Bank loans	**–**	**350.0**	**324.2**	**–**	**674.2**
Total unsecured borrowings	**–**	**350.0**	**324.2**	**–**	**674.2**
Total debt	**–**	**350.0**	**324.2**	**–**	**674.2**
2014					
Unsecured borrowings					
Bank loans	14.2	–	651.9	–	666.1
Total unsecured borrowings	14.2	–	651.9	–	666.1
Total debt	14.2	–	651.9	–	666.1

Bank loans due within one year

As at 30 June 2014, 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.

Bank loans due after one year

As at 30 June 2015 bank loans due after one year include:

- $350.0 million drawn under a $500.0 million committed global syndicated multicurrency facility maturing December 2016 (2014: $425.0 million drawn under a $550.0 million committed global syndicated multicurrency facility maturing December 2016); and
- USD249.3 million drawn under a $500.0 million committed global syndicated multicurrency facility maturing in December 2018 (2014: USD179.3 million and $40.0 million drawn under a $550.0 million committed global syndicated multicurrency facility maturing 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. Refer to note 3.2 for details on financing costs associated with the above borrowings.

SECTION 6: RISK

6.1 FINANCIAL RISK MANAGEMENT

The Group's overall financial 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, where possible
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 the above 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 & Compliance Committee and treasury procedures are subject to periodic reviews.

In accordance with Board approved policies the Group typically uses derivative financial instruments to hedge underlying exposures arising from the Group's operational activities relating to: changes in foreign exchange rates on foreign currency commercial transactions (transaction risk); translation of balance sheet items of foreign subsidiaries (translation risk); exposure to changes in commodity prices; changes in interest rates on net borrowings and changes in the Company's share price.

6.1.1 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 foreign currency transaction risk the Group's 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.

In respect of translation risk, the Group's borrowings are generally 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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SECTION 6: RISK (continued)

6.1 FINANCIAL RISK MANAGEMENT (continued)

6.1.1 Market risk (continued)

Foreign exchange risk (continued)

The Group's investments in its US subsidiaries is hedged by a US dollar denominated unsecured bank loan (carrying amount of the assets is USD259.4 million) which mitigates the foreign currency translation risk arising from the subsidiaries' net assets. The fair value of the borrowing at 30 June 2015 was USD249.3 million.

Exposure

The summary quantitative data about the Group's exposure to currency risk as reported to the management of the Group is as follows:

	2015		2014	
$ million	**USD**	**NZD**	USD	NZD
Funds employed	**304.0**	**178.0**	245.0	172.3
Net debt	**(289.3)**	**10.2**	(174.1)	5.3
Gearing	**95.2%**	**(5.7%)**	71.1%	(3.1%)
EBITDA	**89.3**	**32.9**	69.8	29.3
Net debt	**(289.3)**	**10.2**	(174.1)	5.3
Leverage	**3.2**	**(0.3)**	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			NZD		
$ million	**USD**	**EUR**	**NZD**	**USD**	**EUR**	**AUD**
2015						
Next 18 months forecasted sales	**102.7**	**–**	**22.5**	**–**	**–**	**–**
Next 18 months forecasted purchases	**(106.0)**	**(22.2)**	**(2.4)**	**(4.3)**	**(11.6)**	**(100.7)**
Net forecast transaction exposure	**(3.3)**	**(22.2)**	**20.1**	**(4.3)**	**(11.6)**	**(100.7)**
Forward exchange contracts	**25.8**	**12.6**	**(7.8)**	**2.0**	**6.7**	**73.3**
Net exposure	**22.5**	**(9.6)**	**12.3**	**(2.3)**	**(4.9)**	**(27.4)**
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 $3.6 million (2014: loss $0.9 million) and a gain of $1.0 million (2014: loss $1.1 million) relating to foreign currency derivatives, that did not qualify as hedges, within general and administrative expenses in the income statement. In addition, a gain of $4.8 million (2014: $3.8 million loss) relating to cash flow hedges and a $16.3 million gain (2014: $13.0 million gain) on the translation of foreign operations was recognised in other comprehensive income, whilst a $2.7 million gain (2014: nil) relating to cash flow hedges was transferred from equity to operating profit.

Sensitivity

The following sensitivity illustrates how a change in the US dollar and NZ dollar would impact the fair value of the derivative financial instruments held for future commercial transactions as at 30 June 2015:

- if the Australian dollar had weakened by 10% against the US dollar with all other variables held constant, equity would have been $3.3 million higher (2014: $2.7 million higher).
- if the Australian dollar had weakened by 10% against the NZ dollar with all other variables held constant, equity would have been $10.1 million lower (2014: $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 2015, approximately 45.0% (2014: 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:

	2015		2014	
	Weighted average interest rate %	**Balance $ million**	Weighted average interest rate %	Balance $ million
Bank loans	**2.4%**	**674.2**	3.5%	666.1
Interest rate swaps (notional principal amount)	**3.0%**	**300.0**	2.8%	300.0
Net exposure to cash flow interest rate risk		**374.2**		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. The amounts accumulated in equity are transferred to the income statement in the period in which the hedged item affects profit or loss. During the period $7.9 million loss (2014: $2.1 million loss) was recognised directly in equity in relation to interest rate swaps.

Sensitivity

At 30 June 2015, if Australian and US interest rates had increased by 1.0%, post-tax profit for the year would have been $3.8 million lower (2014: $7.0 million lower). If Australian dollar interest rates had decreased by 1.0%, post-tax profit for the year would have been $0.5 million higher (2014: $4.4 million higher). US dollar debts have been excluded from the sensitivity for interest rate decreases as rates are already below 1.0%.

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 note 8.1). To mitigate this risk the Group has 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.

As at 30 June 2015, the Trust held 6,460,678 Treasury Shares in the Company (2014: nil) and 932,132 allocated shares in respect of the CEO Grant (2014: 2,083,312). Refer to note 7.1.1 for further details.

SECTION 6: RISK (continued)

6.1 FINANCIAL RISK MANAGEMENT (continued)

6.1.1 Market risk (continued)

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 upon customer instruction and all related benefits and costs are passed through onto the customer on maturity of the transaction.

The movements in commodity hedges are recognised in equity and the cumulative amount of the hedge is recognised in the income statement when the forecast transaction is realised. 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. As the Group ultimately passes on the movement risk associated with commodity prices to customers, no sensitivity has been performed.

6.1.2 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 $175.0 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:

	2015			2014		
$ million	**Committed**	**Uncom-mitted**	**Total**	Committed	Uncom-mitted	Total
Financing facilities available:						
Bank overdrafts	**–**	**6.1**	**6.1**	–	6.3	6.3
Loan facilities and term debt	**1,000.0**	**82.4**	**1,082.4**	1,100.0	67.5	1,167.5
	1,000.0	**88.5**	**1,088.5**	1,100.0	73.8	1,173.8
Facilities utilised:						
Bank overdrafts	**–**	**–**	**–**	–	–	–
Loan facilities and term debt	**676.6**	**–**	**676.6**	655.4	14.2	669.6
	676.6	**–**	**676.6**	655.4	14.2	669.6
Facilities not utilised:						
Bank overdrafts	**–**	**6.1**	**6.1**	–	6.3	6.3
Loan facilities and term debt	**323.4**	**82.4**	**405.8**	444.6	53.3	497.9
	323.4	**88.5**	**411.9**	444.6	59.6	504.2

At 30 June 2015 the Group has a revolving multicurrency facility available consisting of two tranches of $500.0 million each (2014: $550.0 million each). $350.0 million has been drawn under the first tranche of the facility which has a maturity of December 2016 (2014: $425.0 million maturing December 2016), while $326.6 million has been drawn under the second tranche with a maturity of December 2018 (2014: $230.4 million maturing December 2018). The facility, which is unsecured, can be extended. The facility has leverage and interest cover financial covenants normal for such a facility. Refer to note 5.7 for details of changes in the Group's financing arrangements subsequent to 30 June 2015.

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:

$ million	1 year or less	1-2 years	2-5 years	More than 5 years	Total contractual cash flows	Carrying amount (assets)/ liabilities
2015						
Non-derivative financial instruments						
Trade and other payables	**636.0**	**5.9**	**9.2**	**4.7**	**655.8**	**655.7**
Borrowings	**20.8**	**367.2**	**341.2**	**–**	**729.2**	**674.2**
Total non-derivatives	**656.8**	**373.1**	**350.4**	**4.7**	**1,385.0**	**1,329.9**
Derivatives						
Net settled (interest rate swaps and commodity contracts)	**(2.7)**	**(4.3)**	**(3.8)**	**–**	**(10.8)**	**(10.9)**
Gross settled forward exchange contracts						
– Inflow	**293.5**	**29.7**	**11.3**	**–**	**334.5**	
– Outflow	**(288.7)**	**(29.4)**	**(11.2)**	**–**	**(329.3)**	
Total gross settled forward exchange contracts	**4.8**	**0.3**	**0.1**	**–**	**5.2**	**7.3**
Total derivatives	**2.1**	**(4.0)**	**(3.7)**	**–**	**(5.6)**	**(3.6)**
2014						
Non-derivative financial instruments						
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
Derivatives						
Net settled (interest rate swaps)	(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)

SECTION 6: RISK (continued)

6.1 FINANCIAL RISK MANAGEMENT (continued)

6.1.3 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 (refer note 8.2).

6.2 DERIVATIVE FINANCIAL INSTRUMENTS

The Group holds the following types of derivative financial instruments:

- Forward exchange contracts – contracts are denominated in US dollar, Euro and NZ dollar to hedge highly probably sale and purchase transactions.
- Forward commodity contracts – on behalf of customers, aluminium hedging is undertaken using fixed price swaps. The Group passes on the price risk of commodity's contractually through to customers, including any benefits and costs relating to swaps upon their maturity.
- Interest rate swaps – swaps are entered into to optimise the Group's exposure to fixed and floating interest rates arising from borrowings. These hedges incorporate cash flow hedges, which fix future interest payments, and fair value hedges, which reduce the Group's exposure to changes in the value of its assets and liabilities arising from interest rate movements.
- Cross-currency interest rate swaps – swaps are entered into to both reduce the Group's exposure to exchange rate variability in its interest repayments for foreign currency denominated debt and to hedge against movements in the fair value of those liabilities due to change and interest rate movements.

The following table sets out the fair value of derivative financial instruments analysed by type of contract.

	Level 2 fair value hierarchy	
$ million	**2015**	2014
Assets		
Current		
Derivative financial instruments – fair value through profit and loss:		
Forward exchange contracts	**–**	0.2
Commodity contracts	**–**	0.2
Derivative financial instruments – cash flow hedges:		
Forward exchange contracts	**7.5**	0.4
Total current derivatives in an asset position (refer note 4.4)	**7.5**	0.8
Non-current		
Derivative financial instruments – cash flow hedges:		
Forward exchange contracts	**1.2**	–
Total non-current derivatives in an asset position (refer note 4.4)	**1.2**	–
Total derivatives in an asset position	**8.7**	0.8
Liabilities		
Current		
Derivative financial instruments – fair value through profit and loss:		
Forward exchange contracts	**–**	0.9
Commodity contracts	**0.1**	–
Interest rate swap contracts	**0.9**	–
Derivative financial instruments – cash flow hedges:		
Forward exchange contracts	**1.2**	3.2
Interest rate swap contracts	**1.7**	0.1
Total current derivatives in a liability position	**3.9**	4.2
Non-current		
Derivative financial instruments – fair value through profit and loss:		
Forward exchange contracts	**0.2**	0.1
Derivative financial instruments – cash flow hedges:		
Forward exchange contracts	**–**	0.1
Interest rate swap contracts	**8.2**	2.0
Total non-current derivatives in a liability position	**8.4**	2.2
Total derivatives in a liability position	**12.3**	6.4
Net derivative (liability)/asset position	**(3.6)**	(5.6)

SECTION 6: RISK (continued)

6.2 DERIVATIVE FINANCIAL INSTRUMENTS (continued)

As at 30 June 2015 and 30 June 2014, the Group only held derivative financial instruments whose fair values were measured in accordance with Level 2 of the fair value hierarchy. Derivative financial instruments are only undertaken if they relate to underlying exposures, the Group does not use derivatives to speculate.

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.

Recognition and measurement

Derivative financial instruments are recognised initially at fair value on the date the instrument is entered into and are subsequently remeasured at fair value or 'marked to market' at each reporting date. 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.

Hedge accounting

At the inception of the hedge relationship, the Group formally designates 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.

For the purposes of hedge accounting, hedges are classified as:

- fair value hedges – hedges of the exposure to fair value changes in recognised assets or liabilities or firm commitments;
- cash flow hedges – hedges of the exposure to variability in cash flows attributable to a recognised asset or liability or highly probable forecast transaction; or
- net investment hedges – hedges of net investments in foreign operations.

Hedges that meet the criteria for hedge accounting are accounted for as follows:

Fair value hedge

For fair value hedges 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 'general and administration 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 'general and administration 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.

Net investment hedge

On consolidation, foreign currency differences arising on the translation of financial assets and liabilities designated as net investment hedges of a foreign operation are recognised in other comprehensive income and accumulated in the foreign exchange reserve, to the extent that the hedge is effective. Any ineffective portion is recognised in the income statement.

Upon disposal of the foreign operation, which is subject to the net investment hedge, the cumulative amount that has been recognised in equity in relation to the hedged net investment is transferred to the income statement and recognised as part of the gain or loss on disposal.

Fair value measurement

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:

- the 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.

Critical accounting judgement and estimate

The Orora Group Treasury team performs the financial instrument valuations, including Level 3 fair values if any, and report directly to the Chief Financial Officer (CFO) and the Audit & 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 & 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 in determining fair value for the asset or liability is not based on observable market data (unobservable input).

6.3 IMPAIRMENT OF NON-FINANCIAL ASSETS

Testing for impairment

The Group tests property, plant and equipment, intangibles and goodwill for impairment:

- at least annually for indefinite life intangibles and goodwill; and
- where there is an indication that an asset may be impaired (which is assessed at least each reporting date); or
- where there is an indication that previously recognised impairment (on assets other than goodwill) have changed.

SECTION 6: RISK (continued)

6.3 IMPAIRMENT OF NON-FINANCIAL ASSETS (continued)

Testing for impairment (continued)

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 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.

Assets are impaired if their carrying value exceeds their recoverable amount. The recoverable amount of an asset or CGU is determined as the higher of its fair value less costs of disposal or value in use.

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 calculations

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.

Value in use is assessed using cash flow projections for five years using data from the Group's latest internal forecasts and is management's best estimate of income, expenses, capital expenditure and cash flows for each 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.

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.

Reversal of impairment

Where there is an indication that previously recognised impairment losses may no longer exist or may have decreased, the asset is tested. 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 or amortisation, had no impairment loss been recognised. Impairments recognised for goodwill are not reversed.

Recognised impairments

30 June 2015

No impairment of non-financial assets has been recognised during the year ended 30 June 2015. In accordance with the Group's accounting policies the impairment losses recognised in the prior period (see discussion below), were reassessed at 30 June 2015 for any indications that the loss may have decreased or may no longer exist, no such indicators were identified.

30 June 2014

During the year ended 30 June 2014, the Australasia segment recorded impairments of $187.4 million of property, plant and equipment and $14.8 million of computer software relating to the Fibre CGU impairment assessment, of which $9.2 million of equipment assets and $1.5 million of computer software were scrapped with an additional impairment of $178.2 million and $13.3 million being recognised in relation to property, plant and equipment and intangible assets, respectively. The impairments were recognised within 'general and administration' expense in the income statement, refer note 7.2 for further details.

Goodwill impairment tests

For the purpose of impairment testing, goodwill is allocated to cash generating units or groups of CGUs according to the level at which management monitors goodwill. Goodwill is tested annually or more regularly if there are indicators of impairment.

The following table presents a summary of the goodwill allocation and the key assumptions used in determining the recoverable amount of each CGU:

	Goodwill allocation		Pre-tax discount rate		Growth rate	
CGU	**2015 $ million**	2014 $ million	**2015 %**	2014 %	**2015 %**	2014 %
Australasia	**92.5**	90.3	**10.4**	10.7	**2.0**	2.0
North America	**150.2**	114.8	**10.3**	10.7	**2.0**	2.0
	242.7	205.1				

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.

Critical accounting judgement and estimate

The determination of impairment 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). Inputs into these valuations require assumptions and estimates to be made about forecast earnings before interest and tax and related future cash flows, growth rates, applicable discount rates, useful live 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.

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SECTION 7: GROUP STRUCTURE

7.1 PRINCIPAL SUBSIDIARY UNDERTAKINGS AND INVESTMENTS

The ultimate parent of the Group is Orora Limited, a company incorporated in Australia. The companies listed below are those whose results, in addition to the parent Company, principally affect the figures shown in the Annual Report:

		Orora Group's effective interest	
Controlled entities	**Country of incorporation**	**2015**	2014
Specialty Packaging Group Pty Ltd	Australia	**100%**	100%
Orora Packaging New Zealand Ltd[(1)]	New Zealand	**100%**	100%
Orora North America[(1)]	United States	**100%**	100%
Landsberg Orora (formerly Just In Time Inc)[(1)]	United States	**100%**	100%
Kent H Landsberg Co of Illinois, LLC[(1)]	United States	**100%**	100%

(1) Joined Group on 31 October 2013 as part of the demerger restructuring activities, refer note 7.2.

7.1.1 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 was established on 20 February 2014 to manage and administer the Company's responsibilities under the Group's Employee Share Plans (refer note 8.1) 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 8.1.1). Allocated shares are not identified or accounted for as treasury shares. 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 a result of managing the Company's responsibilities under the Group's 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 Group's Employee Shares Plans, other than the CEO Grant. As the shares are unallocated they are identified and accounted for as treasury shares (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 2015, the Trust held 6,460,678 Treasury Shares in the Company (2014: nil) and 979,796 allocated shares in respect of the CEO Grant (2014: 2,803,312). Subsequent to the end of the current reporting period, on 24 August 2015, the Board authorised management to issue a request to the Trustee to waive all right and entitlement to be paid the final 2014/15 dividend in respect of Treasury Shares held by the Trust. As a result, assuming the Trustee grants the request, the Treasury Shares will not receive a dividend payment in respect of the final 2014/15 dividend.

7.1.2 Acquisition of controlled entities

30 June 2015

The Group did not acquire any controlled entities during the twelve month period ended 30 June 2015.

7.1.2 Acquisition of controlled entities (continued)

30 June 2014

On 31 October 2013, Orora Limited acquired a 100% interest in a number of entities as a result of the demerger restructure activities (refer note 7.2). Details of each individual entity acquired are contained within the 2014 Annual Report.

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.

7.1.3 Disposal of controlled entities

30 June 2015

The Group did not dispose of any controlled entities during the twelve month period ended 30 June 2015.

30 June 2014

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 7.2 for further information on the impact on the reported results of Orora Limited of this disposal.

7.2 ORORA LIMITED DEMERGER - 30 JUNE 2014

Effective 17 December 2013, the Group demerged from Amcor Ltd (Amcor). 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 totalling $765.8 million pursuant to the Demerger Agreement.

Prior to the demerger, the Company and Amcor 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 Group.

The statutory financial information prepared for the comparative financial year ended 30 June 2014 does not give a view of the performance of the Group as it is currently structured as a result of the internal corporate restructure. The statutory financial information for the financial year ended 30 June 2014 includes the results of certain flexible packaging entities, assets and operations from 1 July 2013 to 31 October 2013, being the date at which these operations ceased to be part of the 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 post the demerger. The statutory financial information only includes the results of the Group's 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 Group under the internal corporate restructure.

To assist shareholders in their understanding of the Group's business as it is now structured, pro forma financial information for the year ended 30 June 2014 is provided in the Review of Operations section of the Directors' Report (and can also be found in the Company's media release lodged with the ASX on 26 August 2015). 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 2013 to 30 June 2014. In the preparation of the pro forma financial information, adjustments have been made to the Group's results, as they are presented in Group's segment note (refer note 2), to present a view of performance as if the corporate restructure had been effective from 1 July 2013. 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 stand-alone listed entity, as well as reflecting the Group holding external debt and applying an effective tax rate of 30.8% in respect of the period 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.

SECTION 7: GROUP STRUCTURE (continued)

7.2 ORORA LIMITED DEMERGER - 30 JUNE 2014 (continued)

Businesses acquired and disposed

As part of the corporate internal restructure undertaken by the Group pursuant to the Demerger Deed with Amcor, certain assets, liabilities and legal entities have been acquired and divested by the Group. Details of the legal entities acquired and disposed are contained within the 2014 Annual Report.

These transactions occurred under the common control of Amcor 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 Group has elected to account for the business combination as a common control transaction all the assets and liabilities acquired by the 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's accounts immediately prior to the restructure.

Disposed businesses

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 the Group and Amcor upon demerger. This gain is presented within discontinued operations.

Acquired businesses

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. The acquisition was undertaken at the direction and while under the common control of Amcor and as a result the transactions have been recognised, for consolidation purposes, within equity. 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.

Impairment of assets

On demerger it was necessary to undertake an assessment of the carrying value of the Orora business and its 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 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 to inventory. The impairment losses were 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 Group's accounting policies the impairment loss has been reassessed as at 30 June 2015 for any indication that the loss may have changed; no such indicators were identified (refer note 6.3).

SECTION 8: OTHER

8.1 SHARE-BASED COMPENSATION

The Company provides benefits to employees (including senior executives) of the Group in the form of share-based incentives. Employees are paid for their services or incentivised for the performance in part through options or rights over shares. The expense arising from these transactions is shown in note 3.2.

Recognition and measurement

Share-based payments can either be equity settled or cash settled. If the employee is provided a choice of settlement options then the scheme is to be cash settled.

Equity settled transactions

The cost of equity settled transactions with employees is measured using the fair value at the date at which the options or right is granted.

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 (e.g. 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 each option granted is measured on the date of grant using the Black Scholes option pricing model that takes into account the exercise price, the vesting and performance criteria, and where applicable the market condition criteria, term of the option, impact of dilution, the non-tradeable nature of the option, 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.

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-Sholes methodology is utilised to determine the fair value of the rights granted.

The cost of equity settled transactions 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.

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.

Cash settled transactions

The ultimate expense recognised in relation to cash-settled transactions will be equal to the actual cash paid to the employees, which will be the fair value at settlement date. The expected cash payment is estimated at each reporting period and a liability recognised to the extent that the vesting period has expired and in proportion to the amount of the awards that are expected to ultimately vest. At 30 June 2015, the Group does not have any cash settled schemes (2014: nil).

8.1.1 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 JUNE 2015

SECTION 8: OTHER (continued)

8.1 SHARE-BASED COMPENSATION (continued)

8.1.1 CEO Grant (continued)

Details of the total movement in shares issued under the CEO Grant are as follows:

	2015		2014	
	Number	**Weighted average fair value $**	Number	Weighted average fair value $
Restricted shares at beginning of financial period	**2,083,312**	**0.60**	–	–
Transfer of award on demerger from Amcor Ltd	**–**	**–**	1,703,988	0.44
Issued during the period	**100,000**	**2.19**	450,820	1.16
Restriction lifted	**(1,251,180)**	**0.46**	(71,496)	0.08
Restricted shares at end of financial period	**932,132**	**0.97**	2,083,312	0.60

8.1.2 Long term incentives

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 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 LTI are as follows:

		2015						
		Number						
						Balance at end of period		
Grant date	**Expiry date**	**Exercise price ($)**	**Balance at beginning of period**	**Granted**	**Forfeited**	**On issue**	**Vested & exercisable**	**Proceeds received ($)**
Options								
19 Feb 2014	30 Sept 2021	1.22	4,475,000	–	(300,000)	4,175,000	–	–
19 Feb 2014	30 Sept 2022	1.22	4,005,000	–	(700,000)	3,305,000	–	–
19 Feb 2014	30 Sept 2023	1.22	4,005,000	–	(700,000)	3,305,000	–	–
21 Oct 2014	30 Sept 2021	1.22	–	1,750,000	–	1,750,000	–	–
21 Oct 2014	30 Sept 2022	1.22	–	1,750,000	–	1,750,000	–	–
21 Oct 2014	30 Sept 2023	1.22	–	1,750,000	–	1,750,000	–	–
			12,485,000	5,250,000	(1,700,000)	16,035,000	–	–
Weighted average fair value ($)[1]			0.24	0.42	0.24	0.30	–	
Rights								
19 Feb 2014	30 Sept 2016	–	1,862,000	–	(130,500)	1,731,500	–	–
19 Feb 2014	30 Sept 2017	–	1,682,000	–	(300,000)	1,382,000	–	–
19 Feb 2014	30 Sept 2018	–	1,682,000	–	(300,000)	1,382,000	–	–
30 Sept 2014	30 Sept 2017	–	–	985,000	(40,000)	945,000	–	–
21 Oct 2014	30 Sept 2016	–	–	739,500	–	739,500	–	–
21 Oct 2014	30 Sept 2017	–	–	739,500	–	739,500	–	–
21 Oct 2014	30 Sept 2018	–	–	739,500	–	739,500	–	–
28 Nov 2014	30 Sept 2017	–	–	125,000	–	125,000	–	–
28 Nov 2014	30 Sept 2018	–	–	125,000	–	125,000	–	–
			5,226,000	3,453,500	(770,500)	7,909,000	–	–
Weighted average fair value ($)[1]			0.87	1.32	0.89	1.07	–	

(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.

SECTION 8: OTHER (continued)

8.1 SHARE-BASED COMPENSATION (continued)

8.1.2 Long term incentives (continued)

Details of the total movement in shares granted under the LTI are as follows:

		2014						
			Number					
						Balance at end of period		
Grant date	Expiry date	Exercise price ($)	Balance at beginning of period	Granted	Forfeited	On issue	Vested & exercisable	Proceeds received ($)
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 ($)(1)			–	0.24	–	0.24	–	
Rights								
19 Feb 2014	30 Sept 2016	–	–	1,862,000	–	1,862,000	–	–
19 Feb 2014	30 Sept 2017	–	–	1,682,000	–	1,682,000	–	–
19 Feb 2014	30 Sept 2018	–	–	1,682,000	–	1,682,000	–	–
			–	5,226,000	–	5,226,000	–	–
Weighted average fair value ($)(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.

Fair value of options and rights

The following weighted average assumptions were used for options and rights granted in the current period:

	2015	2014
Expected dividend yield (%)	**4.20**	4.50
Expected price volatility of the Company's shares (%)	**24.00**	22.00
Share price at grant date ($)	**1.66**	1.33
Exercise price ($) – options only	**1.22**	1.22
Risk-free interest rate – options (%)	**3.00**	3.93
Expected life of options (years)	**3.50**	3.46
Risk-free interest rate – rights (%)	**2.55**	3.04
Expected life of rights (years)	**3.35**	3.46

8.1.3 Short term incentive

Deferred equity

The Orora Limited Short Term Incentive Plan – deferred equity (STI) 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 STI, 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; and
- 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.

Details of the total movement in shares granted under the STI are as follows, there were no STI grants in the comparative period:

	2015	
	Number	**Weighted average fair value $**
Outstanding at beginning of financial period	–	–
Granted	**928,864**	**1.53**
Exercised	**(52,808)**	**1.53**
Cancelled	**(44,828)**	**1.53**
Outstanding at end of financial period	**831,228**	**1.53**
Exercisable at end of financial period	–	–

The equity outcomes for the 2015 financial year STI will be determined and allocated in September 2015.

8.2 COMMITMENTS AND CONTINGENT LIABILITIES

Operating lease commitments

The total undiscounted future minimum lease payments under non-cancellable operating leases fall due for payment as follows:

$ million	2015	2014
Within one year	**72.4**	70.4
Between one and five years	**178.3**	169.5
More than five years	**114.0**	98.2
	364.7	338.1
Less sub-lease rental income	**(0.1)**	(0.2)
	364.6	337.9

SECTION 8: OTHER (continued)

8.2 COMMITMENTS AND CONTINGENT LIABILITIES (continued)

Capital expenditure commitments

At 30 June 2015, the Group has capital commitments contracted but not provided for in respect of the acquisition of property, plant and equipment of $6.0 million (2014: $7.1 million).

Other expenditure commitments

At 30 June 2015, the Group had other expenditure commitments of $82.6 million (2014: $102.0 million) in respect of other supplies and services yet to be provided.

Guarantees

The Group has issued a number of bank guarantees to third parties for various operational and legal purposes. It is not expected that these guarantees will be called on.

Other

Certain entities in the Group are party to various legal actions that 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.

8.3 EVENTS SUBSEQUENT TO BALANCE DATE

US Private Placement

On 17 July 2015, the Group announced that it had successfully completed the US Private Placement of notes issued by its wholly-owned US subsidiary, raising USD250.0 million through the issuance of notes of which USD100.0 million matures in eight years and USD150.0 million matures in ten years. Refer to note 5.7 for further information on the impact of this raising upon the Group's net financial debt position, subsequent to the issue.

Australian land sale

On 20 July 2015, the Group announced that it had reached agreement to sell the former cartonboard mill site in Petrie, Queensland, Australia, to Moreton Bay Regional Council for a total consideration of $50.5 million. The Group received $20.0 million on the exchange of contracts and the balance of the proceeds will be paid as decommissioning of the site progresses over the next two years. The total profit on the sale is anticipated to be approximately $10.0 million.

Early adoption of AASB 9 *Financial Instruments*

On 24 August 2015, the Board approved the early adoption of AASB 9 *Financial Instruments* as issued in December 2014, with effect from 1 July 2015. This standard replaces the provisions of AASB 139 *Financial Instruments: Recognition and Measurement* that relate to the recognition, classification and measurement of financial assets and financial liabilities, the derecognition of financial instruments; and hedge accounting. Refer to note 8.8.2 for further information.

Dividend waiver on Treasury Shares

On 24 August 2015, the Board authorised management to issue a request to the Trustee to waive all right and entitlement to be paid the final 2014/15 dividend in respect of Treasury Shares held by the Trust. As a result, assuming the Trustee grants the request, the Treasury Shares will not receive a dividend payment in respect of the final 2014/15 dividend. Refer to note 7.1.1 for further information in respect of the Employee Share Trust.

Business acquisition

On 26 August 2015, Orora signed an agreement to acquire the assets and business of Jakait, a supplier of packaging, logistics and label products to the greenhouse produce sector based in Ontario, Canada. The consideration is CAD16.5 million ($17.2 million) which represents an EBITDA multiple of 5.6 times. There is also an additional returns based consideration component of up to CAD5.5 million ($5.7 million) payable over five years. The anticipated effective date of the acquisition is 1 September 2015 and will be funded from existing cash/debt facilities.

8.4 ORORA LIMITED

Summarised income statement and comprehensive income

$ million	Orora Limited 2015	Orora Limited 2014
Profit/(loss) before related income tax (expense)/benefit for continuing operations	**184.9**	(155.0)
Income tax (expense)/benefit	**(24.8)**	53.9
Profit/(loss) after tax for continuing operations	**160.1**	(101.1)
Profit from discontinued operations, net of tax	**–**	33.0
Profit/(loss) for the financial period	**160.1**	(68.1)
Total comprehensive income/(loss)	**157.9**	(67.9)
Summarised balance sheet		
Total current assets	**547.2**	503.7
Total assets	**2,219.2**	2,218.9
Total current liabilities	**506.0**	463.8
Total liabilities	**880.2**	953.6
Net assets	**1,339.0**	1,265.3
Equity		
Contributed equity	**502.7**	513.4
Reserves:		
Share-based payment reserve	**6.9**	2.0
Available-for-sale reserve	**–**	2.9
Cash flow hedge reserve	**(2.8)**	(3.5)
Retained profits	**832.2**	750.5
Total equity	**1,339.0**	1,265.3

Basis of preparation

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.

SECTION 8: OTHER (continued)

8.4 ORORA LIMITED (continued)

Basis of preparation (continued)

Tax consolidation regime (continued)

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 as part of the tax consolidation arrangement are recognised as current amounts receivable or payable from the other entities within the tax-consolidated group.

Nature of tax sharing agreement

Upon tax consolidation, the entities within the tax consolidated group entered into a tax sharing agreement. The terms of this agreement specify the methods of allocating any tax liability in the event of default by the Company on its group payment obligations and the treatment where a subsidiary member exits the group. The tax liability otherwise remains with the Company for tax purposes.

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 2015 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 8.5.

8.5 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
PP New Pty Ltd
Pak Pacific Corporation Pty Ltd
AP Chase Pty Ltd
ACN 002693843 Box Pty Ltd
Lynyork Pty Ltd
Fibre Containers (Queensland) Pty Ltd
Speciality Packaging Group Pty Ltd
ACN 089523919 CCC Pty Ltd
Chapview Pty Ltd
Rota Die International Pty Ltd
Rota Die Pty Ltd
AGAL Holdings Pty Ltd
Orora Packaging Australia Pty Ltd
Orora Closure Systems Pty Ltd

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.

Consolidated income statement, statement of comprehensive income and retained earnings

$ million	2015	2014
Sales revenue	**1,638.6**	1,605.2
Profit/(loss) from continuing operations	**344.1**	(87.6)
Net finance costs	**(23.7)**	(40.5)
Profit/(loss) from continuing operations before related income tax (expense)/benefit	**320.4**	(128.1)
Income tax (expense)/benefit	**(27.9)**	42.1
Profit/(loss) for the financial period from continuing operations	**292.5**	(86.0)
Profit from discontinued operations, net of tax	**–**	33.0
Profit/(loss) for the financial period	**292.5**	(53.0)
Items that may be reclassified subsequently to profit or loss:		
Revaluation of available-for-sale financial assets, net of tax	**–**	4.4
Revaluation of cash flow hedges, net of tax	**(2.2)**	(4.2)
Tax on exchange differences on translating financial instruments	**0.3**	–
Items subsequently reclassified to profit or loss:		
Revaluation of available-for-sale financial assets reclassified to profit or loss, net of tax	**(2.9)**	–
Revaluation of cash flow hedges reclassified to profit or loss, net of tax	**2.8**	–
Other comprehensive income for the financial period, net of tax	**(2.0)**	0.2
Total comprehensive income/(loss) for the financial period	**290.5**	(52.8)
Retained profits at beginning of financial period	**745.3**	838.2
Profit/(loss) for the financial period	**292.5**	(53.0)
Retained earnings attributable to entities acquired under common control	**–**	35.8
Transfers from equity accounts	**–**	(39.5)
	1,037.8	781.5
Dividends recognised during the financial period	**(78.4)**	(36.2)
Retained profits at end of the financial period	**959.4**	745.3

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 JUNE 2015

SECTION 8: OTHER (continued)

8.5 DEED OF CROSS GUARANTEE (continued)

Consolidated Balance Sheet

$ million	2015	2014
Current assets		
Cash and cash equivalents	**34.3**	6.0
Trade and other receivables	**316.3**	195.2
Inventories	**290.9**	292.6
Other financial assets	**7.5**	0.8
Other current assets	**29.9**	23.2
Current tax receivable	**–**	6.0
Total current assets	**678.9**	523.8
Non-current assets		
Other financial assets	**215.2**	223.7
Property, plant and equipment	**1,373.7**	1,381.8
Deferred tax assets	**0.8**	17.7
Intangible assets	**91.2**	88.6
Other non-current assets	**45.3**	56.0
Total non-current assets	**1,726.2**	1,767.8
Total assets	**2,405.1**	2,291.6
Current liabilities		
Trade and other payables	**343.3**	350.0
Interest-bearing liabilities	**79.9**	52.5
Other financial liabilities	**3.0**	4.2
Current tax liabilities	**4.2**	–
Provisions	**92.5**	93.8
Total current liabilities	**522.9**	500.5
Non-current liabilities		
Trade and other payables	**0.9**	0.7
Interest-bearing liabilities	**349.0**	462.8
Other financial liabilities	**8.4**	2.2
Provisions	**17.9**	25.6
Total non-current liabilities	**376.2**	491.3
Total liabilities	**899.1**	991.8
Net assets	**1,506.0**	1,299.8
Equity		
Contributed equity	**502.7**	513.4
Reserves	**43.9**	41.1
Retained profits	**959.4**	745.3
Total equity	**1,506.0**	1,299.8

8.6 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 7.1 and details of the Orora Employee Share Trust are provided in note 7.1.1. The Group does not hold any interests in associates or joint ventures.

8.6.1 Parent entity

The ultimate parent entity within the Group is Orora Limited, which is domiciled and incorporated in Australia. Transactions with entities in the wholly-owned 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.

In the comparative period, 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 between entities of the Group, whilst a wholly-owned subsidiary of Amcor Ltd, and the controlled entities of Amcor Ltd (collectively referred to as Amcor) included:

- advancement and repayment of loans from Amcor 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 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 Group and entities in the Amcor Group were dealt with on demerger in the manner as set out in note 7.2.

8.6.2 Other related parties

Contributions to superannuation funds on behalf of employees are disclosed in note 3.2.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 JUNE 2015

SECTION 8: OTHER (continued)

8.7 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:

$ thousand	2015	2014
Short term employee benefits	**4,821**	3,473
Long term employee benefits	**64**	79
Post employment benefits	**190**	103
Share-based payment expense	**2,312**	2,092
	7,387	5,747

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 (2014: nil).

At 30 June 2015, no individual member of KMP or related party holds a loan with the Group (2014: nil).

During the twelve months ending 30 June 2014 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 ($522,951) restricted shares under the CEO Grant (refer note 8.1.1).

8.8 OTHER ACCOUNTING POLICIES

8.8.1 New and amended accounting standards and interpretations adopted from 1 July 2014

The Group has adopted all new and amended Australian Accounting Standards and Interpretations mandatory as at 1 July 2014, including:

- AASB 2012-3 *Amendments to Australian Accounting Standards – Offsetting Financial Assets and Liabilities* which provides guidance to AASB 132 *Financial Instruments: Presentation* to address inconsistences identified in applying some of the offsetting criteria of AASB 132. The amendment did not have any impact upon the Group on adoption.
- AASB 2013-3 *Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets* amends the disclosure requirements in AASB 136 *Impairment of Assets* and requires the disclosure of financial information about the fair value measurement when recoverable amount of impaired assets is based on fair value less costs to dispose. The additional disclosure requirements have not impacted the Group upon adoption.
- AASB 2013-4 *Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting* permits the continuation of hedge accounting where a derivative designated as a hedging instrument is novated from one counterparty to a central counterparty as a result of laws or regulations. The amendment did not impact any of the hedging contracts held by the Group on adoption.
- AASB 2014-1 *Amendments to Australian Accounting Standards – Part: A Annual Improvements 2010-2012 and 2011-2013 Cycle* amend a number of accounting standards including: clarification of the definitions in AASB 2 *Share-based Payment* and AASB 124 *Related Party Disclosures*; additional disclosures requirements in AASB 8 *Operating Segments*; clarification of the portfolio exception in AASB 13 Fair Value Measurement; clarification of items in AASB 140 *Investment Property* and other editorial corrections. The amendments did not have any impact upon the Group on adoption.

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, nor resulted in any additional disclosures upon adoption.

8.8.2 New and amended standards and interpretations issued but not yet effective

The following new or amended accounting standards issued by the AASB are relevant to current operations and may impact the Group in the period of initial application. They are available for early adoption but have not been applied in preparing this Financial Report.

AASB 9 Financial Instruments

AASB 9 addresses the classification, measurement and derecognition of financial instruments. The requirements of this standard aim to improve and simplify the approach for classification and measurement of financial assets and the accounting of financial liabilities. It also includes a forward looking 'expected loss' impairment model and substantially changes the approach to hedge accounting. The new standard also introduces expanded disclosure requirements and changes in presentation with regards to financial instruments. The standard is not applicable until 1 January 2018 but early adoption is available.

Subsequent to the end of the current reporting period, on 24 August 2015, the Board approved the early adoption of AASB 9 *Financial Instruments* as issued in December 2014, with effect from 1 July 2015. The key change for the Group associated with adopting AASB 9 is that it will allow the Group to align its hedge accounting more closely with its risk management practices. AASB 9 allows an option's intrinsic value to be designated as the hedging instrument, with the change in time value recognised in other comprehensive income rather than profit and loss, which is then recycled to profit or loss either over the period of the hedge, if the hedge is time-related, or when the hedged transaction affects profit or loss, if the hedge is transaction related.

Whilst AASB 9 does not need to be applied by the Group until the financial year beginning on 1 July 2018, the Group has decided to early adopt the standard because the new accounting policies are considered to provide more reliable and relevant information. As a consequence of adopting AASB 9 early, the Group will also adopt the consequential amendments introduced to other numerous Australian Accounting Standards by AASB 2014-7 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2014)* on 1 July 2015.

Adoption of AASB 9 will not impact the classification and measurement or hedge accounting of those financial instruments held by the Group as at 30 June 2015, therefore no restatement of comparative information will be required on the transition to AASB 9 on 1 July 2015. Additional disclosures, in respect of financial instruments, are likely upon adoption of AASB 9.

AASB 15 Revenue from Contracts with Customers

AASB 15 replaces existing revenue recognition guidance, including AASB 118 *Revenue*, AASB 111 *Construction Contracts* and Interpretation 13 *Customer Loyalty Programmes*. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer. The notion of control under AASB 15 replaces the existing notion of risks and rewards under current accounting standards. The standard is applicable from 1 January 2018 with early adoption permitted.

The Group is currently assessing the potential impact of the new standard upon the Group's revenue recognition policy and at this stage are unable to estimate the financial impact on adopting the standard.

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 2015 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 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 8.5 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 2015.

This declaration is made in accordance with a resolution of the Directors, dated at Melbourne, in the State of Victoria, on 26 August 2015.

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 consolidated statement of financial position as at 30 June 2015, the consolidated income statement and consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated 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, 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

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ORORA LIMITED

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 2015 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.

REPORT ON THE REMUNERATION REPORT

We have audited the remuneration report included in the directors' report for the year ended 30 June 2015. 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 2015 complies with section 300A of the *Corporations Act 2001*.

MATTERS RELATING TO THE ELECTRONIC PRESENTATION OF THE AUDITED FINANCIAL REPORT

This auditor's report relates to the financial report and remuneration report of Orora Limited (the company) for the year ended 30 June 2015 included on Orora Limited's web site. The company's directors are responsible for the integrity of Orora Limited's web site. We have not been engaged to report on the integrity of this web site. The auditor's report refers only to the financial report and remuneration report named above. It does not provide an opinion on any other information which may have been hyperlinked to/from the financial report or the remuneration report. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report and remuneration report to confirm the information included in the audited financial report and remuneration report presented on this web site.

PricewaterhouseCoopers

PricewaterhouseCoopers

Lisa Harker

LISA HARKER
Partner

Melbourne
26 August 2015

STATEMENT OF SHAREHOLDINGS

Statement pursuant to Australian Securities Exchange official list requirements:
Holders of shares in Orora Limited at 31 July 2015

Rank	Name	Shares held	% of issued capital
1	HSBC Custody Nominees (Australia) Limited	190,709,763	15.80
2	J P Morgan Nominees Australia Limited	189,207,084	15.68
3	National Nominees Limited	153,546,015	12.72
4	Citicorp Nominees Pty Limited	124,317,676	10.30
5	RBC Investor Services Australia Nominees Pty Limited	76,201,465	6.31
6	BNP Paribas Noms Pty Ltd	41,585,936	3.45
7	HSBC Custody Nominees (Australia) Limited – A/C 2	39,984,290	3.31
8	Citicorp Nominees Pty Limited	24,583,725	2.04
9	AMP Life Limited	15,676,701	1.30
10	RBC Investor Services Australia Nominees Pty Limited	13,651,090	1.13
11	RBC Investor Services Australia Nominees Pty Limited	13,514,355	1.12
12	BNP Paribas Nominees Pty Ltd	13,362,437	1.11
13	Australian Foundation Investment Company Limited	12,864,129	1.07
14	HSBC Custody Nominees (Australia) Limited	8,372,401	0.69
15	Pacific Custodians Pty Limited	7,440,474	0.62
16	RBC Investor Services Australia Nominees Pty Ltd	5,554,420	0.46
17	UBS Nominees Pty Ltd	5,035,000	0.42
18	UBS Wealth Management Australia Nominees Pty Ltd	4,842,048	0.40
19	Bond Street Custodians Limited	4,745,183	0.39
20	Sandhurst Trustees Ltd	3,804,850	0.32
Total		**948,999,042**	**78.64**

SUBSTANTIAL SHAREHOLDERS AS AT 31 JULY 2015

Holder	No. of Shares
Commonwealth Bank of Australia and its related bodies corporate	74,927,063
Perpetual Limited and its subsidiaries	168,887,365

DISTRIBUTION OF SHAREHOLDINGS

Fully paid ordinary shares as at 31 July 2015

Range	No. of holders	No. of securities	% issued capital
100,001 and over	164	1,003,706,979	83.18
10,001 to 100,000	4,566	103,399,461	8.57
5,001 to 10,000	5,374	38,731,743	3.21
1,001 to 5,000	21,793	53,205,304	4.41
1 to 1,000	13,911	7,641,436	0.63
Total	**45,808**	**1,206,684,923**	**100.00**
Unmarketable parcels	2,145	226,047	0.02

VOTING RIGHTS

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 full paid share held.

UNQUOTED EQUITY SECURITIES - ISSUED PURSUANT TO VARIOUS ORORA LIMITED EMPLOYEE INCENTIVE PLANS AS AT 31 JULY 2015

Unquoted equity securities	Number of employees participating	Number of securities
Options over ordinary shares – exercise price $1.22	14	16,035,000
Rights	57	8,740,228

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 opposite. 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 changes either online or by downloading a form. These changes include:

- choosing the preferred method of receiving the Annual Report
- checking holding balances
- updating address details
- providing an email address
- updating bank details
- electing to participate in the DRP

DIVIDENDS

The Company normally pays dividends around April and October each year.

Shareholders should retain all remittance advice 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 shareholders.

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 reinvest 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 Australia 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 Hawthorn Arts Centre, 360 Burwood Road, Hawthorn, at 10.30am (Melbourne Time) on Thursday 15 October 2015.

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
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Telephone: +61 3 8603 1000
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ORORA SHARE REGISTRY

Link Market Services Limited

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Telephone: +61 1800 207 622
Facsimile: +61 2 9287 0303
Email: Orora@linkmarketservices.com.au
Website: www.linkmarketservices.com.au

FINANCIAL CALENDAR 2015/16*

Financial year 2014/15 ends	30 June 2015
Announcement of full year results for 2014/15	26 August 2015
Ex-dividend date for final dividend 2014/15	8 September 2015
Record date for final dividend 2014/15	10 September 2015
Record date for Dividend Reinvestment Plan (DRP) for 2014/15	11 September 2015
Dividend payment date and DRP allotment 2014/15	13 October 2015
Annual General Meeting	15 October 2015
Financial half year 2015/16 ends	31 December 2015
Announcement of interim results for 2015/16	February 2016
Ex-dividend date for interim dividend 2015/16	March 2016
Record date for interim dividend 2015/16	March 2016
Record date for DRP for 2015/16	March 2016
Dividend payment date and DRP allotment 2015/16	April 2016
Financial year 2015/16 ends	30 June 2016

*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.

FSC® is a Chain of Custody (COC) process. ISO 14001 is the international standard of Environmental Management Systems (EMS) designed to ensure the continuous measurement and reduction of environmental impacts.

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