

Appendix 4E Rule 4.3A

Preliminary Final report

ORORA LIMITED
ABN 55 004 275 165

1. Details of the reporting period and the previous corresponding period

Reporting Period: Year Ended 30 June 2015
Previous Corresponding Period: Year Ended 30 June 2014

2. Results for announcement to the market

Key information	30 June 2015			30 June 2014		
	A\$ million			A\$ million		
Statutory results*						
2.1 Revenue from ordinary activities						
• From Continuing Operations	3,407.8	Up	28.7%	from		2,648.1
• From Discontinued Operations	-	Down	100.0%	from		96.2
2.2 Net profit/(loss) from ordinary activities after tax but before significant items, attributable to members	131.4	Up	65.1%	from		79.6
2.3 Net profit/(loss) for the period, after significant items, attributable to members	131.4	Up	n/a	from		(72.2)
Pro forma results*						
2.1 Revenue from ordinary activities						
• From Continuing Operations	3,407.8	Up	7.3%	from		3,176.1
• From Discontinued Operations	n/a	n/a	n/a	from		n/a
2.2 Net profit from ordinary activities after tax but before significant items, attributable to members	131.4	Up	25.9%	from		104.4
2.3 Net profit for the period, after significant items, attributable to members	131.4	Up	25.9%	from		104.4

Dividends	Amount per security	Franked amount per security
<i>Current period</i>		
2.4 Final dividend	4.0 cents	30%
2.4 Interim dividend	3.5 cents	Nil
<i>Previous corresponding period</i>		
2.4 Final dividend	3.0 cents	Nil
2.4 Interim dividend	3.0 cents	Nil

2.5 Record date for determining entitlements to the dividend	Final dividend – 10 September 2015
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***Supplementary comments**

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

Prior to the demerger, the Company and Amcor Ltd were required to undertake an internal corporate restructure (Corporate Restructure). As a result of the Corporate Restructure, during the financial year certain flexible packaging assets and businesses were sold and several entities ceased to be, and several entities became, subsidiaries of the Company. In

addition, a number of operating assets and liabilities were legally transferred between the Orora Group and entities within the Amcor Ltd Group. The Corporate Restructure took place as at 31 October 2013.

As required for statutory reporting purposes, the statutory financial information for the Orora Group has been presented for the financial period ended 30 June 2015 and for the comparative period ended 30 June 2014. However, as a result of the Corporate Restructure, the statutory financial information for the comparative period does not give a view of the performance of the Orora Group as it is currently structured.

To assist shareholders in their understanding of the Orora Group's business as it is now structured, pro forma financial information for the period ended 30 June 2014 is included in the table above and in the Company's Investor Results Release (attached) released to 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 Orora Group's results, as presented in the Group's segment note (refer note 2 of the preliminary final financial statements), 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 operating and corporate costs associated with Orora Limited becoming a standalone listed entity as if those costs had been incurred from 1 July 2013.

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

The reconciliations and the pro forma financial information have not been audited.

2.6 Brief explanation of figures in 2.1 to 2.4 –:

- i) The current period interim dividend was unfranked. The current period final dividend is franked at 30%.
- ii) Dividends to foreign holders are not subject to with-holding tax.
- iii) Refer to attached Investor Results Release for further details relating to sections 2.1 to 2.4.

3. Income Statement and Statement of Comprehensive Income

Refer to the attached Preliminary Final Financial Report

4. Statement of Financial Position

Refer to the attached Preliminary Final Financial Report

5. Statement of Cash Flows

Refer to the attached Preliminary Final Financial Report

6. Statement of Retained Earnings

Refer to the attached Preliminary Final Financial Report, Note 5.5 Retained Earnings

7. Details of individual dividends and payment dates

Refer to the attached Preliminary Final Financial Report, Note 5.2 Dividends

8. Details of dividend reinvestment plan

The Dividend Reinvestment Plan (DRP) is in operation. No discount is available under the DRP in respect of the FY15 dividend. The issue price for the FY15 dividend will be calculated based on the arithmetic average of the weighted average market price for the ten ASX trading days from 15 to 28 September 2015, inclusive. The last date for receipt of election notices for the DRP is 11 September 2015. Shares allotted under the DRP rank equally with existing fully paid ordinary shares of Orora Limited.

9. Net tangible assets

	Current period	30 June 2014
Net tangible asset backing per ordinary security	\$0.96	\$0.93

10. Control gained over entities having a material effect

Refer to the attached Preliminary Final Financial Report, Note 7.1 Principal Subsidiary Undertakings and Investments and 7.2 Orora Limited Demerger – 30 June 2014.

11. Details of associates and joint venture entities

Not applicable

12. Significant information

Refer to the attached Investor Results Release

13. For foreign entities, which set of accounting standards is used in compiling the report

Not applicable

14. Commentary on results for the period

Refer to the attached Preliminary Final Financial Report, Note 5.6 Earnings Per Share and the attached Investor Results Release

15. This report is based on accounts which have been audited.

The audit report, which is unmodified, will be made available with the Company's financial report, which also contains the Directors' Report (including the audited Remuneration Report) and Directors' Declaration. These will all be released to the ASX at the same time as part of the Company's Annual Report which is nearing completion and will be released on approximately 11 September 2015.



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Ann Stubbings
Company Secretary

Dated: 26 August 2015

ORORA LIMITED
ABN: 55 004 275 165

ANNUAL FINANCIAL REPORT

FOR THE FINANCIAL YEAR ENDED
30 JUNE 2015

26 August 2015

Effective 17 December 2013 Orora Limited (the Company) and its controlled entities (collectively referred to as the Group) demerged from Amcor Ltd. The Company was listed as a separate standalone entity on the Australia Securities Exchange on 18 December 2013 and 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. As a result, the comparative financial information contained within the following Annual Financial Report, for the financial year ended 30 June 2014, does not reflect the financial performance of the Group as it is currently structured (refer note 7.2 for further details).

Financial Report

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Orora Limited

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)

Orora Limited

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:			
<i>Available-for-sale financial assets</i>			
Net change in fair value of available-for-sale financial assets	5.4	-	4.4
<i>Cash flow hedges</i>			
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
<i>Foreign exchange translation</i>			
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:			
<i>Available-for-sale financial assets</i>			
Net change in fair value of available-for-sale financial assets reclassified to profit or loss	5.4	(2.9)	-
<i>Cash flow hedges</i>			
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 attributable 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)

Orora Limited

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

Orora Limited

Consolidated Statement of Changes in Equity For the financial year ended 30 June 2015

\$ million	Note	Attributable to owners of Orora Limited			
		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.

Orora Limited

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)

Orora Limited

Consolidated Cash Flow Statement (continued) 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			
Cash and cash equivalents at the beginning of the financial period		31.4	17.0
Effects of exchange rate changes on cash and cash equivalents		30.5	13.6
		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

Orora Limited

Notes to the consolidated financial statements

Section 1: Basis of preparation

30 June 2015

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 AASB, and the *Corporations Act 2001*. The Financial Report of the Group also complies with International Financial Reporting Standards (IFRSs) and Interpretations as issued by the International Accounting Standards Board (IASB);
- 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 98/0100;
- 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.

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.

Orora Limited

Notes to the consolidated financial statements

Section 1: Basis of preparation (continued)

30 June 2015

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.

Orora Limited

Notes to the consolidated financial statements

Section 2: Segment information

30 June 2015

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.

\$ million	Continuing Operations							
	Australasia		North America		Other		Total Reported	
	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.

Orora Limited

Notes to the consolidated financial statements

Section 2: Segment information (continued)

30 June 2015

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

Other

This segment includes the Corporate function of the Group.

The following tables reconcile the financial information provided to 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

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

⁽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.

Orora Limited

Notes to the consolidated financial statements

Section 2: Segment information (continued)

30 June 2015

2.2 Understanding the segment results (continued)

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

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

⁽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.

Orora Limited

Notes to the consolidated financial statements

Section 2: Segment information (continued)

30 June 2015

2.2 Understanding the segment results (continued)

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.

\$ million	Revenue		Non-current assets ⁽²⁾	
	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⁾ Non-current assets exclude deferred tax assets and non-current financial instruments.

Orora Limited

Notes to the consolidated financial statements

Section 3: Results for the year

30 June 2015

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.

Orora Limited

Notes to the consolidated financial statements

Section 3: Results for the year

30 June 2015

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.

Orora Limited

Notes to the consolidated financial statements

Section 3: Results for the year

30 June 2015

3.2 Operating costs (continued)

Recognition and measurement

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.

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.

\$ million	2015			2014		
	Before tax	Tax (expense)/ benefit	Net of tax	Before tax	Tax (expense)/ benefit	Net of tax
<i>Income</i>						
Gain on disposal of Flexibles businesses under internal corporate restructure (refer note 7.2)	-	-	-	29.8	-	29.8
	-	-	-	29.8	-	29.8
<i>Expense</i>						
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)
	-	-	-	(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.

Orora Limited

Notes to the consolidated financial statements

Section 3: Results for the year

30 June 2015

3.4 Auditors' remuneration

\$ thousand	2015	2014
Auditors of the Company - PwC Australia		
<i>Audit and other assurance services</i>		
Audit and review of financial reports	654.5	936.6
Other assurance services	55.0	-
<i>Other services</i>		
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		
<i>Audit and other assurance services</i>		
Audit and review of financial reports	64.0	198.1
<i>Other services</i>		
Taxation services, transaction related taxation advice and due diligence	230.0	-
Total Network firms of PwC Australia remuneration	294.0	198.1
Total Auditors' 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
<i>Current tax (expense)/benefit</i>		
Current period	(35.7)	(3.3)
Adjustments relating to prior periods	-	0.1
Total current tax expense	(35.7)	(3.2)
<i>Deferred tax (expense)/benefit</i>		
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
<i>Deferred income tax (expense)/benefit included in income tax expense comprises:</i>		
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

Orora Limited

Notes to the consolidated financial statements

Section 3: Results for the year

30 June 2015

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.

Orora Limited

Notes to the consolidated financial statements

Section 3: Results for the year

30 June 2015

3.5 Taxation (continued)

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:

\$ million	2015			2014		
	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

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 comprehensive 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.

Orora Limited

Notes to the consolidated financial statements

Section 4: Assets and liabilities

30 June 2015

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.

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 uncollectible	(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.

Orora Limited

Notes to the consolidated financial statements

Section 4: Assets and liabilities (continued)

30 June 2015

4.1 Trade and other receivables (continued)

Credit risks related to receivables (continued)

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:

\$ million	Impaired Receivables		Not Impaired	
	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.

Orora Limited

Notes to the consolidated financial statements

Section 4: Assets and liabilities (continued)

30 June 2015

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.

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.

Orora Limited

Notes to the consolidated financial statements

Section 4: Assets and liabilities (continued)

30 June 2015

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

Orora Limited

Notes to the consolidated financial statements

Section 4: Assets and liabilities (continued)

30 June 2015

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.

Orora Limited

Notes to the consolidated financial statements

Section 4: Assets and liabilities (continued)

30 June 2015

4.7 Goodwill and intangible assets

\$ million	Other intangible assets			Total
	Goodwill	Computer software	Other	
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
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

Orora Limited

Notes to the consolidated financial statements

Section 4: Assets and liabilities (continued)

30 June 2015

4.7 Goodwill and intangible assets (continued)

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.

CGU	Goodwill Allocation	
	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' compensation, 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

Orora Limited

Notes to the consolidated financial statements

Section 4: Assets and liabilities (continued)

30 June 2015

4.8 Provisions (continued)

\$ million	Employee entitlements	Workers' compensation, 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.

Orora Limited

Notes to the consolidated financial statements

Section 4: Assets and liabilities (continued)

30 June 2015

4.8 Provisions (continued)

Recognition and measurement (continued)

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.

Orora Limited and its controlled entities

Notes to the financial statements

Section 5: Capital structure and financing

30 June 2015

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.

Orora Limited and its controlled entities

Notes to the financial statements

Section 5: Capital structure and financing (continued)

30 June 2015

5.2 Dividends

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

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

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Section 5: Capital structure and financing (continued)

30 June 2015

5.3 Contributed equity (continued)

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.

Orora Limited and its controlled entities

Notes to the financial statements

Section 5: Capital structure and financing (continued)

30 June 2015

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
<i>Other comprehensive income/(loss):</i>						
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
<i>Transactions with owners in their capacity as owners:</i>						
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)
<i>Other comprehensive income/(loss):</i>						
Net change in fair value	4.4	-	-	-	-	4.4
Effective portion of changes in fair value	-	(5.9)	-	-	-	(5.9)
Currency translation differences	-	-	-	-	13.0	13.0
Deferred tax	-	1.7	-	-	-	1.7
Total other comprehensive income/(loss)	4.4	(4.2)	-	-	13.0	13.2
<i>Transactions with owners in their capacity as owners:</i>						
Reserves attributable to entities acquired under common control	-	0.4	-	-	(38.6)	(38.2)
Transfers to/(from) equity accounts	-	-	-	132.9	-	132.9
Share-based 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.

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Notes to the financial statements

Section 5: Capital structure and financing (continued)

30 June 2015

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
Transfers 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

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)

Orora Limited and its controlled entities

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Section 5: Capital structure and financing (continued)

30 June 2015

5.6 Earnings per share (continued)

Calculation of EPS (continued)

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 US\$250.0 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.

Orora Limited and its controlled entities

Notes to the financial statements

Section 5: Capital structure and financing (continued)

30 June 2015

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 provide a maturity analysis of these borrowings as at 30 June:

\$ million	Current	Non-Current			Total
	1 year or less, or on demand	1-2 years	2-5 year	More than 5 years	
2015					
<i>Unsecured borrowings</i>					
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					
<i>Unsecured borrowings</i>					
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:

- A\$350.0 million drawn under a \$500.0 million committed global syndicated multi-currency facility maturing December 2016 (2014: A\$425.0 million drawn under a A\$550.0 million committed global syndicated multi-currency facility maturing December 2016); and
- US\$249.3 million drawn under a A\$500.0 million committed global syndicated multi-currency facility maturing in December 2018 (2014: US\$179.3 million and A\$40.0 million drawn under a A\$550.0 million committed global syndicated multi-currency 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.

Orora Limited and its controlled entities

Notes to the financial statements

Section 6: Risk

30 June 2015

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 A\$	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.

The Group's investments in its US subsidiaries is hedged by a US dollar denominated unsecured bank loan (carrying amount of the assets is US\$259.4 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 US\$249.3 million.

Orora Limited and its controlled entities

Notes to the financial statements

Section 6: Risk (continued)

30 June 2015

6.1 Financial risk management (continued)

6.1.1 Market Risk (continued)

Foreign exchange risk (continued)

Exposure

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

\$ million	2015		2014	
	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:

\$ million	AUD			NZD		
	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).

Orora Limited and its controlled entities

Notes to the financial statements

Section 6: Risk (continued)

30 June 2015

6.1 Financial risk management (continued)

6.1.1 Market Risk (continued)

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 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 979,796 allocated shares in respect of the CEO Grant (2014: 2,083,312). Refer to note 7.1.1 for further details.

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.

Orora Limited and its controlled entities

Notes to the financial statements

Section 6: Risk (continued)

30 June 2015

6.1 Financial risk management (continued)

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 A\$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:

\$ million	2015			2014		
	Committed	Uncommitted	Total	Committed	Uncommitted	Total
<i>Financing facilities available:</i>						
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
<i>Facilities utilised:</i>						
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
<i>Facilities not utilised:</i>						
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 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 Groups financing arrangements subsequent to 30 June 2015.

Orora Limited and its controlled entities

Notes to the financial statements

Section 6: Risk (continued)

30 June 2015

6.1 Financial risk management (continued)

6.1.2 Liquidity risk (continued)

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						
<i>Non-derivative financial instruments</i>						
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
<i>Derivatives</i>						
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						
<i>Non-derivative financial instruments</i>						
Trade and other payables	541.0	2.2	1.9	2.4	547.5	547.5
Borrowings	37.7	23.9	682.2	-	743.8	666.1
Total non-derivatives	578.7	26.1	684.1	2.4	1,291.3	1,213.6
<i>Derivatives</i>						
Net settled (interest rate swaps)	(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)

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.

Orora Limited and its controlled entities

Notes to the financial statements

Section 6: Risk (continued)

30 June 2015

6.1 Financial risk management (continued)

6.1.3 Credit risk (continued)

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 probable 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.

\$ million	Level 2 fair value hierarchy	
	2015	2014
Assets		
<i>Current</i>		
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
<i>Non-current</i>		
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

Orora Limited and its controlled entities

Notes to the financial statements

Section 6: Risk (continued)

30 June 2015

6.2 Derivative financial instruments (continued)

\$ million	Level 2 fair value hierarchy	
	2015	2014
Liabilities		
<i>Current</i>		
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
<i>Non-current</i>		
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)

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.

Orora Limited and its controlled entities

Notes to the financial statements

Section 6: Risk (continued)

30 June 2015

6.2 Derivative financial instruments (continued)

Hedge accounting (continued)

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).

Orora Limited and its controlled entities

Notes to the financial statements

Section 6: Risk (continued)

30 June 2015

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.

In testing for impairment, the recoverable amount is estimated for an individual asset or, if it is not possible to estimate the recoverable amount for the individual asset, the recoverable amount of the cash generating unit (CGU) to which the asset belongs. CGUs are the smallest identifiable group of assets that generate cash flows that are largely independent from the cash flows of other assets or group of assets. Each CGU is no larger than an operating segment.

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 cash generating units (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:

CGU	Goodwill Allocation		Pre-Tax Discount Rate		Growth Rate	
	2015	2014	2015	2014	2015	2014
	\$ million	\$ million	%	%	%	%
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				

Orora Limited and its controlled entities

Notes to the financial statements

Section 6: Risk (continued)

30 June 2015

6.3 Impairment of non-financial assets (continued)

Goodwill impairment tests (continued)

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 life 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.

Orora Limited and its controlled entities

Notes to the financial statements

Section 7: Group structure

30 June 2015

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:

Controlled entities	Country of incorporation	Orora Group's effective interest	
		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 Groups Employee Share Plans (refer 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 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 Groups' CEO Grant Employee Share Plan award, the consideration paid, including any directly attributable costs is deducted from equity, net of any related income tax effects.

Unallocated shares represent those shares that have been purchased by the Trust on-market to satisfy the potential future vesting of awards granted under the Groups Employee Shares Plans, other than the CEO Grant. As the shares are unallocated they are identified and accounted for as treasury shares (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 ending 30 June 2015.

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 ending 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.

Orora Limited and its controlled entities

Notes to the financial statements

Section 7: Group Structure (continued)

30 June 2015

7.2 Orora Limited Demerger – 30 June 2014

Effective 17 December 2013 Orora Limited (the Company) and its controlled entities (collectively referred to as 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 for the 1 July 2013 to 31 October 2013, being the date at which these operations ceased to be part of the Orora Group under the internal corporate restructure, as well as internal and external borrowings of the Company that were held up to the demerger date, but which were retained by Amcor 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 Director's Report (and can also be found in the Company's media release to 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 Orora 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 standalone listed entity, as well as reflecting the Group holding external debt and applying an effective tax rate of 30.8% in respect of the 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.

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 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.

Orora Limited and its controlled entities

Notes to the financial statements

Section 7: Group Structure (continued)

30 June 2015

7.2 Orora Limited Demerger – 30 June 2014 (continued)

Impairment of assets

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

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

For the majority of the CGUs, the assessment indicated that the recoverable amounts were higher than the carrying value of the assets and no impairment was required. However for the Orora Fibre CGU, which forms part of the 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).

Orora Limited and its controlled entities

Notes to the financial statements

Section 8: Other

30 June 2015

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 (eg profitability and sales growth targets). Non-market vesting conditions are included in the assumptions about the number of options that are expected to be exercisable. The fair value of 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.

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

Orora Limited and its controlled entities

Notes to the financial statements

Section 8: Other (continued)

30 June 2015

8.1 Share-based compensation (continued)

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 Earnings per Share (EPS) hurdle and the satisfaction of a Return on Average Funds Employed (RoAFE) test.

Share options that have vested following satisfaction of time and performance conditions will remain exercisable until the expiry date. On expiry, any vested but unexercised share options will lapse. Unvested awards are forfeited if the employee voluntarily ceases employment or is dismissed for poor performance.

Performance Rights

Performance rights granted under the LTI give the employee the right to receive a share at a future point in time upon meeting specified vesting conditions that are both time and performance-based with no exercise price payable. The performance rights are granted at no consideration and carry no dividend entitlement or voting rights until they vest and are exercised to ordinary shares on a one-for-one basis. Two-thirds of the number of performance rights that ultimately vest are subject to a relative Total Shareholder Return test. The remaining one-thirds 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:

Grant date	Expiry date	Exercise price (\$)	Number			Balance at end of period		Proceeds received (\$)
			Balance at beginning of period	Granted	Forfeited	On issue	Vested & Exercisable	
2015								
<i>Options</i>								
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	-	-
<i>Rights</i>								
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.

Orora Limited and its controlled entities

Notes to the financial statements

Section 8: Other (continued)

30 June 2015

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:

Grant date	Expiry date	Exercise price (\$)	Number			Balance at end of period		Proceeds received (\$)
			Balance at beginning of period	Granted	Forfeited	On issue	Vested & Exercisable	
2014								
<i>Options</i>								
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	-	
<i>Rights</i>								
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

Orora Limited and its controlled entities

Notes to the financial statements

Section 8: Other (continued)

30 June 2015

8.1 Share-based compensation (continued)

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 Executive Management Incentive Plan, following the end of the performance period
- the volume weighted average price of Orora Limited ordinary shares for the five trading days prior to 30 June, being the end of the performance period; 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

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.

Orora Limited and its controlled entities

Notes to the financial statements

Section 8: Other (continued)

30 June 2015

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 US\$250.0 million through the issuance of notes of which US\$100.0 million matures in eight years and US\$150.0 million matures in ten years. Refer to note 5.7 for further information on the impact of this raising upon the Groups 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 carton board 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 C\$16.5 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 C\$5.5 million (\$5.7 million) payable over 5 years. The anticipated effective date of the acquisition is 1 September 2015 and will be funded from existing cash/debt facilities.

Orora Limited and its controlled entities

Notes to the financial statements

Section 8: Other (continued)

30 June 2015

8.4 Orora Limited

Summarised income statement and comprehensive income

\$ million	Orora Limited	
	2015	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.

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.

Orora Limited and its controlled entities

Notes to the financial statements

Section 8: Other (continued)

30 June 2015

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

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

Orora Limited and its controlled entities

Notes to the financial statements

Section 8: Other (continued)

30 June 2015

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

Orora Limited and its controlled entities

Notes to the financial statements

Section 8: Other (continued)

30 June 2015

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 Orora Group is Orora Limited, which is domiciled and incorporated in Australia. Transactions with entities in the wholly-owned Orora Group are made on normal commercial terms and conditions and during the year included:

- purchases and sales of goods and services; and
- provision of administrative assistance.

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 Orora 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 Orora 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.

8.7 Key Management Personnel

Key Management Personnel (KMP) consists 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 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).

Orora Limited and its controlled entities

Notes to the financial statements

Section 8: Other (continued)

30 June 2015

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 inconsistencies 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.