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 2014
Previous Corresponding Period:	Year Ended 30 June 2013

2. Results for announcement to the market

Key information	**30 June 2014 A$ million**				**30 June 2013 A$ million**
Statutory results*					
2.1 Revenue from ordinary activities					
• From Continuing Operations	2,648.1	Up	62.2%	from	1,632.2
• From Discontinued Operations	96.2	Down	65.1%	from	275.9
2.2 Net profit/(loss) from ordinary activities after tax but before significant items, attributable to members	79.6	Up	217.1%	from	25.1
2.3 Net profit/(loss) for the period, after significant items, attributable to members	(72.2)	Down	43.8%	from	(50.2)
Pro forma results*					
2.1 Revenue from ordinary activities					
• From Continuing Operations	3,176.1	Up	7.9%	from	2,942.8
• 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	104.4	Up	44.8%	from	72.1
2.3 Net profit for the period, after significant items, attributable to members	104.4	Up	44.8%	from	72.1

Dividends	**Amount per security**	**Franked amount per security**
Current period		
2.4 Final dividend	3.0 cents	Nil
2.4 Interim dividend	3.0 cents	Nil
Previous corresponding period		
2.4 Final dividend	-	Nil
2.4 Interim dividend	-	Nil

2.5 Record date for determining entitlements to the dividend	Final dividend – 10 September 2014

*Supplementary comments

Effective 17 December 2013, Orora Limited (the Company) and its controlled entities (collectively referred to as the Orora Group) demerged from Amcor Limited. 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 Limited 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 Limited Group. The Corporate Restructure took place as at 31 October 2014.

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

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

To assist shareholders in their understanding of the Orora Group's business as it is now structured, pro forma financial information for the years ended 30 June 2014 and 2013 is included in the table above and in the Company's Investor Results Release (attached) released to the ASX on 25 August 2014. This pro forma information is prepared on the basis that the business as it is now structured was in effect for the period 1 July 2012 to 30 June 2014. In the preparation of the pro forma financial information, adjustments have been made to the Orora Group's results, as presented in the Group's segment note (refer 3.1.1), to present a view of performance as if the Corporate Restructure had been effective from 1 July 2012. Additional adjustments have also been made in the presentation of pro forma financial information to reflect changes in operating and corporate costs associated with Orora Limited becoming a standalone listed entity as if those costs had been incurred from 1 July 2012.

The pro forma adjustments referred to above have been made on a basis consistent with those contemplated on page 46 of the Amcor Limited 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 will form part of the Directors' Report. They have not been audited.

2.6 Brief explanation of figures in 2.1 to 2.4 –:

i) Dividends in the current period are unfranked. Dividends to foreign holders are subject to with-holding tax.
ii) 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 Statements

4. Statement of Financial Position

Refer to the attached Preliminary Final Financial Statements

5. Statement of Cash Flows

Refer to the attached Preliminary Final Financial Statements

6. Statement of Retained Earnings

Refer to the attached Preliminary Final Financial Statements, Note 5.6.3 Retained Earnings

7. Details of individual dividends and payment dates

Refer to the attached Preliminary Final Financial Statements, Note 5.6.4 Capital Management

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 FY14 dividend. The issue price for the FY14 dividend will be calculated based on the arithmetic average of the weighted average market price for the ten ASX trading days from 15 to 26 September 2014, inclusive. The last date for receipt of election notices for the DRP is 11 September 2014. Shares allotted under the DRP rank equally with existing fully paid ordinary shares of Orora Limited.

9. Net tangible assets

	Current period	30 June 2013
Net tangible asset backing per ordinary security(1)	$0.93	$4.35

(1) Material movements in the number of shares on issue have occurred between 30 June 2014 and 30 June 2013. In addition, the Corporate Restructure undertaken as part of the Orora Group's demerger from Amcor Limited (referred to above under "Supplementary Comments") resulted in a substantial recapitalisation of the Orora Group balance sheet in the year ended 30 June 2014. Information concerning movements in issued ordinary shares can be found in Note 5.6.1 Contributed Equity, of the attached Preliminary Final Financial Statements.

10. Control gained over entities having a material effect

Refer to the attached Preliminary Final Financial Statements, Note 2 Orora Limited Demerger and Note 6.3 Principal Subsidiary Undertakings and Investments

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

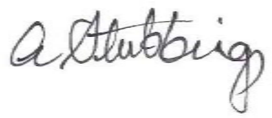
Not applicable

14. Commentary on results for the period

Refer to the attached Preliminary Final Financial Statements, Note 3.3 Earnings Per Share and the attached Press 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 Director's Report (including the audited Remuneration Report) and Director's 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 15 September 2014.



Ann Stubbings
Company Secretary

Date: 25 August 2014

ORORA LIMITED
ABN: 55 004 275 165

ANNUAL FINANCIAL REPORT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

25 August 2014

Effective 17 December 2013 Orora Limited (the Company) and its controlled entities (collectively referred to as the Orora Group) demerged from Amcor Limited. 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 Limited were required to undertake an internal corporate restructure. As a result, the financial information contained within the following Annual Financial Report for the financial years ended 30 June 2014 and 2013 does not reflect the financial performance of the Orora Group as it currently structured (refer note 2 for further details).

Financial Report

Contents of Financial Report

Notes to the Financial Statements

Orora Limited and its controlled entities

Income Statement
For the financial year ended 30 June 2014

$ million	Note	2014	2013
Continuing Operations			
Sales revenue	3.1.1	**2,648.1**	1,632.2
Cost of sales		**(2,206.3)**	(1,434.1)
Gross profit		**441.8**	198.1
Other income	3.1.1	**26.8**	99.6
Sales and marketing expenses		**(116.2)**	(42.1)
General and administration expenses		**(453.5)**	(313.2)
Loss from operations	3.1.1	**(101.1)**	(57.6)
Finance income	3.1.1	**0.9**	0.3
Finance expenses	3.1.1	**(44.6)**	(48.4)
Net finance costs	5.4	**(43.7)**	(48.1)
Loss before related income tax benefit	3.1.1	**(144.8)**	(105.7)
Income tax benefit	3.2	**38.3**	47.0
Loss for the financial period from continuing operations		**(106.5)**	(58.7)
Discontinued Operations			
Profit from discontinued operations, net of tax	2.1	**34.3**	8.5
Loss for the financial period attributable to the owners of Orora Limited		**(72.2)**	(50.2)

		Cents	Cents
Loss per share from continuing operations attributable to the ordinary equity holders of Orora Limited			
Basic earnings per share	3.3	**(11.0)**	(11.1)
Diluted earnings per share	3.3	**(11.0)**	(11.1)
Loss per share attributable to the ordinary equity holders of Orora Limited			
Basic earnings per share	3.3	**(7.5)**	(9.5)
Diluted earnings per share	3.3	**(7.5)**	(9.5)

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

Orora Limited and its controlled entities

Statement of Comprehensive Income
For the financial year ended 30 June 2014

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

Total comprehensive income/(loss) for the period attributable to owners of Orora Limited arises from:		
Continuing operations	**(93.3)**	(58.0)
Discontinued operations	**34.3**	8.7
Total comprehensive loss for the financial period	**(59.0)**	(49.3)

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

Orora Limited and its controlled entities

Statement of Financial Position
As at 30 June 2014

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

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

Orora Limited and its controlled entities

Statement of Changes in Equity
For the financial year ended 30 June 2014

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

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

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Orora Limited and its controlled entities

Cash Flow Statement
For the financial year ended 30 June 2014

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

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

Orora Limited and its controlled entities

Cash Flow Statement (continued)
For the financial year ended 30 June 2014

$ million	Note	2014	2013
Cash flows from financing activities			
Shares purchased on-market to satisfy granting of rights under share-based payment plans	5.6.1	**(0.6)**	-
Proceeds from borrowings		**1,588.4**	100.3
Repayment of borrowings		**(1,591.3)**	-
Dividends and other equity distributions paid	5.6.3	**(36.2)**	-
Net cash from continuing financing activities		**(39.7)**	100.3
Net cash from discontinued financing activities		**(0.5)**	8.1
Net cash flows from financing activities		**(40.2)**	108.4

$ million	Note	2014	2013
Net increase in cash held		**17.0**	17.4
Cash and cash equivalents at the beginning of the financial period		**13.6**	(3.8)
Effects of exchange rate changes on cash and cash equivalents		**(0.1)**	-
Cash and cash equivalents at the end of the financial period[1]		**30.5**	13.6

[1] Refer to notes 5.1 and 5.2 for details of the financing arrangements of the group.

Reconciliation of cash and cash equivalents

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

$ million	Note	2014	2013
Cash assets and cash equivalents	5.1	**30.5**	14.9
Bank overdrafts	5.1	**-**	(1.3)
Cash and cash equivalents at the end of the financial period		**30.5**	13.6

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

Section 1 Basis of Preparation

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

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

1.1 Reporting Entity

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

1.2 Basis of accounting

Statement of Compliance

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

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

1.3 Basis of measurement

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

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

1.4 Critical accounting judgments and estimates

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

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

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

Testing for impairment of assets

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

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

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

Section 1 Basis of Preparation (continued)

1.4 Critical accounting judgments and estimates (continued)

Direct and indirect income tax, including utilisation of tax losses

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

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

Measurement of asset restoration and restructuring provisions

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

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

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

The judgements, estimates and assumptions used in the booking of asset restoration and restructuring provisions are management's best estimates based on current and forecast operating and market conditions.

Measurement of fair value

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

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

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

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

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

Section 1 Basis of Preparation (continued)

1.5 Changes in accounting policy

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

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

- AASB 10 *Consolidated Financial Statements,* AASB 11 *Joint Arrangements,* AASB 12 *Disclosure of Interests in Other Entities,* AASB 128 *Investments in Associates and Joint Ventures,* AASB 127 *Separate Financial Statements* and AASB 2011-7 *Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangement Standards and* AASB 2012-10 *Amendments to Australian Accounting Standards – Transition Guidance and other Amendments* together represent a suite of related standards covering the accounting and disclosure requirements for consolidated financial statements, associates, joint arrangements and off balance sheet vehicles.
- AASB 13 *Fair Value Measurement* and AASB 2011-8 *Amendments to Australian Accounting Standards arising from AASB 13* combines guidance for all fair value measurements required in other standards.
- AASB 119 *Employee Benefits* and AASB 2011-10 *Amendments to Australian Accounting Standards arising from AASB 119* amends disclosure, presentation and accounting to defined benefit plans and other employee benefits.
- AASB 2011-4 *Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements [AASB 124]*

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

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

1.6 New accounting standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2014 and have not been applied in preparing these consolidated financial statements. The following new or amended accounting standards and interpretations issued by the AASB have been identified as those which may have a material impact on the Group in the period of initial application.

AASB 9 Financial Instruments

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

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

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

AASB 2014-1 Amendments to Australian Accounting Standards

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

- amendments arising from the issuance by the International Accounting Standards Board *Annual Improvements to IFRSs 2010-2012 Cycle* and *Annual Improvements to IFRSs 2011-2013 Cycle;*
- amendments to AASB 119 *Employee Benefits* in relation to the requirements for contributions from employees or third parties that are linked to service;
- amendments to particular accounting standards to delete reference to AASB 1031 *Materiality;* and
- amendments to accounting standards to defer the mandatory application date of AASB 9 *Financial Instruments* to annual periods beginning on or after 1 January 2018, including consequential amendments to numerous accounting standards as a consequence of the introduction of the new hedge accounting rules into AASB 9, as discussed above.

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

Section 1 Basis of Preparation (continued)

1.7 Basis of consolidation

Business combinations

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

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

The Group measures goodwill at the acquisition date as:

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

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

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

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

Subsidiaries

Subsidiaries are all those entities that are controlled by the Group. The Group controls an entity when it has power over an entity, exposure or rights to variable returns from its involvement with that entity and has the ability to use that power to affect those returns. In assessing control, in addition to considering the existence of potential voting rights that are presently exercisable or convertible, the Group also considers relationships with other parties that may result in the Group controlling an entity on the basis of de facto circumstances.

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

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

Orora Employee Share Trust

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

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

1.8 Foreign currencies

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

Foreign currency transactions

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

Translation differences on non-monetary items, such as equities held at fair value through profit or loss, are reported as part of the fair value gain or loss. Translation differences on non-monetary items, such as equities classified as available-for-sale financial assets, are included in the available-for-sale investments revaluation reserve in equity.

Section 1 Basis of Preparation (continued)

1.8 Foreign currencies (continued)

Foreign operations

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

- assets and liabilities for each statement of financial position presented are translated at the closing exchange rate at the date of that balance sheet;
- income and expenses for each income statement and amount recognised in other comprehensive income are translated at average exchange rates, which approximate the exchange rates at the dates of the transactions; and
- goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and are translated at the closing exchange rate.

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

1.9 Financial instruments

Classification

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

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

Recognition and derecognition

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

Section 2 Orora Limited Demerger

Effective 17 December 2013 Orora Limited (the Company) and its controlled entities (collectively referred to as the Group) demerged from Amcor Limited. 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 Limited totalling $765.8 million pursuant to the Demerger Agreement.

Prior to the demerger, the Company and Amcor Limited 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 Limited Group.

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

The Orora Group statutory financial information includes the results of certain flexible packaging entities, assets and operations for the financial year ended 30 June 2013 and for the period 1 July 2013 to 31 October 2013, being the date at which these operations ceased to be part of the Orora Group under the internal corporate restructure, as well as internal and external borrowings of the Company that were held up to the demerger date, but which were retained by Amcor Limited post the demerger. The statutory financial information only includes the results of the Orora Group's current businesses in North America and certain closure and fibre activities in the Australia and New Zealand region from 1 November 2013, the date at which these operations became part of the Orora Group under the internal corporate restructure.

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

The pro forma adjustments referred to above have been made on a basis consistent with those contemplated on page 46 of the Amcor Limited Demerger Scheme Booklet. A reconciliation between the pro forma financial information and the Orora Group segment financial information is included within the aforementioned media release.

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

2.1 Businesses acquired and disposed

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

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

Section 2 Orora Limited Demerger (continued)

2.1 Businesses acquired and disposed (continued)

Disposed businesses (continued)
The following table identifies the carrying value of the net assets divested at the date of restructuring:

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

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

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

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

Section 2 Orora Limited Demerger (continued)

2.2 Impairment of assets

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

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

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

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

Section 3 Results for the Year

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

3.1 Profit before Tax

Accounting policies

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

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

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

3.1.1 Segment information

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

Description of segments

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

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

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

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

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

Other
This segment includes the Corporate function of the Group.

Section 3 Results for the Year (continued)

3.1.1 Segment information (continued)

Segment Results

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

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

(1) Average funds employed represents net working capital plus property, plant and equipment held at the beginning and end of the reporting period.
(2) Operating free cash flow represents the cash flow generated from Orora's operating and investing activities, before interest, tax and dividends.

Section 3 Results for the Year (continued)

3.1.1 Segment information (continued)

Understanding the Segment Results

The following tables reconcile the financial information provided to CET to the statutory results of the Orora Group.

Segment Revenue

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

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

$ million	**2014**	2013
Total reporting segment revenue	**3,181.3**	2,942.8
Elimination of inter-segment revenue	**(5.2)**	-
	3,176.1	2,942.8
Remove pre-acquisition revenue of acquired businesses(1)	**(528.0)**	(1,310.6)
Revenue from external customers	**2,648.1**	1,632.2
Other income(2)	**26.8**	99.6
Finance income	**0.9**	0.3
Consolidated revenue and other income	**2,675.8**	1,732.1

Revenue from external customers by product		
Fibre and paper-based packaging	**1,708.1**	1,587.2
Beverage packaging	**652.1**	691.2
Traded packaging products	**815.9**	664.4
	3,176.1	2,942.8
Remove pre-acquisition revenue of acquired businesses(1)	**(528.0)**	(1,310.6)
Consolidated sales revenue	**2,648.1**	1,632.2

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

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

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

Segment EBIT

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

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

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

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

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

Section 3 Results for the Year (continued)

3.1.1 Segment information (continued)

Understanding the Segment Results (continued)

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

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

[1] Represents the acquisition of property, plant and equipment and intangibles by North America and certain closure and fibre packaging activities in Australia and New Zealand that were acquired by Orora Limited on 31 October 2013 as part of the internal corporate restructuring undertaken prior to the demerger of the Orora business from Amcor Limited, refer note 2.
[2] Represents 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 2.
[3] Represents additions for the period, excluding acquired balances through business combinations. Refer notes 4.6 and 4.7.

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

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

[1] Represents the working capital balances of North America and certain closure and fibre packaging activities in Australia and New Zealand that were acquired by Orora Limited on 31 October 2013 as part of the internal corporate restructuring undertaken prior to the demerger of the Orora business from Amcor Limited, refer note 2.
[2] Represents 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 2.
[3] Represents trade and other receivables, inventory and trade and other payables, refer notes 4.1, 4.2 and 4.3.

Section 3 Results for the Year (continued)

3.1.1 Segment information (continued)

Understanding the Segment Results (continued)

Segment average funds employed

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

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

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

(2) Represents 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 2.

Segment operating free cash flow

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

$ million	2014	2013
Total reportable segment operating free cash flow	**150.2**	139.1
Remove operating free cash flow relating to acquired businesses(1)	**12.0**	(59.0)
	162.2	80.1
Remove investing cash flow activities included in segment operating free cash flow	**78.0**	2.2
Add operating cash flow activities excluded from segment operating free cash flow	**(89.1)**	(48.7)
Net cash flows from operating activities	**151.1**	33.5

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

Geographical information

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

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

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

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

(3) Represents 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 2.

Section 3 Results for the Year (continued)

3.1.2 Operating costs

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

Employee benefits

Employee costs for continuing operations can be analysed as follows:

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

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

Refer to note 5.6.5 for further details on share-based payments arrangements.

Depreciation and amortisation

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

Operating leases

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

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

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

Other expenditure commitments

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

Section 3 Results for the Year (continued)

3.1.2 Operating costs (continued)

Auditors remuneration

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

Significant items from continuing operations

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

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

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

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

Section 3 Results for the Year (continued)

3.2 Taxation

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

Accounting policies

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

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

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

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

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

- taxable temporary differences arising on the initial recognition of goodwill;
- taxable differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit; 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.

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.

Section 3 Results for the Year (continued)

3.2 Taxation (continued)

Taxation – Income statement

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

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

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

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

Section 3 Results for the Year (continued)

3.2 Taxation (continued)

Taxation – Statement of financial position

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

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

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**
2014							
Property, plant and equipment	**(48.6)**	**41.4**	**-**	**(24.5)**	**(4.0)**	**(0.2)**	**(35.9)**
Impairment of trade receivables	**0.7**	**1.3**	**-**	**0.2**	**(0.2)**	**(0.1)**	**1.9**
Intangible assets	**(0.3)**	**(2.1)**	**-**	**(11.1)**	**-**	**0.3**	**(13.2)**
Valuation of inventories	**10.3**	**0.5**	**-**	**1.6**	**(0.5)**	**-**	**11.9**
Employee benefits	**25.7**	**1.6**	**-**	**13.2**	**(3.9)**	**(0.3)**	**36.3**
Provisions	**22.6**	**(3.3)**	**-**	**1.5**	**(2.6)**	**0.1**	**18.3**
Financial instruments at fair value	**(0.3)**	**0.2**	**1.7**	**-**	**0.1**	**-**	**1.7**
Tax losses carried forward	**-**	**(4.3)**	**-**	**11.0**	**-**	**0.2**	**6.9**
Accruals and other items	**(23.7)**	**6.2**	**-**	**(1.2)**	**0.6**	**(0.3)**	**(18.4)**
	(13.6)	**41.5**	**1.7**	**(9.3)**	**(10.5)**	**(0.3)**	**9.5**
2013							
Property, plant and equipment	(47.2)	(1.4)	-	-	-	-	(48.6)
Impairment of trade receivables	0.3	0.4	-	-	-	-	0.7
Intangible assets	-	-	-	(0.3)	-	-	(0.3)
Valuation of inventories	9.3	1.0	-	-	-	-	10.3
Employee benefits	27.7	(2.0)	-	-	-	-	25.7
Provisions	19.6	3.0	-	-	-	-	22.6
Financial instruments at fair value	0.3	(0.2)	(0.4)	-	-	-	(0.3)
Accruals and other items	(21.4)	(2.3)	-	-	-	-	(23.7)
	(11.4)	(1.5)	(0.4)	(0.3)	-	-	(13.6)

Unrecognised deferred tax assets and liabilities

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

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

3.3 Earnings per share

Accounting policies

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

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

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

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

Calculation of EPS

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

$ million	**2014**	2013
Basic and diluted earnings per share		
Loss from continuing operations	**(106.5)**	(58.7)
Profit from discontinued operations	**34.3**	8.5
Loss attributable to the ordinary equity holders of Orora Limited used in calculating basic earnings per share	**(72.2)**	(50.2)

Number million	**2014**	2013
Weighted average number of ordinary shares for basic earnings per share[(1)]	**965.3**	530.6
Effect of employee options and performance rights[(2)]	**3.3**	-
Weighted average number of ordinary shares and potential ordinary shares for diluted earnings per share	**968.6**	530.6

[(1)]The weighted average number of shares has been restated to reflect the change in the capital structure of the Company as a result of its internal restructure and demerger from Amcor Limited, as if the change had occurred at the beginning of the comparative period.
[(2)]The calculation of the weighted average number of shares has been adjusted for the effect of these potential shares from the date of issue.

Section 4 Assets and Liabilities

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

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

4.1 Trade and other receivables

Accounting policies

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

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

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

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

Trade and other receivables

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

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

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

Credit risks related to receivables

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

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

Section 4 Assets and Liabilities (continued)

4.1 Trade and other receivables (continued)

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

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

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

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

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

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

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

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

4.2 Inventories

Accounting policies

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

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

Section 4 Assets and Liabilities (continued)

4.2 Inventories (continued)

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

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

4.3 Trade and other payables

Accounting policies

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

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

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

4.4 Other financial assets

Accounting policies

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

Refer to note 5.3 for further details pertaining to derivative financial instruments.

Section 4 Assets and Liabilities (continued)

4.4 Other financial assets (continued)

Accounting policies (continued)

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

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

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

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

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

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

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

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

Section 4 Assets and Liabilities (continued)

4.5 Other assets

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

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

4.6 Property, plant and equipment

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

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

Accounting policies

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

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

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

Depreciation
Property, plant and equipment, excluding freehold land, is depreciated at rates based upon the expected useful lives, or in the case of leasehold improvements 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.

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

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

Orora Limited and its controlled entities

Notes to the financial statements
30 June 2014

Section 4 Assets and Liabilities (continued)

4.6 Property, plant and equipment (continued)

Property, plant and equipment

Property, plant and equipment can be analysed as follows:

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

Section 4 Assets and Liabilities (continued)

4.6 Property, plant and equipment (continued)

Property, plant and equipment (continued)

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

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

Impairments

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

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

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

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

Capital Commitments

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

Section 4 Operating Assets and Liabilities (continued)

4.7 Intangible assets

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

These assets include customer relationships, licences, software development, and goodwill. The cost of these assets is the amount that the Group has paid or, where there has been a business combination, the fair value of the specific intangible assets that could be sold separately or which arise from legal rights. In the case of goodwill, this cost is the amount the Group has paid in acquiring a business over and above the fair value of the individual assets and liabilities acquired.

The value of intangible assets, with the exception of goodwill, reduces over the number of years the Group expects to use the asset, the useful economic life, via an annual amortisation charge to the income statement. Where there has been technological change or decline in the business performance, management review the value of assets to ensure they have not fallen below their recoverable amount. Should an asset's value fall below its recoverable amount an additional one-off impairment change is made against profit.

Accounting policies

Computer software
Expenditure on significant commercial development, including major software applications and associated systems, is capitalised and amortised on a straight-line basis over the period of time during which the benefits are expected to arise, typically between three to ten years.

Software costs are capitalised as intangible assets if they are separable or arise from contractual or other legal rights and it is probable that the expected future economic benefits attributable to the asset will flow to the Group, and the cost of the asset can be measured reliably.

Where software is internally generated, only the costs incurred in the development phase are capitalised and these are amortised on a straight-line basis over the period of time during which the benefits are expected to arise, typically a period not exceeding ten years. Software costs which are incurred in the research phase are expensed.

Goodwill
Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. Goodwill is not amortised, instead goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less any accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash generating units for the purpose of impairment testing. The allocation is made to those cash generating units or groups of cash generating units that are expected to benefit from the business combination in which the goodwill arose.

Other intangible assets
Other intangible assets are measured at cost less accumulated amortisation and accumulated impairment losses, except for those identified as having indefinite useful lives which are not amortised. As at 30 June 2014 the Group does not hold any indefinite life intangible assets, other than goodwill.

Impairment
Impairment testing is completed at each reporting date for goodwill and intangible assets that have indefinite useful lives or assets that are not ready for use, or more frequently if events or changes in circumstances indicate that the asset may be impaired.

For intangible assets that are subject to amortisation the asset is reviewed for impairment whenever events or changes in circumstances indicate that the asset's carrying amount is greater than its estimated recoverable amount. Indicators of impairment may include changes in technology and business performance.

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

The recoverable amount of an asset or a CGU is the greater of fair value less cost of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the risks specific to the asset or CGU and the market's current assessment of the time value of money. An impairment loss is recognised in the income statement if the carrying amount of an asset or a CGU exceeds its recoverable amount. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs) and then, to reduce the carrying amount of the other assets in the CGU (group of CGUs).

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

Section 4 Operating Assets and Liabilities (continued)

4.7 Intangible assets (continued)

Intangible assets

Intangible assets can be analysed as follows:

$ million	Computer software	Goodwill	Other intangible assets	Total
2014				
Cost				
Opening balance	**115.4**	**107.9**	**1.0**	**224.3**
Additions through internal activities	**3.4**	**-**	**-**	**3.4**
Additions for the period	**0.9**	**-**	**-**	**0.9**
Additions through business acquisitions	**-**	**2.4**	**-**	**2.4**
Additions under common control transaction (refer note 2.1)	**37.1**	**135.7**	**5.6**	**178.4**
Disposals during the period	**(4.4)**	**-**	**-**	**(4.4)**
Disposal of businesses under common control transaction (refer note 2.1)	**(5.8)**	**(35.2)**	**-**	**(41.0)**
Effect of movements in foreign exchange rates	**0.3**	**2.2**	**-**	**2.5**
Closing balance	**146.9**	**213.0**	**6.6**	**366.5**
Accumulated amortisation and impairment				
Opening balance	**(77.9)**	**(7.9)**	**-**	**(85.8)**
Amortisation charge	**(7.7)**	**-**	**-**	**(7.7)**
Disposals during the period	**3.0**	**-**	**-**	**3.0**
Additions under common control transaction (refer note 2.1)	**(30.3)**	**-**	**(5.6)**	**(35.9)**
Disposal of businesses under common control transaction (refer note 2.1)	**5.7**	**-**	**-**	**5.7**
Impairment loss	**(13.3)**	**-**	**-**	**(13.3)**
Effect of movements in foreign exchange rates	**(0.2)**	**-**	**-**	**(0.2)**
Closing balance	**(120.7)**	**(7.9)**	**(5.6)**	**(134.2)**
Carrying value 30 June 2014	**26.2**	**205.1**	**1.0**	**232.3**
2013				
Cost				
Opening balance	118.5	87.1	-	205.6
Additions through internal activities	2.2	-	-	2.2
Additions for the period	1.6	-	-	1.6
Additions through business acquisitions	-	20.8	1.0	21.8
Disposals during the period	(6.9)	-	-	(6.9)
Closing balance	115.4	107.9	1.0	224.3
Accumulated amortisation and impairment				
Opening balance	(69.4)	(7.9)	-	(77.3)
Amortisation charge	(9.5)	-	-	(9.5)
Disposals during the period	6.4	-	-	6.4
Impairment loss	(5.4)	-	-	(5.4)
Closing balance	(77.9)	(7.9)	-	(85.8)
Carrying value 30 June 2013	37.5	100.0	1.0	138.5

The amortisation of computer software is included in ‘general and administration’ expenses within the income statement.

Section 4 Operating Assets and Liabilities (continued)

4.7 Intangible assets (continued)

Impairments

During the year ended 30 June 2014, the Australasia segment recorded impairments of $14.5 million of computer software assets relating to the Fibre CGU impairment assessment of which $1.5 million of assets were scrapped while and additional impairment of $13.3 million was recognised (2013: $5.4 million of computer software relating to the announced closure of the Petrie recycled cartonboard manufacturing plant in Queensland). The impairments were recognised within 'general and administration' expense in the income statement, refer note 2.2 for further details.

Goodwill impairment tests

For the purpose of impairment testing, goodwill is allocated to cash generating units or groups of cash generating units (CGUs) according to the level at which management monitors goodwill.

The goodwill amounts allocated below are tested annually or more regularly if there are indicators of impairment, but comparison with the recoverable amount of each CGU or group of CGU's assets. The recoverable amounts of the CGUs were based on the present value of the future cash flows expected to be derived from the CGU (value in use). Value in use is calculated from cash flow projections for five years using data from the Group's latest internal forecasts. The key assumptions for the value in use calculations are those regarding discount rates, growth rates and expected changes in earnings.

The forecasts used in the value in use calculations are management estimates of income, expenses, capital expenditure and cash flows for each asset and CGU. Changes in selling prices and direct costs are based on past experience and management's expectation of future changes in the markets in which the Group operates. Cash flows beyond the five year period are extrapolated using estimated growth rates which are determined with regard to the long-term performance of each CGU in their respective markets and are not expected to exceed the long-term average growth rates for the industry in which each CGU operates.

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

	Goodwill Allocation		**Pre-Tax Discount Rate**		**Growth Rate**	
	2014	2013	**2014**	2013	**2014**	2013
CGU	**$ million**	$ million	**%**	%	**%**	%
Australasia	**90.3**	64.8	**10.7**	9.1	**2.0**	nominal
North America	**114.8**	-	**10.7**	-	**2.0**	-
Other(1)	**-**	35.2	**-**	9.9	**-**	3.0
	205.1	100.0				

(1)The 'other' balance represents goodwill relating to the Australian Flexible operations that were transferred to Amcor Limited under the internal corporate restructure that took place prior to the demerger (refer note 2).

The discount rate used in performing the value in use calculations reflects the Group's weighted average cost of capital, as adjusted for specific risks relating to each geographical region in which the CGU's operate.

4.8 Provisions

A provision is recognised by the Group where an obligation exists, relating to events in the past and it is probable that cash will be paid to settle it. A provision is made where the Group is not certain how much cash will be required to settle a liability, so an estimate is required.

Accounting policies

A provision is recognised when there is a legal or constructive obligation as a result of a past event and it is probable that a future sacrifice of economic benefits will be required to settle the obligation, and the amount can be reliably estimated.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the obligation at the reporting date. The present value of a provision is determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the recovery receivable is recognised as an asset when it is virtually certain that the recovery will be received.

Section 4 Assets and Liabilities (continued)

4.8 Provisions (continued)

Accounting policies (continued)

Employee entitlements
Employee entitlements include the liability for annual leave and long service leave. The current provision for employee entitlements includes accrued annual leave, vesting sick leave and long service leave. Long service leave covers all unconditional entitlements, where employees have committed the required period of service and also where employees are entitled to pro-rate payments in certain circumstances.

Employee entitlements are measured as the present value of estimated future cash outflows to be made in respect of services provided by the employee up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and period of service.

Liabilities that are not expected to be settled within 12 months are discounted using market yields at the reporting date of high quality corporate bonds or the market yield on government bonds if there is no deep market for corporate bonds within a particular country. The rates used reflect the terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Liabilities for employee benefits such as wages, salaries, sick leave and other current employee entitlements represent present obligations arising from employees' services provided to the reporting date and are calculated at undiscounted amounts based on remuneration wage and salary rates, including related on-costs, such as workers compensation insurance and payroll tax and are presented in other payables.

Insurance and other claims
Insurance and other claims include provisions for workers' compensation, insurance and other claims. 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. A provision has been recognised, for the present value, of the estimated lease expenditure associated with the remediation of these sites. These costs have been capitalised as part of the cost of leasehold improvements and are amortised over the shorter of the lease term or the useful life of the asset. In addition, in a small number of cases there are also areas of known or suspected contamination caused by past practice including, for example, the existence of underground storage tanks. In these cases additional amounts are included in the provision for the potential clean up of that contamination.

Where the Group has a legal or constructive obligation to restore a site on which an asset is located either through make-good provisions included in lease agreements or decommissioning of environmental risks, the present value of the estimated costs of dismantling and removing the asset and restoring the site is recognised as a provision with a corresponding increase to the related item of property, plant and equipment.

At each reporting date, the liability is remeasured in line with changes in discount rates, estimated cash flows and the timing of those cash flows. Any changes in the liability are added to or deducted from the related asset, other than the unwinding of the discount, which is recognised as a financing cost in the income statement.

Restructuring
The restructuring provision primarily relates to cost reduction and reorganisation activities associated with the Australasia operations. In addition, restructuring provisions have also been recognised in relation to costs associated with the closure of the Petrie recycled cartonboard manufacturing plant and the Zillmere cartons site in Queensland, Australia and the beverage closures business in North Laverton, Victoria, Australia.

A provision for restructuring is recognised when the Group has a detailed formal restructuring plan and the restructuring has either commenced or has been publicly announced. Future operating costs in relation to the restructuring are not provided for.

Where a restructuring plan includes the termination of employees before normal retirement date, or when an employee accepts voluntary redundancy, the Group recognises a provision for redundancy when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal. The amount recognised is measured only in reference to services already provided by the employee. Payments falling due greater than 12 months after reporting date are discounted to present value.

Section 4 Assets and Liabilities (continued)

4.8 Provisions (continued)

Provisions

The movements in provisions during the year are as follows:

$ million	Employee entitlements	Insurance and other claims	Asset restoration	Restructuring	Total
Balance at 1 July 2013	**85.2**	**12.8**	**17.7**	**84.5**	**200.2**
Provisions made during the period	**30.0**	**7.3**	**0.4**	**35.8**	**73.5**
Payments made during the period	**(36.0)**	**(5.5)**	**(0.4)**	**(67.7)**	**(109.6)**
Released during the period	**(2.2)**	**(0.7)**	**(0.7)**	**(5.9)**	**(9.5)**
Additions under common control transaction (refer note 2.1)	**11.8**	**4.3**	**4.8**	**-**	**20.9**
Disposal of businesses under common control transaction (refer note 2.1)	**(13.8)**	**(1.7)**	**(2.8)**	**(19.2)**	**(37.5)**
Unwinding of discount	**-**	**0.1**	**0.6**	**-**	**0.7**
Effect of movement in foreign exchange rate	**0.5**	**-**	**0.2**	**-**	**0.7**
Balance at 30 June 2014	**75.5**	**16.6**	**19.8**	**27.5**	**139.4**
Current	**68.2**	**15.0**	**6.0**	**18.0**	**107.2**
Non-current	**7.3**	**1.6**	**13.8**	**9.5**	**32.2**

$ million	Employee entitlements	Insurance and other claims	Asset restoration	Restructuring	Total
Balance at 1 July 2012	91.9	13.4	22.2	35.2	162.7
Provisions made during the period	32.8	3.1	1.7	130.4	168.0
Payments made during the period	(39.9)	(2.9)	(3.9)	(80.6)	(127.3)
Released during the period	(0.8)	(0.8)	(2.9)	(0.2)	(4.7)
Additions through business acquisitions	0.9	-	-	-	0.9
Unwinding of discount	-	-	0.6	-	0.6
Other transfers	0.3	-	-	(0.3)	-
Balance at 30 June 2013	85.2	12.8	17.7	84.5	200.2
Current	78.2	12.8	4.3	78.6	173.9
Non-current	7.0	-	13.4	5.9	26.3

Section 5 Capital Structure and Financing Costs

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

The Directors determine the appropriate capital structure of Orora, specifically, how much is raised from shareholders (equity) and how much is borrowed from financial institutions (debt) in order to finance the Group's activities both now and in the future. The Directors consider the Group's capital structure and dividend policy at least twice a year ahead of announcing results and do so in the context of its ability to continue as a going concern, to execute the strategy and to deliver its business plan.

Prior to the Group's demerger from Amcor Limited a syndicate of domestic and international financial institutions committed to provide a $1,100.0 million revolving multicurrency facility to the Group. The facility is made up of two tranches with Tranche A, being a $550.0 million facility maturing in December 2016 and Tranche B, a $550.0 million facility maturing in December 2018. On 31 December 2013, $765.8 million was drawn down under the facility to effect the demerger (refer note 2).

During the 2014 reporting period Orora Limited has complied with the financial covenants of its borrowing facilities.

5.1 Net Cash

$ million	2014	2013
Cash on hand and at bank	**27.6**	11.2
Deposits at call	**2.9**	3.7
Total cash and cash equivalents	**30.5**	14.9
Loan amounts owing to Amcor Limited, due within one year	**-**	789.3
Bank overdrafts	**-**	1.3
Bank loans due within one year	**14.2**	-
Amounts due within one year	**14.2**	790.6
Bank loans due after one year	**651.9**	-
Total debt	**666.1**	790.6
Net debt	**635.6**	775.7

Cash and cash equivalents
Cash and cash equivalents include cash on hand and at bank, short-term deposits and short-term money market investments. Bank overdrafts are shown within interest-bearing liabilities in current liabilities on the statement of financial position. The carrying value of cash and cash equivalents is considered to approximate fair value.

Loan amounts owing to Amcor Limited, due within one year
Prior to the demerger the Group was historically funded through working capital facilities and intercompany loans provided by Amcor Limited. These loans were repayable at call and were therefore disclosed as payable within one year and interest was charged at commercial rates.

Bank loans due within one year
Loans due within one year include bank overdrafts and uncommitted loans facilities that are repayable on demand and form an integral part of the Group's cash management processes.

Bank loans due after one year
In December 2013 $765.8 million was drawn under the Group's revolving multicurrency facility, to repay amounts owed to Amcor Limited pursuant to the Demerger Agreement (refer note 2).

As at 30 June 2014 bank loans due after one year include:

- A$425.0 million drawn under a A$550.0 million committed global syndicated multi-currency facility maturity in December 2016; and
- US$179.3 million and A$40.0 million drawn under a A$550.0 million committed global syndicated multi-currency facility maturity in December 2018;

The amounts have been drawn under Australian and US dollars and bear interest at the applicable BBSY and LIBOR rate plus an applicable credit margin.

Section 5 Capital Structure and Financing Costs (continued)

5.2 Interest-bearing liabilities

The Group's interest-bearing liabilities represent borrowings from financial institutions. The interest payable on these instruments is shown in the net financing costs in note 5.4.

Accounting policies
Bank overdrafts, bank loans and other loans are initially recognised at their fair value, net of transaction costs incurred. Subsequent to initial recognition, interest-bearing liabilities are measured at amortised cost with any difference between the net proceeds and the maturity amount recognised in the income statement over the period of the borrowings using the effective interest rate method.

Interest-bearing liabilities are derecognised when the obligation specified in the contract is discharged, cancelled or expires. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid is recognised in profit or loss as other income or finance costs.

Interest-bearing liabilities are classified as current liabilities, except for those liabilities where the Group has an unconditional right to defer settlement for at least 12 months after the reporting period which are classified as non-current liabilities.

Maturity of interest-bearing liabilities
The table below analyses the Group's borrowings by when they fall due for payment:

	Current	**Non-Current**			
$ million	**1 year or less, or on demand**	**1-2 years**	**2-5 year**	**More than 5 years**	**Total**
2014					
Unsecured borrowings					
Bank loans	**14.2**	**-**	**651.9**	**-**	**666.1**
Amounts owing to Amcor Limited	**-**	**-**	**-**	**-**	**-**
Total unsecured borowings	**14.2**	**-**	**651.9**	**-**	**666.1**
Total Debt	**14.2**	**-**	**651.9**	**-**	**666.1**
2013					
Unsecured borrowings					
Bank overdrafts	1.3	-	-	-	1.3
Amounts owing to Amcor Limited	789.3	-	-	-	789.3
Total unsecured borowings	790.6	-	-	-	790.6
Total Debt	790.6	-	-	-	790.6

For all borrowings, the fair values are not materially different to their carrying amount since the interest payable on those borrowings is either close to current market rates or the borrowings are of a short-term nature.

5.3 Derivative financial instruments

A derivative is a type of financial instrument typically used to manage risk. A derivative's value changes over time in response to underlying variables such as exchange rates or interest rates and is entered into for a fixed period. A hedge is where a derivative is used to manage an underlying exposure.

The Group is exposed to changes in interest rates on its net borrowings, changes in foreign exchange rates on its foreign currency commercial transactions (transaction risk) and translation of balance sheet items of foreign subsidiaries (translation risk) and exposure to commodity price and employee share price risk arising from the Group's operational activities. In accordance with Board approved policies the Group uses derivative financial instruments to hedge these underlying exposures. Refer to note 5.5 for further details regarding the risk management policies of the Group.

Derivative financial instruments are initially included in the statement of financial position at their fair value, either as assets or liabilities, and are subsequently remeasured at fair value or 'marked to market' at each reporting date. Movements in instruments measured at fair value are recorded in the income statement in net financing costs.

An interest rate swap is an instrument to exchange a fixed rate of interest for a floating rate, or vice versa, or one type of floating rate for another. A cross-currency interest rate swap exchanges a fixed or floating interest rate in one currency for a floating or fixed interest rate at in another currency.

Section 5 Capital Structure and Financing Costs (continued)

5.3 Derivative financial instruments (continued)

Accounting policies

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

The Group designates certain derivatives either as:

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

The Group documents, at the inception of the transaction, the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, as to whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items.

Derivative instruments are classified as non-current assets or liabilities when the remaining maturity of the hedged item is greater than 12 months; and are classified as current assets or liabilities when the remaining maturity is less than 12 months. Trading derivatives are classified as a current asset or liability.

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in the income statement within other income or other expenses.

Fair value hedge

Where a derivative financial instrument is designated as a hedge of exposure to changes in fair value of a recognised asset or liability, the changes in the fair value of the derivative are recognised in the income statement, together with the changes in fair value of the hedged asset or liability attributable to the hedged risk. The gain or loss relating to the effective portion of interest rate swaps hedging fixed rate borrowings is recognised in the income statement within finance costs, together with changes in the fair value of the hedged fixed rate borrowings attributable to interest rate risk. The gain or loss relating to the ineffective portion is recognised in the income statement within other income or other expenses.

If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used, is amortised to the income statement over the period to maturity using a recalculated effective interest rate.

Cash flow hedge

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability, or a highly probable forecast transaction, the effective part of any gain or loss on the derivative financial instrument is recognised in other comprehensive income and accumulated in equity in the hedging reserve. The change in the fair value that is identified as ineffective is recognised immediately in the income statement within other income or other expenses.

Amounts accumulated in equity are transferred to the income statement in the periods when the hedged item affects profit or loss (for instance, when the forecast sale that is hedged takes place). However, when the forecast transaction that is hedged results in the recognition of a non-financial asset (for example, inventory), the gains and losses previously deferred in equity are transferred from equity and included in the measurement of the initial cost or carrying amount of the asset.

When a hedging instrument expires or is sold, terminated or exercised, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

Section 5 Capital Structure and Financing Costs (continued)

5.3 Derivative financial instruments (continued)

Derivative financial instruments
As at 30 June 2014 and 2013, the Group only held derivative financial instruments whose fair values were measured in accordance with level 2 of the fair value hierarchy. The following table sets out the fair value of derivative financial instruments analysed by type of contract.

	Level 2 fair value hierarchy	
$ million	**2014**	2013
Assets		
Current		
Derivative financial instruments - fair value through profit and loss:		
Forward exchange contracts	**0.2**	0.7
Commodity contracts	**0.2**	-
Derivative financial instruments - cash flow hedges:		
Forward exchange contracts	**0.4**	1.3
Interest rate swap contracts	**-**	0.8
Total current derivatives in an asset position	**0.8**	2.8
Total derivatives in an asset position (refer note 4.4)	**0.8**	2.8
Liabilities		
Current		
Derivative financial instruments - fair value through profit and loss:		
Forward exchange contracts	**0.9**	0.1
Derivative financial instruments - cash flow hedges:		
Forward exchange contracts	**3.2**	0.3
Interest rate swap contracts	**0.1**	-
Derivative financial instruments - fair value through profit and loss:		
Commodity contracts	**-**	0.9
Total current derivatives in a liability position	**4.2**	1.3
Non-current		
Derivative financial instruments - fair value through profit and loss:		
Forward exchange contracts	**0.1**	-
Interest rate swap contracts	**-**	0.1
Derivative financial instruments - cash flow hedges:		
Forward exchange contracts	**0.1**	-
Interest rate swap contracts	**2.0**	-
Total non-current derivatives in a liability position	**2.2**	0.1
Total derivatives in a liability position	**6.4**	1.4
Net derivative (liability)/asset position	**(5.6)**	1.4

Fair value measurements
Derivative financial instruments are recognised and measured at fair value in the financial statements. The specific valuation techniques used to value the derivative financial instruments include:

- fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves;
- the fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date; and
- the fair value of the commodity forward contracts is determined using the commodity price at the balance sheet date.

There were no transfers between levels 1 and 2 for recurring fair value measurements during the year. The Group does not hold any level 3 derivative financial instruments.

Section 5 Capital Structure and Financing Costs (continued)

5.4 Net financing costs

This section details the interest income generated on the Group's cash and other financial assets and the interest expense incurred on borrowings and other financial liabilities.

Accounting policies
Net financing costs comprises interest income on funds invested and interest expense on borrowings, amortisation of discounts or premiums related to borrowings, amortisation of ancillary costs incurred in connection with the arrangement of borrowings and the unwinding discount on provision balances. Interest income and interest expense on borrowings are recognised as they accrue using the effective interest rate method.

Financing expenses are brought to account in determining profit for the period, except to the extent the expenses are directly attributable to the acquisition, construction or production of a qualifying asset. Such financing costs are capitalised as part of the cost of the asset up to the time it is ready for its intended use and are then amortised over the expected useful economic life.

Net financing costs
Net financing costs can be analysed as follows:

$ million	2014	2013
Finance income		
Retirement benefit interest income	**0.2**	-
Interest income	**0.7**	0.3
Total finance income	**0.9**	0.3
Finance expenses		
Interest paid/payable:		
- Unwinding of discount	**(0.6)**	(0.3)
- Retirement benefit interest expense	**(0.3)**	-
- Finance charges on amounts owed to Amcor Limited	**(21.0)**	(57.2)
- External	**(20.2)**	(4.9)
Amount capitalised[1]	**-**	14.0
Tota interest paid/payable	**(42.1)**	(48.4)
Borrowing costs	**(2.5)**	-
Total finance expenses	**(44.6)**	(48.4)
Net financing cost	**(43.7)**	(48.1)

[1]The financial expenditure capitalised in the prior period relate to financial costs that were capitalised in respect of the construction of the recycled paper mill located in New South Wales, Australia

Section 5 Capital Structure and Financing Costs (continued)

5.5 Financial risk management

The Group's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance as set out in the table below:

Risk	Exposure arising from	Management
Market Risk – foreign currency	Future commercial transactions Recognised financial assets and liabilities not denominated in 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
Market Risk – employee share plan risk	Changes in the share price of the Company	Purchase of Treasury Shares held by Orora Employee Share Trust
Credit Risk	Cash and cash equivalents, trade receivables, derivative financial instruments	Credit limits, retention of title over goods sold, letters of credit
Liquidity Risk	Borrowings and other liabilities	Availability of committed credit lines and borrowing facilities

Financial risk management is carried out by Orora Group Treasury under policies that have been approved by the Board for managing each of these risks including principles and procedures with respect to risk tolerance, delegated levels of authority on the type and use of financial instruments and the reporting of these exposures. The treasury function reports regularly to the Audit & Compliance Committee and treasury operations are subject to periodic reviews. Transactions are only undertaken if they relate to underlying exposures, the Group does not use derivatives to speculate. Refer to note 5.3 for details on the derivatives held by the Group at reporting date.

5.5.1 Market Risk

Foreign exchange risk
The Group operates internationally and is therefore exposed to currency risk arising from movements in foreign currency rates, primarily with respect to the US Dollar and NZ Dollar. The foreign exchange risk arises from:

- differences in the dates foreign currency commercial transactions are entered into and the date they are settled (transaction risk);
- recognised monetary assets and liabilities held in a non-functional currency and net investments in foreign operations (translation risk)

To manage the foreign currency exchange risk the Group's foreign exchange policy is to hedge material foreign currency denominated expenditure at the time of commitment and to hedge a proportion of foreign currency denominated forecasted exposures (mainly relating to export sales and the purchase of inventory) on a rolling 18 month basis, using either a natural hedge where one exists, or through the use of forward foreign exchange contracts taken out for up to two years from the forecast date.

Generally, the Group's borrowings are denominated in currencies that match the cash flows generated by the underlying operations of the Group, which are primarily Australian and US dollars. Interest payable on those borrowings is denominated in the currency of the borrowing. This provides a natural economic hedge in respect of the US operations without requiring derivatives to be entered into.

The Group's investments in its US subsidiaries is hedged by a US dollar denominated unsecured bank loan (carrying amount of the assets is US$230.9 million) which mitigates the foreign currency translation risk arising from the subsidiaries net assets. The fair value of the borrowing at 30 June 2014 was US$182.1 million. The Group's investments in other subsidiaries are not hedged.

Forward exchange contracts are measured at fair value with gains and losses taken to the cash flow hedge reserve until such time as the hedged item affects profit or loss or they are included in the costs of hedged inventory purchases or other asset acquisitions.

Section 5 Capital Structure and Financing Costs (continued)

5.5 Financial risk management (continued)

5.5.1 Market Risk (continued)

Foreign exchange risk (continued)

Exposure

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

	2014	
$ million	**USD**	**NZD**
Funds employed	**245.0**	**172.3**
Net Debt	**(174.1)**	**5.3**
Gearing	**71.1%**	**(3.1%)**
EBITDA	**69.8**	**29.3**
Net Debt	**(174.1)**	**5.3**
Leverage	**2.5**	**(0.2)**

The Group's exposure to foreign currency transaction risk at the end of the reporting period, expressed in Australian dollars, was as follows:

	AUD			NZD		
$ million	**USD**	**EUR**	**NZD**	**USD**	**EUR**	**AUD**
2014						
Next 18 months forecasted sales	**60.9**	**-**	**23.1**	**-**	**-**	**-**
Next 18 months forecasted purchases	**(64.8)**	**(37.1)**	**(1.5)**	**(7.7)**	**(2.6)**	**(94.4)**
Net forecast transaction exposure	**(3.9)**	**(37.1)**	**21.6**	**(7.7)**	**(2.6)**	**(94.4)**
Forward exchange contracts	**22.2**	**15.3**	**(17.1)**	**4.0**	**0.2**	**51.0**
Net Exposure	**18.3**	**(21.8)**	**4.5**	**(3.7)**	**(2.4)**	**(43.4)**

Amounts recognised in profit or loss and other comprehensive income

During the year, the Group recognised a foreign currency loss of $0.9 million (2013: loss $0.9 million) and a loss of $1.1 million (2013: gain $0.4 million) relating to foreign currency derivatives, that did not qualify as hedges, within general and administrative expenses in the income statement. In addition, a loss of $3.8 million (2013: $1.6 million gain) relating to cash flow hedges and a $13.0 million gain (2013: nil) on the translation of foreign operations was recognised in other comprehensive income.

Sensitivity

At 30 June 2014, if the Australian dollar had weakened by 10% against the US dollar with all other variables held constant, equity would have been $2.7 million higher.

At 30 June 2014, if the Australian dollar had weakened by 10% against the NZ dollar with all other variables held constant, equity would have been $5.5 million lower.

Interest rate risk

The Group's main interest rate risk arises from long-term borrowings with variable rates, which expose the Group to cash flow interest rate risk. The Group's Treasury risk management policy is to maintain an appropriate mix between fixed and floating rate borrowings, monitoring global interest rates, and where appropriate, hedging floating interest rate exposures or borrowings at fixed interest rates through the use of interest rate swaps and forward interest rate contracts.

The Group's policy is to hold up to 85.0% fixed rate debt. At 30 June 2014 approximately 45.0% of the Group's debt is fixed rate.

Section 5 Capital Structure and Financing Costs (continued)

5.5 Financial risk management (continued)

5.5.1 Market Risk (continued)

Interest rate risk (continued)
Exposure
The Group had the following variable rate borrowings and interest rate swap contracts outstanding at 30 June:

	2014	
	Weighted average interest rate %	**Balance $million**
Bank loans	**3.5%**	**666.1**
Interest rate swaps (notional principal amount)	**2.8%**	**300.0**
Net exposure to cash flow interest rate risk		**366.1**

All of the Group's interest rate swaps are classified as cash flow hedges so any movement in the fair value is recognised directly in equity with the amounts accumulated in equity transferred to the income statement in the period in which the hedged item affects profit or loss. During the year $2.1 million loss was recognised directly in equity in relation to interest rate swaps.

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

Commodity price risk
The Group is exposed to commodity price risk arising from the purchase of aluminium. In managing commodity price risk the Group is able to pass on the price risk contractually to customers through rise and fall adjustments. In the case of aluminium some hedging is undertaken using fixed price swaps on behalf of certain customers. Hedging undertaken is based on customer instructions and all related benefits and costs are passed through onto the customer on maturity of the transaction.

Movements in commodity hedges are recognised in equity. The cumulative amount of the hedge is recognised in the income statement when the forecast transaction is realised. However, there is no impact on profit as a result of movements in commodity prices where hedges have been put in place as the Group passes the price risk contractually through to customers through rise and fall adjustments in customer contractual arrangements. As the Group ultimately passes on the movement risk associated with commodity prices, no sensitivity has been performed.

Employee Share Plan risk
The Group is exposed to movements in the value of ordinary shares of Orora Limited in respect of the obligations under the Group's Employee Share Plans (refer 5.6.5). To mitigate this risk, during the period, the Group established the Orora Employee Share Trust (the 'Trust') to manage and administer the Group's responsibilities under the Employee Share Plans through the acquiring, holding and transferring of shares, or rights to shares, in the Company to participating employees.

The Trust is consolidated as the substance of the relationship is that the Trust is controlled by the Group. As at 30 June 2014, the Trust did not hold any treasury shares in the Company (2013: nil) but did hold 2,083,312 allocated shares in respect of the CEO Grant (2013: nil). Refer to note 5.6.1 for further details.

5.5.2 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's financing policy is to fund itself for the long term by using debt instruments with a range of maturities and to ensure access to appropriate short-term facilities. Orora Group Treasury aims to maintain flexibility within the funding structure through the use of bank overdrafts and bank loans.

Management monitors liquidity risk through maintaining minimum undrawn committed liquidity of at least 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.

Section 5 Capital Structure and Financing Costs (continued)

5.5 Financial risk management (continued)

5.5.2 Liquidity risk (continued)

Financing arrangements

The committed and uncommitted standby arrangements and unused facilities of the Group are set out below:

	2014		
$ million	**Committed**	**Uncommitted**	**Total**
Financing facilities available:			
Bank overdrafts	**-**	**6.3**	**6.3**
Loan facilities and term debt	**1,100.0**	**67.5**	**1,167.5**
	1,100.0	**73.8**	**1,173.8**
Facilities utilised:			
Bank overdrafts	**-**	**-**	**-**
Loan facilities and term debt	**655.4**	**14.2**	**669.6**
	655.4	**14.2**	**669.6**
Facilities not utilised:			
Bank overdrafts	**-**	**6.3**	**6.3**
Loan facilities and term debt	**444.6**	**53.3**	**497.9**
	444.6	**59.6**	**504.2**

At 30 June 2014 the Group has a revolving multicurrency facility available consisting of two tranches of $550.0 million each. $425.0 million has been drawn under the first tranche of the facility which has a maturity of December 2016, while $230.4 million has been drawn under the second tranche with a maturity of December 2018. The facility, which is unsecured, can be extended. The facility has leverage and interest cover financial covenants normal for such a facility.

Section 5 Capital Structure and Financing Costs (continued)

5.5 Financial risk management (continued)

5.5.2 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
2014						
Non-derivative financial instruments						
Trade and other payables	**541.0**	**2.2**	**1.9**	**2.4**	**547.5**	**547.5**
Borrowings	**37.7**	**23.9**	**682.2**	**-**	**743.8**	**666.1**
Total non-derivatives	**578.7**	**26.1**	**684.1**	**2.4**	**1,291.3**	**1,213.6**
Derivatives						
Net settled (interest rate swaps and commodity contracts)	**(0.3)**	**(0.5)**	**(1.3)**	**-**	**(2.1)**	**(1.9)**
Gross settled forward exchange contracts						
- Inflow	**199.0**	**15.8**	**0.9**	**-**	**215.7**	
- Outflow	**(202.3)**	**(16.2)**	**(0.9)**	**-**	**(219.4)**	
Total gross settled forward exchange contracts	**(3.3)**	**(0.4)**	**-**	**-**	**(3.7)**	**(3.7)**
Total derivatives	**(3.6)**	**(0.9)**	**(1.3)**	**-**	**(5.8)**	**(5.6)**

5.5.3 Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. It arises principally from the Group's receivables from customers, cash and cash equivalents and in-the-money derivatives. There is also credit risk relating to the Group's own credit rating as this impacts the availability and cost of future finance.

The Group manages credit risk through the maintenance of procedures such as the utilisation of systems of approval, granting and renewal of credit limits, regular monitoring of exposures against such credit limits and assessing the overall financial stability and competitive strength of the counterparty on an ongoing basis.

Trade and other receivables
Credit risk exposures related to trade and other receivables are discussed in note 4.1.

Cash and cash equivalents and derivatives
Credit risk related to balances with banks and financial institutions are managed by Orora Group Treasury in accordance with Group policy. The policy only allows financial derivative instruments to be entered into with high credit quality financial institutions with a minimum long-term credit rating of A- or better by Standard & Poor's. In addition the Board has approved the use of these financial institutions, and specific internal guidelines have been established with regards to limits, dealing and settlement procedures.

The maximum exposure to credit risk by class of recognised financial assets at the end of the reporting period, excluding the value of any security held, is equivalent to the carrying amount and classification of the financial assets (net of any provisions) as presented in the statement of financial position.

Guarantees
The Group's policy is to provide financial guarantees only to certain parties securing the liabilities of subsidiaries, and are only provided in exceptional circumstances. At 30 June 2014 no financial guarantees have been provided (2013: nil).

Section 5 Capital Structure and Financing Costs (continued)

5.6 Equity

This section explains material movements recorded in shareholders' equity that are not explained elsewhere in the financial statements. The movements in equity and the balance at 30 June 2014 are presented in the consolidated statement of changes in equity.

The Group utilises share award schemes as part of its employee remuneration packages and in respect of managing its responsibilities under these schemes the Company has established the Orora Employee Share Trust (the 'Trust). Information relating to the Orora share-based compensation schemes and the Trust is provided below.

5.6.1 Contributed equity

Accounting policies
Ordinary shares
Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or the exercise of options are recognised as a deduction from equity, net of any related income tax benefit effects. The Company does not have authorised capital or par value in respect of its issued shares. All issued shares are fully paid, all shares rank equally with regard to the Company's residual assets. Ordinary shares entitle the holder to participate in dividends, as declared from time to time and are entitled to one vote per share at meetings of the Company.

Treasury shares
Where the Orora Employee Share Trust purchases equity instruments in the Company, that have been identified as treasury shares, the consideration paid, including any directly attributable costs is deducted from equity, net of any related income tax effects. When the treasury shares are subsequently sold or reissued, any consideration received, net of any directly attributable costs and the related income tax effects, is recognised as an increase in equity, and the resulting surplus or deficit on the transaction is presented in retained earnings.

Contributed equity

$ million	2014	2013
Issued and paid-up:		
1,206,684,923 ordinary shares with no par value (2013: 212,198,429)	**513.4**	215.3
Total contributed equity	**513.4**	215.3

Reconciliation of ordinary shares

	2014		2013	
	No. '000	**$ million**	No. '000	$ million
Balance at beginning of period	**212,198**	**215.3**	212,198	215.3
Issue of shares for consideration under the demerger restructuring activities [(1)]	**270,352**	**298.7**	-	-
Share capital consolidation[(2)]	**(482,549)**	**-**	-	-
Shares issued under the Amcor demerger scheme[(3)]	**1,206,684**	**-**	-	-
Shares purchased on-market to satisfy issue of CEO Grant	**-**	**(0.6)**	-	-
Balance at end of period	**1,206,685**	**513.4**	212,198	215.3

(1) Refer to note 2 which describes the impact on the reported results of Orora Limited arising from transactions and restructuring activities undertaken as part of the demerger from Amcor Limited. 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 Limited ordinary share held on the record date, being 24 December 2013, thereby resulting in the issue of 1,206.7 million ordinary shares.

Section 5 Capital Structure and Financing Costs (continued)

5.6 Equity (continued)

5.6.1 Contributed equity (continued)

Orora Employee Share Trust
The Group holds shares in itself as a result of shares purchased by the Orora Employee Share Trust (the 'Trust'). The Trust has was established on 20 February 2014 to manage and administer the Company's responsibilities under the Groups Employee Share Plans (refer 5.6.5) through the acquiring, holding and transferring of shares, or rights to shares, in the Company to participating employees. In respect of these transactions, at any point in time the Trust may hold 'allocated' and 'unallocated' shares.

Allocated shares represent those shares that have been purchased and awarded to employees under the CEO Grant (refer 5.6.5). These shares are restricted in that the employee is unable to dispose of the shares for a period of up to five years (or as otherwise determined by the Board). The Trust holds these shares on behalf of the employee until the restriction period is lifted at which time the Trust releases the shares to the employee. Where the Orora Employee Share Trust purchases equity instruments in the Company, as the result of managing the Company's responsibilities under the Groups' CEO Grant Employee Share Plan award, the consideration paid, including any directly attributable costs is deducted from equity, net of any related income tax effects.

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

Transactions with the Group-sponsored Trust are included in these financial statements. In particular, the Trust's purchases of shares in Orora Limited are debited directly to equity. The shares are held in the Trust until such time as they may be transferred to participants of the various Group share schemes. In accordance with the Trust Deed, the Trustees have the power to exercise all voting rights in relation to any investment (including shares) held within the Trust.

As at 30 June 2014 the Trust did not hold any unallocated (treasury) shares in the Company (2013: nil) but did hold 2,803,312 allocated shares in respect of the CEO Grant (2013: nil).

5.6.2 Other Reserves

Accounting policies
Available-for-sale revaluation reserve
Changes in the fair value of investments, such as equities and available-for-sale financial assets, are taken to the revaluation reserve. Amounts are recognised in the income statement when the associated asset is disposed of or impaired.

Cash flow hedge reserve
The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred.

Demerger reserve
This reserve records the transactions that have been recognised for consolidation purposes between the Orora Group and Amcor Limited as a result of the demerger. Further information in respect of the demerger is disclosed in note 2. The reserve balance reflects the difference between the consideration paid by Orora under the internal corporate restructure, which was measured at fair value. This took place prior to the demerger, in respect of acquiring the North America and certain closure and fibre packaging operations in Australia and New Zealand, and the assets and liabilities acquired, which were recognised at their carrying value under a common control transaction.

Share-based payment reserve
The share-based payment reserve is used to recognise the fair value of options and rights recognised as an expense. The Company provides benefits to employees (including senior executives) of the Group in the form of share-based payments, whereby employees render services in exchange for options or rights over shares. Refer to note 5.6.5 for further details of the 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.

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.

Section 5 Capital Structure and Financing Costs (continued)

5.6 Equity (continued)

5.6.2 Other Reserves (continued)

Other Reserves

$ million	Available-for-sale revaluation reserve	Cash flow hedge reserve	Share-based payment reserve	Demerger reserve	Exchange fluctuation reserve	Total reserves
Balance at 1 July 2013	**(1.5)**	**0.7**	-	-	**-**	**(0.8)**
Other comprehensive income/(loss):						
Net change in fair value	**4.4**	-	-	-	-	**4.4**
Effective portion of changes in fair value	**-**	**(5.9)**	**-**	**-**	**-**	**(5.9)**
Currency translation differences	**-**	**-**	**-**	**-**	**13.0**	**13.0**
Deferred tax	**-**	**1.7**	**-**	**-**	**-**	**1.7**
Total other comprehensive income/(loss)	**4.4**	**(4.2)**	**-**	**-**	**13.0**	**13.2**
Transactions with owners in their capacity as owners:						
Reserves attribtuable to entities acquired under common control	**-**	**0.4**	**-**	**-**	**(38.6)**	**(38.2)**
Tranfers to/(from) equity accounts	**-**	**-**	**-**	**132.9**	**-**	**132.9**
Share-based payments expense	**-**	**-**	**2.1**	**-**	**-**	**2.1**
Balance at 30 June 2014	**2.9**	**(3.1)**	**2.1**	**132.9**	**(25.6)**	**109.2**
Balance at 1 July 2012	(1.2)	(0.5)	-	-	-	(1.7)
Other comprehensive income/(loss):						
Net change in fair value	(0.3)	-	-	-	-	(0.3)
Effective portion of changes in fair value	-	1.6	-	-	-	1.6
Deferred tax	-	(0.4)	-	-	-	(0.4)
Total other comprehensive income/(loss)	(0.3)	1.2	-	-	-	0.9
Balance at 30 June 2013	(1.5)	0.7	-	-	-	(0.8)

5.6.3 Retained Earnings

$ million	2014	2013
Retained earnings at the beginning of the period	**847.0**	897.2
Net loss attributable to members of the owners of Orora Limited	**(72.2)**	(50.2)
Retained earnings attributable to entities acquired under common control	**153.4**	-
Tranfers to/(from) equity accounts	**(132.9)**	-
	795.3	847.0
Ordinary dividends:		
- Interim paid[(1)]	**(36.2)**	-
- Final paid[(2)]	**-**	-
	(36.2)	-
Retained earnings at the end of the period	**759.1**	847.0

[(1)] The 2014 interim dividend paid on 2 April 2014 was 3.0 cents per share, the Company did not make an 2013 interim dividend distribution.
[(2)] The Company did not make a final dividend distribution in the 2013 financial year.

Retained earnings comprises profit for the year attributable to owners of the Company and other items recognised directly in equity as presented on the consolidated statement of changes in equity.

Section 5 Capital Structure and Financing Costs (continued)

5.6 Equity (continued)

5.6.4 Capital management

Risk Management
The key objective of the Group when managing its capital is to safeguard its ability to continue as a going concern, so that the Group can continue to provide returns for shareholders and benefits for other stakeholders, and maintain an optimal capital and funding structure that optimises the cost of capital available to the Group over the long term. The Group defines capital as including equity and net debt.

In order to optimise the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, vary capital expenditure, draw down additional debt or sell assets to reduce debt in line with the strategic objectives and operating plans of the Group.

The key objectives include:

- maintaining a credit profile and the requisite financial metrics to secure access to alternate funding sources with a spread of maturity dates and sufficient undrawn committed facility capacity; and
- optimising over the long term, and to the extent practicable, the weighted average cost of capital to reduce the cost of capital to the Group while maintaining financial flexibility.

The Group uses a range of financial metrics to monitor the efficiency of its capital structure, including on-balance sheet gearing and leverage ratios, and ensure that its capital structure provides sufficient financial strength to allow it to secure access to debt finance at reasonable cost. At 30 June 2014, the Group's on-balance sheet gearing and leverage ratios were 31.5% and 2.2 times, respectively.

Dividends
On 25 August 2014 the Directors of Orora Limited declared a final dividend of 3.0 cents per ordinary share, unfranked as there are insufficient franking credits available for distribution from the franking account. The final dividend is payable on 8 October 2014. The balance of the franking accounting as at 30 June 2014 is nil (2013: nil).

The financial effect of this dividend has not been brought into account in the consolidated financial statements for the year ended 30 June 2014 and will be recognised in the financial report for the year ending 30 June 2015. For the interim dividend non-resident shareholders were subject to Australian withholding tax as the dividend was not franked or sourced from the parent entity's Conduit Foreign Income Account.

For the final dividend non-resident shareholders will be subject to Australian withholding tax as the dividend will not be franked or sourced from the parent entity's conduit Foreign Income Account. As a result non-residents will be subject to Australian withholding tax.

No dividends were paid in the prior period.

5.6.5 Share-based compensation

The Company did not have any share-based compensation schemes in place prior to the Group's separation from Amcor Limited and therefore no comparative information has been provided below. Subsequent to the Orora Group's demerger from Amcor Limited the Group has established the following share-based compensation schemes which are governed by the terms and conditions contained within the Orora Limited Equity Incentive Plan Rules.

Refer to note 3.1.2 for details the share-based payment expense that has been recognised during the period in respect of the Group's Employee Share Plans.

Accounting policies
The Company provides benefits to employees (including senior executives) of the consolidated entity in the form of share-based payments, whereby employees render services in exchange for options or rights over shares.

The fair value of options and rights granted is recognised as an employee benefit expense in the income statement with a corresponding increase in the share-based payments reserve in equity and is spread over the vesting period during which the employees become unconditionally entitled to the option or right. Upon exercise of the options or rights, the balance of the share-based payment reserve, relating to the option or right, is transferred to share capital.

The fair value of options is measured at grant date taking into account market performance conditions, but excludes the impact of any non-market conditions (eg profitability and sales growth targets). Non-market vesting conditions are included in the assumptions about the number of options that are expected to be exercisable. The fair value of options granted is measured using the Black Scholes option pricing model that takes into account the exercise price, term of the option, impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

Section 5 Capital Structure and Financing Costs (continued)

5.6 Equity (continued)

5.6.5 Share-based compensation (continued)

Accounting policies (continued)
At each reporting period the Group revises the estimate of the number of options that are expected to vest based on the non-market vesting conditions. Any impact to the revision of an original estimate is recognised in the income statement with a corresponding adjustment to the share-based payment reserve. The employee expense, recognised each period, reflects the most recent estimate.

The fair value of rights is measured at grant date using a Monte-Carlo valuation model which simulates the date of vesting, the percentage vesting, the share price and total shareholder return. Once the simulated date of vesting is determined a Black-Sholes methodology is utilised to determine the fair value of the rights granted.

The dilutive effect, if any, of outstanding options or rights is reflected as additional share dilution in the computation of earnings per share (refer note 3.3).

CEO Grant
Under the CEO Grant, the Board nominates certain senior executives as eligible to receive fully-paid ordinary shares in part satisfaction of their remuneration for the relevant financial year. The number of shares issued is at the discretion of the Board. The restrictions on these shares do not allow the employee to dispose of the shares for a period of up to five years (or as otherwise determined by the Board), unless the employee ceases employment later than three years after the shares were issued. Any right or interest in the shares will be forfeited if the employee voluntarily ceases employment within three years from the date the shares were issued or, if the employee is dismissed during the restriction period, for cause or poor performance. The shares subject to the CEO Grant carry full dividend entitlements and voting rights.

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

	Number	**Weighted average fair value $**
Restricted shares at beginning of financial period	**-**	**-**
Transfer of award on demerger from Amcor Limited	**1,703,988**	**0.44**
Issued during the period	**450,820**	**1.16**
Restriction lifted	**(71,496)**	**0.08**
Restricted shares at end of financial period	**2,083,312**	**0.60**

A number of awards issued under the CEO Grant are replacement awards for those Orora participants who, at demerger date, held unvested restricted shares issued to them under the Amcor Senior Executive Retention Share Plan (SERSP). In accordance with the provisions of the Demerger Deed the awards held by the Orora participants under the Amcor SERSP were divested and the proceeds used to purchase an equivalent value of Orora shares over the first five days trading post the effective date of the demerger. The replacement awards remain subject to the same time restriction and minimum holding period as when the awards were issued under the Amcor SERSP.

Long Term Incentive
In 2014 the Group established the Orora Long Term Incentive plan (LTI). Under the LTI, share options or performance rights over shares in the Company, or performance shares, may be issued to executive officers, senior executive 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.

Section 5 Capital Structure and Financing Costs (continued)

5.6 Equity (continued)

5.6.5 Share-based compensation (continued)

Long Term Incentive (continued)
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 share options and performance rights are as follows:

						Balance at end of period		
Grant date	Expiry date	Exercise price $	Balance at beginning of period No.	Granted No.	Exercised No.	On issue No.	Vested & Exercisable No.	Proceeds received $
2014								
Options								
19 Feb 2014	30 Sept 2021	1.22	-	4,475,000	-	4,475,000	-	-
19 Feb 2014	30 Sept 2022	1.22	-	4,005,000	-	4,005,000	-	-
19 Feb 2014	30 Sept 2023	1.22	-	4,005,000	-	4,005,000	-	-
			-	**12,485,000**	**-**	**12,485,000**	**-**	**-**
Weighted average fair value ($)[1]			**-**	**0.24**	**-**	**0.24**	**-**	
Rights								
19 Feb 2014	30 Sept 2016	-	-	1,862,000	-	1,862,000	-	-
19 Feb 2014	30 Sept 2017	-	-	1,682,000	-	1,682,000	-	-
19 Feb 2014	30 Sept 2018	-	-	1,682,000	-	1,682,000	-	-
			-	**5,226,000**	**-**	**5,226,000**	**-**	**-**
Weighted average fair value ($)[1]			**-**	**0.87**	**-**	**0.87**	**-**	

[1] The above fair value is determined in accordance with AASB 2 *Share-based Payment* in respect of recognising the share-based payment expense of the award granted.

In accordance with the provisions of the Demerger Deed the 2012 Amcor LTIP awards held by Orora participants were forfeited, with the participant to receive a pro-rata deferred cash compensation payment based on time served before the demerger, as a percentage of the total performance period. Participants will receive the deferred cash compensation payment from Amcor in March 2015 on the condition that they are still an employee of Orora at that time. A replacement award has been granted to these participants under the Orora LTI.

The 2013 Amcor LTIP awards held by Orora participants were forfeited and replacement awards provided to the Orora employees under the Orora LTI. The 2014 Amcor LTIP awards held by Orora participants have been withheld due to the proximity of the award date to the demerger and as a consequence a substitute award has been provided to participants under the Orora LTI. The 2014 Orora award was granted at the same time as the replacement 2012 and 2013 awards were granted in accordance with the Demerger Deed.

In respect of the 2012 and 2013 replacement Orora LTI awards and the 2014 award, no allocation was made to N Garrard (Managing Director and Chief Executive Officer) during the period. A separate resolution will be put to shareholders at the 2014 Annual General Meeting to approve a grant of options and rights to N Garrard to cover the three tranches granted under the LTI.

Section 5 Capital Structure and Financing Costs (continued)

5.6 Equity (continued)

5.6.5 Share-based compensation (continued)

Fair value of options and rights
The fair value of each option granted is estimated on the date of grant using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the vesting and performance criteria, and where applicable the market condition criteria, the impact of dilution, the non-tradeable nature of the option, the share price at grant date and expected volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

The fair value of each right grant is estimated at grant date using a Monte-Carlo valuation model which simulates the date of vesting, the percentage vesting, the share price and total shareholder return. Once the simulated date of vesting is determined, a Black-Scholes methodology is utilised to determine the fair value of the rights granted.

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

	2014
Expected dividend yield (%)	**4.50**
Expected price volatility of the Company's shares (%)	**22.00**
Share price at grant date ($)	**1.33**
Exercise price ($) - options only	**1.22**
Risk-free interest rate - options (%)	**3.93**
Expected life of option (years)	**3.46**
Risk-free interest rate - rights (%)	**3.04**
Expected life of rights (years)	**3.46**

Short Term Incentive
Deferred Equity
The Orora Limited Short Term Incentive plan – Deferred Equity provides a short-term incentive opportunity to selected executives, in the form of rights to Orora Limited shares. The number of rights that are allocated to each eligible executive is based on:

- 33.3% of the value of the cash bonus payable under the Executive Management Incentive Plan, following the end of the performance period
- the volume weighted average price of Orora Limited ordinary shares for the five trading days prior to 30 June, being the end of the performance period; 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.

For the year ended 30 June 2014, the equity outcomes will be determined and allocated in September 2014. For the year ended 30 June 2014, the Group recognised an expense of $0.3 million in relation to this incentive plan.

Section 6 Other Notes

6.1 Related party transactions

The related parties identified by the Directors include investments and key management personnel.

To enable users of our financial statements to form a view about the effects of related party relationships on the Group, we disclose the related party relationship when control exists, irrespective of whether there have been transactions between the related parties. Details of investment in subsidiaries are disclosed in note 6.3.

6.1.1 Parent Entity

The ultimate parent entity within the Orora Group is Orora Limited, which is domiciled and incorporated in Australia. Prior to the demerger and subsequent listing of Orora Limited on the Australian Securities Exchange, the ultimate parent entity of Orora Limited was Amcor Limited.

Transactions with entities in the wholly-owned Orora Group are made on normal commercial terms and conditions and during the year included:

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

Transactions between entities of the Orora Group, whilst a wholly-owned subsidiary of Amcor Limited, and the controlled entities of Amcor Limited included:

- advancement and repayment of loans from Amcor Limited 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 Limited and the sale of inventory by Orora's Australian entities to Amcor for sale within Australia which occurred at nil margin, all other transactions were conducted according to normal commercial terms and conditions.

Amounts owing to and from entities in the Orora Group and entities in the Amcor Group were dealt with on demerger in the manner as set out in note 2.

6.1.2 Key Management Personnel

Key Management Personnel (KMP) consist of Orora Limited Executive and Non-Executive Directors, the Chief Financial Officer and the Group General Manager, Strategy. Key management personnel compensation is as follows:

$ thousand	**2014**	2013
Short-term employee benefits	**3,473**	1,632
Long-term employee benefits	**79**	20
Post employment benefits	**103**	29
Share-based payment expense	**1,899**	1,068
	5,554	2,749

During the period KMP received shares in Orora Limited under the Amcor demerger scheme, whereby one Orora Limited share was offered for every Amcor Limited 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 5.6.5).

Detailed remuneration disclosures are provided in the Remuneration Report section of the Directors' Report. Apart from the information disclosed in this note, no Director has entered into a material contract with the Group this financial year and there were no material contracts involving Directors' interests existing at year end.

At 30 June 2014 no individual KMP or related party holds a loan with the Group.

6.1.3 Other related parties

Contributions to superannuation funds on behalf of employees are disclosed in note 3.1.2.

Orora Limited and its controlled entities

Notes to the financial statements

30 June 2014

Section 6 Other Notes (continued)

6.2 Contingent liabilities

A contingent liability is a liability that is not sufficiently certain to qualify for recognition as a provision where uncertainty may exist regarding the outcome of future events.

Various entities in the Group are party to legal actions which have arisen in the ordinary course of business. The actions are being defended and the Directors are of the opinion that provisions are not required as no material losses are expected to arise.

6.3 Principal subsidiary undertakings and investments

The ultimate parent entity of the Group is Orora Limited, a company incorporated in Australia. The companies listed below are those whose results or financial position principally affected the figures shown in the annual report:

Controlled entities	Country of incorporation	Orora Group's effective interest 2014	2013
Specialty Packaging Group Pty Ltd	Australia(1)	100%	100%
Orora Closure Systems Pty Ltd(2)	Australia(1)	100%	-
Orora Packaging New Zealand Ltd(2)	New Zealand	100%	-
Orora North America(2)	United States	100%	-

(1) Orora Limited and these subsidiary companies have entered into an approved deed for the cross guarantee of liabilities, refer note 6.4.
(2) Joined Group on 31 October 2013 as part of the demerger restructuring activities.

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

6.3.1 Acquisition of controlled entities

On 31 October 2013 Orora Limited acquired a 100% interest in the following entities as a result of the demerger restructuring activities (refer note 2):

Controlled entities	Country of incorporation	Controlled entities	Country of incorporation
Orora Closure Systems Pty Ltd	Australia(1)	Kent H Landsberg Co of Illinois, LLC	United States
Orora NZ Holdings Ltd	New Zealand	Kent H Landsberg Co of El Paso LP	United States
Orora Packaging New Zealand Ltd	New Zealand	Orora Texas LLC	United States
Kent H Landsberg Europe Limited	United Kingdom	Kent Landsberg Co of Dallas, LP	United States
AAPD DGP	United States	KDS Printing & Packaging Inc	United States
AAPD LLC	United States	Hanson Staple Company, Inc	United States
Orora North America	United States	Orora de Mexico SA de CV	Mexico
APD California, LLC	United States	Kent H Landsberg Co de Mexico SA de CV	Mexico
Box Builders (Inc)	United States	Sunclipes de Mexico SA de CV	Mexico
Corrugated Service Orange Inc	United States	Kent H Landsberg (Shanghai) Co Ltd	China
Zetco Inc	United States	Kent H Lansberg Singapore Pte Ltd	Singapore
Just in Time Inc	United States	Landsberg Canada Inc	Canada
Frantis Manufacturing Company Inc	United States		
The Anle Box & Paper Co of Indiana Inc	United States		

(1) This subsidiary has entered into an approved deed for the cross guarantee of liabilities with Orora Limited and other entities domiciled in Australia, refer note 6.4.

In addition to the entities acquired as part of the internal corporate restructure, on 1 July 2013 the Group acquired 100% of the equity of Chapview Pty Limited a small distribution business located in Australia.

The Group did not acquire any controlled entities during the period ending 30 June 2013. However on 3 July 2012 the Group did acquire the business assets of Wayne Richardson Sales, an independently owned packaging and industrial distributor with eight distribution centres across Australia.

Section 6 Other Notes (continued)

6.3.2 Disposal of controlled entities

On 31 October 2013 Orora Limited disposed its investment in Techni-Chem Australia Pty Ltd, a company domiciled in Australia, as a result of the demerger restructuring activities. Refer to note 2 for further information on the impact on the reported results of Orora Limited of this disposal.

The Group did not dispose of any entities during the period ending 30 June 2013.

6.4 Deed of Cross Guarantee

Under the terms of ASIC Class Order 98/1418 (as amended), certain wholly-owned controlled entities have been granted relief from the *Corporations Act 2001* requirement to prepared and lodge audited Financial Reports and Directors' Reports.

It is a condition of the Class Order that the holding entity, Orora Limited, and each of the relevant subsidiaries enter into a Deed of Cross Guarantee whereby each company guarantees the debts of the company's party to the Deed.

On 9 May 2014 the holding entity, Orora Limited entered into the deed of cross guarantee with the following subsidiaries.

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

Financial Statements for the Orora Limited Deed of Cross Guarantee

The consolidated income statement, statement of comprehensive income and statement of financial position, comprising Orora Limited and the wholly-owned subsidiaries party to the deed, after eliminating all transactions between the parties, as at 30 June, are set out below.

Income Statement

$ million	**2014**
Sales revenue	**1,605.2**
Cost of sales	**(1,361.1)**
Gross profit	**244.1**
Other income	**52.1**
Operating expenses	**(383.8)**
Loss from operations	**(87.6)**
Financial income	**0.7**
Financial expenses	**(41.2)**
Net finance costs	**(40.5)**
Loss before related income tax benefit	**(128.1)**
Income tax benefit	**42.1**
Loss from continuing operations	**(86.0)**
Discontinued Operations	
Profit from discontinued operations, net of tax	**33.0**
Loss for the financial period	**(53.0)**

Section 6 Other Notes (continued)

6.4 Deed of Cross Guarantee (continued)

Financial Statements for the Orora Limited Deed of Cross Guarantee (continued)

Statement of comprehensive income

$ million	2014
Loss for the financial period	**(53.0)**
Other comprehensive income/(loss)	
Items that may be reclassified subsequently to profit or loss:	
Available-for-sale financial assets	
Net change in fair value of available-for-sale financial assets	**4.4**
Cash flow hedges	
Effective portion of changes in fair value of cash flow hedges	**(5.9)**
Tax on cash flow hedges	**1.7**
Other comprehensive income for the financial period, net of tax	**0.2**
Total comprehensive loss for the financial period	**(52.8)**

Summary of movements in retained earnings

$ million	2014
Loss for the financial period	**(53.0)**
Retained (loss)/profits at beginning of financial period	**838.2**
Retained earnings attributable to entities acquired under common control	**35.8**
Transfers from equity accounts	**(39.5)**
	781.5
Dividends recognised during the financial period	**(36.2)**
Retained losses at the end of the financial period	**745.3**

Section 6 Other Notes (continued)

6.4 Deed of Cross Guarantee (continued)

Financial Statements for the Orora Limited Deed of Cross Guarantee (continued)

Statement of financial position

$ million	2014
Current assets	
Cash and cash equivalents	**6.0**
Trade and other receivables	**195.2**
Inventories	**292.6**
Other financial assets	**0.8**
Other current assets	**23.2**
Current tax receivable	**6.0**
Total current assets	**523.8**
Non-current assets	
Other financial assets	**223.7**
Property, plant and equipment	**1,381.8**
Deferred tax assets	**17.7**
Intangible assets	**88.6**
Other non-current assets	**56.0**
Total non-current assets	**1,767.8**
Total assets	**2,291.6**
Current liabilities	
Trade and other payables	**350.0**
Interest-bearing liabilities	**52.5**
Other financial liabilities	**4.2**
Provisions	**93.8**
Total current liabilities	**500.5**
Non-current liabilities	
Trade and other payables	**0.7**
Interest-bearing liabilities	**462.8**
Other financial liabilities	**2.2**
Provisions	**25.6**
Total non-current liabilities	**491.3**
Total liabilities	**991.8**
Net assets	**1,299.8**
Equity	
Contributed equity	**513.4**
Reserves	**41.1**
Retained profits	**745.3**
Total equity	**1,299.8**

Section 6 Other Notes (continued)

6.5 Orora Limited information

Accounting policies
The financial information for the parent entity Orora Limited has been prepared on the same basis as the consolidated financial statements, except as set out below.

Investments in subsidiaries
In the Company's financial statements, investments in subsidiaries are carried at cost less, where applicable, accumulated impairment losses.

Tax consolidation regime
On 1 January 2014 the Company and its wholly-owned Australian resident entities formed a tax-consolidated group and are therefore taxed as a single entity. The head entity within the tax-consolidated group is Orora Limited.

The Company, and the members of the tax-consolidated group, recognise their own current tax expense/income and deferred tax assets and liabilities arising from temporary differences using the 'stand alone taxpayer' approach by reference to the carrying amounts of assets and liabilities in the separate financial statements of each entity and the tax values applying under tax consolidation.

In addition to its current and deferred tax balances, the Company also recognises the current tax liabilities (or assets), and the deferred tax assets arising from unused tax losses and unused tax credits assumed from members of the tax-consolidated group, as part of the tax-consolidation arrangement. Assets or liabilities arising under tax funding agreements with members of the tax-consolidated group are recognised as current amounts receivable or payable from the other entities within the tax-consolidated group.

Nature of tax funding agreement
The Company, as the head entity of the tax-consolidated group, in conjunction with the other members of the tax-consolidated group, has entered into a tax funding agreement which sets out the funding obligations of members of the tax-consolidated group in respect of tax amounts. The tax funding agreement requires payment to/from the head entity equal to the current tax liability/asset assumed by the head entity of the tax-consolidated group, resulting in the head entity recognising an intercompany receivable/payable equal to the amount of the tax liability/asset assumed.

The agreement requires wholly-owned subsidiaries to make contributions to the Company for tax liabilities arising from external transactions during the period. The contributions are calculated as if each subsidiary continued to be a standalone taxpayer in its own right. The contributions are payable annually and reflect the timing of the head entity's obligation to make payments for tax liabilities to the relevant tax authority.

Summary financial information
The individual financial statements for the parent entity show the following aggregate amounts:

Summarised income statement and comprehensive income

	Orora Limited	
$ million	**2014**	2013
Loss before related income tax expense for continuing operations	**(155.0)**	(113.1)
Income tax benefit	**53.9**	49.2
Loss after tax for continuing operations	**(101.1)**	(63.9)
Profit from discontinued operations, net of tax	**33.0**	6.0
Loss for the financial period	**(68.1)**	(57.9)
Total comprehensive loss	**(67.9)**	(57.0)

Section 6 Other Notes (continued)

6.5 Orora Limited information (continued)

Summary financial information (continued)
Summarised balance sheet

	Orora Limited	
$ million	**2014**	2013
Total current assets	**503.7**	524.9
Total assets	**2,218.9**	2,332.8
Total current liabilities[1]	**463.8**	1,219.3
Total liabilities	**953.6**	1,263.5
Net assets	**1,265.3**	1,069.3
Equity		
Contributed equity	**513.4**	215.3
Reserves:		
Share-based payment reserve	**2.0**	-
Available-for-sale reserve	**2.9**	(1.5)
Cash flow hedge reserve	**(3.5)**	0.7
Retained profits	**750.5**	854.8
Total equity	**1,265.3**	1,069.3

[1] As at 30 June 2013 total current liabilities includes loans repayable on demand to Amcor Limited of $737.4 million.

Contingent liabilities of Orora Limited
Pursuant to the terms of the ASIC Class Order 98/1418 (as amended) dated 13 August 1998, which relieved certain wholly-owned subsidiaries from specific accounting and financial reporting requirements, Orora Limited and all of the Company's Australian wholly-owned subsidiaries entered into an approved deed for the cross guarantee of liabilities. No liabilities subject to the Deed of Cross Guarantee at 30 June 2014 are expected to arise to Orora Limited and subsidiaries, as all such subsidiaries were financially sound and solvent at that date.

Details of the deed and the consolidated financial position of the Company and the subsidiaries party to the deed are set out in note 6.4.

6.6 Events subsequent to balance date

Acquisition of plastic packaging distributor
On 1 July 2014 the Group completed a small bolt on acquisition of a plastic packaging distribution business in Texas, USA. The business services customers in the food and produce sectors in the USA, Mexico and Canada and will form part of the North America reporting segment.