ORORA

Invest
Innovate
Grow

ANNUAL REPORT 2017



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Products & services

Glass bottles

Aluminium cans

Closures & caps

Boxes & cartons

Point of purchase displays

Packaging equipment

Recycled paper

Rigid packaging

Bags & sacks

Flexible packaging

General packaging materials & supplies

Orora delivers an extensive range of tailored packaging and visual communication solutions

Printing & signage

Research & technology

Product sourcing

Automation & engineering

Innovation & design

Kitting & fulfilment

Logistics services

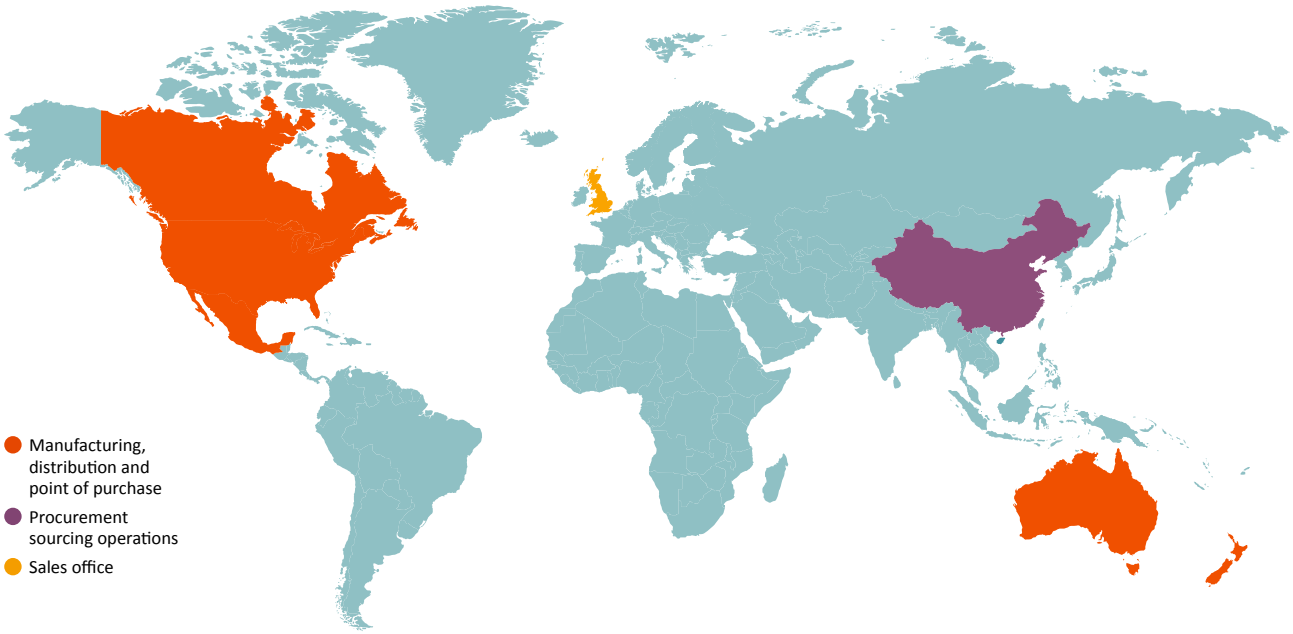
Digital technology

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Who we are and what we do

Orora works closely with its customers to provide an extensive range of tailored packaging and visual communications solutions. These include the design and manufacture of packaging products such as glass bottles, beverage cans, corrugated boxes, recycled paper, multi-walled paper bags and point of purchase displays. The Company also offers broad end-to-end packaging solutions and complementary services, including global product sourcing, distribution, design, printing and warehouse optimisation. Every day, millions of consumers buy and use goods in packaging proudly designed, developed, produced or supplied by Orora.



7 COUNTRIES

43 MANUFACTURING PLANTS

88 DISTRIBUTION SITES

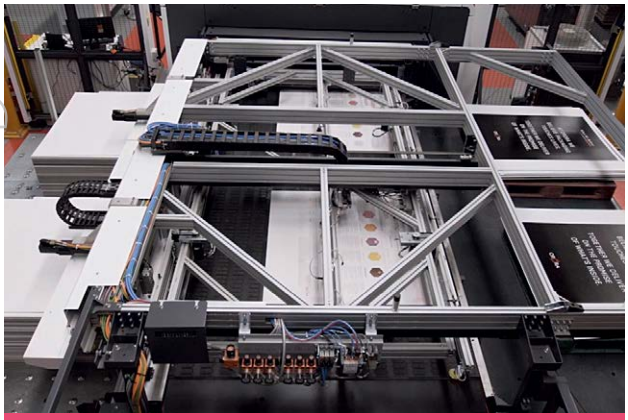
6.7K TEAM MEMBERS

54K SHAREHOLDERS

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Invest, innovate, grow



Digital printing investments

Orora is investing in sophisticated digital printing technology to help customers respond to a rapidly changing environment where speed to market is critical. Investments include a world-class digital printer at the Scoresby box plant, which offers all the benefits of a traditional printing press, but with the ability to print short runs or one-off items for bespoke packaging projects.

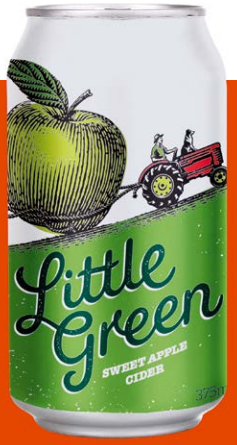
$25 million investment in New Zealand

More than $25 million has been invested in Orora's New Zealand business to increase manufacturing capabilities in Christchurch, Hastings and Auckland. Investments have helped reduce repetitive handling processes and increase production capacity to meet future customer demand in New Zealand's growing fresh food and produce segment.



Introducing creative can concepts

From in-house innovation, design and decoration to specialised manufacturing, Orora takes creative concepts to commercial reality. A recent example is Orora's partnership approach with Carlton & United Breweries, to produce an eye-catching 375ml can for the highly competitive cider market.



habitat™

Orora Fresh habitat™ trays are preserving freshness using top-seal lidding while a unique venting system provides a breathable environment for live products. The clever packaging design is proving popular with Orora's fresh food customers in North America.



Plant tags help customers' gardens grow

Orora Visual is using an innovative mix of packaging and technology to help customers plant a better garden. In a first for the US horticultural market, "Grow Together" codes were added to plant tags used by a major home improvement retailer. The tags help customers identify the most suitable plants in the store for their garden, while text messaging a code printed on the tag links to a webpage where useful information about the plant is available, from watering and feeding, to cutting and pruning. Grow Together codes are another example of how innovative packaging is enhancing the customer experience.



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Wireless technology revolutionises perishable product packaging

Orora has partnered with BT9 to introduce wireless technology to ensure perishable goods arrive in pristine condition. The Xsense® wireless tag monitors temperature and relative humidity along the entire supply chain, helping guard against spoilage and minimising waste.



Women in Leadership at Orora

In 2016, Orora reaffirmed its commitment to diversity by launching the Women in Leadership at Orora ("WILO") program. The program is a unique professional development opportunity, supporting women to cultivate leadership skills to thrive and succeed at Orora. The program's initial participants successfully graduated in June 2017 and Orora is conducting another WILO program in the coming year.

WILO
Women in Leadership at Orora

Inaugural Orora Supplier of the Year

Introduced in 2016, Orora's Supplier of the Year Awards recognise the outstanding contribution that suppliers make to the business. They are designed to celebrate supplier outperformance in innovation, customer focus, working together and commercial excellence.

New die cutter optimises manufacturing process

Orora Fibre Packaging is optimising its manufacturing process in a business where speed to market, cost efficiencies and employee safety are paramount. Corrugated boxes are traditionally made by cutting a design from a flat sheet of board using a series of "dies". These are hand-made and consist of metal knives, mounted on a wooden "form". A state-of-the-art laser cutter will be installed this coming year, eliminating the need for a die form, increasing production efficiency while reducing the risk of team member injury.





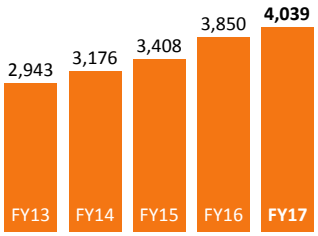
Glass bottle sleeving benefits customers and the environment

Numerous off-colour glass bottles are scrapped when furnaces change between colours. These waste bottles are then remelted, consuming additional energy. Orora has introduced a decorative shrink sleeve application at its Gawler bottle production facility. Decorative sleeves not only conceal off-coloured glass, but also enable the bottle to be used in high-impact marketing campaigns and labelling promotions. This solution offers a value-add marketing opportunity for the Australian wine industry, while also reducing the need for energy to remelt unwanted bottles.

Operating and financial highlights

- Orora has more than doubled underlying profit after tax since demerger
- Underlying earnings per share up 14.6%
- Solid sales and earnings growth delivered in Australasia and North America
- Integration of recent acquisitions in North America "on track"
- Earnings growth has been successfully converted into operating cash flow to maintain a strong balance sheet and provide future growth optionality
- Return on average funds employed (RoAFE) increased 90 bps to 13.6%
- Declared dividends up 15.8% and at the top end of the indicated payout range

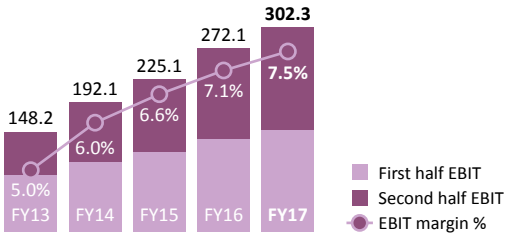
SALES REVENUE [1] (AUD million)



$4.0b

↑ 4.9% INCREASE

EBIT [1] [2] (AUD million)



$302.3m

↑ 11.1% INCREASE

RoAFE [2]

13.6%

FROM 12.7%

NET PROFIT AFTER TAX [2]

$186.2m

↑ 14.4% INCREASE

UNDERLYING OPERATING CASH FLOW

$331.5m

↑ 5.6% INCREASE

DIVIDEND (per share)

11.0¢

↑ 15.8% INCREASE

(1) FY13 & FY14 represent pro forma Sales and EBIT.
(2) FY16 & FY17 represent underlying earnings excluding the impact of significant items relating to the sale of the former cartonboard mill site in Petrie, Queensland and the Group's retention of decommissioning obligations under the sale agreement. FY16 excludes significant item income representing the gain on sale of the site, whilst FY17 excludes a significant item expense relating to expected additional decommissioning costs of the site.

NOTE REGARDING NON-IFRS FINANCIAL INFORMATION
Throughout this report, Orora has included certain non-IFRS financial information. This information is presented to assist in making appropriate comparisons with prior periods and to assess the operating performance of the business. Orora uses these measures to assess the performance of the business and believes that the information is useful to investors. The following non-IFRS measures have not been audited but have been extracted from Orora's audited Financial Statements: earnings before interest and tax (EBIT) before significant items; earnings before interest, tax, depreciation and amortisation (EBITDA) before significant items; significant items; average funds employed.

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

NOTE REGARDING PRO FORMA INFORMATION
On 31 December 2013, the demerger of Orora Limited ('Orora' or the 'Company') and its controlled entities (collectively referred to as the 'Group' or the 'Orora Group') from Amcor Ltd was implemented. Prior to the demerger, as at 31 October 2013, the Company and Amcor Ltd were required to undertake an internal corporate restructure. Certain financial information contained within this Annual Report in respect of the financial year ended 30 June 2014 and prior have been presented on a pro forma basis as if the internal corporate restructure and demerger had occurred at the beginning of period presented. Financial information presented on a pro forma basis has been identified as such.

All currency referred to in this Annual Report is in Australian dollars, unless otherwise stated.

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To Orora's shareholders

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CHRIS ROBERTS
Chairman

NIGEL GARRARD
Managing Director and Chief Executive Officer

Orora performed strongly in the financial year ended 30 June 2017, with the Company continuing to implement its value-creating strategy. Backed by a strong balance sheet, Orora has built additional momentum in its core businesses and is making strategic investments to generate future growth.

Orora is pleased to present its 2017 Annual Report to shareholders. It has been another successful year for Orora, with the Company delivering on its financial objectives, generating strong earnings growth, and continuing to execute its strategy to drive future growth.

Over the past 12 months Orora grew sales revenue by 4.9% to $4,039.1 million despite flat market conditions in the Australasian and North American regions. The Company grew earnings in both regions, continued to focus on Group-wide business improvement initiatives and cost reduction programs and benefited from the first full year contribution from Orora Visual Dallas (formerly IntegraColor). This resulted in earnings before interest and tax ("EBIT"), excluding significant items, rising to $302.3 million, an increase of 11.1% on the previous financial year, and underlying net profit after tax ("NPAT") of $186.2 million, up 14.4%. Earnings per share ("EPS"), excluding significant items, was 15.6 cents, up 14.6% on the prior financial year.

Statutory NPAT for the financial year ended 30 June 2017 was $171.1 million, with statutory EPS at 14.3 cents. An after-tax significant item expense of $15.1 million was recorded for additional expected costs associated with decommissioning the former Petrie Mill site, following an interim project review and reassessment of the estimated costs to complete. The increase in expected costs is due to a range of factors including delays in the commencement of some works, the scope and complexity of remediation works required and increases in costs.

Rigorous financial discipline and sound balance sheet management have enabled Orora to convert increased earnings into cash, with operating cash flow improving 5.6% to $331.5 million. Cash conversion was 74%, which was in excess of the long-term target of 70%. This further strengthened the Company's balance sheet, reducing leverage to 1.6 times, down from 1.7 times in the previous year. Net debt during the period increased to $674 million, compared to $630 million at 30 June 2016, which was mainly due to the completion of Orora Visual acquisitions in North America.

To Orora's shareholders

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The Board has declared a final dividend of 6.0 cents per share, franked to 30%. This takes the total dividend for the financial year ended 30 June 2017 to 11.0 cents per share, which is an increase of 15.8% over the prior financial year. This represents a payout ratio of approximately 70% of NPAT, which is again at the top end of Orora's indicated payout range and reflects the Board's continued confidence in the business and its strategy.

Operational review

A detailed review of Orora's operational performance for the financial year ended 30 June 2017 is presented in the Operational Review section of this report.

Overall, the business delivered another strong performance, driven by the strength and resilience of the Group's core businesses. This was augmented by the growth investments Orora has made in the North American point of purchase ("POP") and visual communications sector.

Orora Australasia delivered a 6.6% increase in EBIT to $213.6 million, with sales increasing 2.3%.

In the Fibre business, increased earnings were driven by steady sales growth across targeted market segments. Earnings growth was further augmented by cost reduction and innovation benefits from the recycled paper mill at Botany, New South Wales ("B9"), as well as manufacturing and operating efficiencies in Fibre Packaging.

A new depot was opened in Innisfail, Queensland in January 2017 to support Fibre Packaging's "Go Direct" strategy. In addition, the distribution facility in Bundaberg, Queensland will be expanded to support business growth in the region.

The $20.0 million state-of-the-art dairy sack line at Keon Park, Victoria was commissioned and is now fully operational. Commercial sales have commenced, primarily to export markets, which are helping to offset general softness in the Australian domestic dairy market.

The remaining B9 cost reduction and innovation benefits were successfully delivered during the year. B9 produced 373,000 tonnes of recycled paper, with planned additional maintenance periods, as well as some reliability issues impacting volumes. These issues were progressively addressed throughout the year with production performance levels returning close to nameplate in the last quarter of the financial year.

In the Beverage business, sales revenue and earnings were ahead of the previous financial year driven by higher sales volumes in glass and closures, as well as improved cost controls and efficiency improvements. This helped offset lower sales volumes in cans and input cost headwinds in glass manufacturing.

Orora successfully completed the $42.0 million project to increase manufacturing output at the Company's Glass furnace facility at Gawler, South Australia with the project being delivered on time and on budget. Three expanded forming lines are now fully operational, increasing output by 60 million bottles per year and reducing the need to import bottles.

Orora North America, which comprises Orora Packaging Solutions ("OPS") and the recently launched POP and visual communications business, delivered strong EBIT growth of 18.8% to $117.5 million. In local currency terms, EBIT increased 23.1% to USD88.6 million, while sales grew 11.4% to USD1,536.1 million. The business segments performance was driven by strong organic sales growth delivered by OPS, a continued focus on efficiencies and cost control and benefits from acquisitions.

OPS continued to pursue its organic growth strategy, increasing sales by effectively leveraging its product breadth, uniform service offering and national footprint to drive sales growth from existing corporate accounts and win new customer business. The Californian warehouse consolidation and reorganisation project was also completed during the year, with benefits expected to flow in the year ahead. The Manufacturing division increased earnings, with the benefits of improved efficiencies and operating cost control offsetting ongoing margin pressure.

A new facility was established in central Mexico in November 2016 to provide specialist packaging solutions for the fresh food sector. Following the successful acquisition of Jakait in 2015, the new facility is supported by a number of existing customer relationships and is delivering in line with expectations.

The Company's foundation POP business, Orora Visual Dallas, has completed its first full financial year as part of Orora and performed in line with expectations. The business integration is on track and synergies are flowing through as expected.

Growth and innovation

Positive progress has been made to add scale to the Company's strategic growth investment in the North American POP sector. Three further POP and visual communication businesses – The Register Print Group, The Garvey Group and Graphic Tech – were acquired during the year for a combined total of USD97.9 million and have since been united with Orora Visual Dallas to create Orora Visual.

Under the Orora Visual brand, the consolidated business provides a compelling customer-proposition and offers exceptional speed-to-market for large corporate customers that are looking to implement integrated, national marketing campaigns.

Innovation continues to be an important strategic focus for the Company. The Company established the $45.0 million Orora Global Innovation Initiative in 2015, and since then has committed approximately $29.0 million, including $14.9 million spent in the financial year ended 30 June 2017, to projects that deliver innovative customer-led product solutions or enhance productivity.

During the year, Orora businesses turned to the Orora Global Innovation Initiative to fund a range of projects that enhance innovation, modernisation and productivity, including:

- Glass sleeving technology at the Company's Gawler glass facility. This technology applies a sleeve to discoloured glass bottles that would previously have been sent for recycling. The sleeve can be designed to meet customer brand or promotional requirements
- A large format digital printer at Orora's Scoresby site in Victoria, to meet customer demand for short-run print campaigns
- A new laser cutter, to complement the Scoresby digital printer, which removes the need for a physical die and significantly reduces set-up time from weeks to hours.

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Orora team members are also actively involved in the innovation process through a successful internal crowd sourcing initiative. Launched in July 2016, the platform enabled more than 1,500 team members to contribute and develop ideas that are potentially funded through the Orora Global Innovation Initiative. More than 600 ideas were submitted, with a number referred for further development and funding support.

These are just some of the innovation initiatives that Orora is pursuing to keep the business at the forefront of the market and deliver shareholder value both now and into the future.

The Orora Way – driving outperformance

Organisational culture has continued to play a critical role at Orora. Team members have played a major part in shaping the Company's culture through developing The Orora Way, which sets out the Company's belief statement, strategic focus areas, values and outperformance deliverables that are designed to drive business success and deliver shareholder value. A shared vision is key to driving operational and financial outperformance.

The Orora Way has again proved pivotal this year, helping to integrate newly acquired businesses into the Company and uniting new team members with a common sense of purpose. The Company has also continued to recognise team members who embody The Orora Way and demonstrate their commitment to Orora's values. To this end, the Company invests in the Orora Hero Awards, a global recognition program that celebrates team members who role model a commitment to outperformance in the areas of safety, financial discipline, customer focus and people.

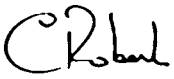
More broadly, increasing the diversity of the Orora workforce remains a key priority for the business, as it ensures the Company has a broad talent pipeline and a strong, representative culture. In 2017, the Company introduced an internal Champions of Change initiative, comprising 17 senior leaders from across the business. Their aim is to raise awareness about the importance of diversity and inclusion and role model the behaviours that will bring about effective change in the workplace.

In addition, this year the Company introduced the Women in Leadership at Orora ("WILO") program. This unique 10-month program supports women by cultivating leadership skills to build a successful career at Orora. The inaugural WILO intake included 20 women from across the business. Based on the success of the initial program, a new intake will now be drawn from across the Australasian business, with plans to extend the program to North American team members in the following year.

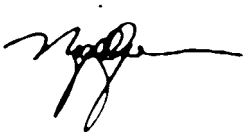
Outlook

The outlook for Orora remains positive. With a sound strategy in place, ongoing enhancements to Orora's core business, further strategic investments and a commitment to drive innovation, Orora is well placed to deliver sustained, future growth for shareholders.

The Board would like to thank Orora's shareholders, customers, team members and suppliers for their valued support during the year.



CHRIS ROBERTS
Chairman



NIGEL GARRARD
Managing Director and Chief Executive Officer

ORORA LIMITED 2016–2017 AWARDS

Gap Inc. (Gap, Banana Republic, Old Navy)
Supplier of the Year Marketing Award

CAITO FOODS
Winner: Excellence in Transformational Leadership Award
Engineered WorkForce Solutions

Banksia Foundation
Finalist: 2016 Banksia Large Business Sustainability Leadership Award

CCA Coca-Cola Amatil New Zealand
Winner: Quality of Service Recognition
Finalist: Supplier of the Year Beverage Cans Wiri

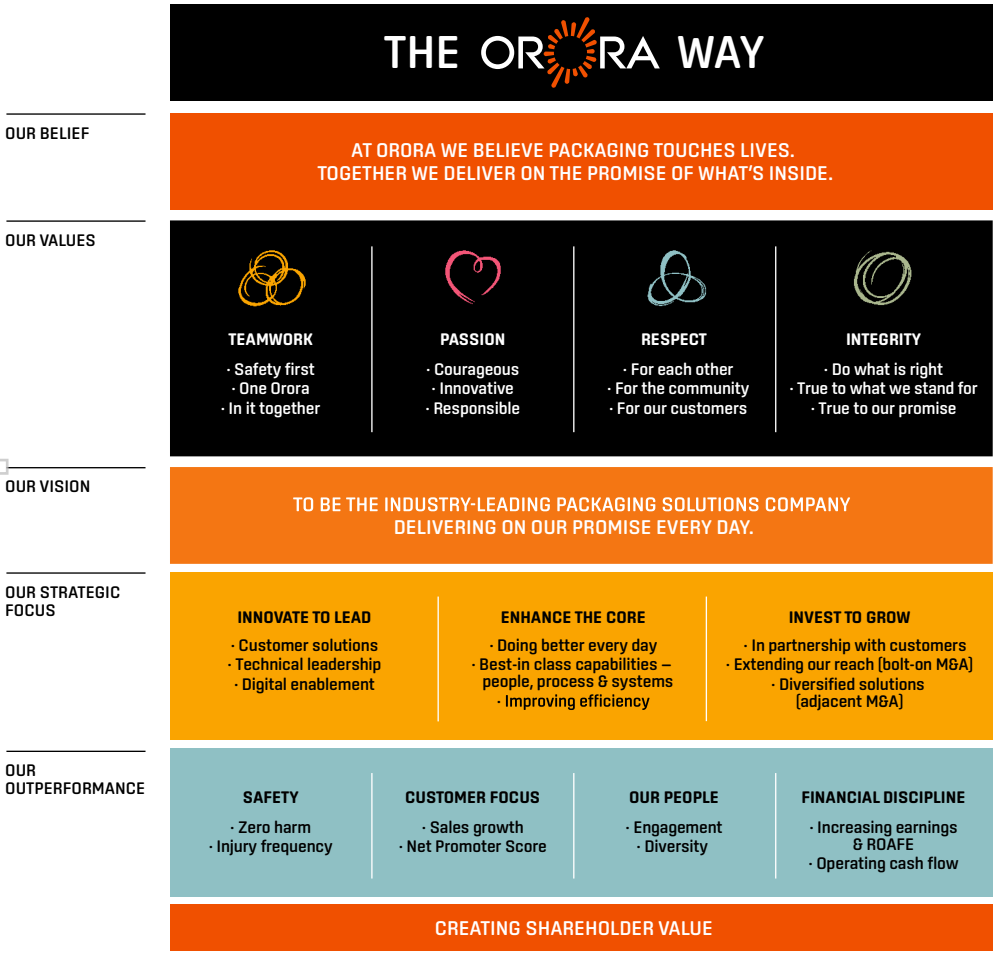
2017 Victorian Manufacturing Hall of Fame Finalist
Finalist: Manufacturer of the Year – Large Business

The Orora Way

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Invest
Innovate
Grow

The Orora Way articulates the Group's purpose, strategy and guiding vision. This framework provides a practical set of guidelines to unite team members and embed a shared belief in what they do and how they can deliver for customers in every market that Orora operates in around the world.



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Orora believes that harnessing and focusing the talents and passion of team members is critical to its future success.

A common set of beliefs and a shared understanding contributes to Orora's high performance culture and generates a sustainable competitive advantage.

This is especially important as Orora continues to execute on its growth strategy through acquisition. As new businesses are acquired from across Australasia and North America, The Orora Way is proving its worth by helping to integrate new team members into the Group. Post-acquisition work to embed The Orora Way begins immediately; setting standards, creating a common purpose and a uniform set of goals.

The Orora Way begins with the Group's belief statement that is well known among team members, no matter where they are located. In support of this statement, four key values – Teamwork, Passion, Respect and Integrity – direct the way Orora's team members work together and define the decisions that are made on a daily basis.

At the heart of The Orora Way is the Group's vision – *to be the industry-leading packaging solutions company delivering on our promise every day*. In support of this vision, Orora aligns its business activities against three strategic areas of focus:

- innovating to lead in Orora's chosen markets
- enhancing the core operations
- investing to grow the business.

These three pillars directly link with the Group's strategy and provide the blueprint for every aspect of the business, enabling Orora to capitalise on growth opportunities and deliver long-term value.

Additional operational rigour is achieved through the Group's focus on Outperformance, which is achieved through Customer Focus, Safety, Financial Discipline and Our People. Team members who role model a commitment to Outperformance are formally recognised through the Living Orora Values (LOV) Awards and the Orora Hero Awards, a global recognition program that celebrates outstanding performance, productivity, efficiency, innovation and safety outcomes.

Looking ahead, The Orora Way will continue to be used and promoted across the Company to foster a common understanding about what Orora stands for and how the business will perform as a global operation.

CASE STUDY



Orora Visual Pops Up in North America

Orora Visual was launched in North America in 2017, uniting four market-leading point of purchase ("POP") businesses under the one brand. Created following the acquisitions of IntegraColor, The Register Print Group, Graphic Tech and The Garvey Group, Orora Visual is already a market leader in the North American POP and visual communication sector. The newly branded business operates an end-to-end integrated service model, delivering a suite of customised solutions encompassing campaign design, production of print, digital and mobile solutions, logistics, data analytics and retail ready displays. Formerly dominated by smaller regional players, Orora Visual represents a watershed in the POP market, servicing customers through a national footprint of production and fulfilment hubs, thereby reducing shipping time and improving speed to market. Orora Visual is now ideally positioned to build brand awareness and strengthen its position in the rapidly evolving North American POP market.

The Orora business strategy

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Orora is continuing to execute against its proven business strategy. The Company is well positioned for sustained underlying growth through ongoing enhancements in the core business, increasing innovation focus, as well as strategic growth investment to generate additional value for customers and shareholders.

Consistent delivery

Led by an experienced Board and executive team, Orora has maintained a disciplined focus on delivering against its defined business strategy. The Orora Way has provided an effective framework for Orora's team members and business units to align their focus and deliver strong shareholder returns.

Every day, Orora delivers packaging and visual communications solutions that exceed customers' expectations. Orora delivers on the promise of what's inside by innovating to lead, enhancing the core and investing to grow.

Orora will continue to target end-market segments with appealing growth and return characteristics. Delivering superior customer service, Orora remains firmly committed to strengthening its position in selected Australasian packaging formats, as well as increasing the market share of its North American Packaging Solutions and Point of Purchase businesses.

Orora's business strategy is expected to continue to generate strong cash flows from the core business operations. Deployment of this cash flow will be through dividends to shareholders, capital investments in the core businesses, including organic growth investments and bolt-on and adjacent acquisitions. Orora has invested approximately $400.0 million in growth initiatives since listing.

Orora continues to drive innovation through its Global Innovation Initiative. Since launching this initiative 24 months ago, approximately $29.0 million has been committed to pioneering customer-led product solutions and enhanced operational productivity.

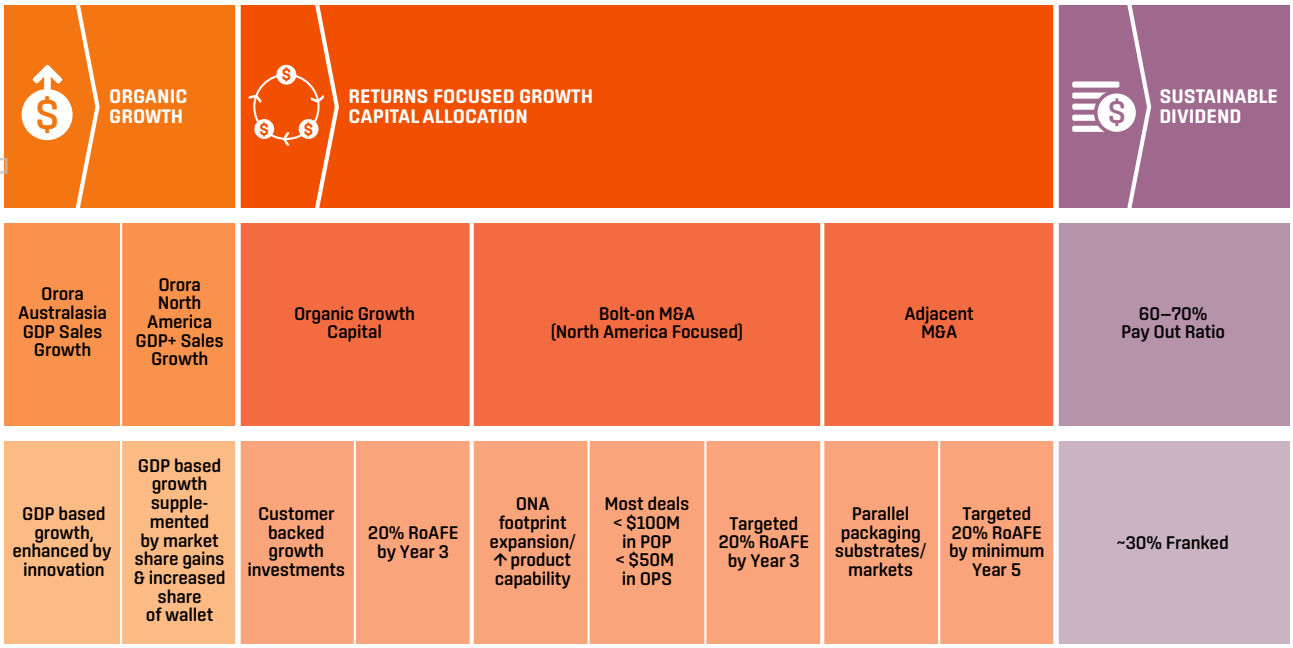
Future strategic focus

Orora will maintain its vision to be the industry-leading packaging solutions company, leveraging the Group's core capabilities and delivering against the Shareholder Value Creation Blueprint.

Orora's Shareholder Value Creation Blueprint summarises the key pillars through which the Group will build the business over the long term. Importantly, the Blueprint provides a structure against which activity and progress can be assessed by Orora and its shareholders.

In the future, Orora will continue to invest in its core businesses and deliver in line with its stated strategy. This level of investment is supplemented by an ongoing focus on improving the operational efficiency of the businesses and increased innovation to drive growth for shareholders.

Shareholder Value Creation Blueprint



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Delivering shareholder value

Focus	What this means	Track record since ASX Listing in December 2013	What we have achieved this financial year (FY17)
Organic Growth – *Enhance the Core*	Orora Australasia – GDP based growth enhanced by innovation.	Operating within good market structures and primarily servicing the defensive markets of food and beverage, Orora Australasia has reliably delivered underlying revenue growth broadly in line with GDP.	Underlying sales growth of 2.7% in Australasia.
	Orora North America – GDP based growth supplemented by market share gains and increased sales to existing customers via solutions offering and innovation.	Through utilising its uniform product and service offering and leveraging a national footprint, Orora North America has consistently delivered revenue growth in excess of 5%.	North America revenue growth of 11.4%, including OPS growth of approximately 4.2%.
Efficiency, Productivity & Cost Reduction – *Enhance the Core*	Optimise our cost base and realise targeted benefits from recent initiatives encompassing approximately $85.0 million of net total cost reduction and operating improvement benefits.	Realised approximately $78.0 million in cumulative benefits from: • cost reductions and product innovations from the B9 recycled paper mill • portfolio exits and plant closures • other initiatives.	Full delivery on the promise to deliver targeted benefits.
	Continuous, Company-wide disciplined cost and efficiency focus.	Perpetual emphasis on enhancing efficiency, productivity improvements and cost reduction $29.0 million committed thus far from the Orora Global Innovation Initiative	
Returns-Focused Growth Capital Allocation – *Invest to Grow*	Organic Growth Capital – Customer-backed growth and investments in our business targeting 20% Return on Average Funds Employed (RoAFE) within three years.	$20.0 million Dairy Sack Line in Victoria, Australia, backed by a supply agreement agreement with Fonterra, commissioned in FY17. A number of new Landsberg distribution centres have been opened, supported by large corporate accounts.	$42.0 million glass capacity expansion in South Australia, Australia (February 2016). Expansion was completed in FY17. At B9, construction has commenced on a new $23.0 million secondary water treatment plant. The plant will reduce the mill's impact on the environment by reducing the volume of regulated discharges produced in the paper making process. The waste water treatment process will also generate biogas, which will be converted into electricity for consumption on-site. The biogas engine technology solution is well-proven internationally and is expected to be commissioned in early calendar year 2018.
		$81.0 million invested in customer-backed growth investments since ASX listing	
	Bolt-on M&A – Acquisitions that expand Orora North America's footprint and/or increase its product capability. The value of most deals will be less than $50.0 million in OPS and less than $100.0 million in POP and target 20% RoAFE within three years.	Acquisition of Worldwide Plastics, targeting agriculture market. Acquisition of Jakait, a Canada-based packaging supplier to the greenhouse produce market (September 2015). Acquired a small South Australian fibre packaging distributor to enhance Orora's "Go Direct" model in the fruit and produce sector.	During the reporting period, Orora Visual expanded its national footprint with three further acquisitions of full service POP and visual display providers: • Orora Visual New Jersey (formerly Register) based in New Jersey in January 2017 • Orora Visual Chicago and Los Angeles (formerly Garvey and Graphic Tech) in March 2017.
		$182.0 million invested in enhancing Orora's footprint and product capability through bolt-ons	
	Adjacent or larger core M&A – Merger and acquisition activities that expand into parallel packaging substrates or markets or are strategically compelling to the existing core business. All deals target 20% RoAFE by year five.	Acquisition of IntegraColor, a North American manufacturer of POP retail display solutions and other visual communications services (March 2016).	
		$107.0 million invested in parallel packaging markets through adjacent M&A since ASX listing	
Sustainable Dividend	Shareholder dividends targeting a pay out ratio of between 60–70%. Aim to frank dividends to the extent practicable (estimated approximately 30%).	Annual dividends since listing have been paid at the top of this range – 70% in FY14, 69% in FY15 and 67% in FY16.	Declared total dividends of 11.0 cents in FY17 – approximately 70% payout (30% franked).

Board of Directors

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Chris Roberts

(BCom)

Independent Non-Executive Director and Chairman

Chris Roberts has significant knowledge of fast-moving consumer products, where the packaging component is critical. He has gained this expertise through executive roles internationally and in Australia as CEO of Reckitt & Colman, Orlando Wyndham Wines and Arnotts Limited.

Previous directorships include Amcor Limited, Telstra Limited, MLC Life, Email Limited, Petaluma Wines Limited and Australian Agricultural Company Limited.

Director and Chairman of Orora Limited since December 2013.

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

- Director, Control Risks Group – UK (September 2006 to April 2015)
- Deputy Chairman, The Centre for Independent Studies (since August 2004)

Board committee membership

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



Nigel Garrard

(BEc, CA, MAICD)

Managing Director and Chief Executive Officer

Nigel Garrard is a qualified chartered accountant with an extensive career in the consumer goods industry.

In 2009, Nigel joined Amcor as President of the Australasia and Packaging Distribution business group. Prior to Amcor, Nigel was Managing Director of Coca-Cola Amatil's Food and Services Division (2007–2009), Managing Director of the publicly listed SPC Ardmona (2000–2009) and held a range of positions in Australia and New Zealand with US-based Chiquita Brands International, including as Managing Director of Chiquita Brands South Pacific Limited.

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

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

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

- Director, Hudson Institute of Medical Research (since February 2016)

Board committee membership

- Member, Executive Committee



Abi Cleland

(BA, BCom, MBA, GAICD)

Independent Non-Executive Director

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

Abi currently runs an advisory and management business, Absolute Partners that focuses on strategy, M&A and building businesses leveraging disruptive changes.

Director of Orora Limited since February 2014.

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

- Director, Swimming Australia (Audit Chair) (since July 2015)
- Chairman (since June 2016) and Director (since January 2016), Planwise Australia
- Managing Director, Absolute Partners (since September 2012)

Board committee membership

- Member, Audit & Compliance Committee and Human Resources Committee

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BOARD COMMITTEES

Executive Committee

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

Nomination Committee

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

Audit & Compliance Committee

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

Human Resources Committee

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



Sam Lewis

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

Independent Non-Executive Director

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

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

Director of Orora Limited since March 2014.

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

- Director, Nine Entertainment Co Holdings Limited (since March 2017)
- Director, Aurizon Holdings Limited (since February 2015)
- APRA Audit Committee (Chairman) and APRA Risk Committee (Member) (since June 2016)

Board committee membership

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



John Pizzey

(BE. (Chem), Dip.Mgt., FTSE)

Independent Non-Executive Director

John Pizzey has extensive knowledge of the international resources industry and global environmental management.

John was formerly Executive Vice President and Group President Primary Products for Alcoa Inc., Chairman of London Metal Exchange, Chairman of Iluka Resources Limited and a Director of Amcor Limited.

Director of Orora Limited since December 2013.

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

- Chairman (since November 2011) and Director (since June 2007) of Alumina Limited
- Director, Air Liquide Australia Limited (April 2008 to April 2017)
- Member of the MonashHeart Strategic Advisory Board (2014 to March 2017)

Board committee membership

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



Jeremy Sutcliffe

(LLB (Hons))

Independent Non-Executive Director

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

Director of Orora Limited since December 2013.

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

- Director, Amcor Limited (since October 2009)
- Chairman, CSR Limited (since July 2011) and Director (since December 2008)
- Member, Advisory Board of Veolia Environmental Services Australia (since June 2010)
- Member, Australian Rugby League Commission Limited (February 2012 to March 2017)

Board committee membership

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

Executive leadership team



Nigel Garrard
(BEc, CA, MAICD)

Managing Director and Chief Executive Officer

Please see page 12.



Simon Bromell
(BSc, GDip Agribus, GAICD)

Group General Manager, Beverage

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



Peter de Hennin
(BBus (Marketing))

Group General Manager, Corporate Initiatives

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



Stuart Hutton
(BBus, CA)

Chief Financial Officer

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



Craig Jackson
(BCom, MBA, CPA, GAICD)

Group General Manager, Procurement and Supply

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



Larry C King

President, Orora Visual

Prior to joining Orora, Larry C King was the Chairman/CEO of IntegraColor. Larry joined IntegraColor in 1980 and held a number of roles, ultimately becoming its sole shareholder and driving its growth and development.

In 2016, Orora acquired the IntegraColor business and Larry continued to lead the business.

Larry is now President of Orora Visual, a national North American point of purchase business that has consolidated four leading visual communication companies under the one brand.

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David Lewis
(BCom (Hons))

Group General Manager, Strategy

Prior to Orora's listing on the ASX, David Lewis spent seven years with Amcor Limited, initially as Vice President of Strategy and then as a Global Key Account Director in Switzerland. Prior to joining Amcor, David had a nine-year career in the investment banking industry. This included six years with UBS, followed by three years at Goldman Sachs JBWere as Vice President, Investment Banking.



Brian Lowe
(MBA)

Group General Manager, Fibre

Prior to taking on his current role, Brian Lowe was the Group General Manager of Orora's Beverage business. This followed two years in the same role with Amcor's Australasia and Packaging Distribution business. Before joining Amcor in 2011, Brian spent eight years as Managing Director of Delphi Automotive Systems, including four years as Managing Director for Asia Pacific Powertrain in Shanghai. This followed a 10-year career at General Electric (GE), where his last role was Managing Director of GE Plastics, Australia from 2001 to 2003.



Louise Marshall
(BBus)

Group General Manager, Human Resources

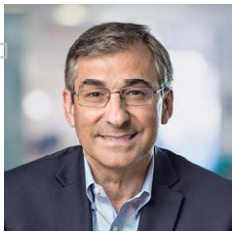
Louise Marshall joined Orora in the role of Group General Manager, Human Resources in July 2015. Louise brings more than 20 years' Human Resources experience, including five years at ASX-listed Tabcorp Holdings Limited, where she was Executive General Manager – Human Resources. Prior to her time at Tabcorp, Louise spent more than eight years at PricewaterhouseCoopers, where she was Executive Director Human Capital for its Australian business.



Chris Rosser
(BSc (Hons) FCA)

Group General Manager, Paper and Recycling

Chris Rosser joined Orora in 2017, bringing 20 years' experience in leadership roles in the European paper and packaging industries. Immediately prior to Orora, Chris was the Senior Operations Director for the Flint Group across Europe and previously had a 20-year career with DS Smith Plc. Initially, this was in financial and operational roles prior to becoming Managing Director (MD) for their UK Paper business and then MD of the Paper Supply Company across Europe. Before this, he qualified as a chartered accountant with Ernst and Young.



Bernie Salvatore
(Dip Ind Mngt (Eng), MBA)

President, Orora Packaging Solutions

Prior to taking on his current role, Bernie Salvatore was President of Amcor Packaging Distribution, having joined the company in 2002. Bernie brings more than 30 years' experience in the North American packaging industry, working for several publicly listed companies. Prior to Amcor, Bernie spent 20 years with Sealed Air and Cryovac, primarily in sales and marketing roles. His last role at Sealed Air was as Vice President Sales, North America from 2000 to 2002.



Ann Stubbings
(BA/LLB, MAICD)

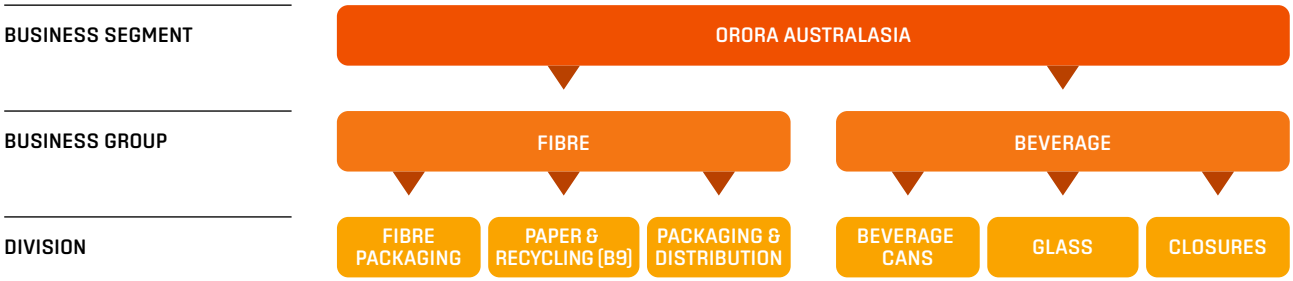
Company Secretary and Group General Counsel

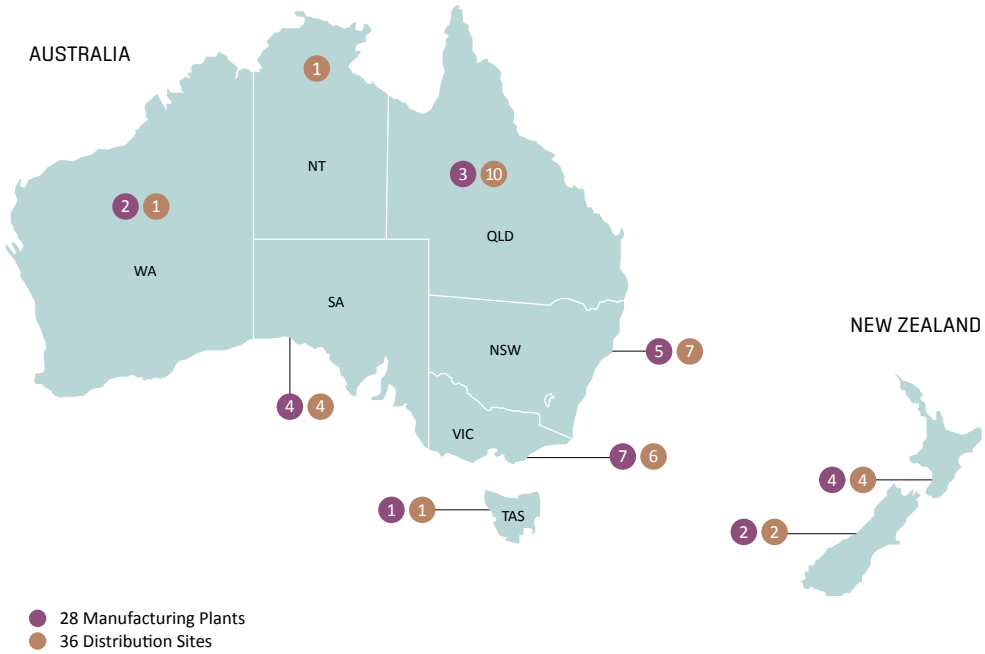
Ann Stubbings has more than 20 years' experience in corporate legal roles across the manufacturing and financial services sectors, in governance and company secretariat, regulatory matters, commercial law and dispute resolution. Ann joined Orora at its listing on the ASX in December 2013. Prior to her appointment as Orora's Group General Counsel and Company Secretary, Ann was Senior Group Legal Counsel at Amcor Limited from 2008 to December 2013, and Alternate Company Secretary from 2009 to December 2013. Ann spent the early part of her career in private legal practice.

Operational review Orora Australasia

Orora Australasia delivered a sound operating result, with steady increases in sales and revenue in the face of challenging economic conditions. Harnessing innovation benefits and cost reduction opportunities remains a priority.

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2 COUNTRIES

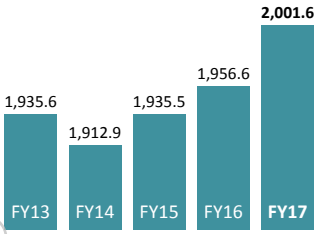
28 MANUFACTURING PLANTS

36 DISTRIBUTION SITES

3.6K TEAM MEMBERS

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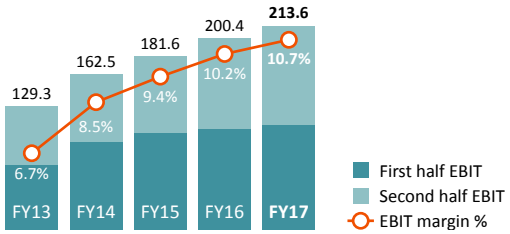
SALES REVENUE (AUD million) [1]



$2,001.6m

↑ 2.3% INCREASE

EBIT (AUD million) [1]



$213.6m

↑ 6.6% INCREASE

(1) FY13 & FY14 represent pro forma sales and EBIT.

Key points

- Overall, Australasia delivered increased EBIT of $213.6 million, an increase of $13.2 million and 6.6% higher than the prior year.
- Growth in EBIT reflected ongoing delivery of self-help programs, which more than offset the headwinds of rising input costs. Return on sales increased by 50 bps from 10.2% to 10.7%.
- Underlying sales in Australasia increased by approximately 2.7% after taking into account the pass through of lower aluminium prices.
- Major capital expenditure ("CapEx") items included plant and equipment for the Glass capacity expansion, corrugated printing and converting equipment for Fibre Packaging upgrades, initial spending on the secondary waste water upgrade at B9 and projects approved under the Orora Global Innovation Initiative.
- RoAFE improved by a further 80 bps to 12.4%, up from 11.6% in the prior year.
- Economic conditions in Australia remain flat with organic volume growth broadly in line with GDP.

EARNINGS[1]

AUD million	2017	2016	Change (%)
Sales revenue	**2,001.6**	1,956.6	2.3
EBIT[2]	**213.6**	200.4	6.6
EBIT margin (%)	**10.7**	10.2	
Average Funds Employed (AFE)	**1,719.6**	1,724.4	(0.3)
EBIT/AFE (%)	**12.4**	11.6	

SEGMENT CASH FLOW

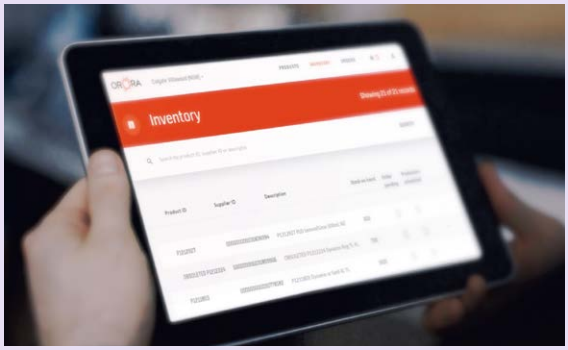
AUD million	2017	2016	Change (%)
EBITDA[3]	**301.9**	286.1	5.5
Non-cash items	**26.3**	29.6	
Movement in total working capital	**1.9**	(26.9)	
Net capital expenditure	**(99.2)**	(60.3)	
Underlying operating cash flow	**230.9**	228.5	1.1
Cash significant items	**(1.2)**	(4.3)	
Operating free cash flow[1]	**229.7**	224.2	

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

Operational review
Orora Australasia

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CASE STUDY



Digital transformation – Innovative Fibre Customer Portal

Orora has launched an intuitive self-service customer portal in its Fibre Packaging business as part of the Company's strategic focus to "innovate to lead". Known as myOrora, the online platform enables customers to:

- place orders
- check available stock of products
- view past and present orders and quotes
- view and manage artwork
- browse the product catalogue and specifications.

The innovative solution was developed to address the growing digital needs of Orora customers. myOrora automates routine sales enquiries and transactions, making it easier for customers to place and monitor orders. Its seamless and intuitive customer experience enables Orora's sales and customer service team to focus their attention on identifying and delivering further value to Orora and its customers rather than spending time on routine transactions.

Fibre Business Group

Fibre earnings were higher than the prior financial year driven by steady sales growth in targeted market segments, further cost reduction and innovation benefits from B9, and harnessing manufacturing and operating efficiencies in Fibre Packaging.

Fibre Packaging

The Fibre Packaging business performed well, seeing benefits from its focus on specific market segments.

Fibre Packaging reported higher sales than the prior financial year, while a continued focus on efficiency and cost improvement drove increased earnings and improved margins. Higher volumes in the Australian industrial sector were offset by market softness in meat and certain fruit and produce segments that were impacted by adverse weather conditions. In New Zealand, volumes were in line with the prior financial year, however overall kiwifruit volumes were marginally lower due to adverse weather conditions.

In July 2017, Fibre Packaging announced the closure of the manufacturing site at Smithfield in New South Wales, Australia. The site is now being marketed for sale. Operations at Smithfield will be consolidated into the nearby Revesby facility, with the Smithfield site to be closed by no later than June 2018.

Packaging and Distribution

For Packaging and Distribution, higher sales in the quick service restaurant and dairy segments offset ongoing general softness in the grocery sector. The state-of-the-art dairy sack line at Keon Park, Victoria, Australia was commissioned and commercial sales, primarily to export markets, commenced. Reorganisation of the New Zealand Cartons operations was completed successfully, with benefits delivered in line with expectations.

Botany Recycled Paper Mill (B9)

Full delivery of the $7.0 million of expected cost reductions and innovation benefits from B9 contributed to Orora's higher EBIT for the financial year ended 30 June 2017. The drive for productivity continues and the focus remains on optimising production efficiency and the range of paper grades produced.



Orora's $42 million investment to expand its glass bottle facility in Gawler, South Australia was delivered on budget and on time and has increased production capacity by 60 million bottles per year.

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B9 produced 373,000 tonnes of recycled paper, compared with 382,000 tonnes the prior financial year. Volumes were impacted by planned additional maintenance shutdowns and some reliability issues, which have now been progressively addressed. Mill reliability and production performance has subsequently improved and in the last quarter of the financial year, production was approximately at nameplate, which is approximately 400,000 tonnes per annum.

B9 exported 73,500 tonnes of recycled paper to OPS and third party US-based customers during the period, down from 79,500 tonnes during the prior financial year. The slight reduction, due to restricted B9 output, did not cause any disruption to OPS.

In January 2016, B9 transitioned to paying higher gas prices, which had an incremental adverse EBIT impact in the first half of the financial year ended 30 June 2017 of approximately $3.0 million. A number of initiatives are being implemented to offset rising energy costs.

Beverage Business Group

Beverage sales revenues and earnings were ahead of the prior year, driven by higher sales volumes in Glass and Closures, as well as improved cost control and efficiency across the business, which offset slightly lower sales volumes in Cans and input cost headwinds in Glass.

Despite steady growth in beer and energy drinks, Cans experienced slightly lower volumes, impacted by general market contraction in the carbonated soft drink sector and the impact of market share loss back in the previous financial year.

Earnings were higher, reflecting the ongoing focus on operating cost control and harnessing manufacturing efficiencies.

Glass volumes were ahead of the prior financial year, driven by growth in the beer and wine segments.

Imported finished bottle supply was used to ensure customer requirements were not affected during the commissioning for the $42.0 million forming line investment.

The benefit of sales volume growth and efficiency improvements translated into higher EBIT. This more than offset higher input and energy costs and downtime associated with both the capacity expansion and the electricity blackout in South Australia.

Innovation and growth

The Australasian businesses continue to actively utilise the Orora Global Innovation Initiative to enhance innovation, modernisation and productivity. Approximately $29.0 million of projects have been committed since inception.

The $42.0 million investment to increase the manufacturing output of the Glass furnaces at Gawler was completed on time and on budget. The upgrade is expected to drive improved earnings and exit the financial year ending 30 June 2018 meeting investment return hurdle rates.

Construction commenced on a $23.0 million secondary water treatment plant at B9, which will reduce the volume of regulated discharges produced in the paper making process. The treatment process will also generate biogas, which will be converted into electricity for use on-site. The biogas solution is expected to be commissioned in early calendar 2018, with the project expected to meet investment hurdle rates during the financial year ending 30 June 2019.

As part of the ongoing asset upgrade in Fibre Packaging, approximately $25.0 million has been committed to upgrade the plant and machinery at Revesby, NSW. The upgrade will be completed progressively in FY18, improving quality and reliability, as well as providing sufficient capacity and capability to meet foreseeable future demand. As a result of these investments, the nearby Smithfield site will be closed by the end of the financial year ending 30 June 2018 and then marketed for sale.

At Fibre Packaging's Scoresby site in Victoria, commissioning of a large format digital printer was completed during the financial year ended 30 June 2017. Fibre Packaging's digital printing offering has been well received by customers who are increasingly seeking short-run campaigns and promotions, where quality and speed to market are fundamental.

Orora partnered with Coopers when they became the official beer partner of the Australian Open to produce commemorative cans that celebrate Coopers' involvement with this iconic Grand Slam tennis event.



Operational review
Orora North America

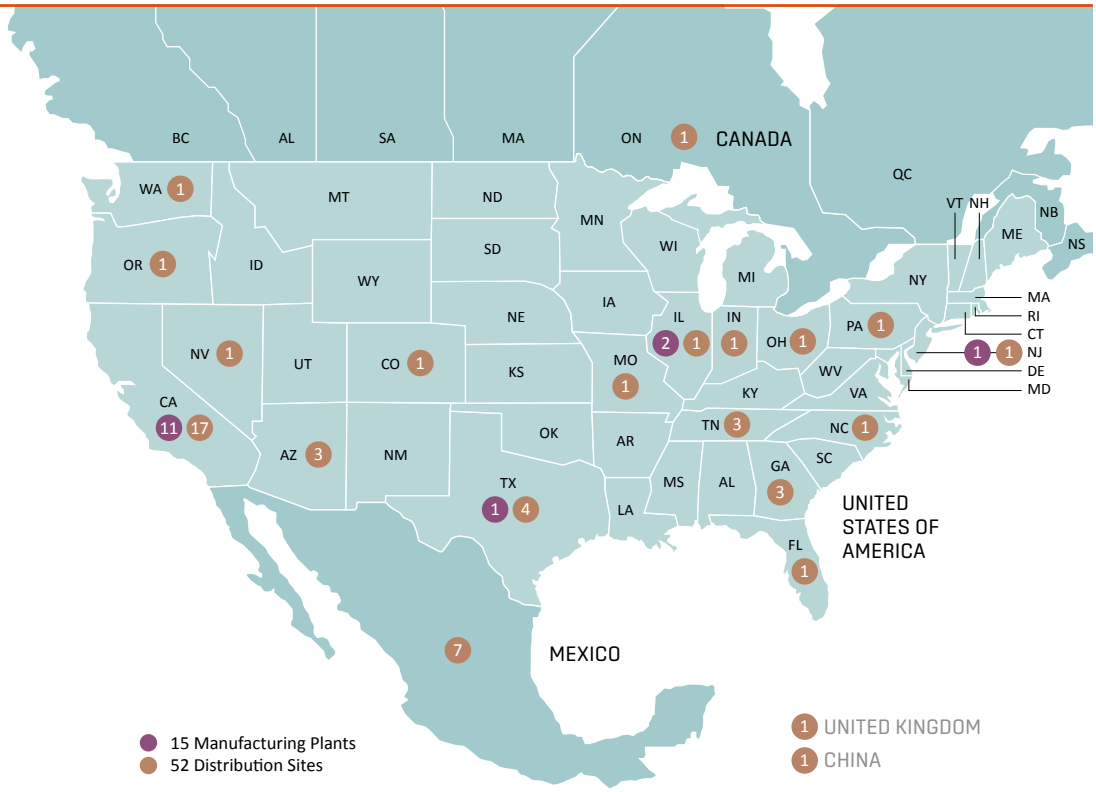
Orora North America generated strong EBIT and sales revenue growth. The result reflects the ongoing enhancements to the core businesses and synergies flowing from strategic acquisitions.

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BUSINESS SEGMENT — ORORA NORTH AMERICA

BUSINESS GROUP — ORORA PACKAGING SOLUTIONS; ORORA VISUAL

DIVISION — LANDSBERG PACKAGING SOLUTIONS; MANUFACTURING



5 COUNTRIES

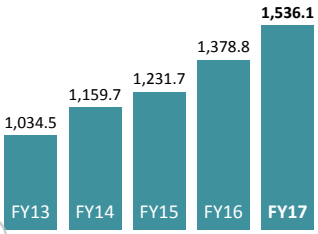
15 MANUFACTURING PLANTS

52 DISTRIBUTION SITES

3.1K TEAM MEMBERS

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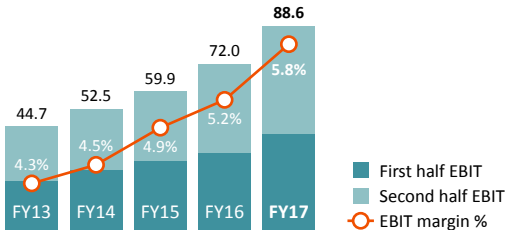
SALES REVENUE (USD million)[1]



$1,536.1m

↑ 11.4% INCREASE

EBIT (USD million)[1]



$88.6m

↑ 23.1% INCREASE

(1) FY13 & FY14 represent pro forma sales and EBIT.

Key points

- Overall, Orora North America reported EBIT growth of 18.8% to $117.5 million, which is after a $4.1 million adverse translation impact.
- In local currency terms, EBIT increased 23.1% to USD88.6 million and sales grew 11.4% to USD1,536.1 million. EBIT includes the earnings contributions from the Orora Visual acquisitions completed during the financial years ended 30 June 2016 and 30 June 2017. During the financial year ended 30 June 2017, acquisition and integration costs of approximately USD1.5 million were expensed.
- The EBIT margin improved to 5.8% from 5.2% in the prior financial year, reflecting the positive impact from the acquisition of the higher margin Orora Visual businesses, as well as OPS's continued focus on a customised packaging value proposition and improving cost management through supply chain and procurement.
- Cash flow increased 22.1% to $110.1 million and cash conversion improved to 80%, up from 76% in the prior period. The improvement was driven by higher earnings and cash received from the sale of surplus land in California ($4.1 million), which was partially offset by an increase in working capital on increased sales activity for corporate accounts in OPS.
- RoAFE declined by 100 bps to 23.7%, with higher earnings and improved balance sheet management offset by the impact of Orora Visual acquisitions where the RoAFE is below historical OPS levels.

EARNINGS[1]

AUD million	2017	2016	Change (%)
Sales revenue	**2,037.5**	1,893.2	7.6
EBIT[2]	**117.5**	98.9	18.8
EBIT margin (%)	**5.8**	5.2	
Average Funds Employed (AFE)	**495.7**	400.1	23.9
EBIT/AFE (%)	**23.7**	24.7	
Local currency sales revenue (USD million)	**1,536.1**	1,378.8	11.4
Local currency EBIT[2] (USD million)	**88.6**	72.0	23.1

SEGMENT CASH FLOW

AUD million	2017	2016	Change (%)
EBITDA[3]	**139.8**	115.6	20.9
Non-cash items	**(2.8)**	2.7	
Movement in total working capital	**(9.0)**	(1.4)	
Net capital expenditure	**(17.9)**	(26.7)	
Underlying operating cash flow	**110.1**	90.2	22.1
Cash significant items	**–**	–	
Operating free cash flow[1]	**110.1**	90.2	

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

Operational review
Orora North America

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Orora Packaging Solutions (OPS)

OPS continued to deliver strong organic sales growth with revenues increasing approximately 4.2% in USD terms despite economic and market conditions remaining flat.

EBIT margins increased to 5.4% from 5.1% in the prior financial year. This was slightly above expectations and driven by a sustained emphasis on moving towards higher value, customised offerings in the targeted growth segments of food, IT, auto and pharmaceutical/health, as well as a continued focus on procurement and supply chain efficiencies.

Landsberg continued to leverage its national footprint, product breadth and standardised service offering to deliver sales growth from both existing corporate accounts and new customer wins. As an example, within the food and healthcare segments, the business invested to expand its service offerings and service infrastructure, which helped drive growth in these sectors.

Landsberg's Californian warehouse consolidation and reorganisation project was completed during the financial year ended 30 June 2017. There were transition costs and inefficiencies incurred in the first half of the financial year ended 30 June 2017, but these were offset by a gain on sale of a surplus parcel of land. Benefits of the project are likely to be realised in the financial year ending 30 June 2018 onwards.

The Manufacturing division increased earnings, with the benefits of improved efficiencies and operating cost control offsetting ongoing margin pressure and easing volumes as new capacity comes on-stream. The business also reorganised its sales team to focus on offering tailored products directly to customers.

The business continues to benefit from imported paper produced by B9, which has enabled the business to market an integrated fibre offering. The US linerboard price increase of USD40/tonne from 1 November 2016, has been fully recovered and a further increase of USD50/tonne on 1 May 2017 is expected to be fully recovered in the market.

As advised in early 2017, the ERP system rollout plan was revised. The project has since progressed in line with expectations, with a further 14 sites going live since January 2017, bringing the total live sites to 29. There has been minimal adverse impact on customer experience and reported service levels, while benefits at the site level are starting to materialise. The rollout to remaining sites will progress over the next 12–15 months and the estimated project cost remains at approximately USD30.0 million.

Orora Visual

Having now completed its first full financial year, Orora Visual Dallas (formerly IntegraColor) has performed in line with expectations for the period. The integration of the business is on track and synergies are flowing through as expected.

During the period, Orora Visual expanded its national footprint by completing acquisitions of three further POP businesses, including:

- Orora Visual New Jersey (formerly The Register Print Group) based in New Jersey, acquired in January 2017 for USD44.0 million
- Orora Visual Chicago and Los Angeles (formerly The Garvey Group and Graphic Tech), acquired in March 2017 for a combined USD53.9 million.

The integration and performance of these businesses is on track. The customer reaction has been positive with customer discussions starting to translate into orders. The refinement of the Orora Visual value proposition has recently been launched, which highlights the benefit of establishing a national footprint.

The near term focus of the business remains on harmonising the IT platform (which is expected to be completed by December 2017) and identifying and executing cost synergies. As an example of the latter, in the first quarter of the financial year ending 30 June 2018, an underperforming site in Wisconsin will be closed and consolidated into other sites.



Orora Visual is using strong design and creative solutions to provide customers with an extensive range of visual communications solutions.

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Growth agenda

Orora North America has continued to drive its growth strategy, with a number of initiatives and enhancements introduced over the past 12 months.

Following the successful acquisition of Jakait in 2015, a new facility was established in Central Mexico in November 2016, which provides packaging solutions to the fresh produce sector. The new facility was supported by a number of Jakait's existing customer relationships and delivered a positive EBIT contribution.

Landsberg remains focused on executing its organic market growth strategy by leveraging its national footprint, extensive product breadth, expanding the service offering and customising its value proposition to secure new larger multi-site corporate accounts, as well as increase sales with existing customers.

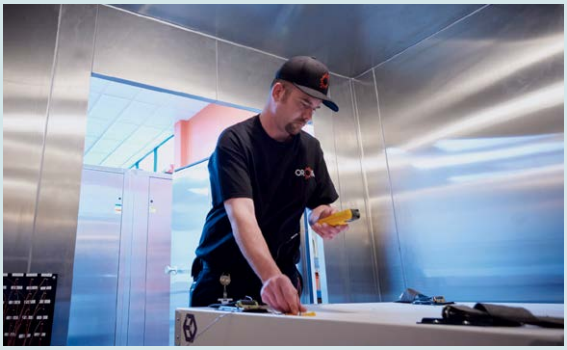
Orora Visual has continued to strengthen its service offering, building on the positive response from customers to date. The creative design capability of the business has also appealed to customers. In response, two design hubs have been established, in Los Angeles and New Jersey.

To drive innovation, approximately USD6.0 million has been committed from the Orora Global Innovation Initiative to projects focused on enhancing Orora North America's customer value offering and broadening the market segments that the business services.

The focus of the business remains on the integration of recent acquisitions and building organic growth in OPS, however these priorities will not preclude Orora from executing on potential mergers and acquisitions ("M&A") transactions.

Consistent with Orora's growth by acquisition strategy, a healthy pipeline of acquisition targets continues to be developed for both OPS and Orora Visual. Subject to the opportunities meeting hurdle rates and being strategically important, acquisitions will continue to be pursued and executed as appropriate.

CASE STUDY



Thermal Lab tests Cold Chain solutions

Temperature variation throughout the supply chain is a challenge for customers in the healthcare and food industries, particularly with sensitive items such as blood products, vaccines, seafood and more. To address this packaging problem, Landsberg San Diego has utilised its state-of-the-art thermal testing lab to assess the performance of an array of packaging options. Made possible by an investment through the Orora Global Innovation Initiative, the lab conducts an array of tests to provide customers with the best possible packaging solution, including mapping ambient temperature changes, measuring shock absorbency and assessing vibration while a package is in transit. With the addition of cold chain testing capabilities, Orora is continuing to set the standard in innovative packaging solutions for specialist industries.

Now including a purpose-built facility in Mexico, Orora Fresh offers specialty packaging for the agriculture sector, ensuring fresh produce is delivered from the farm to market in pristine condition.



Financial review summary

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INCOME STATEMENT[1]

$ million	2017	2016
Sales revenue	**4,039.1**	3,849.8
Earnings before depreciation, amortisation, interest, related income tax expense and significant items	**418.4**	379.6
Depreciation and amortisation	**(116.1)**	(107.5)
Earnings before interest, related income tax expense and significant items	**302.3**	272.1
Significant items	**(21.6)**	8.4
Earnings before interest and related income tax expense	**280.7**	280.5
Net financing costs	**(37.6)**	(41.1)
Income tax expense	**(72.0)**	(70.8)
Profit for the financial period from continuing operations	**171.1**	168.6

BALANCE SHEET[2]

$ million	2017	2016
Cash	**58.5**	66.1
Other current assets	**1,111.6**	1,016.6
Property, plant and equipment	**1,648.6**	1,564.3
Intangible assets	**446.5**	378.2
Investments and other assets	**98.0**	104.7
Total assets	**3,363.2**	3,129.9
Interest-bearing liabilities	**732.5**	695.7
Payables and provisions	**1,083.9**	936.6
Total equity	**1,546.8**	1,497.6
Total liabilities and equity	**3,363.2**	3,129.9

CASH FLOW FOR THE YEAR ENDED 30 JUNE

$ million	2017	2016
Earnings before depreciation, amortisation, interest, related income tax expense and significant items	**418.4**	379.6
Non-cash items	**32.4**	34.9
Movement in total working capital	**(14.7)**	(23.5)
Net capital expenditure	**(104.6)**	(77.2)[3]
Underlying Operating Cash Flow from continuing operations	**331.5**	313.8
Cash significant items	**(1.3)**	(4.7)
Operating Free Cash Flow from continuing operations	**330.2**[4]	309.1[3]

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

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

(3) Adjusted to exclude the initial proceeds received from the sale of land at Petrie, Queensland.

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

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Revenue

Sales revenue of $4,039.1 million was up 4.9% on the prior financial year.

The Australasian segment increased underlying sales by 2.7% with higher volumes in Glass driven by increased demand in both the wine and beer segments. The Fibre Packaging business continued to perform well and saw benefits from focusing on specific market segments, with higher volumes in the Australian industrial sector offset by market softness in meat and certain fruit and produce segments (mainly weather related). New Zealand volumes were in line with the prior period, while kiwifruit volumes overall were marginally lower due to adverse weather conditions.

North America grew local currency revenue by 11.4% through incremental revenues from the Orora Visual acquisitions completed in both the financial years ended 30 June 2016 and 30 June 2017 and in OPS through higher sales to existing customers and new customer wins. OPS revenue increased by approximately 4.2%.

The adverse foreign exchange impacted on US dollar denominated North America sales ($71.6 million decrease on the prior financial year), while local currency sales increased by 11.4%.

Earnings before interest and tax

During the period, underlying EBIT increased by 11.1% to $302.3 million, excluding the significant item relating to additional expected costs associated with decommissioning the Petrie Mill site.

The Australasian segment increased earnings with Fibre Packaging benefitting from revenue and margin gains in targeted market segments and full final delivery of the expected cost reduction and innovation benefits from B9. The continued focus on improving manufacturing and operating efficiency across the Australasian business helped offset headwinds in energy across the Beverage and Fibre Packaging groups.

The North American business segment delivered sales growth and margin improvement through ongoing improvements in the operating model within OPS and initial earnings contributions from the recently completed acquisitions in Orora Visual. This included the annualisation and synergy benefits from the Orora Visual Dallas acquisition during the financial year ended 30 June 2016.

A number of innovation projects have now been completed and are delivering to expectation. The projects are an important part of offsetting ongoing headwinds, especially in Australasia.

Balance sheet

The increase in other current assets is primarily in North America, with increases in inventory and receivables balances related to higher sales in OPS and the Orora Visual acquisitions (+$28 million) partially offset by the favourable impact of foreign exchange translation on North American receivables and inventories.

Net property, plant and equipment was higher with additions relating to several CapEx projects and the Orora Visual acquisitions (+$44 million) more than offsetting depreciation. CapEx for the financial year ended 30 June 2017 included spend on the following major items: plant and equipment relating to the Glass capacity expansion, corrugated printing and converting equipment upgrades in Fibre Packaging, initial spend on a secondary waste water treatment plant at B9 and projects approved under the Orora Global Innovation Initiative. Depreciation and amortisation for the financial year ended 30 June 2017 was $116.1 million.

The increase in intangible assets primarily reflects the goodwill and other intangibles relating to Orora Visual acquisitions.

Net debt increased by $44.4 million during the period with acquisitions in Orora Visual and investments in capital and dividends, which was largely offset by increased operating cash flows. The favourable foreign exchange translation impact on USD denominated net debt was $15.1 million.

The increase in payables was driven by continued improvement in vendor trading terms across the business, addition of Orora Visual acquisitions payables (+$17 million), offset by the favourable foreign exchange translation effect of North American payables.

Financial review summary

Cash flow

Increased earnings were successfully converted into cash with operating cash flow increasing by $17.7 million to $331.5 million.

Cash conversion was 74%, which was slightly lower than the prior financial year, but in excess of Management's indicated cash conversion target of 70%, and came after investing more than $100.0 million in net base CapEx during the financial year ended 30 June 2017.

A summary of the main cash flow movements included:

- An increase in EBITDA of $38.8 million, before significant items
- Working capital continued to be efficiently managed and benefited from strong collections and capital discipline in creditor terms and overall inventory management, despite a delay in the rundown of inventories associated with the Glass capacity expansion
- Reflective of the ongoing investment in the business, total net CapEx was $137.1 million, which included $14.9 million and $34.2 million on innovation and growth projects respectively
- Net CapEx included proceeds from the sale of three parcels of surplus land, including: Petrie ($12.0 million), OPS California ($4.1 million) and compulsorily acquired land in Queensland ($2.8 million)
- Growth CapEx included the spend on the Glass capacity expansion and remaining amounts on the dairy sack line at Keon Park in Victoria.

Working capital

During the financial year ended 30 June 2017, average total working capital to sales was 8.4%, versus 9.6% in the prior financial year. This reflected a continued emphasis on working capital optimisation across the Orora Group.

Continued improvement in vendor trading terms across the business helped offset customer requirements for extended trading terms.

The Management target for average total working capital to sales is less than 10% in the medium term and remains an area of focus across the business.

Corporate

Underlying corporate costs of $28.8 million in the financial year ended 30 June 2017 were slightly ahead of underlying costs in the prior financial year of $27.2 million, which was mainly due to ongoing restructuring costs in Australasia and costs associated with assessing the feasibility of growth options in North America.

An after tax significant item expense of $15.1 million relating to additional expected decommissioning costs at the Petrie Mill site was recognised in the financial year ended 30 June 2017. This followed an interim project review and a reassessment of the estimated costs to complete the work. The increase in expected decommissioning costs is due to a range of factors, including delays in the commencement of some works, the scope and complexity of remediation works and increases in costs.

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Our approach to sustainability

Orora's values-led approach is customer-centric and dedicated to creating robust, responsible and respected operations (See Figure 1). During the reporting period, Orora continued to support the needs of Orora's customers for innovative, quality and sustainable packaging solutions. Orora's operations focused on the safety and development of Orora team members, engagement with local communities and delivering on the Orora Eco Targets.

Sustainability

Orora's values frame the Orora view of sustainability, driving consideration of diverse perspectives and needs.

Figure 1: Orora's values-led Sustainability Approach

PEOPLE

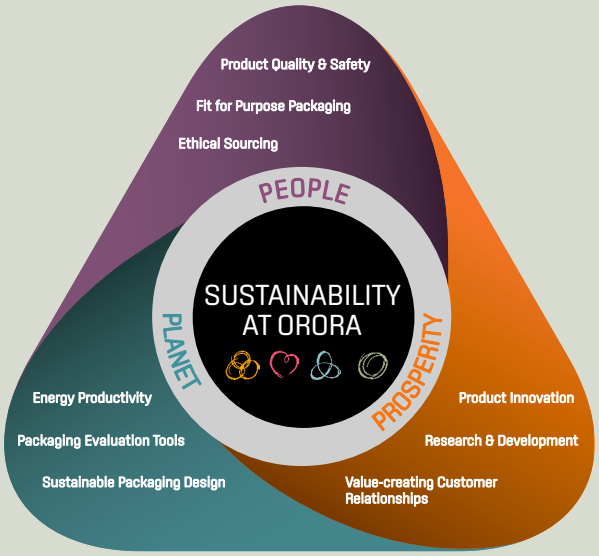
Orora works to keep each team member safe and to operate in a way that demonstrates respect for each other, the community and Orora's customers.

PLANET

Orora actively seeks opportunities to reduce the environmental impact of Orora's operations and products.

PROSPERITY

Orora team members find innovative ways to create opportunities and mitigate risk.



Addressing sustainability risk

In 2015, Orora engaged external advisors to conduct an extensive assessment of its external risk profile. Since this time, a structured, internal review has been undertaken annually to monitor Orora's exposure to economic, environmental and social sustainability risk.

The most recent review, conducted in October 2016, determined that, other than as set out in the Principal Risks section of this Annual Report, the Company does not, at this time, have a material exposure to environmental or social sustainability risks. Information on the Company's assessment of material risks, including economic risks, is set out separately in the Principal Risks section of this report.

Although this reflects positively on Orora's people and processes, Orora remains committed to investing time and effort into assessing Orora's exposure to material risks in accordance with the ASX Corporate Governance Council's Corporate Governance Recommendation 7.4.[1] Further, Orora's approach to sustainability risk profiling was positively recognised in the 2016 KPMG and ASX Corporate Governance Council report on the Adoption of the 3rd edition Corporate Governance Principles and Recommendations by ASX-listed entities.[2]

Building on Orora's history of good operating practice, this year saw the continuation of the refinement of response plans to address the most significant potential impacts. Orora continues to actively monitor and address a number of areas of potential impact including ethical sourcing, safety, energy supply and pricing, innovation, waste and recycling, climate and resource depletion.

(1) Recommendation 7.4: A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks. Source: *Corporate Governance Principles and Recommendations*, Australian Securities Exchange Corporate Governance Council (3rd edition), 2014.

(2) ASX Corporate Governance Council, *Adoption of Third Edition Corporate Governance Principles and Recommendations, Analysis of disclosures for financial years ended between 1 January 2015 and 31 December 2015*, KPMG Australia.

Our approach to sustainability

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United Nations Global Compact

In April 2016, Orora was pleased to commit to the United Nations Global Compact ("UNGC"), a voluntary initiative to address global human rights, labour, environment and anti-corruption issues. The UNGC goals complement Orora's values and, particularly, Orora's focus on ethical sourcing referred to below.

During the financial year ended 30 June 2017, Orora submitted its first Communication on Progress ("CoP") Report to the Secretary-General of the United Nations. After conducting a self-assessment of Orora policies, procedures and performance relating to the 10 principles of the UNGC, an action plan was developed to ensure delivery on Orora's commitments as a signatory to the UNGC. Details of the Orora CoP can be found on the Orora website.

Ethical sourcing

Orora's ethical sourcing risk can be described as the reputational and supply chain risk arising from increased sourcing of materials from emerging markets that do not necessarily have the same standards for governance, human rights, environmental protection and quality, as more established economies.

The current priority remains the responsible sourcing of fibre for the Orora fibre and sack product ranges. Orora recognises the significant and detrimental impact of illegal logging and deforestation on the global economy, society and the environment.

Under Orora Australasia's Sustainable Fibre Sourcing Policy, all wood, pulp and reclaimed fibres used in the manufacture of Orora paper and cartonboard products must be sourced from socially and environmentally responsible and controlled sources as defined by the Forest Stewardship Council® (FSC®).(1) Orora's Due Diligence Framework for the import and use of regulated timber products supports Orora's compliance with various national laws.(2)

(1) Forest Stewardship Council® (FSC®) is a trademark of the Forest Stewardship Council and is used under licence.

(2) AU – *Illegal Logging Prohibition Act 2012* and *Illegal Logging Prohibition Amendment Regulation 2013*, USA – Lacey Act 1900 (amended 2008).

CASE STUDY



UNGC commitment confirmed

Orora is proud to be a signatory to the United Nations Global Compact ("UNGC"). The UNGC is a voluntary initiative encouraging businesses to integrate 10 principles in the areas of human rights, labour, the environment and anti-corruption into their strategy and day-to-day operations. Orora became a signatory in 2016 and subsequently conducted a thorough assessment of its operations, confirming it has well-established practices across all 10 principles. While the full assessment is available on the UNGC and Orora websites, Orora will begin formally reporting on its performance against the UNGC principles in future Annual Reports.

Orora's world-class B9 recycled paper-making machine produced over 370,000 tonnes of paper in FY17 for the Australasian and North American markets.



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Extract from Orora Australasia's Sustainable Fibre Sourcing Policy

Orora Australasia is not and will not be directly or indirectly involved in the following activities:

- illegal logging or the trade in illegal wood or forest products
- violation of traditional and human rights in forestry operations
- destruction of high conservation values in forestry operations
- significant conversion of forests to plantations or non-forest use
- introduction of genetically modified organisms in forestry operations.

To further strengthen Orora's commitment to the Orora Australasia Sustainable Fibre Sourcing Policy, Orora is developing a forestry certification chain of custody program for its Fibre Packaging and Cartons businesses in Australasia. Most Cartons manufacturing sites are now certified under the FSC® Chain of Custody standard.

Similarly, in North America, Orora has again this year maintained Sustainable Forestry Initiative ("SFI") Certification for several sites across its manufacturing group (Corru-Kraft, MPP). This ensures that only input from SFI, reclaimed and non-controversial sources (e.g. not illegally logged) is used in the manufacture of corrugated board and packaging.

In addition to Orora's focus on sustainable fibre sourcing, Orora has initiated development of a broader group-wide Supplier Assurance and Risk Framework, which will be rolled-out to suppliers based on an internal risk matrix. This framework includes an assessment of Orora's obligations as a signatory to the UNGC.

Safety

Underpinning Orora's business efforts is its commitment to treat team members with respect and to keep them safe. Orora's long-term safety objectives, detailed in the five-year Health and Safety Strategy, are focused on the following key areas:

- Leadership – building on the existing commitment of leaders throughout the business to deliver a continuously improving safety culture
- Risk management – focusing on the identification of hazards and the development of mitigation actions that are appropriate to the risk exposure
- Safety standards – continuing the evolution of the existing system to effectively manage safety risk, with a focus on serious injury or fatality ("SIF") prevention
- Plant and equipment design – ensuring that new plant and equipment is suitably designed and safeguarded to enable safe operation
- Capability – embedding the skills of team members so they can work safely and are equipped to deal with new challenges that may arise.

The implementation of this strategy is managed by safety action plans that are in place in all business groups. Good progress against these plans has been made over the course of the year.

Orora's primary focus remains on the identification and mitigation of potential SIF risks. To facilitate this, the Orora risk profiling process continues to drive improvement as it is systematically applied to Orora sites globally. This process combines the knowledge and experience of Orora's safety and operations professionals to develop robust, prioritised site management plans. These plans are developed in conjunction with Orora leaders to complement the overall safety leadership program. This planned approach helps ensure that resources are prioritised to identified areas where possible incidents pose the greatest potential risk to Orora's team members. Progress against these plans is tracked on a consistent basis across the Orora Group.

Safety leadership is an important component of any successful safety culture. Orora's leadership teams have continued to demonstrate their commitment to the safety program and the promotion of Orora's successful safety leadership tour program which particularly targets critical issues for SIF-level risk mitigation.

Work on further enhancing the Orora Group's health, safety and environment management system also occurred during the year, with priorities being generated from an internal gap analysis and the "potential incident" reporting system. The principal focus during the period was on enhancing systems and processes that manage the control of work at Orora's facilities, to ensure that contractors attending Orora sites are kept as safe as Orora's own team members. Internal and external audits continue to be used to provide valuable gap analysis insight, as well as assurance that Orora's systems are implemented and operating effectively.

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

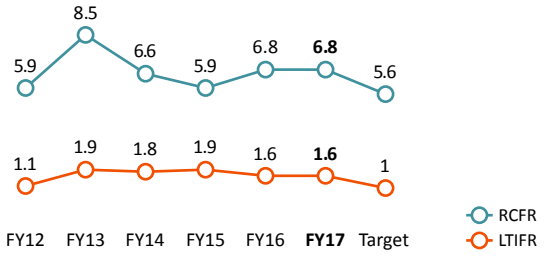
LTIFR is measured by calculating the number of injuries resulting in at least one full working day lost per million hours worked. In the financial year ended 30 June 2017, the LTIFR was 1.6, which corresponds to 28 cases across Orora. For consistency of reporting, we have presented the prior year's figures on a pro forma basis to include Orora Visual Dallas (formerly IntegraColor) (acquired 1 March 2016) as if it were owned for the entire period. On this basis, the LTIFR remains unchanged from the prior year (1.6). Excluding IntegraColor, LTIFR for the financial year ended 30 June 2017 was also 1.6 (26 cases), which compares to a prior year excluding Orora Visual Dallas of 1.5 (21 cases).

RCFR is measured by calculating the number of medical treatment cases and lost time injuries per million hours worked. This year the RCFR was 6.8 (109 cases), which is also unchanged compared to the previous year's performance of 6.8 on a pro forma basis. Excluding IntegraColor, RCFR was 6.4 (94 cases), which compares to a prior year excluding Orora Visual Dallas of 5.9 (81 cases).

The lack of progress in LTIFR and RCFR during the reporting period is disappointing and corrective action plans have already been implemented across all divisions. The business continues to develop comprehensive risk profiles and implement appropriate mitigation plans for high-risk hazards and sites, and focus on ensuring that Orora's tools and processes reflect industry best standard and are available to all team members. Safety is an ongoing journey and Orora's goal of zero harm remains unchanged.

Keeping Orora's team members safe is a commitment that is consistent across the Orora Group. In the year ahead, this commitment will be further strengthened by the continued implementation of Orora's five-year Health and Safety Strategy which was launched during the financial year ended 30 June 2015.

Orora Group Safety Performance



Our approach to sustainability

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Eco Targets

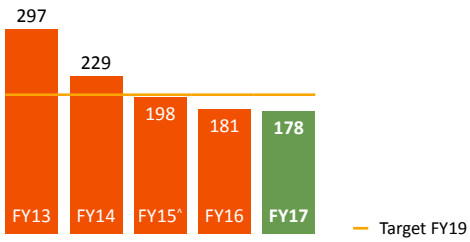
Orora continues to make progress towards achieving its Eco Targets.* This financial year has seen further reductions in CO_2 emissions intensity overall, although progress in relation to water and waste to landfill intensity plateaued. Orora remains on track to deliver the Eco Target commitments. Once again, improvements at B9 and Gawler are largely responsible for the reduction in CO_2 emissions.

ECO TARGETS	PROGRESS†

CO_2 EMISSIONS

↓10%
by 30 June 2019

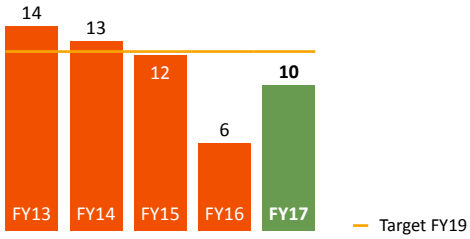
Orora Group CO_2 Emissions Intensity (tonnes CO_2/AUD million Net Revenue)



WASTE TO LANDFILL

↓25%
by 30 June 2019

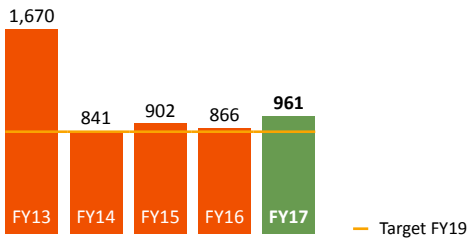
Orora Group Waste To Landfill Intensity (tonnes/AUD million Net Revenue)



WATER USE

↓10%
by 30 June 2019

Orora Group Water Use Intensity (kilolitres/AUD million Net Revenue)



* Resource efficiency reductions from a baseline of calendar year 2013.
† New acquisitions during FY17 have been excluded due to unavailability of data. Data will be included within 24 months of acquisition.
^ G1 rebuild during FY15 resulted in reduced energy usage during the period.

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CDP (formerly the Carbon Disclosure Project)

Orora voluntarily discloses information on climate, water and forest risk through the CDP. The CDP provides information to investors, companies and governments regarding carbon-related issues and businesses preparedness to manage carbon and other environmental impacts. CDP feedback on Orora's submission last year was positive; Orora performs well above the CDP supply chain average on the quality and completeness of its disclosures, particularly on risk and opportunity management. For the first time, Orora will be releasing its CDP reports publicly, commencing with the release of its CDP report for the financial year ended 30 June 2016.

Orora will also look to adopt and incorporate into its existing reporting the recently released recommendations of the Task Force on Climate-related Financial Disclosures[1] in its Annual Report for the financial year ending 30 June 2018, to the extent that it is not already doing so.

Orora New Zealand Energy Efficiency Program

Orora's strategic partnership with the New Zealand Government's Energy Efficiency Conservation Authority (EECA) is delivering results. Implementation of efficiency projects across the Orora New Zealand manufacturing facilities continued this year, delivering significant savings in electricity and gas at the sites completed. Orora expects to invest up to NZD2.0 million in energy efficiency over three years, including a contribution from EECA of NZD300,000.

Diversity

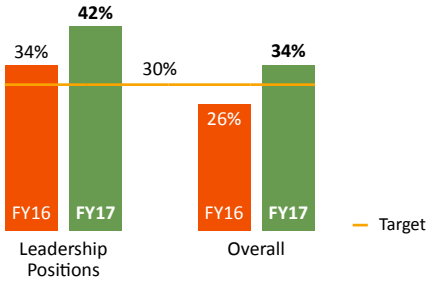
Fostering gender diversity

Orora strives to ensure an inclusive and respectful work environment for all team members. Building an inclusive culture will increase Orora's competitive advantage by reducing turnover, improving retention of skilled and experienced team members, and improving Orora's ability to attract and recruit diverse talent.

All decisions on hiring, recognising, and rewarding talent are based on each team member's ability to perform the role, regardless of cultural background, disability, gender, family responsibility, religious or political beliefs, age, sexual orientation, or any other non-relevant demographic characteristic.

At Orora, the progress that has been made to improve gender equality during the reporting period is acknowledged and celebrated. As noted in previous Annual Reports, Orora announced a gender diversity target in late 2014, where 30% of new team member hires in leadership positions, and across the organisation, would be women by 30 June 2017. As at 30 June 2017, this target has been achieved at an overall Orora Group level, and within Orora leadership levels. The Orora Group increased its overall female hiring rate by 30% during the reporting period, as compared to the previous year. Most significantly, an improvement was made within Australasian salaried roles, with women representing 46.4% of all new hires.

Females as % of New Hires



In 2016, the Company committed to a five-year Diversity and Inclusion Strategy, which outlined three key focus areas:

- building an inclusive culture that supports diversity
- attracting, recognising and rewarding talent from diverse backgrounds
- providing visible senior leadership commitment and accountability on diversity and inclusion progress.

CASE STUDY



Introducing a Champions of Change network

Diversity is critical for Orora's future. With this aspiration in mind, in 2017 Orora established an internal Champions of Change network of 17 leaders from across the Australasian and North American businesses. Their aim is to raise awareness about the importance of diversity and inclusion for the continued success of the Orora Group. Together, the Champions of Change define the actions that team members can take to bring about meaningful change and ensure Orora is a company that not only attracts, but also retains the very best talent in the market.

(1) Financial Stability Board Task Force on Climate-related Financial Disclosures, *Final Report: Recommendations of the Task Force on Climate-related Financial Disclosures*, June 2017, https://www.fsb-tcfd.org/publications/final-recommendations-report/.

Our approach to sustainability

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As part of this strategy, a range of new initiatives was implemented to support the attraction, retention and progression of female talent, including:

- the launch of the inaugural WILO program. This tailored development program aims to support Orora's ability to cultivate a diverse leadership talent pipeline, by helping Orora women to enhance their leadership skills through formal networking and mentoring opportunities with senior leaders and Board members
- establishing an internal Champions of Change network. This network comprises 17 senior leaders, both male and female, from across the Orora businesses, and is led by the Orora Managing Director and Chief Executive Officer. A key focus for the network is to work together to advocate and influence for greater representation of women, particularly in manufacturing roles. This includes tackling the challenges that are impacting Orora's ability to attract and retain female talent, and working together to define the actions that can be taken to change the game
- enhancing the capabilities of Orora people leaders to embrace inclusive leadership behaviours to manage diverse teams
- a gender pay equity review to identify key areas of focus for the year ahead. A number of key strategies are being implemented for Australia and globally as a result of this review.

In the year ahead, Orora will continue to focus on improving gender diversity within the Company and will report openly on the progress being made.

Awards and recognition

This year Orora was recognised as a finalist in the 2016 Banksia Large Business Sustainability Leadership Award. This award recognises a large business that has demonstrated leadership by fully integrating environmental, social and economically sustainable principles and practices into the business' operational activities.

CASE STUDY



Celebrating Orora Heroes

Orora's group-wide reward and recognition program, the Orora Hero Awards, celebrates individuals who go above and beyond to deliver exceptional outcomes. In 2016, the afternoon shift at Orora's Fibre Packaging site in Revesby, New South Wales was unanimously voted the overall Orora Heroes for their rapid emergency response following a gas explosion at a neighbouring factory earlier in the year. Reacting immediately, the Revesby team provided first-aid, shelter and a safe environment for two severely injured neighbouring workers, placing them in cold showers to cool their burns while awaiting emergency services. Their heroic "outperformance" was recognised by the NSW Ambulance Bankstown Branch, who described their actions as "lifesaving". The Revesby team's response captures the essence of the Orora Heroes program.



Orora has developed an exclusive relationship with YPB Group to make anti-counterfeit technology available to protect high-end products for brand owners.

Principal risks

Orora actively manages a range of principal risks and uncertainties with the potential to have a material impact on the Orora Group and its ability to achieve its stated objectives. While every effort is made to identify and manage material risks, additional risks not currently known or detailed below may also adversely affect future performance. Orora's principal risks are outlined below in no particular order.*

Risk	Description	Mitigation Strategies
Economic Conditions	Orora is susceptible to major changes in macro-economic conditions in a single country, region or market. Sudden and/or prolonged deterioration in the economy may impact the value chain or industries on which Orora is dependent and could have a material negative impact on financial performance.	Orora seeks to mitigate the severity of impact that deterioration in macro-economic conditions in a single country, region or market may have by: • operating businesses that have a broad spread of geographic locations, raw material inputs and customers servicing a number of end markets • deploying an operating model that focuses on continually improving the value proposition to customers • creating and maintaining a high-performance culture • remaining disciplined in cash and cost management • continuing to invest in manufacturing capabilities and innovation to improve cost positions.
Country and Regulatory Risk	Orora predominantly operates in Australia, New Zealand and the United States. Orora also operates in other jurisdictions across a broad range of legal, accounting, tax, regulatory and political systems, some of which are subject to rapid change. The profitability of those operations may be adversely impacted by changes in the fiscal or regulatory regimes, difficulties in interpreting or complying with the local laws of those countries and reversal of current political, judicial or administrative policies. Orora's customers, many of which operate across a broad range of countries, are subject to regulatory risk in various jurisdictions, which may have an impact on their operations and consequently Orora's operations.	Orora continually monitors changes or proposed changes in regulatory regimes that may have an impact on Orora and, where appropriate, engages consultants and advisors to address specific issues. Where possible, Orora appoints local management teams that bring a strong understanding of the local operating environment and strong customer relationships. Orora also has a global compliance training program across the Orora Group and its business leaders regularly review country risk.
Customer	Orora has strong relationships with key customers for the supply of packaging and point of purchase products and their associated services. These relationships are fundamental to Orora's success, and the loss of key customers may have a negative impact on financial performance.	Orora seeks to mitigate this risk by delivering a superior value proposition to its customers by leveraging its operating model. Key to the success of this strategy is a continued drive on customer focus (delivery in full, on time and within specification), low cost and innovation. In addition, no single customer within an operating segment generates revenue greater than 10% of total revenue for the Orora Group.
Consumer Preferences	Changes in consumer preferences may result in some of Orora's existing product range becoming obsolete or products not meeting sales and margin expectations. Orora may not be able to accurately predict demand, end-user preferences and evolving industry standards, and this may result in the inability to meet consumer demand in a timely and cost effective manner.	Orora works closely with its customers and suppliers to propose solutions that address evolving consumer preferences. Orora also continues to build on its innovation capability to achieve the objective of being the innovation leader for the packaging and point of purchase industries.
Competition	Orora operates in highly competitive markets with varying barriers to entry, industry structures and competitor motivational patterns. The actions of established or potential competitors may have a negative impact on financial performance.	Orora is ideally placed to leverage both its regional experience and insight, and its international footprint and scale to deliver new ideas and value propositions to customers to gain competitive advantage. Orora also recognises innovation as a source of competitive advantage.

* Environmental and social sustainability risks that are not considered material are referred to in the "Sustainability" section of this Annual Report.

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Principal risks

Risk	Description	Mitigation Strategies
Supply Chain	Disruption to Orora's supply chain caused by an interruption to the availability of key components, raw materials or by technology failure may adversely impact sales and/or customer relations, resulting in unexpected costs. Orora's businesses are sensitive to input price risks, specifically energy and other commodities, in various forms and with varying degrees of impact. Although Orora seeks to mitigate these risks through various input pricing strategies, there is no guarantee that Orora will be able to manage all future energy and commodity price movements. Failure to do so may adversely affect Orora's operations and financial performance.	Orora's approach to supply chain risk management is multi-faceted and includes: • implementing a multi-sourcing strategy for the supply of raw materials • customer contracts that provide for regular and timely pass-through of movements in raw materials input costs • supplier due diligence and risk management.
Financial and Treasury	Orora faces a variety of risks arising from the unpredictability of financial markets, including the cost and availability of funds to meet its business needs and movements in interest rates, foreign exchange rates and commodity prices.	Orora's treasury function adopts financial risk management policies approved by the Board. Appropriate commercial terms are negotiated and derivative financial instruments are used, such as foreign exchange contracts and interest rate swaps, to hedge these risk exposures. In addition, where possible, Orora plans to proportionally draw down debt in currencies that align with the proportion of assets in those same currencies, thereby creating a natural hedge.
Mergers and Acquisitions (M&A)	Orora's growth opportunities are dependent, in part, on disciplined selection of suitable targets in the right geographies with the right participation strategy. Failure to be disciplined in selection, effective at integration or focused on capturing value could impact operations and have adverse consequences for the achievement of expected financial benefits.	Orora's strategy team works with the Orora Group businesses to identify suitable targets that are aligned to Orora's overall strategy. The Company's M&A framework imposes rigour in target selection, approval, due diligence, integration preparation/planning and post-merger/acquisition value capture.
Talent	Orora's operating and financial performance is largely dependent on its ability to attract and retain talent and, in particular, key personnel. Any loss of key personnel could adversely affect operating and financial performance.	Orora's human resource strategy is designed to ensure that: • Orora has access to the widest possible pool of talent, through its diversity framework • recruitment, training and development, talent identification and retention programs are in place • a high-performance culture is delivered by setting challenging objectives and rewarding high-performing individuals • remuneration is competitive in the relevant employment markets in order to attract, motivate and retain talent, and is aligned with business outcomes that deliver value to shareholders.
Business Interruption and Disruption (including cyber)	Orora operates numerous sites across a number of countries. Circumstances such as climate-related risk and natural disaster, cyber breaches, operational failure or industrial disruption may occur, which may preclude key sites from operating. In these circumstances, financial performance may be negatively impacted.	Orora undertakes business continuity and disaster preparedness planning for high value or strategically important sites and functions. This includes continuously monitoring and, as appropriate, enhancing our information security capabilities to keep pace with the evolving nature and sophistication of cyber threats. Orora also engages in continuous identification, review and mitigation of property risks, as well as independent loss prevention audits.
Litigation	As is the case with all businesses, Orora is exposed to potential legal and other claims or disputes in the ordinary course of business, including contractual disputes and other claims.	Orora takes legal advice in respect of such claims and, where relevant, makes provisions and disclosure regarding such claims in its financial statements. There are no current claims or disputes of a material nature.

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Directors' report

The Directors of Orora Limited ("Orora" or "the Company") present their report, together with the Financial Statements of the Company and its controlled entities (collectively referred to as "the consolidated entity" or the "Orora Group"), for the financial year ended 30 June 2017

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Statutory matters

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Board of Directors

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

C I (Chris) Roberts

N D (Nigel) Garrard

A P (Abi) Cleland

S L (Samantha) Lewis

G J (John) Pizzey

J L (Jeremy) Sutcliffe

All Directors served on the Board for the period from 1 July 2016 to 30 June 2017.

The qualifications, experience and special responsibilities of the current Directors, and other directorships held by them during the previous three years, are set out on pages 12 to 13 of this Annual Report.

Company Secretary

A L (Ann) Stubbings is the Company Secretary of the Company, having commenced the position on 25 September 2013. Ms Stubbings' qualifications and experience are set out on page 15 of this Annual Report.

Directors' meetings

The following table sets out the number of Directors' meetings (including meetings of Board Committees) held during the period from 1 July 2016 to 30 June 2017, and the number of meetings attended by each Director.

	Board		Audit and Compliance Committee		Executive Committee		Human Resources Committee		Nomination Committee**	
Scheduled Meetings	13		4		2		4		–	
Unscheduled Meetings	–		1		–		–		–	
	A	**B**	**A**	**B**	**A**	**B**	**A**	**B**	**A**	**B**
A P Cleland	13	13	5	5	1*	–	4	4	–	–
N D Garrard	13	13	5*	–	2	2	4*	–	–	–
S L Lewis	13	13	5	5	2	2	4*	–	–	–
G J Pizzey	13	13	4*	–	1	2	3	4	–	–
C I Roberts	13	13	5	5	2	2	4	4	–	–
J L Sutcliffe	12	13	4	5	–	–	3	4	–	–

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

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

A Number of meetings attended.

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

Operating and financial review

An operating and financial review of the consolidated entity during the financial year and the results of these operations begins at page 8 of this Annual Report.

State of affairs

There have been no significant changes in the state of affairs of the consolidated entity during the financial year ended 30 June 2017 other than as disclosed in this Annual Report.

Principal activities

The principal activities of the consolidated entity are set out in the "Who We Are and What We Do" section on page 1 of this Annual Report. There were no significant changes in the nature of the principal activities of the consolidated entity during the financial year ended 30 June 2017.

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Events subsequent to the end of the financial year

In July 2017, Orora announced the closure of the Fibre Smithfield, New South Wales facility. The operation is to be consolidated into the nearby Revesby facility by the end of the financial year ending 30 June 2018 and the site is being marketed for sale.

Likely developments

The Operating and Financial Review section from pages 8 to 34 of this Annual Report contains information on the consolidated entity's business strategies and prospects for future financial years, and refers to likely developments in the consolidated entity's operations and the expected results of these operations in future financial years. Information on likely developments in the consolidated entity's business strategies, prospects and operations for future financial years and the expected results of those operations has not been included in this report where the Directors believe it would likely result in unreasonable prejudice to the consolidated entity. Details that could give rise to material detriment to the consolidated entity, for example, information that is commercially sensitive, confidential or could give a third party a commercial advantage, have also not been included.

Dividends

Dividends paid or declared by the Company to members during the financial year ended 30 June 2017 are set out in note 2.2 to the Financial Statements.

On 15 February and 10 August 2017, the Board authorised management to issue a request to the Trustee of the Orora Employee Share Trust to waive the entitlement of Treasury Shares held in the Trust to be paid the 2017 interim and final dividends. Refer to note 6.3 of the Financial Statements.

Environmental performance and reporting

The Orora Group is committed to continuous improvement of its environmental performance by finding better ways to manufacture and distribute its products. This is guided by the Orora Group's Environmental Policy, a copy of which is available on Orora's website.

(a) Carbon emissions

The *National Greenhouse and Energy Reporting (Safeguard Mechanism) Rule 2015* ("Rule") made under the *National Greenhouse and Energy Reporting Act 2007* (Cth) ("NGER Act") applies to facilities with direct CO_2 emissions (scope 1) of greater than 100,000 tonnes per year. These facilities are required to maintain their direct emissions below their historical peak level. Facilities that exceed their historical peak CO_2 emissions will be required to purchase CO_2 credits to offset their increase in emissions.

The only Orora Group facility that exceeds the 100,000 tonnes per year CO_2 threshold is the glass facility in Gawler, South Australia. This facility complies with its obligations under this Rule.

Due to the recent capacity expansion at this facility, Orora has made an application to the Clean Energy Regulator for a new calculated CO_2 Baseline under section 22 of the Rule, to take effect from July 2016.

(b) Greenhouse gas requirements

In Australia, the Orora Group is subject to reporting obligations under the NGER Act.

The NGER Act requires the Company to report on its annual Australian greenhouse gas emissions and energy use. The Orora Group has data gathering and management systems in place that comply with the NGER Act and the Clean Energy Regulator's audit processes. To comply with this obligation, Orora provides a report to the Clean Energy Regulator each year. In April 2016, a NGERS Audit was undertaken for the Gawler Glass facility by Pangolin Associates Pty Ltd who were appointed by the Clean Energy Regulator. They found no material errors in Orora's reporting.

(c) Manufacturing

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

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

The Directors are not aware of any material breaches of environmental regulations or site-specific licences during or since the financial year ended 30 June 2017.

Statutory matters

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Directors' interests

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

Name	No. of shares
Directors of Orora Limited	
A P Cleland	147,637
N D Garrard	3,124,604[1]
S L Lewis	101,087
G J Pizzey	132,123
C I Roberts	1,153,188
J L Sutcliffe	150,000

(1) Details of rights and options over shares in the Company held by N D Garrard are set out in Table 10 of the Remuneration Report.

Unissued shares under option

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

Options granted	Expiry date	Issue price	Number under option
19 Feb 2014	30 Sep 2021	1.22	519,561
19 Feb 2014	30 Sep 2022	1.22	3,145,000
19 Feb 2014	30 Sep 2023	1.22	2,905,000
21 Oct 2014	30 Sep 2022	1.22	1,750,000
21 Oct 2014	30 Sep 2023	1.22	1,750,000
30 Oct 2015	30 Sep 2024	2.08	4,423,500
20 Oct 2016	29 Aug 2025	2.69	5,058,500

These options do not allow the holder to participate in any share or rights issue of the Company.

Shares issued on exercise of options

There were no ordinary shares of the Company issued during or since the financial year ended 30 June 2017 on the exercise of options granted over unissued shares or interests.

On-market share purchases to satisfy employee share plans

During the financial year ended 30 June 2017, 8,269,529 shares were purchased on-market and held on trust to satisfy obligations under the Company's employee incentive plans. The average price per security at which these shares were purchased was $2.89.

Indemnification and insurance of officers

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

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

No indemnity payment has been made under any of the documents referred to above during or since the financial year ended 30 June 2017.

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Indemnification of auditors

The Company's auditor is PricewaterhouseCoopers ("PwC"). During and since the financial year ended 30 June 2017:

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

Proceedings on behalf of the Company

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court, nor has any application for leave been made in respect of the Company, under section 237 of the *Corporations Act 2001*.

Non-audit services

During the year, PwC, the Company's auditor, performed certain other services in addition to their statutory duties. The Board has considered the non-audit services provided during the financial year ended 30 June 2017 by the auditor and, in accordance with written advice provided by resolution of the Audit & Compliance Committee, is satisfied that the provision of those non-audit services during the financial year by the auditors is compatible with the general standard of independence for auditors, and did not compromise, the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

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

Details of the amounts paid to PwC and its related practices for audit and non-audit services provided during the financial year are set out in note 7.2 to the Financial Statements. In each case, the engagement of PwC was made on its merits (based on service level, expertise, cost, as well as geographical spread).

Rounding off

The Company is of a kind referred to in the ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191. In accordance with the ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, and except where otherwise stated, amounts in the Financial Statements and Directors' Report have been rounded off to the nearest $100,000 or to zero where the amount is $50,000 or less.

Loans to Directors and senior executives

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

Corporate Governance Statement

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

Remuneration report

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An organisation that consistently delivers solid performance must attribute such success to culture and leadership, as is the case at Orora. The Orora Way is the foundation of who Orora is and what the company stands for.

Dear Fellow Shareholder,

On behalf of the Board, I am pleased to present Orora's Remuneration Report for the financial year ended 30 June 2017.

Consistent company performance

Since listing on the Australian Securities Exchange ("ASX") in 2013, Orora has built a reputation for delivering solid performance, year on year. A point further emphasised by the Company's results for 2017.

For the financial year ended 30 June 2017, Orora has again delivered a solid set of financial results, including an 11.1% increase in earnings before significant items, interest and tax ("EBIT") to $302.3 million. This translates, from a compound annual growth rate ("CAGR") perspective, to a 19.1% increase every year since the pro forma 30 June 2013 result achieved shortly prior to Orora's establishment in December 2013.

This Company performance is reflected in the short-term incentive ("STI") payments for the executive key management personnel ("Executive KMP"), which were paid out between 60.5%–80.6% of their maximum STI opportunity. Although this reflects a number of financial and non-financial metrics (at a Group and individual level), this STI result was primarily driven by the achievement of earnings per share ("EPS") before significant items at 15.6 cents (up 14.6% from the financial year ended 30 June 2016).

An organisation that consistently delivers solid performance must attribute such success to culture and leadership, as is the case at Orora. The Orora Way is the foundation of who Orora is and what the Company stands for. With a shared belief in what Orora does, values that guide its people and a culture of outperformance, Orora is united in its determination to be the industry-leading packaging solutions and displays company delivering on the promise of what's inside every day. This shared belief has become a distinguishing factor for Orora in the marketplace and a compelling source of competitive advantage.

Improving value for shareholders

One of the key objectives of Orora's remuneration strategy is to drive long-term value for shareholders. Orora's incentive plans achieve this by aligning challenging and relevant performance metrics with competitive and appropriate executive reward.

The Orora management team has delivered on its promise to shareholders, and consistently delivered this value with a cumulative total shareholder return ("TSR") of 176.3% since listing in December 2013. For the financial year ended 30 June 2017 TSR was 5.9%.

Orora's Executive KMP were rewarded for achieving these significant returns to shareholders. During the financial year ended 30 June 2017, the long-term incentive ("LTI") – Tranche 1 grants awarded in the financial year ended 30 June 2014, which had a performance period of 1 January 2014 to 30 June 2016, fully vested. Following the end of the reporting period, the LTI – Tranche 2 grants awarded in the financial year ended 30 June 2014, which had a performance period of 1 January 2014 to 30 June 2017, were tested. The outcomes of this testing will result in the full vesting of this grant which will occur during the financial year ending 30 June 2018.

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Remuneration changes during the financial year

During the financial year ended 30 June 2017, the Executive KMP did not receive any increase to their fixed remuneration. The Board considered fixed remuneration for the Executive KMP to be appropriately positioned against the market, and therefore did not deem it appropriate to provide any further increase in fixed remuneration.

As was disclosed in the 2016 Annual General Meeting Notice of Meeting, the Comparator Group for the Company's LTI in the financial year ended 30 June 2017 was companies ranked 30 to 130 on the S&P/ASX index (with no exclusions), changed from companies ranked 50 to 150 on the S&P/ASX index (with no exclusions) in the financial year ended 30 June 2016. The Board considers that this new Comparator Group appropriately recognises Orora's current market position.

No other changes were made to Orora's approach to remuneration during the financial year ended 30 June 2017.

Remuneration changes for the financial year ending 30 June 2018

Orora regularly reviews its approach to executive remuneration to ensure it remains relevant, competitive, and appropriate in the context of changing business and economic environments.

On this basis, the Board has made some minor revisions to both the LTI and STI structures for the Executive KMP, which will take effect from the financial year ending 30 June 2018.

The changes relate to the performance criteria for each plan, and the Board considers that these changes reflect Orora's current business strategy and market positioning.

Role of the Human Resources Committee

As Chair of the Human Resources Committee, it is my role, together with my fellow Committee members, to ensure that Orora's Senior Executives are motivated and incentivised to develop and successfully execute against a long-term strategy that grows the business and generates shareholder returns.

Successful execution against Orora's strategy also relies on the quality and engagement of all Orora team members. As such, the Human Resources Committee is accountable for ensuring that all aspects of Orora's talent management program appeal to, attract and retain the best possible talent and develop that talent as a key differentiator for the Company.

Orora's management team has continued to embed their fit for purpose talent, development and diversity strategy, and the Committee is pleased with the progress made in each of the focus areas during the period. This has included the identification and targeted development of key talent through senior levels of the organisation, and a strong focus on the advancement and development of women at Orora.

It has been my pleasure to serve on the Board of Orora Limited and Chair the Human Resources Committee during the financial year ended 30 June 2017.



JOHN PIZZEY
Chair, Human Resources Committee

Remuneration report

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Introduction

The Directors of Orora Limited ("Orora" or the "Company") present the Remuneration Report (which forms part of the Directors' Report) prepared in accordance with section 300A of the *Corporations Act 2001* (Cth) for the Company and its controlled entities (collectively, the "Group" or "Orora Group") for the financial year ended 30 June 2017.

Structure of this report

Orora's 2017 Remuneration Report is divided into the following sections:

Section	Page No.
Message from John Pizzey, Chair Human Resources Committee	40
1 Key management personnel	42
2 Remuneration governance	43
3 Remuneration strategy and structure	44
4 FY17 Executive KMP remuneration	47
5 FY17 Non-Executive Director remuneration	56

1. Key management personnel

For the purposes of this Remuneration Report, key management personnel ("KMP") includes each of the Directors, both executive and non-executive, and nominated Senior Executives who have authority and responsibility for planning, directing and controlling the activities of the Orora Group, either directly or indirectly.

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

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

Particulars of KMP and Senior Executives' qualifications, experience and special responsibilities are detailed on pages 12 to 15.
The KMP covered in this report are listed in **Table 1**.

Table 1

Name	Title	Commencement as KMP
Non-Executive Directors(1)		
C I (Chris) Roberts	Independent Non-Executive Director and Chairman	17 December 2013
G J (John) Pizzey	Independent Non-Executive Director	17 December 2013
J L (Jeremy) Sutcliffe	Independent Non-Executive Director	17 December 2013
A P (Abigail) Cleland	Independent Non-Executive Director	1 February 2014
S L (Samantha) Lewis	Independent Non-Executive Director	1 March 2014
Executive KMP(2)		
N D (Nigel) Garrard	Managing Director and Chief Executive Officer	17 December 2013
S G (Stuart) Hutton	Chief Financial Officer	17 December 2013
D J (David) Lewis	Group General Manager, Strategy	1 January 2014

(1) Commencement date as KMP is the date of appointment to the Orora Limited Board.

(2) Commencement date as KMP is the date of appointment as an Orora KMP following the Orora Group's demerger from Amcor Ltd.

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1.1. Executive KMP service agreements

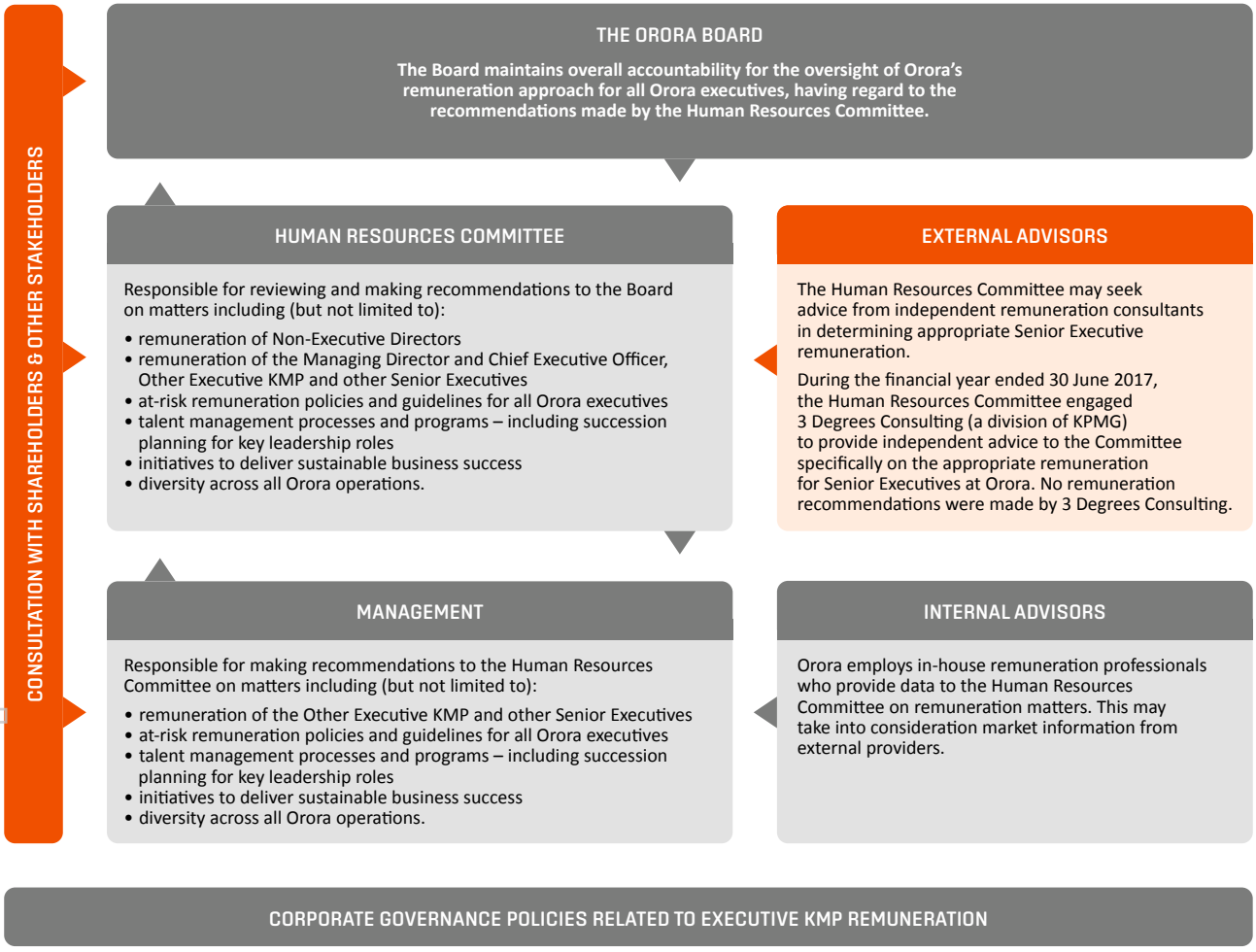
Orora formalises remuneration and other terms of employment for the Executive KMP in service agreements. Specific information relating to the terms of the Executive KMP's service agreements is set out in **Table 2**.

Table 2

Name	Term	Notice period	Redundancy/termination payment
N D Garrard	Open	12 months	Greater of amount payable required by law and payment in lieu of notice (total termination payment must not exceed 12 months' Total Fixed Remuneration).
S G Hutton D J Lewis	Open	6 months	Greater of amount payable required by law and payment in lieu of notice (total termination payment must not exceed 12 months' Total Fixed Remuneration).

2. Remuneration governance

2.1. Governance framework



Remuneration report

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2.2. Corporate governance policies related to Executive KMP remuneration

2.2.1. Minimum shareholding policy

To strengthen alignment of the interests of the Executive KMP and other Senior Executives with value creation for shareholders, they must build and maintain a minimum shareholding of shares in the Company. The Managing Director and Chief Executive Officer is required to build and maintain a shareholding equivalent to 100% of total fixed remuneration within six years of his/her appointment and Other Executive KMP and other Senior Executives are required to build and maintain a shareholding equivalent to 50% of total fixed remuneration within six years of their appointment.

Once the relevant minimum shareholding has been reached, the Executive KMP and other Senior Executives must not dispose of Orora shares obtained from awards under Orora's equity-based incentive schemes granted on or after 1 January 2014, where to do so would result in them holding less than the relevant minimum shareholding. Further details can be found within the Corporate Governance Policies and Standards section of the Orora website at: https://www.ororagroup.com/investors/policies-and-standards.

2.2.2. Share trading policy

The Board has implemented blackout periods during which all Orora team members (including Executive KMP and other Senior Executives) and Non-Executive Directors are unable to trade in Orora shares. Further detail can be found within the Corporate Governance Policies and Standards section of the Orora website at: https://www.ororagroup.com/investors/policies-and-standards.

Hedging of securities

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

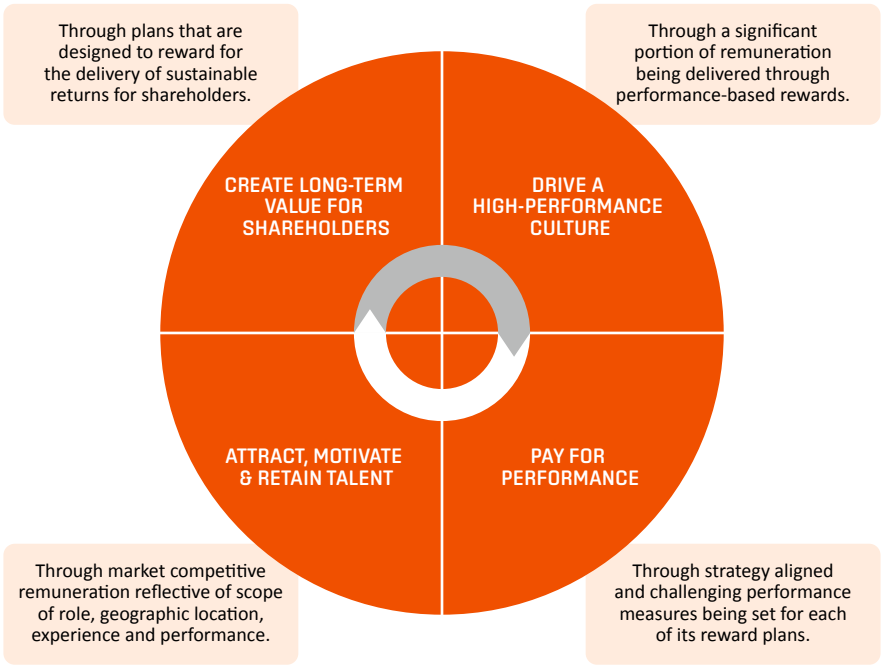
2.2.3. Senior executive reward and evaluation policy

The Board has a policy which outlines its commitment to ensure the structure of Orora Group remuneration is aligned to business outcomes that deliver value to shareholders. Further detail can be found within the Corporate Governance Policies and Standards section of the Orora website at: https://www.ororagroup.com/investors/policies-and-standards.

3. Remuneration strategy and structure

3.1. Remuneration strategy

Orora's executive remuneration strategy is designed to drive a high performance culture, pay for performance, attract, motivate and retain talent and, ultimately, create long-term value for shareholders.



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3.2. Remuneration framework for Executive KMP

The remuneration of Orora's Executive KMP is delivered using both fixed and variable (at-risk) components as outlined in **Table 3**. Specific outcomes and performance measures for the financial year ended 30 June 2017 are included in Section 4.

Table 3

Component	Payment vehicle	Performance measure/s	Link to strategy
Fixed remuneration Fixed remuneration for the Executive KMP is set by referencing the market median remuneration for similar roles in listed companies of similar size to Orora, competing in comparable geographic locations.	Fixed remuneration consists of **cash salary and retirement benefits**(1).	Individual fixed remuneration is reflective of scope of role, geographic location, skills, responsibilities, experience and performance.	Market competitive fixed remuneration is paid to attract, motivate and retain Executive KMP with the appropriate experience and talent to drive Orora's strategy.
+			
Short-term incentive (STI) (at-risk) Orora's STI is designed to reward Executive KMP for the achievement of the key short-term performance measures in each financial year.	Any award achieved will be delivered, following the release of the end of year results, as **2/3 cash payment** and **1/3 deferred equity (Performance Rights)** – deferred for two years.	A scorecard of performance measures is used to determine any STI award payable. This is measured at Orora Group level. This scorecard represents the key priority areas for the current year and typically includes safety, strategic initiatives and has a strong weighting towards financial growth and returns.	The STI provides a reward linked to the delivery of short-term objectives, and the equity deferral both aligns overall reward outcomes to longer-term value creation for shareholders, and acts as a retention tool.
+			
Long-term incentive (LTI) (at-risk) Orora's LTI is designed to reward Executive KMP for the achievement of long-term sustainable business outcomes and value creation for shareholders.	Executive KMP are allocated both **Performance Rights (75%) and Options (25%)**, with vesting based on the delivery of set performance measures over a four-year performance period. Grants are made using market value (Performance Rights) and fair value (Options) but may be adjusted nominally at the Board's discretion.	1. CAGR in EPS with a RoAFE gateway (all Options and 1/3 of Performance Rights). An exercise price also applies to Options. 2. Relative Total Shareholder Return (2/3 of Performance Rights).	The LTI builds Executive KMP equity ownership. It also aligns the interests of the Executive KMP with shareholders by having an exercise price for Options, as no Options are earned unless earnings and returns increase and this is reflected in an increased share price.
=			
Total remuneration The sum of all fixed and variable (at-risk) elements of remuneration			
Optional component (used only on a limited basis)			
Retention Share/Payment Plan (CEO Grant) Time-restricted (up to five years) shares or cash, subject to forfeiture in the event of voluntary termination or termination for cause.		Used on a limited basis at recruitment to replace existing entitlements from previous employers or as retention awards to existing executives.	

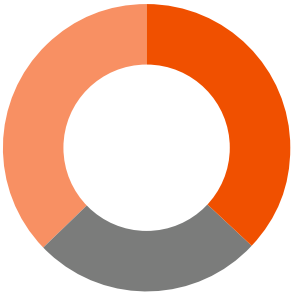
(1) Retirement benefits are delivered under defined contribution funds for all Executive KMP. Retirement benefits are set by reference to regulatory requirements in the relevant employing jurisdictions.

Remuneration report

3.3. Remuneration mix

The current mix of remuneration components for Orora's Executive KMP is shown below and clearly demonstrates the emphasis placed on variable (at-risk) plans, designed to directly incentivise performance.

MD & CEO



Fixed	37%
STI	26%
LTI	37%

Other Executive KMP

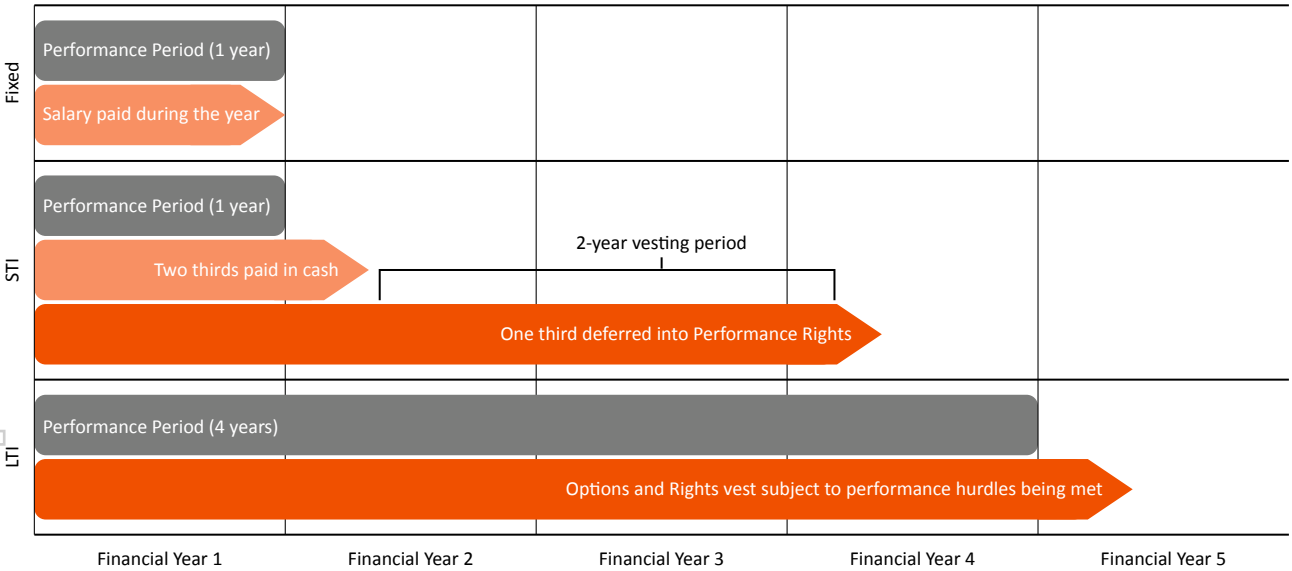


Fixed	47%
STI	23%
LTI	30%

3.4. Reward delivery

Each remuneration component for Orora's Executive KMP is delivered over a one to four-year horizon. **Chart 1** demonstrates the delivery of each remuneration component from the commencement of the performance period for each component in Financial Year 1.

Chart 1



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4. FY17 Executive KMP remuneration

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

4.1. Shareholder return information

Table 4 summarises key indicators of the performance of the Orora Group and relevant shareholder returns over the financial year ended 30 June 2017. This table will be expanded in future years to include a five-year summary of Orora Group's financial results.

Table 4

Financial summary for year ended 30 June	**2017**[1]	2016[2]	2015	2014[3]
EBIT ($m)	**302.3**	272.1	225.1	192.1
Dividends per ordinary share (cents)	**11.0**	9.5	7.5	6.0
Closing share price (as at 30 June)	**$2.86**	$2.76	$2.09	$1.43
EPS growth (%)	**14.6%**	24.8%	25.9%	–
NPAT ($m)	**186.2**	162.7	131.4	104.4
Cumulative TSR (%)[4]	**5.9%**	36.1%	51.2%	–
Operating free cash flow[5] ($m)	**331.5**	313.8	260.8	218.9
RoAFE[6] (%)	**13.6%**	12.7%	10.6%	9.3%

(1) EBIT, NPAT, EPS growth and RoAFE exclude the impact of the Petrie decommissioning significant item.

(2) EBIT, NPAT, EPS growth and RoAFE exclude the one-off profit on the sale of the Petrie land.

(3) Effective 17 December 2013, the Orora Group demerged from Amcor Ltd. The demerger was implemented on 31 December 2013. As a result of the corporate restructure to effect the demerger, the Orora Group's statutory financial information as at 30 June 2014 did not represent the performance of the Orora Group as it is currently structured. Accordingly, the pro forma financial results of the Orora Group (which form the base for future performance assessment) have been disclosed above in respect of the financial year ended 30 June 2014 and are presented on a pre-significant items basis.

(4) Total shareholder return ("TSR") is calculated as the change in share price for the financial year, plus dividends paid during the financial year, divided by the opening share price for the financial year.

(5) Operating free cash flow excludes cash significant items that are considered to be outside the ordinary course of operations and non-recurring in nature but includes net capital expenditure.

(6) Return on average funds employed ("RoAFE") is calculated as EBIT divided by average funds employed.

4.2. Pay for performance

The Board has set challenging financial and non-financial performance targets for Senior Executives and has directly aligned Senior Executive incentives to the achievement of those targets for the financial year ended 30 June 2017.

The "Pay for Performance" link is clear:

Target performance achieved = target rewards paid.

Above-target performance achieved = above-target rewards paid.

Where the Orora Group's performance does not meet the Board's performance targets, either reduced or no benefits are earned from a Senior Executives' at-risk short-term or long-term incentive components.

An outline of the Orora Executive KMP remuneration framework is set out in section 3.2.

A summary of the outcomes for each reward component in the financial year ended 30 June 2017 is provided in the section below in respect of the Executive KMP.

4.3. Fixed remuneration

Fixed remuneration is reviewed for each of the Executive KMP by referencing the market median remuneration for similar roles in listed companies, of similar size to Orora, competing in comparable geographic locations.

Following this review for the financial year ended 30 June 2017, no adjustments were made to the fixed remuneration for any of the Executive KMP.

Remuneration report

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4.4. Short-term incentive (STI)

As outlined in section 3.2 the Orora STI consists of two components, a cash component and a deferred equity component. Two-thirds of any STI award made annually is paid in the form of cash following the release of the end of year financial results, and one-third is deferred for a period of two years into time-based performance rights.

Performance measures are carefully selected at the start of the financial year that align to the key short-term priority areas for the Orora Group. An overview of achievements against each of the performance measures selected for the financial year ended 30 June 2017 is included in **Table 5**.

Table 5

KPI	Weighting	Overview of performance
Group safety Recordable case frequency rate ("RCFR")	5%	There was no improvement in RCFR over the financial year ended 30 June 2017.
Group earnings Earnings per Share ("EPS")	35% – 55%(1)	Group earnings grew strongly in the financial year ended 30 June 2017, with underlying EPS before significant items being 14.6% ahead of the underlying EPS for the financial year ended 30 June 2016.
Group returns Return on average funds employed ("RoAFE")	10%	With the increase in earnings, and sound balance sheet management, RoAFE grew from 12.7% in the financial year ended 30 June 2016, to 13.6% in the financial year ended 30 June 2017.
Group asset management Average working capital ("AWC") as a % of sales	5%	AWC management continued to be a priority and an improvement was achieved in 30 June 2017 over the prior year result.
Group cash flow Operating free cash flow ("OFCF")	5%	Cash was managed closely, with cash conversion being in excess of expectations.
Personal strategic measures Performance against strategic measure/s in area of strategic influence	20% – 40%	The outcome of these measures varied by individual Executive KMP, and by individual objectives, with assessments ranging from "not achieved" to "fully achieved".

(1) For N D Garrard and S G Hutton a stretch weighting of 100% applies.

At the conclusion of the financial year ended 30 June 2017, the Board made an assessment on the performance of each Executive KMP against each of the agreed performance measures, and determined any STI award outcome payable based on this assessment. In their assessment, the Board also considered how the Executive KMP achieved performance:

- aligned to Orora's company values;
- how proactive they were in overcoming challenges in the delivery of the final outcome; and
- what their individual contribution was to the collective outperformance of Orora.

Consistent with the prior year, the Board has exercised their discretion on the final STI outcome for the Executive KMP to normalise results to reflect underlying business performance (i.e. excluding the impact of the Petrie significant items). Individual performance outcomes have been adjusted as a result of the Board's exercise of discretion for certain Executive KMP, with the Petrie significant item a consideration in this assessment.

Details of the Executive KMP STI opportunity and actual payments received for the financial year ended 30 June 2017 are provided in **Table 6**.

Table 6

Name	STI % range	STI target % of TFR	Total STI earned ($)	STI earned as % of TFR	% of Maximum STI forfeited	Cash STI ($)	Deferred Performance Rights ($)	Deferred Performance Rights Number(1)
Executive Directors								
N D Garrard(2)	0% to 100% of TFR	70.0%	1,025,561	80.6%	19.4%	683,707	341,854	119,529
Other Executive KMP								
S G Hutton	0% to 75% of TFR	50.0%	294,938	45.4%	39.5%	196,625	98,313	34,375
D J Lewis	0% to 75% of TFR	50.0%	288,710	49.1%	34.5%	192,474	96,237	33,649

(1) The cash and deferred performance rights will be granted in September 2017 following the determination of the STI. Deferred performance right allocations will be determined based on the volume-weighted average price of the Company's shares for the five trading days prior to 30 June 2017 ($2.86 per share).

(2) Shareholder approval was obtained at 2016 Annual General Meeting for the grant of deferred performance rights to N D Garrard for the financial year ended 30 June 2017. The Company intends that where deferred performance rights vest under the STI, the right to acquire a share in respect of each deferred performance right will be satisfied by the Company arranging to acquire shares on behalf of N D Garrard on market, however the Company may instead issue new ordinary shares to N D Garrard.

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STI deferred performance rights

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

The number of performance rights to be allocated under the STI to the Executive KMP is calculated as:

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

The vesting of deferred performance rights is subject to a continued service condition of two years (from the date of the grant). Each Executive KMP's allocation is subject to a risk of forfeiture if that member of the Executive KMP either voluntarily leaves Orora's employment during the restriction period, or if employment is terminated for cause. Board discretion regarding vesting and/or forfeiture applies in all cases when an Executive KMP leaves Orora's employment.

4.5. Long-term incentive (LTI)

This section summarises both the LTI component of remuneration offered, and prior year LTI offers that vested, for the Executive KMP, during the financial year ended 30 June 2017.

4.5.1. LTI awarded during the year

Incentive Securities

The LTI grant during the financial year ended 30 June 2017 ("FY17 LTI Grant") was made up of two different incentive securities (Incentive Securities):

- **75% performance rights** to acquire fully paid ordinary shares in the Company ("Rights")
- **25% options** over fully paid ordinary shares in the Company ("Options").

Performance period and vesting

Performance will be assessed for the period from 1 July 2016 to 30 June 2020.

Vesting will occur following the release of the full year results for the financial year ending 30 June 2020, anticipated to be in August 2020. Vesting will occur prior to the ex-dividend date for the full year dividend.

Performance hurdles

Two performance hurdles apply to the FY17 LTI Grant as detailed in **Table 7**, consisting of:

- EPS hurdle (based on the Company's CAGR in EPS over the relevant Performance Period), with a separate minimum "gateway" based on return on RoAFE.
- TSR hurdle, which compares the TSR performance of the Company with the TSR performance of each of the entities in a comparator group, with no gateway.

The combination of RoAFE and EPS represents a strong measure of overall business performance. Having an exercise price for Options ensures that this performance translates into value creation for shareholders, as no Options are earned unless the share price increases. The use of a relative TSR condition for Rights provides a shareholder perspective of the Company's relative performance against comparable ASX-listed companies.

Table 7

LTI hurdles

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

- **EPS hurdle with RoAFE gateway**

Incentive Securities subject to the EPS hurdle first need to meet a minimum RoAFE gateway in order to vest according to the EPS vesting schedule in **Chart 2**.

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

The RoAFE gateway, for the LTI grant for the financial year ended 30 June 2017 is **12.5%**. If the RoAFE gateway is not met in the relevant performance period set out above ("Performance Period"), all Incentive Securities in that grant subject to the EPS hurdle will lapse. If the RoAFE gateway for the grant is met in the relevant Performance Period, the Incentive Securities subject to the EPS hurdle will vest in accordance with the EPS vesting schedule in **Chart 2**.

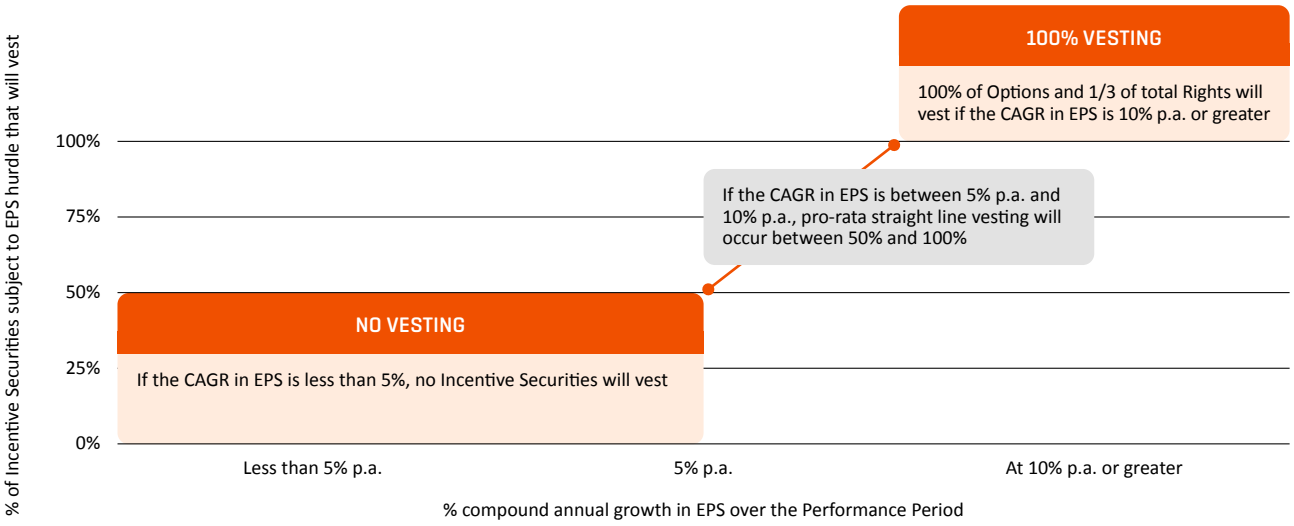
EPS measures the earnings generated by the Company attributable to each Orora share. EPS is calculated based on net profit after tax ("NPAT") post significant items calculated on a constant currency basis (subject to Board discretion) for the relevant financial year, divided by the weighted average number of Orora shares on issue.

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The growth in the Company's EPS over the relevant Performance Period will be calculated as the increase in audited EPS over the base of **13.6 cents** (the underlying EPS outcome for the financial year ended 30 June 2016). The compound growth in EPS will be expressed as a cumulative percentage.

The percentage of Incentive Securities subject to the EPS hurdle (which vest subject to achievement of the RoAFE gateway) will be determined based on the performance achieved against the EPS vesting schedule set out in **Chart 2**, subject to any adjustments for significant items that the Board, in its discretion, considers appropriate.

Chart 2



- **TSR hurdle**

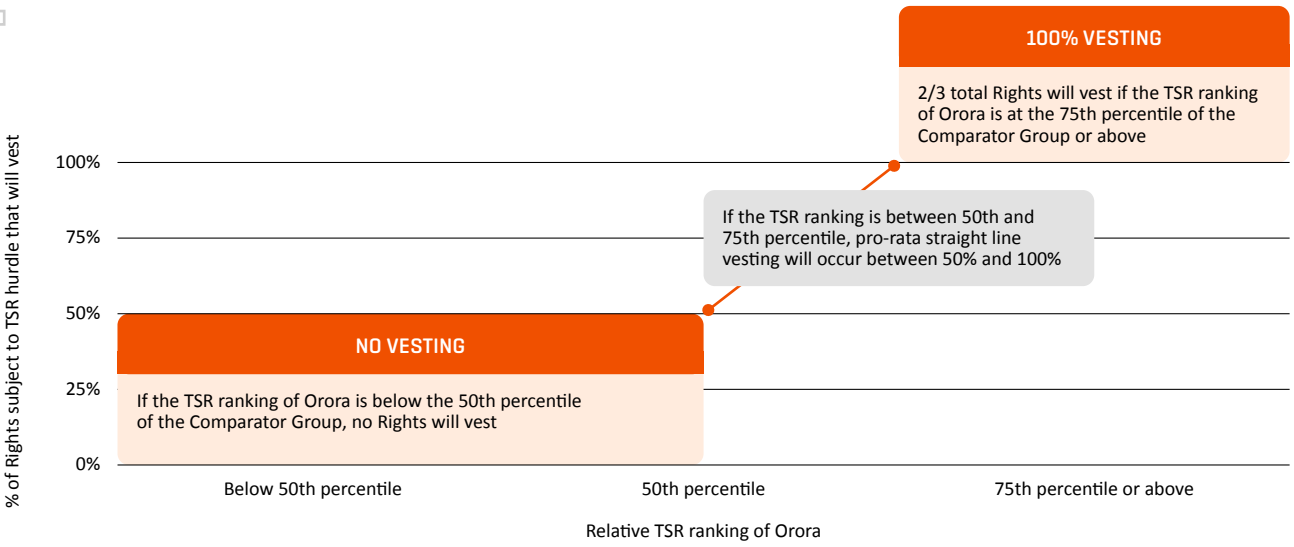
TSR measures the growth in the Company's share price together with the value of dividends declared and paid or any other returns of capital during the Performance Period against companies ranked 30 to 130 on the S&P index as at 1 July 2016 ("Comparator Group").

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

- the opening share price is the volume-weighted average price on the ASX of the Company, or the applicable Comparator Group company, for the final five trading days of the previous financial year (up to 30 June 2016)
- to ensure the impact of share price volatility is minimised, the closing price will be the volume-weighted average price on the ASX of the Company, or the applicable Comparator Group company, for the 20 trading days ending on the last day of the Performance Period (up to 30 June 2020).

The percentage of Rights subject to the TSR hurdle that vest, if any, will be determined by reference to the percentile ranking achieved by the Company, over the relevant Performance Period, compared to the other entities in the Comparator Group as outlined in **Chart 3**.

Chart 3



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Key features of the LTI

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

4.5.2. LTI outcomes for the year

Table 8 shows the Company's performance against the targets set for both Tranche 1 and Tranche 2 of the LTI grant granted to Executive KMP during the financial year ended 30 June 2014. The performance period for Tranche 1 was 1 January 2014 to 30 June 2016. The performance period for Tranche 2 was 1 January 2014 to 30 June 2017. An overview of these grants was detailed in the Remuneration Report included in the 2014 Annual Report.

The performance hurdles for Tranche 1 were either met or exceeded and this resulted in 100% of Rights and Options for Tranche 1 vesting during the financial year ended 30 June 2017 (lapsed: 0%). Tranche 2 was tested following the end of the financial year ended 30 June 2017, at the end of the performance period. The performance hurdles were either met or exceeded and this will result in the full vesting of Tranche 2, which will occur during the financial year ending 30 June 2018.

Table 8
Testing of performance hurdles

		50% of vesting 100% Options & one-third Rights						50% of vesting two-thirds Rights		
		RoAFE gateway		EPS hurdle			Share price	Relative TSR		
LTI awards & performance periods	Testing date	RoAFE gateway	RoAFE[1] outcome	EPS vesting threshold (5%)	EPS vesting maximum (10%)	EPS[2] outcome constant FX	Greater than share price at offer	TSR vesting threshold (50%)	TSR vesting maximum (100%)	TSR outcome
FY14 LTI Grants										
Tranche 1 – 1 January 2014 – 30 June 2016	30-Jun-16	10.3	12.7	9.6	10.5	12.4	Yes	50th percentile	75th percentile	96th percentile
Tranche 2 – 1 January 2014 – 30 June 2017	30-Jun-17	10.8	13.6	10.1	11.6	14.2	Yes	50th percentile	75th percentile	92nd percentile

(1) Refer to Table 4, notes (1) and (2) in relation to the calculation of RoAFE.

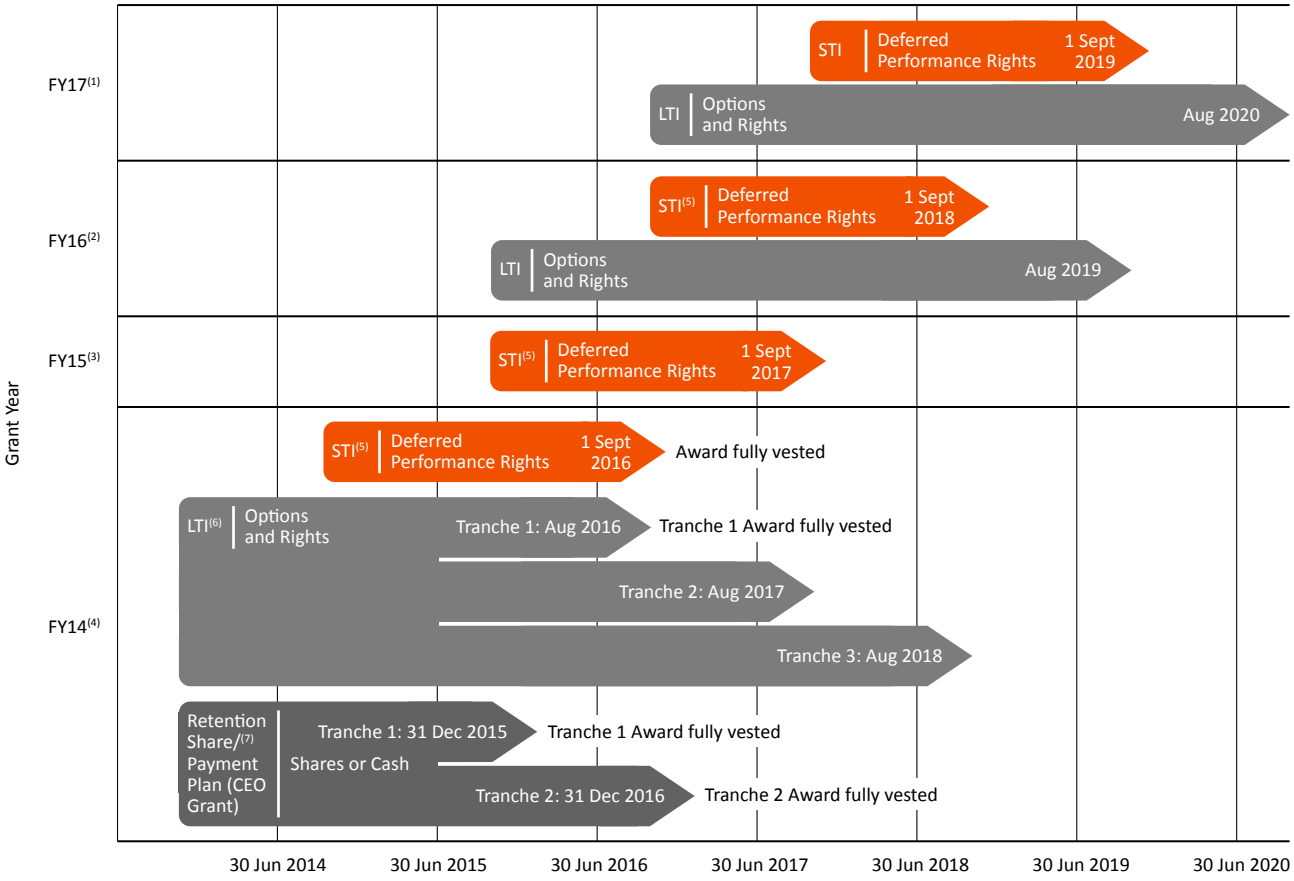
(2) The EPS outcome is calculated on a constant currency basis for both Tranche 1 and Tranche 2. The EPS outcome for Tranche 1 is also calculated before the gain on the sale of Petrie. The EPS outcome for Tranche 2 was not adjusted to add back the Petrie significant item, as it had no impact on the vesting calculation.

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4.6. Grants of Options and Rights affecting remuneration

Chart 4 details awards granted that are still in progress (remain unvested) which impact Executive KMP remuneration for the financial year ended 30 June 2017.

Chart 4



Full service and performance conditions for rights and options granted in previous financial years are summarised in the Remuneration Report for the relevant year of grant.

(1) Following shareholder approval at the 2016 Annual General Meeting, the STI deferred performance rights relating to the financial year ended 30 June 2017 will be granted in September 2017. Vesting is subject to a continued service condition of two years (from the date of the grant). The LTI for N D Garrard was granted on 30 October 2016 following shareholder approval at the 2016 Annual General Meeting. Grants to all Other Executive KMP occurred on the same day, 30 October 2016. Vesting is subject to the EPS hurdle with a RoAFE gateway, Relative TSR hurdle (comparator group: ASX 30-130) and the Company's share price being greater than the exercise price for Options. Vesting date will be following the announcement of the full year results for the financial year ended 30 June 2020, and will occur prior to the ex-dividend date for the full year dividend. The Options may be exercised after vesting until their expiry date (being five years from the date of vesting).

(2) The STI deferred performance rights were granted on 21 September 2016. Vesting is subject to a continued service condition of two years (from the date of grant). The cash component of this STI award was paid on 15 September 2016. The LTI was granted on 30 October 2015. Vesting is subject to an EPS hurdle with RoAFE gateway, Relative TSR hurdle (comparator group: ASX 50-150) and the Company's share price being greater than exercise price for the Options. Vesting of the LTI will follow the announcement of the full year results from the financial year ended 30 June 2019, and will occur prior to the ex-dividend date for the full year dividend. The Options may be exercised after vesting until their date of expiry (being five years from the date of vesting).

(3) The STI deferred performance rights were granted on 8 October 2015. Vesting at 1 September 2017 is subject to a continued service condition of two years (from the date of the grant). The cash component of this STI award was paid on 15 September 2015.

(4) The STI deferred performance rights were granted on 8 September 2014. Vesting is subject to a continued service condition of two years (from the date of the grant). The grant fully vested during the financial year ended 30 June 2017. The cash component of this STI award was paid on 15 September 2014.

(5) An ASX waiver from the requirement in Listing Rule 10.14 to obtain separate shareholder approval for the grant of deferred performance rights to N D Garrard under the STI was obtained at the time of the Orora Group's demerger from Amcor Ltd. This waiver applies to the 2014, 2015 and 2016 STI grants. The 2014 grant fully vested during the financial year ended 30 June 2017 whist the 2015 and 2016 STI grants have vesting dates of 1 September 2017 and 2018, respectively.

(6) The LTI grant to N D Garrard occurred on 21 October 2014 following shareholder approval at the 2014 Annual General Meeting. LTI grants for all Other Executive KMP occurred on 1 May 2014 as disclosed in the 2014 Annual Report. Vesting subject to EPS hurdle with RoAFE gateway, Relative TSR hurdle (comparator group: ASX 50-150) and the Orora share price being greater than exercise price for Options. The Award was split into three tranches as detailed in the 2014 and 2015 Annual Reports. Tranche 1 fully vested during the financial year ended 30 June 2017. Subject to satisfaction of the performance conditions, Tranche 2 and Tranche 3 will vest following the announcement of the full year results for the financial years ended 30 June 2017 and 30 June 2018, respectively, and will occur prior to the ex-dividend date in each year for the full year dividend. The Options may be exercised after vesting until their expiry date (being five years from the date of vesting).

(7) The Retention Share/Payment Plan Award was granted on 1 January 2014 to S G Hutton and D J Lewis as a sign-on award. Vesting was subject to continuous service. Tranche 1 awards fully vested during the financial year ended 30 June 2016 whilst Tranche 2 fully vested during the financial year ended 30 June 2017.

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4.7. Summary of all remuneration received by Executive KMP

Details of the nature and amount of each element of remuneration of the Executive KMP are presented in **Table 9**. Executive KMP were all employed for the full financial year ended 30 June 2017.

Table 9

		Employee benefits							
		Short term			Long term	Post employment	Value of share-based payments[2]		
$		Base salary	Other benefits[1]	Cash STI	Long service leave	Super-annuation benefits	Retention share/ payment plan	Options and rights	Total employee compensation
Executive Director									
N D Garrard Managing Director and Chief Executive Officer	**2017**	**1,238,000**	**2,696**	**683,707**	**27,949**	**35,000**	**–**	**1,730,406**	**3,717,758**
	2016	1,228,750	25,374	693,828	35,673	35,000	–	2,093,011	4,111,636
Other Executive KMP									
S G Hutton Chief Financial Officer	**2017**	**620,000**	**–**	**196,625**	**18,612**	**30,000**	**23,903**	**482,703**	**1,371,843**
	2016	611,400	–	255,685	21,513	30,000	83,395	502,862	1,504,855
D J Lewis Group General Manager, Strategy	**2017**	**562,500**	**–**	**192,474**	**13,788**	**25,000**	**19,919**	**430,796**	**1,244,477**
	2016	559,375	–	215,923	22,435	25,000	69,495	458,844	1,351,072
Total	**2017**	**2,420,500**	**2,696**	**1,072,806**	**60,349**	**90,000**	**43,822**	**2,643,905**	**6,334,078**
	2016	2,399,525	25,374	1,165,436	79,621	90,000	152,890	3,054,717	6,967,563

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

(2) The figures in this column for share-based payments are not actually provided to the Executive KMP in the financial periods presented. The amounts represent the accounting fair value of restricted shares, options, rights and performance rights granted, collectively referred to as the "grants". In accordance with the Accounting Standards the accounting fair value of the grants is recognised proportionally over the grant's performance period. Refer to sections 4.4 and 4.6 for further details of the grants, their performance conditions and performance periods. Changes in the value of share-based payments is primarily due to awards being expensed over their respective performance periods.

The amounts presented above, for both 2016 and 2017, represent management's best estimate, at the date of this report, of the likelihood that the performance conditions of the grants will be met and will therefore vest, at which point the Executive KMP will be entitled to receive the share-based payment. Management's expectation of the grants vesting has changed since last year and, as a result, the 2016 amounts have been restated for comparability purposes to reflect current expectations of the employee benefit over the applicable performance period. If the performance conditions are not met, the Executive KMP will not be entitled to the share-based payment.

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4.8. Executive KMP: Ordinary shareholding and holding of Options and Rights over equity instruments

Table 10 shows the movements of Orora ordinary shares, and the Options and Rights over Orora ordinary shares, held directly, indirectly or beneficially, by each Executive KMP, including their related parties during the financial year ended 30 June 2017 and for the comparative period.

Table 10

		Movements during the financial period					Additional information		
Name and holding		Opening balance	Granted/ received on exercise[1]	Sold/ exercised	Purchased	Closing balance	Vested during the year[6]	Balance vested and not yet exercised	Accounting fair value of grant yet to vest ($)[2]
Executive Director									
N D Garrard									
Ordinary shares	**2017**	**1,547,731**	**2,587,423**	**(997,630)**	**478**	**3,138,002**	**–**	**–**	**–**
	2016	1,547,264	–	–	467	1,547,731	–	–	–
Short Term Incentive Awards									
Deferred Performance Rights	**2017**	**292,019**	**128,964**[3]	**(97,923)**[6]	**–**	**323,060**	**97,923**	**–**	**788,123**
	2016	97,923	194,096	–	–	292,019	–	–	580,715
Long Term Incentive Awards									
Share Options	**2017**	**6,633,500**	**1,515,500**[4]	**(1,750,000)**[6]	**–**	**6,399,000**	**1,750,000**	**–**	**2,880,930**
	2016	5,250,000	1,383,500[5]	–	–	6,633,500	–	–	2,782,405
Performance Rights	**2017**	**2,677,500**	**355,000**[4]	**(739,500)**[6]	**–**	**2,293,000**	**739,500**	**–**	**3,396,273**
	2016	2,218,500	459,000[5]	–	–	2,677,500	–	–	3,709,740
Other Executive KMP									
S G Hutton									
Ordinary shares	**2017**	**328,980**	**847,725**	**(272,725)**	**–**	**903,980**	**–**	**–**	**–**
	2016	328,980	–	–	–	328,980	–	–	–
Short Term Incentive Awards									
Deferred Performance Rights	**2017**	**95,693**	**47,525**[3]	**(32,725)**[6]	**–**	**110,493**	**32,725**	**–**	**271,433**
	2016	32,725	62,968	–	–	95,693	–	–	189,858
Long Term Incentive Awards									
Share Options	**2017**	**2,189,500**	**541,500**[4]	**(575,000)**[6]	**–**	**2,156,000**	**575,000**	**–**	**773,560**
	2016	1,725,000	464,500[5]	–	–	2,189,500	–	–	607,985
Performance Rights	**2017**	**874,000**	**127,000**[4]	**(240,000)**[6]		**761,000**	**240,000**	**–**	**928,213**
	2016	720,000	154,000[5]	–	–	874,000	–	–	883,580

(Table continued over page)

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Table 10 continued

Name and holding		Movements during the financial period					Additional information		
		Opening balance	Granted/ received on exercise[1]	Sold/ exercised	Purchased	Closing balance	Vested during the year[6]	Balance vested and not yet exercised	Accounting fair value of grant yet to vest ($)[2]
D J Lewis									
Ordinary shares	**2017**	**548,134**	**790,381**	**–**	**–**	**1,338,515**	**–**	**–**	**–**
	2016	548,134	–	–	–	548,134	–	–	–
Short Term Incentive Awards									
Deferred Performance Rights	**2017**	**89,374**	**40,134**[3]	**(30,381)**[6]	**–**	**99,127**	**30,381**	**–**	**242,136**
	2016	30,381	58,993	–	–	89,374	–	–	177,447
Long Term Incentive Awards									
Share Options	**2017**	**2,002,500**	**454,500**[4]	**(535,000)**[6]	**–**	**1,922,000**	**535,000**	**–**	**677,700**
	2016	1,605,000	397,500[5]	–	–	2,002,500	–	–	550,775
Performance Rights	**2017**	**807,000**	**106,500**[4]	**(225,000)**[6]	**–**	**688,500**	**225,000**		**823,990**
	2016	675,000	132,000[5]	–	–	807,000	–	–	807,690

(1) The aggregate equity securities granted to/received by all participants in each of the equity incentive schemes (other than the Executive KMP), during the 2017 financial year are as follows: STI (deferred performance rights) 890,788; LTI (Options) 2,547,000; LTI (Rights) 597,000; and 1,152,485 restricted ordinary shares granted under the CEO Grant. In respect of the LTI, awards are only exercisable upon satisfaction of performance conditions whilst the STI award is exercisable on 1 September 2018. Each share option, performance right and deferred performance right entitles the holder to one fully paid Orora ordinary share. The accounting value of all Options granted to the Executive KMP during the financial year ended 30 June 2017 is as follows: N D Garrard $1,912,589; S G Hutton $687,703; and D J Lewis $577,696. The fair value of all Options exercised by the Executive KMP during the financial year ended 30 June 2017 is as follows: N Garrard $3,237,500; S Hutton $1,063,750; and D Lewis $989,750.

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

(3) The STI awards were granted on 21 September 2016, have an accounting fair value at the date of the grant of $2.77 and will expire on 1 September 2018. No exercise price is applicable to the deferred performance rights granted. No awards granted during the period vested during the period.

(4) The LTI Options and Rights were granted on 20 October 2016. The Options have an exercise price of $2.69, an accounting fair value of $0.55 at the date of the grant and will expire on 30 September 2025. The Rights granted have an accounting fair value of $2.03 and no exercise price is payable in respect of the Rights granted. No awards granted during the period vested during the period.

(5) The LTI Options and Rights were granted on 30 October 2015. The Options have an exercise price of $2.08, an accounting fair value of $0.43 as at the date of the grant and will expire on 30 September 2024. In respect of the Rights granted they have an accounting fair value of $1.67, no exercise price is payable in respect of the Rights granted.

(6) Of the awards that vested during the period no price was payable in respect of the STI deferred performance rights or LTI Rights, an exercise price of $1.22 per share was paid in respect of the LTI Options that vested and were exercised. There are no amounts unpaid on shares provided as a result of the exercise of STI deferred performance rights, LTI Rights or LTI Options during the financial year ended 30 June 2017. No LTI Options lapsed during the financial year ended 30 June 2017.

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Remuneration report

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5. FY17 Non-Executive Director remuneration

5.1. Fee Policy

The Non-Executive Director fee policy enables the Company to attract and retain high-quality Directors with relevant experience. The fee policy is reviewed annually by the Human Resources Committee. The fees are set after consideration of fees paid by companies of comparable size, complexity, industry, and geography, and reflect the qualifications and experience necessary to discharge the Board's responsibilities.

The current Non-Executive Director aggregate fee limit is $1,900,000 as approved by shareholders at the 2015 Annual General Meeting.

Non-Executive Directors receive an annual fixed "base" fee of $201,600 for their role as board members, plus additional fees for chairs and members of Board Committees to reflect the additional time and responsibility required. Members of the Nomination Committee do not receive any additional fees. The Chairman receives an annual fixed fee of $403,200, but does not receive additional fees for his involvement with Committees. There was no increase to the fixed base fees and committee fees for Non-Executive Directors and no increase in the annual fixed fee for the Chairman during the financial year ended 30 June 2017.

5.2. Performance-based remuneration and minimum shareholding

Non-Executive Directors do not receive performance-based remuneration and are not granted equity instruments by Orora as part of their compensation.

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

5.3. Non-Executive Director remuneration outcomes

Table 11

$		Base and committee fees[1]	Other benefits[2]	Superannuation benefits	Total compensation
C I Roberts	**2017**	**368,200**	**4,928**	**35,000**	**408,128**
	2016	362,300	4,908	35,000	402,208
G J Pizzey	**2017**	**202,922**	**2,942**	**19,557**	**225,421**
	2016	201,522	2,930	19,229	223,681
J L Sutcliffe	**2017**	**198,356**	**2,950**	**19,124**	**220,430**
	2016	190,851	2,956	18,379	212,186
A P Cleland	**2017**	**202,922**	**2,922**	**19,555**	**225,399**
	2016	209,875	2,940	19,229	232,044
S L Lewis	**2017**	**207,784**	**2,922**	**19,616**	**230,322**
	2016	216,489	2,939	19,308	238,736
Total	**2017**	**1,180,184**	**16,664**	**112,852**	**1,309,700**
	2016	1,181,037	16,673	111,145	1,308,855

(1) Includes adjustments to committee fee payments made during the financial year ended 30 June 2016 for changes in Committee positions made during the financial years ended 30 June 2014 and 30 June 2015.

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

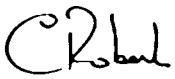
5.4. Non-Executive Directors' ordinary shareholdings

Table 12

Number of shares		Opening balance	Purchased	Closing balance
C I Roberts	**2017**	**1,115,928**	**37,260**	**1,153,188**
	2016	1,077,001	38,927	1,115,928
G J Pizzey	**2017**	**129,971**	**2,152**	**132,123**
	2016	114,628	15,343	129,971
J L Sutcliffe	**2017**	**150,000**	**–**	**150,000**
	2016	150,000	–	150,000
A P Cleland	**2017**	**144,482**	**3,155**	**147,637**
	2016	141,186	3,296	144,482
S L Lewis	**2017**	**89,595**	**11,492**	**101,087**
	2016	88,000	1,595	89,595

DECLARATION

This Directors' Report is made in accordance with a resolution of the Directors, dated at Melbourne, in the State of Victoria, on 10 August 2017.



CHRIS ROBERTS
Chairman

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Auditor's Independence Declaration

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As lead auditor for the audit of Orora Limited for the year ended 30 June 2017, I declare that to the best of my knowledge and belief, there have been:

(a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(b) no contraventions of any applicable code of professional conduct in relation to the audit.

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

Lisa Harker
Partner
PricewaterhouseCoopers

Melbourne
10 August 2017

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Financial report

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This is the financial report of Orora Limited (the Company) and its subsidiaries (collectively referred to as the Group).

The financial report has been prepared in a style that attempts to make the report less complex and more relevant to shareholders. The note disclosures have been grouped into a number of sections with each section also including details of the accounting policies applied in producing the relevant note, along with details of any key judgements and estimates used.

Notes to the financial statements provide information required by statute, accounting standards or Listing Rules to explain a particular feature of the financial statements. The notes which follow also provide explanation and additional disclosures to assist readers in their understanding and interpretation of the Annual Report and the financial statements.

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Income Statement

For the financial year ended 30 June 2017

$ million	Note	2017	2016
Sales revenue	1.1	**4,039.1**	3,849.8
Cost of sales		**(3,274.6)**	(3,135.2)
Gross profit		**764.5**	714.6
Other income	1.4	**17.1**	21.8
Sales and marketing expenses		**(200.2)**	(191.1)
General and administration expenses		**(300.7)**	(264.8)
Profit from operations	1.1	**280.7**	280.5
Finance income		**0.2**	0.4
Finance expenses		**(37.8)**	(41.5)
Net finance costs		**(37.6)**	(41.1)
Profit before related income tax expense		**243.1**	239.4
Income tax expense	4.1	**(72.0)**	(70.8)
Profit for the financial period attributable to the owners of Orora Limited[1]		**171.1**	168.6
$ million		**Cents**	**Cents**
Profit per share attributable to the ordinary equity holders of Orora Limited[1]			
Basic earnings per share	1.3	**14.3**	14.1
Diluted earnings per share	1.3	**14.1**	13.9

(1) Profit for the current period includes an after tax significant item expense of $15.1 million relating to anticipated additional decommissioning costs at the former cartonboard mill site in Petrie, Queensland (refer note 1.2). The Petrie site was sold on 20 July 2015 and an after tax gain on sale of $5.9 million was recognised in profit in the comparative period. Excluding these Petrie related impacts on the results of the Group, basic earnings per share is 15.6 cents (2016: 13.6 cents) and diluted earnings per share 15.3 cents (2016: 13.4 cents), refer note 1.3.

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

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Statement of Comprehensive Income

For the financial year ended 30 June 2017

$ million	2017	2016
Profit for the financial period	**171.1**	168.6
Other comprehensive income/(expense)		
Items that may be reclassified to profit or loss:		
Cash flow hedge reserve		
Unrealised gains/(losses) on cash flow hedges	**(2.5)**	(13.7)
Realised losses/(gains) transferred to profit or loss	**13.7**	(2.6)
Realised losses transferred to non-financial assets	**1.0**	–
Time value of options	**–**	(0.4)
Tax effect	**(3.7)**	4.9
Exchange fluctuation reserve		
Exchange differences on translation of foreign operations	**(3.9)**	5.2
Net investment hedge of foreign operations	**(0.4)**	8.3
Tax effect	**–**	(0.3)
Other comprehensive income for the financial period, net of tax	**4.2**	1.4
Total comprehensive income for the financial period attributable to the owners of Orora Limited	**175.3**	170.0

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

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Statement of Financial Position

As at 30 June 2017

$ million	Note	2017	2016
CURRENT ASSETS			
Cash and cash equivalents	2.3	**58.5**	66.1
Trade and other receivables	3.1	**571.6**	515.8
Inventories	3.2	**492.6**	459.4
Derivatives	5.4	**1.3**	0.7
Other current assets	3.4	**46.1**	39.3
Current tax receivable		**–**	1.4
Total current assets		**1,170.1**	1,082.7
NON-CURRENT ASSETS			
Property, plant and equipment	3.5	**1,648.6**	1,564.3
Goodwill and intangible assets	3.6	**446.5**	378.2
Derivatives	5.4	**0.2**	0.1
Other non-current assets	3.4	**97.8**	104.6
Total non-current assets		**2,193.1**	2,047.2
Total assets		**3,363.2**	3,129.9
CURRENT LIABILITIES			
Trade and other payables	3.3	**826.9**	708.5
Interest-bearing liabilities	2.3	**21.1**	–
Derivatives	5.4	**7.8**	13.7
Current tax liabilities		**2.8**	–
Provisions	3.8	**126.8**	111.2
Total current liabilities		**985.4**	833.4
NON-CURRENT LIABILITIES			
Other payables		**40.5**	28.5
Interest-bearing liabilities	2.3	**711.4**	695.7
Derivatives	5.4	**5.8**	12.3
Deferred tax liabilities	4.2	**49.1**	32.2
Provisions	3.8	**24.2**	30.2
Total non-current liabilities		**831.0**	798.9
Total liabilities		**1,816.4**	1,632.3
NET ASSETS		**1,546.8**	1,497.6
EQUITY			
Contributed equity	2.4.1	**508.7**	513.1
Treasury shares	2.4.1	**(36.4)**	(31.3)
Reserves	2.4.2	**144.0**	136.8
Retained earnings	2.4.3	**930.5**	879.0
TOTAL EQUITY		**1,546.8**	1,497.6

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

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Statement of Changes in Equity

For the financial year ended 30 June 2017

$ million	Note	Attributable to owners of Orora Limited						
		Contributed equity	Cash flow hedge reserve	Share-based payment reserve	Demerger reserve	Exchange fluctuation reserve	Retained earnings	Total equity
Balance at 1 July 2015		502.7	(3.6)	6.9	132.9	(9.0)	812.1	1,442.0
Net profit for the financial period	2.4.3	–	–	–	–	–	168.6	168.6
Other comprehensive income/(loss):								
Unrealised losses on cash flow hedges		–	(13.7)[1]	–	–	–	–	(13.7)
Realised gains transferred to profit or loss		–	(2.6)[1]	–	–	–	–	(2.6)
Time value of options		–	(0.4)	–	–	–	–	(0.4)
Exchange differences on translation of foreign operations		–	–	–	–	13.5	–	13.5
Deferred tax		–	4.9	–	–	(0.3)	–	4.6
Total other comprehensive income/(loss)		–	(11.8)	–	–	13.2	–	1.4
Transactions with owners in their capacity as owners:								
Purchase of treasury shares	2.4.1	(21.3)	–	–	–	–	–	(21.3)
Dividends paid	2.2 & 2.4.3	–	–	–	–	–	(101.7)	(101.7)
Settlement of options and performance rights	2.4.1	0.4	–	(0.4)	–	–	–	–
Share-based payment expense	7.1	–	–	8.6	–	–	–	8.6
Balance at 1 July 2016		**481.8**	**(15.4)**	**15.1**	**132.9**	**4.2**	**879.0**	**1,497.6**
Net profit for the financial period	2.4.3	**–**	**–**	**–**	**–**	**–**	**171.1**	**171.1**
Other comprehensive income/(loss):								
Unrealised losses on cash flow hedges		**–**	**(2.5)**[1]	**–**	**–**	**–**	**–**	**(2.5)**
Realised losses transferred to profit or loss		**–**	**13.7**[1]	**–**	**–**	**–**	**–**	**13.7**
Realised losses transferred to non-financial assets		**–**	**1.0**[1]	**–**	**–**	**–**	**–**	**1.0**
Exchange differences on translation of foreign operations		**–**	**–**	**–**	**–**	**(4.3)**	**–**	**(4.3)**
Deferred tax		**–**	**(3.7)**	**–**	**–**	**–**	**–**	**(3.7)**
Total other comprehensive income/(loss)		**–**	**8.5**	**–**	**–**	**(4.3)**	**–**	**4.2**
Transactions with owners in their capacity as owners:								
Proceeds received from employees on exercise of options	2.4.1	**6.2**	**–**	**–**	**–**	**–**	**–**	**6.2**
Shares granted on business acquisition transaction	2.4.1 & 6.2.2	**2.1**	**–**	**–**	**–**	**–**	**–**	**2.1**
Purchase of treasury shares	2.4.1	**(23.9)**	**–**	**–**	**–**	**–**	**–**	**(23.9)**
Dividends paid	2.2 & 2.4.3	**–**	**–**	**–**	**–**	**–**	**(119.6)**	**(119.6)**
Settlement of options and performance rights	2.4.1	**6.1**	**–**	**(6.1)**	**–**	**–**	**–**	**–**
Share-based payment expense	7.1	**–**	**–**	**9.1**	**–**	**–**	**–**	**9.1**
Balance at 30 June 2017		**472.3**	**(6.9)**	**18.1**	**132.9**	**(0.1)**	**930.5**	**1,546.8**

(1) During the 12 months to 30 June 2017 losses relating to the valuation of forward exchange contracts of $2.9 million and gains of $0.4 million, relating to the valuation of interest rate swap contracts, were recognised in the cash flow hedge reserve (2016: losses of $13.3 million and $0.4 million, respectively). In addition, losses of $7.3 million (2016: gains of $4.8 million) relating to the forward exchange contracts and losses of $6.4 million (2016: losses $2.2 million) relating to interest rate swap contracts were transferred to profit or loss, whilst losses of $1.0 million relating to forward exchange contracts was transferred to non-financial assets. Refer to note 5.4 for further information on these derivative instruments.

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

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Cash Flow Statement

For the financial year ended 30 June 2017

$ million	Note	2017	2016
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES			
Profit for the financial period		**171.1**	168.6
Depreciation	1.5	**108.7**	101.2
Amortisation of intangible assets	1.5	**7.4**	6.3
Net impairment losses on property, plant and equipment, intangibles, receivables and inventory		**2.9**	6.6
Net finance costs		**37.6**	41.1
Net gain on disposal of non-current assets	1.4	**(4.3)**	(8.3)
Fair value loss on financial instruments at fair value through income statement		**0.1**	1.7
Dividends from other entities		**–**	(0.1)
Share-based payment expense	1.5	**9.1**	8.6
Other sundry items		**19.8**	19.5
Income tax expense	4.1	**72.0**	70.8
Operating cash inflow before changes in working capital and provisions		**424.4**	416.0
– (Increase)/Decrease in prepayments and other operating assets		**(8.3)**	(5.4)
– Increase/(Decrease) in provisions		**11.5**	(12.0)
– (Increase)/Decrease in trade and other receivables		**(58.5)**	(43.5)
– (Increase)/Decrease in inventories		**(43.7)**	2.7
– Increase/(Decrease) in trade and other payables		**109.2**	28.8
		434.6	386.6
Dividends received		**–**	0.1
Interest received		**0.2**	0.4
Interest and borrowing costs paid		**(34.5)**	(29.6)
Income tax paid		**(49.1)**	(52.5)
Net cash inflow from operating activities		**351.2**	305.0
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES			
Repayment of loans to associated companies and other persons		**0.5**	–
Payments for acquisition of controlled entities and businesses, net of cash acquired		**(134.9)**	(120.2)
Payments for property, plant and equipment and intangible assets	1.1	**(157.1)**	(110.1)
Proceeds on disposal of non-current assets		**20.0**	30.6
Net cash flows used in investing activities		**(271.5)**	(199.7)
CASH FLOWS USED IN FINANCING ACTIVITIES			
Proceeds from exercise of employee share options		**6.2**	–
Payments for treasury shares	2.4.1	**(23.9)**	(21.3)
Proceeds from borrowings		**1,391.0**	2,648.9
Repayment of borrowings		**(1,345.0)**	(2,634.1)
Principal lease repayments		**(0.2)**	–
Dividends paid and other equity distributions	2.2	**(119.6)**	(101.7)
Net cash flows used in financing activities		**(91.5)**	(108.2)
Net (decrease)/increase in cash held		**(11.8)**	(2.9)
Cash and cash equivalents at the beginning of the financial period		**66.1**	67.3
Effects of exchange rate changes on cash and cash equivalents		**(0.9)**	1.7
Cash and cash equivalents at the end of the financial period		**53.4**	66.1
Reconciliation of cash and cash equivalents			
For the purpose of the Cash Flow Statement, cash and cash equivalents includes cash on hand and at bank and short-term money market investments, net of outstanding bank overdrafts. Cash and cash equivalents as at the end of the financial year as shown in the Cash Flow Statement is reconciled to the related items in the Statement of Financial Position as follows:			
Cash assets and cash equivalents	2.3	**58.5**	66.1
Bank overdrafts	2.3	**(5.1)**	–
Cash and cash equivalents at the end of the financial period		**53.4**	66.1

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

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Notes to the financial statements

For the financial year ended 30 June 2017

About this report

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

This financial report is a general purpose financial report which:

- has been prepared in accordance with Australian Accounting Standards (AASBs), including Australian Accounting Interpretations adopted by the AASB, and the *Corporations Act 2001*. The financial report of the Group also complies with International Financial Reporting Standards (IFRSs) and Interpretations as issued by the International Accounting Standards Board (IASB);
- has been prepared under the historical cost basis except for financial instruments which have been measured at fair value. Non-derivative financial instruments are measured at fair value through the income statement;
- is presented in Australian dollars with values rounded to the nearest $100,000 unless otherwise stated, in accordance with the ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191;
- presents reclassified comparative information where required for consistency with the current period presentation. This includes the restatement of the comparative period in respect of treating the profit recognised in respect of the sale of the former cartonboard mill site in Petrie, Queensland as a significant item. Refer note 1.2;
- adopts all new and amended Accounting Standards and Interpretations issued by the AASB that are relevant to the operations of the Group and effective for reporting periods beginning on or after 1 July 2016;
- does not early adopt any Accounting Standards and Interpretations that have been issued or amended but are not yet effective, with the exception of AASB 9 *Financial Instruments* (December 2014), including consequential amendments to other standards, which was adopted on 1 July 2015; and
- has applied the Group accounting policies consistently to all periods presented.

This general purpose financial report for the Group for the year ended 30 June 2017 was authorised for issue in accordance with a resolution of the Directors on 10 August 2017. The Directors have the power to amend and reissue the financial report.

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its controlled entities. Details of the controlled entities (subsidiaries) of the Company are contained in note 6.1.

The financial statements of subsidiaries are included in the consolidated financial statements from the date that the Group obtains control until the date that control ceases. The subsidiary financial statements are prepared for the same reporting period as the parent company, using consistent accounting policies and all balances and transactions between entities included within the Group are eliminated.

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

Foreign currency

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 financial statements are presented in Australian dollars, which is the functional and reporting currency of the Company, Orora Limited.

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

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

Judgements and estimates

The preparation of the financial statements requires management to exercise judgement in applying the Group's accounting policies. It also requires the use of estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses.

The areas involving a higher degree of judgement or complexity are set out below and in more detail in the related notes:

Page		
71	Note 1.4	Income
81	Note 3.5	Property, plant and equipment
83	Note 3.6	Intangible assets
84	Note 3.7	Impairment of non-financial assets
86	Note 3.8	Provisions
88	Note 4	Income tax
96	Note 5.4	Hedging instruments
100	Note 6.2	Acquisition of controlled businesses
104	Note 7.1	Share-based compensation
107	Note 7.3	Commitments and contingent liabilities

Other accounting policies

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

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The notes to the financial statements

The following notes include information which is material and relevant to the operations, financial position and performance of the Group. Information is considered material and relevant due to its size or nature or the information:

- is important for understanding the Group's current period results;
- provides an explanation of significant changes in the Group's business – for example, business acquisitions; or
- it relates to an aspect of the Group's operations that is important to its future performance.

The notes are organised into the following sections:

- *Results for the year* – provides details on the results and performance of the Group for the year;
- *Capital structure and financing* – outlines how the Group manages its capital structure and related financing activities;
- *Assets and liabilities* – provides details of the assets used to generate the Group's trading performance and the liabilities incurred as a result;
- *Income tax* – provides information on the Group's tax position and the current and deferred tax charges or credits in the year;
- *Financial risk management* – provides information on how the Group manages financial risk exposures associated with holding financial instruments;
- *Group structure* – explains the characteristics of and changes within the group structure during the year;
- *Other* – provides additional financial information required by accounting standards and the *Corporates Act 2001*, including details of the Groups employee reward and recognition programs and unrecognised items.

Current period significant events

Dividend

During the financial year the Group paid a 30% franked dividend of $119.6 million being 10.0 cents per ordinary share, representing payment of the FY16 final dividend of 5.0 cents and the FY17 interim dividend of 5.0 cents.

Since 30 June 2017 the directors have determined a final dividend for FY17 of $71.6 million, 30% franked, of 6.0 cents per ordinary share. Refer note 2.2 for further details.

Acquisitions

During the period the Group acquired the assets and operations of a number of business which have expanded the Group's point of purchase (POP) capabilities. The acquired businesses provide retail display solutions to blue-chip retailers and brand owners in the USA servicing the full POP value chain. The businesses provide customers with concept development, design, digital printing, large format lithographic printing, manufacturing and fulfilment support.

These acquisitions expand the Group's footprint into the northeast, west and midwest of the USA and strengthen the ability of the Group to service national corporate customers across multiple locations. The results of these businesses are included in the North America segment from the date of acquisition.

The acquisitions include:

The Register Print Group

On 2 January 2017, the Group acquired the assets and operations of The Register Print Group. The initial consideration of USD47.0 million (AUD63.3 million) includes a deferred consideration payment of USD4.0 million, which is payable eighteen months from acquisition date.

The Garvey Group and Graphic Tech

On 27 March 2017, the Group acquired the assets and operations of The Garvey Group and Graphic Tech. The initial consideration of USD58.9 million (AUD72.7 million) includes a deferred consideration payment of USD6.8 million, which is payable over two years from acquisition date.

Refer to note 6.2 for further details.

Petrie decommissioning

On 20 July 2015, the Group reached an agreement to sell the former cartonboard mill site in Petrie, Queensland for total consideration of $50.5 million. During the year ended 30 June 2016 the Group recognised a profit before tax on the sale of $8.4 million (profit after tax $5.9 million). The gain on sale has been presented as a significant item within this financial report. Under the terms of the sale agreement the Group retained decommissioning obligations.

During the financial year ended 30 June 2017 a before tax significant item expense of $21.6 million (after tax expense of $15.1 million) has been recognised relating to expected additional decommissioning costs at the Petrie Mill site (refer note 1.2). The recognition of the additional decommissioning costs followed an interim project review and reassessment of the estimated costs to complete and is based upon management's best estimate at the date of this report. The increase in expected decommissioning costs is due to a range of factors including delays in the commencement of some works, the scope and complexity of remediation works required and increases in costs.

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Section 1: Results for the year

IN THIS SECTION

This section focuses on the results and performance of the Group. On the following pages you will find disclosures explaining the Group's results for the year, segmental information, significant items and earnings per share.

This section also analyses the Group's profit before tax by reference to the activities performed by the Group and an analysis of key operating costs. Earnings before significant items, interest and related income tax expense (EBIT) is a key profit indicator for the Group. This measure reflects the way the business is managed and how the Directors assess the performance of the Group.

Financial highlights of the Group

- Sales revenue of $4,039.1 million, up 4.9%
- EBIT, before significant items, of $302.3 million, up 11.1%
- Operating free cash flow of $330.2 million, up 0.3%
- Earnings per share, before significant items of 15.6 cents, up 14.7%

1.1 Segment results

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

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 and the recently acquired point of purchase retail display solutions and other visual communication services provided by the Orora Visual businesses (refer note 6.2).

Other

This segment includes the Corporate function of the Group.

Accounting policies

Segment performance is evaluated based on earnings before significant items, interest and related income tax expense (EBIT). This measure excludes the effects of individually significant non-recurring gains/losses whilst including items directly attributable to the segment as well as those that can be allocated on a reasonable basis.

Interest income and expenditure and other finance costs are not allocated to the segments, as this type of activity is managed at the Group level. Transfer prices between segments are priced on an "arms-length" basis, in a manner similar to transactions with third parties, and are eliminated on consolidation.

Section 1: Results for the year (continued)

1.1 Segment results (continued)

The results of the reportable segments for the year ended 30 June 2017 and 30 June 2016 are set out below:

	Australasia		North America		Other		Total reported	
$ million	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016
Reportable segment revenue								
Revenue from external customers	**2,001.6**	1,956.6	**2,037.5**	1,893.2	**–**	–	**4,039.1**	3,849.8
Inter-segment revenue	**43.5**	48.6	**–**	–	**–**	–	**43.5**	48.6
Total reportable segment revenue	**2,045.1**	2,005.2	**2,037.5**	1,893.2	**–**	–	**4,082.6**	3,898.4
Reportable segment earnings								
Earnings before significant items, interest, tax, depreciation and amortisation	**301.9**	286.1	**139.8**	115.6	**(23.3)**	(22.1)	**418.4**	379.6
Depreciation and amortisation	**(88.3)**	(85.7)	**(22.3)**	(16.7)	**(5.5)**	(5.1)	**(116.1)**	(107.5)
Earnings before significant items, interest and tax	**213.6**	200.4	**117.5**	98.9	**(28.8)**	(27.2)	**302.3**	272.1
Significant items before related income tax (refer note 1.2)	**–**	–	**–**	–	**(21.6)**	8.4	**(21.6)**	8.4
Earnings before interest and tax	**213.6**	200.4	**117.5**	98.9	**(50.4)**	(18.8)	**280.7**	280.5
Capital spend on the acquisition of property, plant and equipment and intangibles	**132.4**	82.7	**22.5**	27.1	**2.2**	0.3	**157.1**	110.1
Receivables	**278.7**	262.6	**309.1**	252.6	**8.9**	7.1	**596.7**	522.3
Inventory	**351.2**	333.6	**141.3**	125.8	**0.1**	–	**492.6**	459.4
Payables	**(433.3)**	(381.6)	**(334.2)**	(271.8)	**(51.9)**	(50.5)	**(819.4)**	(703.9)
Working capital	**196.6**	214.6	**116.2**	106.6	**(42.9)**	(43.4)	**269.9**	277.8
Inter-segment working capital	**12.3**	14.9	**(12.3)**	(14.9)	**–**	–	**–**	–
Total reportable segment working capital	**208.9**	229.5	**103.9**	91.7	**(42.9)**	(43.4)	**269.9**	277.8
Average funds employed[1]	**1,719.6**	1,724.4	**495.7**	400.1	**7.0**	14.7	**2,222.3**	2,139.2
Operating free cash flow[2]	**229.7**	224.2	**110.1**	90.2	**(9.6)**	14.7	**330.2**	329.1

(1) Average funds employed represents total assets less net debt held at the beginning and end of the reporting period.

(2) Operating free cash flow represents the cash flow generated from the Group's operating and investing activities, before interest, tax and dividends. The prior year comparative includes proceeds of $20.0 million relating to the sale of the former cartonboard mill site in Petrie, Queensland.

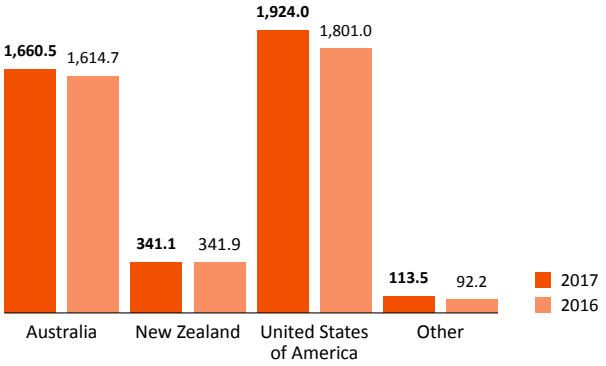
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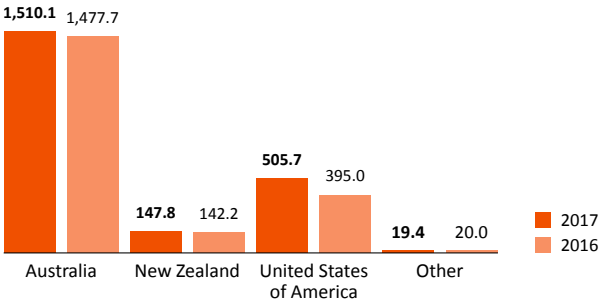
Geographical segments

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

Revenue
$ million



Non-current assets[1]
$ million



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

Revenue by product

$ million	2017	2016
Fibre and paper-based packaging	**1,938.5**	1,747.2
Beverage packaging	**697.3**	692.4
Traded packaging products	**1,403.3**	1,410.2
Total sales revenue	**4,039.1**	3,849.8

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

Reconciliation of segmental measures

The following segmental measurements reconcile to the financial statements as follows:

Capital spend on the acquisition of property, plant and equipment and intangibles

$ million	2017	2016
Reported segment capital spend	**157.1**	110.1
Movement in capital creditors	**(0.3)**	0.7
Movement in prepaid capital items	**(0.4)**	5.4
Capitalised asset restoration costs	**(0.8)**	(1.0)
Other non-cash adjustments	**4.4**	0.9
Acquisition of property, plant and equipment and intangibles[1]	**160.0**	116.1

(1) Excludes balances acquired through business combinations. Refer notes 3.5 and 3.6.

Operating free cash flow

$ million	2017	2016
Reported segment operating free cash flow	**330.2**	329.1
Add back investing cash flow activities included in segment operating free cash flow	**104.4**	57.6
Less interest and tax paid excluded from segment operating free cash flow	**(83.4)**	(81.7)
Net cash flows from operating activities	**351.2**	305.0

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Section 1: Results for the year (continued)

1.1 Segment results (continued)

Working capital

$ million	2017	2016
Reported segment working capital	**269.9**	277.8
Add/(Less) amounts included in working capital for management reporting purposes:		
Derivatives	**6.5**	12.1
Add/(Less) amounts excluded from working capital for management reporting purposes:		
Net capital receivables and payables	**0.7**	9.1
Loan receivables and other assets	**0.1**	0.6
Other payables	**(8.6)**	(8.3)
	268.6	291.3
Reconciles to the financial statements as follows:		
Trade receivables (note 3.1)	**571.6**	515.8
Inventories (note 3.2)	**492.6**	459.4
Trade and other payables (note 3.3)	**(826.9)**	(708.5)
Current prepayments (note 3.4)	**31.3**	24.6
	268.6	291.3

1.2 Significant items

Significant items are typically gains or losses arising from events that are not considered part of the core operations of the business.

The significant income item arising in the comparative period was presented in “other income” and the significant expense item arising in the current period was presented in “general and administration” expense in the income statement.

$ million	Before tax	Tax (expense)/ benefit	Net of tax
2016			
Other income			
Gain on sale on disposal of Petrie site	8.4	(2.5)	5.9
Total significant item income	8.4	(2.5)	5.9
2017			
General and administrative expense			
Petrie decommissioning costs	**(21.6)**	**6.5**	**(15.1)**
Total significant item expense	**(21.6)**	**6.5**	**(15.1)**

On 20 July 2015, the Group reached an agreement to sell the former cartonboard mill site in Petrie, Queensland for total consideration of $50.5 million. During the year ended 30 June 2016, the Group recognised a profit before tax on the sale of $8.4 million (profit after tax $5.9 million).

During the year ended 30 June 2017, an after tax significant item expense of $15.1 million has been recognised relating to anticipated additional decommissioning costs at the Petrie Mill site. The recognition of the additional decommissioning costs followed an interim project review and reassessment of the estimated costs to complete and is based upon management’s best estimate at the date of this report. The increase in expected decommissioning costs is due to a range of factors including delays in the commencement of some works, the scope and complexity of remediation works required and increases in costs.

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1.3 Earnings per share (EPS)

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

Basic EPS is calculated on the Group profit for the year attributable to ordinary shareholders of the Company of $171.1 million (2016: $168.6 million) divided by the weighted average number of shares on issue during the reporting period, excluding ordinary shares purchased by the Company and held as Treasury Shares, being 1,194.0 million (2016: 1,194.9 million).

Diluted EPS reflects any commitments made by the Group to issue shares in the future and so it includes the effect of the potential conversion of share options and rights granted to employees. To calculate the impact it is assumed that all share options and rights are exercised and new shares are issued.

Basic and Diluted EPS, before significant items, is presented below in order to show the business performance of the Group in a consistent manner and reflect how the business is managed and measured on a day-to-day basis.

Calculation of EPS

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.

EPS attributable to the ordinary equity holders of Orora Limited

million	2017	2016
Profit for the financial period	**$171.1**	$168.6
Add back significant items	**$15.1**	($5.9)
Profit for the financial period, before significant items	**$186.2**	$162.7
Weighted average number of ordinary shares for basic earnings per share	**1,194.0**	1,194.9
Dilution due to share options and rights	**19.6**	19.3
Weighted average number of ordinary shares for diluted earnings per share	**1,213.6**	1,214.2
Basic earnings per share	**14.3c**	14.1c
Diluted earnings per share	**14.1c**	13.9c
Basic earnings per share, before significant items	**15.6c**	13.6c
Diluted earnings per share, before significant items	**15.3c**	13.4c

1.4 Income

$ million	2017	2016
Revenue from sale of goods	**4,039.1**	3,849.8
Net gain on disposal of property, plant and equipment	**4.3**	8.3
Net foreign exchange gains	**–**	0.5
Service income	**7.2**	6.8
Other	**5.6**	6.2
Total other income	**17.1**	**21.8**

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Section 1: Results for the year (continued)

1.4 Income (continued)

Judgements and estimates

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

Sale of goods
Revenue is recognised when the risks and rewards of ownership have transferred to the customer and it can be reliably measured. Risk and rewards are considered passed to the customer at the time of delivery of the goods. Revenue from the sale of products is measured at fair value of the consideration received or receivable, net of returns allowances and discounts. No revenue is recognised if:

- there is a risk of return of goods;
- there is continuing managerial involvement with the goods;
- there are significant uncertainties regarding recovery of the consideration due; or
- the costs incurred or to be incurred cannot be measured reliably.

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

1.5 Operating costs

Employee benefit expense

$ million	2017	2016
Wages and salaries	**711.6**	651.3
Workers' compensation and other on-costs	**52.7**	54.1
Superannuation costs – accumulation funds	**26.8**	26.6
Other employment benefits expense	**7.8**	8.2
Share-based payments expense		
– Options	**1.7**	1.8
– Performance rights and other plans	**7.4**	6.8
Total employee benefits expense	**808.0**	748.8

The Group's accounting policy for liabilities associated with employee benefits is contained in note 3.8, whilst the policy for share-based payments is set out in note 7.1.

Depreciation and amortisation

Depreciation in the year was $108.7 million (2016: $101.2 million) whilst the amortisation charge was $7.4 million (2016: $6.3 million). Refer to notes 3.5 and 3.6 for the Group's accounting policy and details on depreciation and amortisation.

Operating leases

The Group leases motor vehicles, plant and equipment and property which 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 minimum lease rental payments expensed during the year was $79.5 million (2016: $75.0 million). There were no contingent rental payments (2016: nil).

Refer to note 7.3 for future operating lease commitments.

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Section 2: Capital structure and financing

IN THIS SECTION

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

The Directors determine the appropriate capital structure of the Group, specifically, how much is raised from shareholders (equity) and how much is borrowed from financial institutions (debt) in order to finance the Group's activities both now and in the future. Maintaining capital discipline and balance sheet efficiency remains important to the Group, as seen through the issuance of the US Private Placement notes and other refinancing activities. Any potential courses of action in respect of the Group's structure, take into account the Group's liquidity needs, flexibility to invest in the business and impact on credit ratings.

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 invest in opportunities to grow the business and enhance shareholder value.

2.1 Capital management

Capital is defined as the combination of shareholders' equity, reserves and net debt. The key objective of the Group when managing its capital is to safeguard its ability to continue as a going concern, so that the Group can continue to provide returns for shareholders and benefits for other stakeholders, and maintain an optimal capital and funding structure.

The aim of the Group's capital management framework is to maintain an investment grade credit profile, and the requisite financial metrics, to secure access to alternate funding sources with a spread of maturity dates and sufficient undrawn committed facility capacity; and optimise, over the long term and to the extent practicable, the weighted average cost of capital to reduce the cost of capital to the Group while maintaining financial flexibility.

The Group uses a range of financial metrics to monitor the efficiency of its capital structure, including on-balance sheet gearing and leverage ratios, and ensure that its capital structure provides sufficient financial strength to allow it to secure access to debt finance at reasonable cost. At 30 June 2017, the Group's on-balance sheet gearing and leverage ratios were 30.3% (2016: 29.6%) and 1.6 times (2016: 1.6 times), respectively.

$ million	Note	2017	2016
Net debt			
Total interest-bearing liabilities	2.3	**732.5**	695.7
Less: Cash and cash equivalents	2.3	**(58.5)**	(66.1)
		674.0	629.6
Equity and reserves			
Contributed equity	2.4.1	**508.7**	513.1
Treasury shares	2.4.1	**(36.4)**	(31.3)
Reserves	2.4.2	**144.0**	136.8
Retained earnings	2.4.3	**930.5**	879.0
		1,546.8	1,497.6
Net capital		**2,220.8**	2,127.2

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

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

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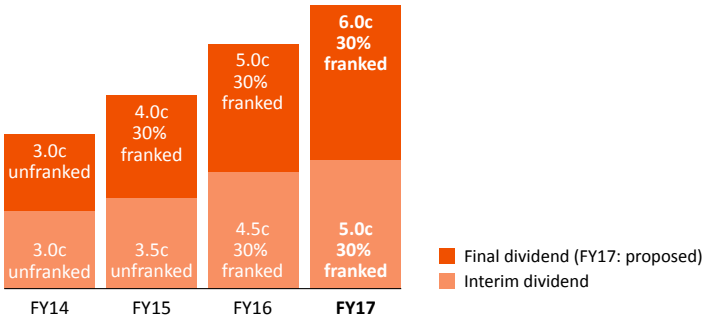
Section 2: Capital structure and financing (continued)

2.2 Dividends

	Cents per share	Total $ million
Declared and paid during the period		
For the year ended 30 June 2017		
Final dividend for 2016 (30% franked)	**5.0**	**60.0**
Interim dividend for 2017 (30% franked)	**5.0**	**59.6**
		119.6
For the year ended 30 June 2016		
Final dividend for 2015 (30% franked)	4.0	48.0
Interim dividend for 2016 (30% franked)	4.5	53.7
		101.7
Proposed and unrecognised at period end(1)		
For the year ended 30 June 2017		
Final dividend for 2017 (30% franked)	6.0	71.6
For the year ended 30 June 2016		
Final dividend for 2016 (30% franked)	5.0	60.3

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

Shareholder distributions – cents per share



Dividend reinvestment plan

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

Franking Account

Franking credits are available to shareholders of the Company at the 30.0% (2016: 30.0%) corporate tax rate. Both the interim and proposed final dividend for 2017 are 30.0% franked (2016: 30.0% franked). The balance of the franking credits available as at 30 June 2017 is $2.4 million (2016: $5.5 million). It is estimated that this will reduce by $9.3 million (2016: $7.8 million) after payment of the estimated final dividend on 16 October 2017. The Company is of the opinion that sufficient franking credits will arise from tax instalments expected to be paid in the year ending 30 June 2018.

Conduit Foreign Income Account

For Australian tax purposes non-resident shareholder dividends will not be subject to Australian withholding tax to the extent that they are franked or sourced from the Company's Conduit Foreign Income Account. For the 2017 dividends, 70.0% of the dividend is sourced from the Company's Conduit Foreign Income account (2016: 70.0%). As a result 100.0% of the 2017 dividends paid to a non-resident will not be subject to Australian withholding tax. The balance of the conduit foreign income account as at 30 June 2017 is $88.9 million (2016: $100.9 million); it is estimated that this will reduce by $50.4 million (2016: $42.2 million) after payment of the estimated final dividend on 16 October 2017.

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2.3 Net debt

In addition to the US Private Placement of notes of USD250.0 million, of which USD100.0 million matures in July 2023 and USD150 million in July 2025, the Group had access to the following facilities as at 30 June 2017:

- a $400.0 million revolving multicurrency facility through a syndicate of domestic and international financial institutions maturing in December 2019,
- a USD200.0 million five-year USD revolving facility, through a syndicate of domestic and international financial institutions, maturing in April 2021, and
- two bilateral agreements for $50.0 million, each with separate domestic institutions, maturing in April 2018.

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

$ million	2017	2016
Cash on hand and at bank	**39.7**	66.1
Deposits at call	**18.8**	–
Total cash and cash equivalents	**58.5**	66.1
Bank overdrafts	**5.1**	–
Bank loans due within one year	**15.0**	–
Lease liabilities due within one year	**1.0**	–
Current interest-bearing liabilities	**21.1**	–
Lease liabilities due after one year	**1.4**	–
Bank loans due after one year	**387.0**	361.9
US Private Placement due after one year	**323.0**	333.8
Non-current interest-bearing liabilities	**711.4**	695.7
Total debt	**732.5**	695.7
Net debt	**674.0**	629.6

Accounting policies

Cash and cash equivalents
Cash and cash equivalents include cash at bank and on hand and short-term money market investments with an original maturity of three months or less and are classified as financial assets held at amortised cost.

Cash at bank earns interest at floating rates based on daily bank deposits. Short-term deposits are made for varying periods, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

The carrying value of cash and cash equivalents is considered to approximate fair value due to the asset's liquid nature.

Bank loans
All loans and borrowings are initially recognised at the fair value of the consideration received, less directly attributable transaction costs. Subsequent to initial recognition, interest-bearing liabilities are measured at amortised cost using the effective interest rate method.

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

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

The US Private Placement notes have a carrying value of $324.7 million (excluding borrowing costs) while the fair value of the notes is $340.3 million. For all other 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.

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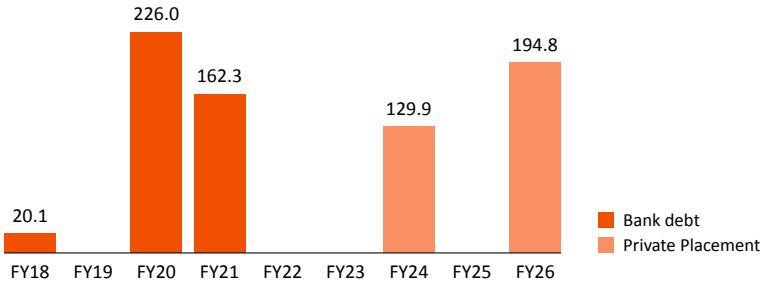
Section 2: Capital structure and financing (continued)

2.3 Net debt (continued)

2.3.1 Interest-bearing liabilities

The Group's interest-bearing liabilities represent borrowings from financial institutions. The maturity profile of the Group's borrowings drawn down, excluding the impact of capitalised borrowing costs, as at 30 June 2017 is illustrated in the following chart:

Maturity profile of drawn debt by facility – A$ million



Loans due after one year

At 30 June 2017 bank loans due after one year include:

- $200.0 million and USD20.0 million drawn under a $400.0 million committed global syndicated multicurrency facility maturing in December 2019 (2016: $250.0 million and USD20.0 million drawn under a $400.0 million committed global syndicated multicurrency facility maturing in December 2019);
- USD125.0 million drawn under a USD200.0 million committed syndicated facility maturing in April 2021 (2016: USD50.0 million drawn under a USD200.0 million committed syndicated facility maturing in April 2021); and
- $15.0 million drawn under a $50.0 million committed AUD bilateral facility maturing in April 2018 (2016: $20.0 million drawn under a $50.0 million committed AUD bilateral facility maturing in April 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.

2.4 Equity

This section explains material movements in shareholders' equity that are not explained elsewhere in the financial statements. The movements in equity and the balance at 30 June 2017 are presented in the statement of changes in equity.

2.4.1 Contributed equity

	Ordinary shares		Treasury shares	
	No. '000	$ million	No. '000	$ million
At 1 July 2015	1,206,685	513.8	(6,461)	(11.1)
Acquisition of shares by the Orora Employee Share Trust (note 6.3)	–	–	(9,427)	(21.3)
Treasury shares used to satisfy issue of CEO Grant	–	(1.1)	708	1.1
Restriction lifted on shares issued under the CEO Grant (note 7.1)	–	0.4	–	–
At 30 June 2016	**1,206,685**	**513.1**	**(15,180)**	**(31.3)**
Acquisition of shares by the Orora Employee Share Trust (note 6.3)	**–**	**–**	**(8,269)**	**(23.9)**
Restriction lifted on shares issued under the CEO Grant (note 7.1)	**–**	**0.6**	**–**	**–**
Treasury shares used to satisfy issue of CEO Grant	**–**	**(0.7)**	**290**	**0.7**
Exercise of vested grants under Employee Share Plans	**8,432**	**11.7**	**–**	**–**
Treasury shares used to satisfy exercise of vested grants under Employee Share Plans	**(8,432)**	**(16.7)**	**8,432**	**16.7**
Treasury shares used to satisfy shares granted in business acquisition transaction	**–**	**0.7**	**863**	**1.4**
At 30 June 2017	**1,206,685**	**508.7**	**(13,864)**	**(36.4)**

Ordinary shares

Ordinary shares are classified as equity. 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. 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.

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Treasury shares

Where the Orora Employee Share Trust purchases equity instruments in the Company that have been identified as treasury shares, the consideration paid, including any directly attributable costs, is deducted from equity, net of any related income tax effects. When the treasury shares are subsequently sold or reissued, any consideration received, net of any directly attributable costs and the related income tax effects, is recognised as an increase in equity, and the resulting surplus or deficit on the transaction is presented in retained earnings. Refer to note 6.3 for further information on the Orora Employee Share Trust.

2.4.2 Reserves

$ million	2017	2016
Cash flow hedge reserve	**(6.9)**	(15.4)
Share-based payment reserve	**18.1**	15.1
Demerger reserve	**132.9**	132.9
Exchange fluctuation reserve	**(0.1)**	4.2
Total reserves	**144.0**	136.8

Details of movements in each of the reserves is presented in the statement of changes in equity.

Accounting policies

Cash flow hedge reserve
The cash flow hedge reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred and the cumulative change in fair value arising from the time value of options related to future forecast transactions. Refer to note 5.4 for more information on hedging instruments.

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 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 7.1 for further details of the Group's share-based payment plans.

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

Demerger reserve
The demerger reserve represents the difference between the consideration paid by Orora under an internal corporate restructure and the assets and liabilities acquired, which were recognised at their carrying value under a common control transaction.

Exchange fluctuation reserve
For controlled entities with a functional currency that is not Australian dollars their assets and liabilities are translated at the closing exchange rate at reporting date while income and expenses are translated at year to date average exchange rates.

On consolidation, all exchange differences arising from translation are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. When a foreign operation is disposed of, the amount within the reserve related to that entity is transferred to the income statement as an adjustment to the profit or loss on disposal.

2.4.3 Retained earnings

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

$ million	2017	2016
Retained earnings at the beginning of the period	**879.0**	812.1
Net profit attributable to the owners of Orora Limited	**171.1**	168.6
	1,050.1	980.7
Ordinary dividends:		
– Interim paid (refer note 2.2)[1]	**(59.6)**	(53.7)
– Final paid (refer note 2.2)[2]	**(60.0)**	(48.0)
	(119.6)	(101.7)
Retained earnings at the end of the period	**930.5**	879.0

(1) 2017 interim dividend paid on 10 April 2017 (2016: 2016 interim dividend paid on 6 April 2016).
(2) 2016 final dividend paid on 17 October 2016 (2016: 2015 final dividend paid on 13 October 2015).

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Section 3: Assets and liabilities

IN THIS SECTION

This section details the assets used to generate the Group's trading performance and the liabilities incurred as a result. On the following pages there are notes covering working capital, other assets, non-current assets and provisions.

Liabilities relating to the Group's financing activities are set out in Section 2, whilst the assets and liabilities recognised in respect of derivative instruments, used to hedge financial risks, are contained in Section 5. Information pertaining to deferred tax assets and liabilities is provided in Section 4.

3.1 Trade and other receivables

$ million	2017	2016
Trade receivables	**527.8**	466.6
Less loss allowance provision	**(4.3)**	(4.2)
	523.5	462.4
Loans and other receivables[1]	**48.1**	53.4
Total current trade and other receivables	**571.6**	515.8

(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.

Accounting policies

Trade receivables and other receivables are all classified as financial assets held at amortised cost.

Trade receivables
Trade receivables are initially recognised at fair value and subsequently at amortised cost using the effective interest rate method, less a loss allowance provision. The carrying value of trade and other receivables, less impairment provisions, is considered to approximate fair value, due to the short-term nature of the receivables.

Impairment of trade receivables
The collectability of trade and other receivables is reviewed on an ongoing basis. Individual debts that are known to be uncollectable are written off when identified.

The Group recognises an impairment provision based upon anticipated lifetime losses of trade receivables. The anticipated losses are determined with reference to historical loss experience and is regularly reviewed and updated.

The amount of the impairment loss is recognised in the income statement within "general and administration" expense.

Credit risks related to receivables

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

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

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

The following table sets out the ageing of trade receivables, according to their due date:

$ million	Loss allowance provision 2017	Loss allowance provision 2016	Gross carrying amount 2017	Gross carrying amount 2016
Not past due	**–**	–	**394.5**	333.2
Past due 0–30 days	**–**	0.5	**95.4**	94.3
Past due 31–120 days	**2.4**	2.0	**33.0**	35.7
More than 121 days past due	**1.9**	1.7	**4.9**	3.4
	4.3	4.2	**527.8**	466.6

The Group has recognised a net loss of $1.4 million (2016: $2.9 million) in respect of the trade receivables written off in the financial year. The loss has been included in "general and administration" expense in the income statement.

3.2 Inventories

$ million	2017	2016
At cost		
Raw materials and stores	**178.6**	184.5
Work in progress	**17.5**	15.9
Finished goods	**272.7**	247.3
Total inventory carried at cost	**468.8**	447.7
At net realisable value		
Raw materials and stores	**7.6**	3.7
Work in progress	**0.1**	0.3
Finished goods	**16.1**	7.7
Total inventory carried at net realisable value	**23.8**	11.7
Total inventories	**492.6**	459.4

Accounting policies

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

Costs incurred in bringing each product to its existing location and condition are accounted for as follows.

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

Cost may also include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of inventory.

During the period the Group recognised a net write-down of $1.2 million (2016: $3.9 million) with regard to the net realisable value of inventories which has been recognised in "cost of sales" expense in the income statement.

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Section 3: Assets and liabilities (continued)

3.3 Trade and other payables

$ million	2017	2016
Trade creditors	**573.3**	466.1
Other creditors and accruals	**253.6**	242.4
Total current trade and other payables	**826.9**	708.5

Accounting policies

Trade and other payables are all classified as financial liabilities held at amortised cost. 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 and these amounts are unsecured.

The carrying value of trade and other payables is considered to approximate fair value due to the short-term nature of the payables.

Trade and other payables 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.

3.4 Other assets

$ million	2017	2016
Current		
Contract incentive payments[(1)]	**14.8**	14.7
Prepayments	**31.3**	24.6
Total other current assets	**46.1**	39.3
Non-current		
Contract incentive payments[(1)]	**50.6**	56.8
Prepayments	**–**	1.4
Other non-current assets	**47.2**	46.4
Total other non-current assets	**97.8**	104.6

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

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3.5 Property, plant and equipment

The following note details the physical assets used by the Group to operate the business, generating revenues and profits.

The cost of these assets is the amount initially paid for them with a depreciation charge recognised in the income statement to reflect the wear and tear of the assets as they are used which reduces the value of the asset over time.

$ million	Land	Land improvements	Buildings	Plant and equipment	Finance leased assets	Total
Cost						
At 1 July 2015	71.7	11.7	469.1	2,817.3	–	3,369.8
Additions for the period	–	–	0.1	107.7	–	107.8
Disposals during the period	(9.3)	(0.5)	(15.0)	(33.5)	–	(58.3)
Additions through business acquisitions	–	–	3.9	15.2	–	19.1
Other transfers	(0.1)	0.1	7.2	(7.2)	–	–
Effect of movements in foreign exchange rates	0.2	0.1	2.1	24.4	–	26.8
At 30 June 2016	**62.5**	**11.4**	**467.4**	**2,923.9**	**–**	**3,465.2**
Additions for the period	**–**	**–**	**1.4**	**150.7**	**–**	**152.1**
Disposals during the period	**(2.8)**	**(0.1)**	**(1.5)**	**(299.8)**	**–**	**(304.2)**
Additions through business acquisitions	**–**	**–**	**–**	**47.9**	**3.6**	**51.5**
Other transfers	**–**	**–**	**7.1**	**(7.9)**	**–**	**(0.8)**
Effect of movements in foreign exchange rates	**–**	**0.1**	**(1.1)**	**(10.0)**	**(0.3)**	**(11.3)**
At 30 June 2017	**59.7**	**11.4**	**473.3**	**2,804.8**	**3.3**	**3,352.5**
Accumulated depreciation and impairment						
At 1 July 2015	(0.3)	(3.6)	(127.0)	(1,691.5)	–	(1,822.4)
Depreciation charge	–	(0.3)	(10.7)	(90.2)	–	(101.2)
Disposals during the period	–	0.2	8.2	31.2	–	39.6
Effect of movements in foreign exchange rates	–	–	(1.4)	(15.5)	–	(16.9)
At 30 June 2016	**(0.3)**	**(3.7)**	**(130.9)**	**(1,766.0)**	**–**	**(1,900.9)**
Depreciation charge	**(0.1)**	**(0.3)**	**(11.9)**	**(95.8)**	**(0.6)**	**(108.7)**
Disposals during the period	**–**	**–**	**2.6**	**297.7**	**–**	**300.3**
Other transfers	**–**	**–**	**(2.1)**	**2.1**	**–**	**–**
Effect of movements in foreign exchange rates	**–**	**–**	**0.6**	**4.8**	**–**	**5.4**
At 30 June 2017	**(0.4)**	**(4.0)**	**(141.7)**	**(1,557.2)**	**(0.6)**	**(1,703.9)**
Net book value						
At 30 June 2016	62.2	7.7	336.5	1,157.9	–	1,564.3
At 30 June 2017	**59.3**	**7.4**	**331.6**	**1,247.6**	**2.7**	**1,648.6**

At 30 June 2017, no property, plant and equipment was provided as security for any interest-bearing borrowings (2016: nil).

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Section 3: Assets and liabilities (continued)

3.5 Property, plant and equipment (continued)

Accounting policies

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

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

Depreciation

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

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



Judgements and estimates

Depreciation is calculated by estimating the number of years the Group expects an asset to be used over. At each reporting date depreciation methods, residual values and useful lives are reassessed and adjusted if necessary. In addition, assets subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that an asset carrying amount may not be recoverable. If an asset's value falls below its depreciated value an additional one-off impairment charge is made against profit. Refer note 3.7 for further details.

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3.6 Intangible assets

The following note details the non-physical assets used by the Group to generate revenue and profits.

These assets include computer software and licences, customer relationships 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 identified. In the case of goodwill, its cost is the amount the Group has paid for acquiring a business over and above the fair value of the individual assets and liabilities acquired. The value of goodwill is "intangible" value that comes from, for example, synergies available with the integration of the acquired business into the Group, a skilled and knowledgeable assembled workforce, proprietary technologies and processes, a uniquely strong market position and customer relationships.

	Other intangible assets			
$ million	Computer software	Other	Goodwill	Total
Cost				
At 1 July 2015	176.6	6.9	250.6	434.1
Additions for the period	8.3	–	–	8.3
Additions through business acquisitions	0.5	–	80.6	81.1
Disposals during the period	(3.1)	–	–	(3.1)
Effect of movements in foreign exchange rates	1.5	0.2	6.8	8.5
At 30 June 2016	**183.8**	**7.1**	**338.0**	**528.9**
Additions for the period	**7.9**	**–**	**–**	**7.9**
Additions through business acquisitions	**1.5**	**7.7**	**67.5**	**76.7**
Disposals during the period	**(4.4)**	**–**	**–**	**(4.4)**
Effect of movements in foreign exchange rates	**(2.3)**	**(0.7)**	**(7.1)**	**(10.1)**
At 30 June 2017	**186.5**	**14.1**	**398.4**	**599.0**
Accumulated amortisation and impairment				
At 1 July 2015	(131.4)	(6.9)	(7.9)	(146.2)
Amortisation charge	(6.3)	–	–	(6.3)
Disposals during the period	3.1	–	–	3.1
Effect of movements in foreign exchange rates	(1.1)	(0.2)	–	(1.3)
At 30 June 2016	**(135.7)**	**(7.1)**	**(7.9)**	**(150.7)**
Amortisation charge	**(6.5)**	**(0.9)**	**–**	**(7.4)**
Disposals during the period	**4.4**	**–**	**–**	**4.4**
Impairment loss	**–**	**–**	**(0.3)**	**(0.3)**
Effect of movements in foreign exchange rates	**1.3**	**0.2**	**–**	**1.5**
At 30 June 2017	**(136.5)**	**(7.8)**	**(8.2)**	**(152.5)**
Net book value				
At 30 June 2016	48.1	–	330.1	378.2
At 30 June 2017	**50.0**	**6.3**	**390.2**	**446.5**

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Section 3: Assets and liabilities (continued)

3.6 Intangible assets (continued)

Accounting policies

Other intangible assets

Other intangible assets include computer software, customer relationships and software licences. The cost of these assets is the amount that the Group has paid or, where there has been a business combination, their fair value at the date of acquisition. Internal spend on computer software is only capitalised within the development phase, when the asset is separate and it is probable that future economic benefits attributable to the asset will flow to the Group. Following initial recognition, other intangible assets are carried at cost less amortisation and any impairment losses.

Other intangible assets are amortised on a straight-line basis over their useful life and tested for impairment whenever there is an indication that they may be impaired. Refer to note 3.7 for further details on impairment.

Computer software and licences are amortised over a period of between three to ten years whilst customer relationships are amortised over a period of up to 20 years. The amortisation period and method is reviewed each financial year.

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

Goodwill

The goodwill recognised by the Group has arisen as a result of business combinations and represents the future economic benefits that arise from assets that are not capable of being individually identified and separately recognised.

Goodwill is initially measured as the amount the Group has paid in acquiring a business over and above the fair value of the individual assets and liabilities acquired. Goodwill is not amortised but is instead tested annually for impairment, 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.

For the purpose of impairment testing, goodwill is allocated to cash generating units, refer to note 3.7 for further details.

Judgements and estimates

The value of intangible assets, with the exception of goodwill, reduces over the number of years the Group expects to use the asset via an annual amortisation charge to the income statement. The amortisation charge is calculated by estimating the number of years the Group expects to benefit from the use of the asset. At each reporting date amortisation methods and useful lives are reassessed and adjusted if necessary. In addition, assets subject to amortisation are reviewed for impairment.

Where there has been a technological change or decline in business performance, a review of the value of the intangible assets, including goodwill, is undertaken to ensure the assets have not fallen below their amortised value. Should an asset's value fall below its amortised value an additional one-off impairment charge is made against profit. Refer note 3.7.

3.7 Impairment of non-financial assets

During the period an impairment loss of $0.3 million has been recognised in respect of goodwill (refer note 3.6). No impairment losses were recognised during the year ended 30 June 2016.

In accordance with the Group's accounting policies, impairment losses recognised in prior periods, excluding those relating to goodwill, were reassessed at 30 June 2017 for any indications that the loss may have decreased or may no longer exist, no such indicators were identified.

Testing for impairment

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

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

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 inflows that are largely independent from the cash flows of other assets or group of assets. Each CGU is no larger than an operating segment.

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

An impairment loss is recognised in the income statement if the carrying amount of an asset or a CGU exceeds its recoverable amount. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs) and then, to reduce the carrying amount of the other assets in the CGU (group of CGUs).

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Impairment calculations

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the risks specific to the asset or CGU and the market's current assessment of the time value of money.

Value in use is assessed using cash flow projections for five years using data from the Group's latest internal forecasts and is management's best estimate of income, expenses, capital expenditure and cash flows for each CGU. Changes in selling prices and direct costs are based on past experience and management's expectation of future changes in the markets in which the Group operates. Cash flows beyond the five-year period are extrapolated using estimated growth rates which are determined with regard to the long-term performance of each CGU in their respective markets and are not expected to exceed the long-term average growth rates for the industry in which each CGU operates.

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

Reversal of impairment

Where there is an indication that previously recognised impairment losses may no longer exist or may have decreased, the asset is tested for impairment. The impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount of the asset and is reversed only to the extent that the carrying amount of the asset does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised. Impairments recognised for goodwill are not reversed.

Goodwill impairment tests

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

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

	Australasia CGU		North America CGU	
	2017	2016	**2017**	2016
Goodwill allocation ($ million)	**98.7**	94.2	**291.5**	235.9
Pre-tax discount rate (%)	**10.7**	10.7	**11.5**	11.8
Growth rate (%)	**2.0**	2.0	**2.0**	2.0

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 calculation). 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 during the initial five-year period.

Judgements and estimates

The determination of impairment involves the use of judgements and estimates that include, but are not limited to, the cause, timing and measurement of the impairment. Management is required to make significant judgements concerning the identification of impairment indicators, such as changes in competitive positions, expectations of growth, increased cost of capital, and other factors that may indicate impairment, such as a business restructuring.

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 groups of assets). Inputs into these valuations require assumptions and estimates to be made about forecast earnings 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 3: Assets and liabilities (continued)

3.8 Provisions

$ million	Employee entitlements	Workers' compensation, insurance and other claims	Asset restoration and decommissioning	Restructuring	Total
2017					
Opening balance	**83.8**	**16.1**	**21.2**	**20.3**	**141.4**
Provisions made during the period	**32.7**	**3.5**	**23.8**	**6.3**	**66.3**
Payments made during the period	**(30.9)**	**(5.9)**	**–**	**(16.4)**	**(53.2)**
Released during the period	**(0.8)**	**(0.1)**	**(1.4)**	**(1.6)**	**(3.9)**
Additions through business acquisitions	**0.4**	**–**	**–**	**–**	**0.4**
Unwinding of discount	**–**	**–**	**0.4**	**–**	**0.4**
Effect of movement in foreign exchange rate	**(0.2)**	**(0.1)**	**(0.1)**	**–**	**(0.4)**
Closing balance	**85.0**	**13.5**	**43.9**	**8.6**	**151.0**
Current	**76.0**	**13.5**	**28.7**	**8.6**	**126.8**
Non-current	**9.0**	**–**	**15.2**	**–**	**24.2**
2016					
Opening balance	79.3	18.7	21.1	16.8	135.9
Provisions made during the period	30.8	7.3	0.5	23.0	61.6
Payments made during the period	(26.5)	(7.5)	–	(18.5)	(52.5)
Released during the period	(0.4)	(2.8)	(1.2)	(1.2)	(5.6)
Additions through business acquisitions	0.2	–	–	–	0.2
Unwinding of discount	–	0.2	0.5	0.1	0.8
Effect of movement in foreign exchange rate	0.4	0.2	0.3	0.1	1.0
Closing balance	83.8	16.1	21.2	20.3	141.4
Current	75.9	15.8	5.1	14.4	111.2
Non-current	7.9	0.3	16.1	5.9	30.2

Accounting policies

A provision is recognised when: the Group has a present legal or constructive obligation arising from past events; it is probable that cash will be paid to settle it; and a reliable estimate can be made of the amount of the obligation.

Provisions are 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. The unwinding of the discount is recognised as a finance cost in the income statement.

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

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

The liability for annual leave and long service leave is measured as the present value of estimated future cash outflows to be made in respect of services provided by the employee up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and period of service. Expected future payments that are not expected to be settled within 12 months are discounted using market yields at the reporting date of high quality corporate bonds. The rates used reflect the terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Workers' compensation, insurance and other claims
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 the 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.

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Asset restoration and decommissioning
Where the Group has a legal or constructive obligation to restore a site on which an asset is located, either through make-good provisions included in lease agreements or decommissioning of environmental risks, the present value of the estimated costs of dismantling and removing the asset and restoring the site is recognised as a provision with a corresponding increase in the related item of property, plant and equipment. At each reporting date, the liability is remeasured in line with changes in discount rates, estimated cash flows and the timing of those cash flows. Any changes in the liability are added to or deducted from the related asset, other than the unwinding of the discount, which is recognised as a financing cost in the income statement.

During the period an additional provision of $21.6 million was recognised relating to the former cartonboard mill site in Petrie, Queensland which was disposed of on 20 July 2015. As the site assets have already been derecognised in the prior period, on the sale of the land, the provision has been recognised immediately in the income statement (refer note 1.2).

Restructuring
The restructuring provision primarily relates to cost reduction and reorganisation activities associated with the Australasia operations.

A provision for restructuring is recognised when the Group has a detailed formal restructuring plan and the restructuring has either commenced or has been publicly announced, including discussions with affected personnel, with employee-related costs recognised over the period of any required further service. Future operating costs in relation to the restructuring are not provided for. Payments falling due greater than 12 months after reporting date are discounted to present value.



Judgements and estimates

A provision is recognised by the Group where an obligation exists relating to a past event, it is probable that a cash payment will be required to settle it, and the Group is not certain how much cash will be required to settle the liability. The value of that provision is based upon estimates and assumptions with regards to the amount and timing of cash flows required to settle the obligation, which are dependent on future events. The key assumptions applicable to the determination of the provisions are as follows:

Employee entitlements
The provision for employee entitlements is based on a number of management estimates, which include:

- future increase in salaries, wages and on-cost rates
- future probability of employee departures
- future probability of years of service (long service leave provision)

Workers' compensation
The self-insured workers' compensation provision is based on a number of management estimates including, but not limited to:

- future inflation
- claim administration expenses
- historical weighted average size of claims
- claim development

Asset restoration and decommissioning
Asset restoration and decommissioning provisions require assessments to be made of lease make-good conditions and decommissioning and environmental risks. The provisions 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 or contract and as required by environmental laws and regulations.

Restructuring
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 all provisions are evaluated on an ongoing basis and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstance and are management's best estimates based on currently available information, legislation and environmental laws and regulations. The actual result may differ from these account estimates. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

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Section 4: Income tax

IN THIS SECTION

This section sets out the Group's tax accounting policies, 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 for the period and the movements in the deferred tax assets and liabilities.

4.1 Income tax expense

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

$ million	2017	2016
Current tax expense		
Current period	**(55.7)**	(50.1)
Adjustments relating to prior periods	**2.6**	2.3
Total current tax expense	**(53.1)**	(47.8)
Deferred tax expense		
Origination and reversal of temporary differences	**(18.9)**	(23.0)
Total income tax expense	**(72.0)**	(70.8)
Deferred income tax expense included in income tax expense comprises:		
Increase/(Decrease) in deferred tax assets	**9.3**	(3.8)
(Increase)/Decrease in deferred tax liabilities	**(28.2)**	(19.2)
Deferred income tax expense included in total income tax expense	**(18.9)**	(23.0)

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

$ million	2017	2016
Profit before related income tax (expense)/benefit	**243.1**	239.4
Tax at the Australian tax rate of 30% (2016: 30%)	**(72.9)**	(71.8)
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:		
Net non-deductible/non-assessable for tax	**3.4**	3.3
Tax losses, net tax credits and temporary differences not recognised for book in prior years now recouped	**2.5**	1.6
	(67.0)	(66.9)
Over/(Under) provision in prior period	**2.6**	2.3
Foreign tax rate differential	**(7.6)**	(6.2)
Total income tax expense	**(72.0)**	(70.8)

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4.2 Deferred tax balances

Deferred income tax in the balance sheet relates to the following:

$ million	2017	2016
Deferred tax assets		
Trade receivable loss allowance provision	**1.3**	1.1
Valuation of inventories	**11.0**	10.0
Employee benefits	**46.0**	44.7
Provisions	**19.0**	16.3
Financial instruments at fair value	**3.7**	7.6
Accruals and other items	**14.9**	6.5
	95.9	86.2
Tax set off	**(95.9)**	(86.2)
Deferred tax asset	**–**	–
Deferred tax liabilities		
Property, plant and equipment	**88.8**	73.2
Intangible assets	**23.2**	20.1
Other items	**33.0**	25.1
Deferred tax liabilities	**145.0**	118.4
Tax set off	**(95.9)**	(86.2)
Deferred tax liability	**49.1**	32.2

Deferred income tax in the income statement relates to the following:

$ million	2017	2016
Property, plant and equipment	**17.3**	14.8
Trade receivable loss allowance provision	**(0.2)**	(0.4)
Intangible assets	**3.8**	2.1
Valuation of inventories	**(1.1)**	2.2
Employee benefits	**(1.9)**	(1.4)
Provisions	**(2.8)**	(1.5)
Financial instruments at fair value	**(0.2)**	(1.6)
Tax losses carried forward	**–**	1.6
Accruals and other items	**4.0**	7.2
Deferred tax expense	**18.9**	23.0

Accounting policies

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

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

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Section 4: Income tax (continued)

4.2 Deferred tax balances (continued)

Deferred tax

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

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

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

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

Offsetting deferred tax balances

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

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.

Judgements and estimates

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

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable profits are available to utilise those temporary differences and losses, and the tax losses continue to be available having regard to the nature and timing of their origination and compliance with the relevant tax legislation associated with their recoupment. The assumptions regarding the future realisation, and therefore the recognition of deferred tax assets, may change due to future operating performance and other factors.

The assumptions made in respect of the recognised tax balances are subject to risk and uncertainty and there is a possibility that changes in circumstances or differences in opinion will alter outcomes which may impact the amount of deferred tax assets and deferred tax liabilities recognised and the amount of tax losses and timing differences not yet recognised.

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Section 5: Financial risk management

IN THIS SECTION

The following section outlines how the Group manages the financial risks it is exposed to associated with holding financial instruments that arise from the Group's need to access financing (bank loans and overdrafts and unsecured notes), from the Group's operational activities (cash, trade receivables and payables) and instruments held as part of the Group's risk management activities (derivate financial instruments).

Financial risk management is carried out by Orora Group Treasury under policies that have been approved by the Board for managing each of the below risks including principles and procedures with respect to risk tolerance, delegated levels of authority on the type and use of derivative financial instruments and the reporting of these exposures. The Treasury function reports regularly to the Audit & Compliance Committee and treasury procedures are subject to periodic reviews.

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

The Group's overall financial risk management program 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	Management
Market risks		
• Foreign exchange risk	The Group is exposed to foreign exchange risk because of its international operations. These risks relate to future commercial transactions, financial assets and liabilities not denominated in A$ and net investments in foreign operations.	Where possible loans are drawn in foreign currency by foreign entities to create a natural hedge of foreign currency assets and liabilities. Where this is not possible the Group's policy is to hedge contractual commitments denominated in a foreign currency by entering into forward exchange contracts. Refer notes 5.1.1 and 5.4.
• Interest rate risk	The Group is exposed to interest rate risk in respect of short and long-term borrowings where interest is charged at variable rates.	The Group mitigates interest rate risk primarily by entering into fixed rate borrowing arrangements. Where necessary the Group hedges interest rate risk using derivative instruments – e.g. interest rate swaps. Refer notes 5.1.2 and 5.4.
• Commodity price risk	The Group is exposed to changes in commodity prices in respect of the purchase of aluminium raw materials.	Where possible, the Group mitigates raw material commodity price risk by contractually passing rise and fall adjustments through to customers. Refer notes 5.1.3 and 5.4.
• Employee share plan risk	The Group's employee share plans require the delivery of shares to employees in the future when rights vest or options are exercised. The Group currently acquires shares on market to deliver these shares exposing the Group to cash flow risk – i.e. as the share price increases it costs more to acquire the shares on market.	The Group has established the Orora Employee Share Trust which manages and administers the Group's responsibilities under the employee share plans through acquiring, holding and transferring shares or rights to shares in the Company to participating employees. Refer note 5.1.4 and 7.1.
Credit risk	The Group is exposed to credit risk from financial instrument contracts and trade and other receivables. The maximum exposure to credit risk at reporting date is the carrying amount, net of any provision for impairment, of each financial asset in the balance sheet.	The Group manages credit risk through a robust system of counterparty 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. Refer to notes 5.2 and 3.1 for credit risk exposures relating to trade and other receivables. The Group only enters into financial instrument contracts with high credit quality financial institutions with a minimum long-term credit rating of A- or better by Standard & Poor's.

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Section 5: Financial risk management (continued)

Risk	Exposure	Management
Liquidity and funding risk	The Group is exposed to liquidity and funding risk from operations and from external borrowings, where the risk is that the Group may not be able to refinance debt obligations or meet other cash outflow obligations when required.	The Group mitigates funding and liquidity risks by ensuring that: • a sufficient range of funds are available to meet working capital and investment objectives; • adequate flexibility within the funding structure is maintained through the use of bank overdrafts, bank loans and unsecured notes; • through regular monitoring of rolling forecast of cash inflows and outflows the cost of funding is minimised and that the return on any surplus funds is maximised through efficient cash management; • there is a focus on improving operational cash flow and maintaining a strong balance sheet. Refer note 5.3.

5.1 Market risks

5.1.1 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:

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

Translation risk

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

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

	2017		2016	
$ million	USD	NZD	USD	NZD
Funds employed	**542.0**	**178.2**	434.8	160.5
Net debt	**(446.5)**	**22.8**	(394.6)	28.6
Gearing	**82.4%**	**(12.8%)**	90.8%	(17.8%)

Transaction risk

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

Sensitivity
The following sensitivity illustrates how a reasonably possible change in the US dollar and NZ dollar would impact the fair value of the derivative financial instruments (refer note 5.4) held for future commercial transactions as at 30 June 2017:

- if the Australian dollar had weakened by 10% against the US dollar with all other variables held constant, equity would have been $5.7 million higher (2016: $8.2 million higher).
- if the Australian dollar had weakened by 10% against the NZ dollar with all other variables held constant, equity would have been $10.2 million lower (2016: $15.3 million lower).

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Amounts recognised in profit or loss and other comprehensive income

During the financial year, the Group recognised a foreign currency loss of $3.8 million (2016: gain $3.4 million) and a loss of $0.1 million (2016: loss $1.7 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 $2.5 million (2016: $13.7 million loss) relating to cash flow hedges and a $4.3 million loss (2016: $13.5 million gain) on the translation of foreign operations was recognised in other comprehensive income. Losses of $13.7 million (2016: $2.6 million gain) and $1.0 million (2016: nil) relating to cash flow hedges were transferred from equity to operating profit and non-financial assets, respectively. A loss relating to hedge ineffectiveness on interest rate swaps contracts of $2.5 million (2016: $0.9 million) was recognised in finance costs.

5.1.2 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 2017 approximately 72.1% (2016: 83.0%) of the Group's debt is fixed rate.

Exposure
The Group had the following variable rate borrowings and interest rate swap contracts outstanding at 30 June:

	Weighted average interest rate	Balance $ million
2017		
Bank loans	**2.7%**	**402.2**
Interest rate swaps (notional principal amount)	**3.7%**	**200.0**
Net exposure to cash flow interest rate risk		**202.2**
2016		
Bank loans	2.8%	361.9
Interest rate swaps (notional principal amount)	3.5%	250.0
Net exposure to cash flow interest rate risk		111.9

All of the Group's interest rate swaps are predominantly classified as cash flow hedges so any movement in the fair value is recognised directly in equity. The amounts accumulated in equity are transferred to the income statement in the period in which the hedged item affects profit or loss. During the period a $0.4 million gain (2016: $0.4 million loss) was recognised directly in equity in relation to interest rate swaps.

Sensitivity
At 30 June 2017, if Australian and US interest rates had increased by 1.0%, post-tax profit for the year would have been $1.4 million lower (2016: $0.8 million lower), net of derivatives. If interest rates on Australian and US dollar denominated borrowings had decreased by 1.0%, post-tax profit for the year would have been $1.4 million higher (2016: $0.1 million higher), net of derivatives.

5.1.3 Commodity price risk

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

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

5.1.4 Employee Share Plan risk

The Group is exposed to movements in the value of ordinary shares of the Company in respect of the obligations under the Group's Employee Share Plans (refer note 7.1). To mitigate this risk the Group has established the Orora Employee Share Trust (the Trust) to manage and administer the Group's responsibilities under the Employee Share Plans through the acquiring, holding and transferring of shares, or rights to shares, in the Company to participating employees.

As at 30 June 2017, the Trust held 13,864,381 treasury shares in the Company (2016: 15,179,750) and 1,808,109 allocated shares in respect of the CEO Grant (2016: 1,199,190). Refer to note 6.3 for further details.

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Section 5: Financial risk management (continued)

5.2 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 3.1.

Cash and cash equivalents and derivatives

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

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

Guarantees

The Group's policy is to provide financial guarantees only to certain parties securing the liabilities of subsidiaries, and are only provided in exceptional circumstances (refer note 7.3).

5.3 Liquidity and funding 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 manages liquidity risk through maintaining minimum undrawn committed liquidity of at least $175.0 million that can be drawn upon at short notice and regularly monitoring rolling forecasts of cash inflows and outflows in relation to the Group's activities. This monitoring includes financial ratios to assess possible future credit ratings and headroom and takes into account the accessibility of cash and cash equivalents.

Financing arrangements

At 30 June 2017, the Group had access to:

- a $400.0 million revolving multicurrency facility through a syndicate of domestic and international financial institutions maturing in December 2019. This facility is unsecured and can be extended.
- US Private Placement of notes USD250.0 million of which USD100.0 million matures in July 2023 and USD150.0 million matures in July 2025.
- a USD200.0 million five-year USD revolving facility, through a syndicate of domestic and international financial institutions, maturing in April 2021.
- two bilateral agreements for A$50.0 million each with separate domestic institutions, maturing in April 2018.

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

	2017			2016		
$ million	Committed	Uncommitted	Total	Committed	Uncommitted	Total
Financing facilities available:						
Bank overdrafts	–	6.3	6.3	–	6.3	6.3
US Private Placement	324.6	–	324.6	335.7	–	335.7
Loan facilities and term debt	759.7	81.9	841.6	768.5	83.7	852.2
	1,084.3	88.2	1,172.5	1,104.2	90.0	1,194.2
Facilities utilised:						
Bank overdrafts	–	5.1	5.1	–	–	–
US Private Placement	324.6	–	324.6	335.7	–	335.7
Loan facilities and term debt	403.4	–	403.4	364.0	–	364.0
	728.0	5.1	733.1	699.7	–	699.7
Facilities not utilised:						
Bank overdrafts	–	1.2	1.2	–	6.3	6.3
US Private Placement	–	–	–	–	–	–
Loan facilities and term debt	356.3	81.9	438.2	404.5	83.7	488.2
	356.3	83.1	439.4	404.5	90.0	494.5

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 in 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
2017						
Non-derivative financial instruments						
Trade and other payables	826.9	19.0	20.4	1.1	867.4	867.4
Borrowings	38.4	21.9	432.8	349.3	842.4	732.5
Total non-derivatives	865.3	40.9	453.2	350.4	1,709.8	1,599.9
Derivatives						
Net settled (interest rate swaps and commodity contracts)	(3.9)	(2.8)	–	–	(6.7)	(6.7)
Gross settled forward exchange contracts						
– Inflow	307.3	34.9	0.2	–	342.4	
– Outflow	(308.7)	(37.8)	(1.3)	–	(347.8)	
Total gross settled forward exchange contracts	(1.4)	(2.9)	(1.1)	–	(5.4)	(5.4)
Total derivatives	(5.3)	(5.7)	(1.1)	–	(12.1)	(12.1)

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Section 5: Financial risk management (continued)

5.3 Liquidity and funding risk (continued)

$ million	1 year or less	1–2 years	2–5 years	More than 5 years	Total contractual cash flows	Carrying amount (assets)/ liabilities
2016						
Non-derivative financial instruments						
Trade and other payables	708.5	11.5	15.8	1.2	737.0	737.0
Borrowings	22.9	42.4	396.7	372.5	834.5	695.7
Total non-derivatives	731.4	53.9	412.5	373.7	1,571.5	1,432.7
Derivatives						
Net settled (interest rate swaps and commodity contracts)	(5.7)	(4.1)	(4.5)	–	(14.3)	(14.3)
Gross settled forward exchange contracts						
– Inflow	344.3	34.4	15.6	–	394.3	
– Outflow	(353.0)	(35.9)	(16.3)	–	(405.2)	
Total gross settled forward exchange contracts	(8.7)	(1.5)	(0.7)	–	(10.9)	(10.9)
Total derivatives	(14.4)	(5.6)	(5.2)	–	(25.2)	(25.2)

5.4 Hedging instruments

Hedging activities and the use of derivatives

What is a derivative?
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 of time. A hedge is where a derivative is used to manage exposure in an underlying variable.

The Group is exposed to certain market risks which include foreign exchange risk, interest rate risk and commodity price risk. In accordance with Board approved policies the Group manages these risks by using derivative financial instruments to hedge the underlying exposures.

Why do we need them?
The key market risks facing the Group:

- Foreign currency transaction risk is the risk that currency fluctuations will have a negative effect on the value of the Group's future cash flows due to changes in foreign currency between the date a commercial transaction is entered into and the date at which the transaction is settled.
- Interest rate risk arises from fluctuations in variable market interest rates impacting the fair value or future cash flows on long-term borrowings.
- Commodity price risk arises from significant changes in the price of key raw material inputs, in particular the purchase of aluminium.

How do we use them?
The Group employs the following derivative financial instruments when managing its foreign currency and interest rate risk:

- Forward exchange contracts and options are derivative instruments used to hedge transaction risk so they enable the sale or purchase of foreign currency at a known fixed rate on an agreed future date. The Group holds forward exchange contracts and options denominated in US dollar, euro and NZ dollar to hedge highly probable forecast sale and purchase transactions (cash flow hedges).
- Interest rate swaps are derivative instruments that exchange a fixed rate of interest for a floating rate, or vice versa, or one type of floating rate for another, and are used to manage interest rate risk. These derivatives are entered into to optimise the Group's exposure to fixed and floating interest rates arising from borrowings. These hedges incorporate cash flow hedges, which fix future interest payments, and fair value hedges, which reduce the Group's exposure to changes in the value of its assets and liabilities arising from interest rate movements.

In respect of managing commodity price risk the Group uses forward commodity contracts. Forward commodity contracts are derivative instruments used to hedge price risk so they enable the purchase of aluminium raw materials at a known fixed rate on an agreed future date. On behalf of customers, aluminium hedging is undertaken using fixed price swaps. The Group passes on the price risk of commodities contractually through to customers, including any benefits and costs relating to swaps upon their maturity (fair value hedge).

Analysis of the derivatives used by the Group to hedge its exposure and the various methods used to calculate their respective fair values are detailed in this section.

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Derivative instruments

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

	Level 2 fair value hierarchy							
	2017				2016			
$ million	Notional item	Weighted average	Asset	Liability	Notional item	Weighted average	Asset	Liability
Forward exchange contracts								
Cash flow hedges								
AUD/USD	**USD84.5**	**0.7485**	**0.2**	**(3.2)**	USD79.3	0.7213	0.4	(3.2)
AUD/NZD	**NZD3.5**	**1.0880**	**0.2**	**(0.1)**	NZD(6.7)	1.0849	0.2	(0.4)
AUD/EUR	**EUR18.9**	**0.6810**	**0.8**	**(0.3)**	EUR16.7	0.6466	0.1	(1.3)
NZD/USD	**USD16.4**	**0.6983**	**–**	**(1.0)**	USD9.2	0.6712	–	(0.7)
NZD/EUR	**EUR2.8**	**0.6273**	**–**	**(0.1)**	EUR7.6	0.6038	–	(0.5)
NZD/AUD	**AUD90.4**	**1.0749**	**0.3**	**(2.0)**	AUD100.8	1.1013	0.1	(5.0)
Fair value hedges								
AUD/USD	**USD25.0**	**0.7707**	**–**	**–**	USD40.0	0.7378	–	(0.5)
AUD/NZD	**NZD20.0**	**1.0518**	**–**	**–**	NZD25.0	1.0472	–	–
Interest rate swap contracts								
Cash flow hedge	**AUD200.0 floating to fixed**		**–**	**(6.9)**	AUD300.0 floating to fixed		–	(12.4)
Fair value hedge	**–**		**–**	**–**	USD50.0 floating to fixed		–	(2.0)
Total derivatives in an asset/(liability) position			**1.5**	**(13.6)**			0.8	(26.0)
Current asset/(liability)			**1.3**	**(7.8)**			0.7	(13.7)
Non-current asset/(liability)			**0.2**	**(5.8)**			0.1	(12.3)

All derivative financial instruments utilised by the Group are hedges of highly probable forecast transactions with a hedge ratio of 1:1, therefore the change in the hedging instrument is equal to the change in the value of the underlying hedged item.

Derivative financial instruments are only undertaken if they relate to underlying exposures, the Group does not use derivatives to speculate. As at 30 June 2017 and 30 June 2016, the Group only held derivative financial instruments (hedging instruments) whose fair values were measured in accordance with level 2 of the fair value hierarchy.

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

Accounting policies

Derivative financial instruments are recognised initially at fair value on the date the instrument is entered into and are subsequently remeasured at fair value or "marked to market" at each reporting date. The gain or loss on remeasurement is recognised immediately in the income statement unless the derivative is designated as a hedging instrument, in which case the remeasurement is recognised in equity.

Hedge accounting

At the inception of the hedge relationship, the Group formally designates the relationship between hedging instruments and hedged items, as well as its risk management objective 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. Where option contracts are used to hedge forecast transactions, only the intrinsic value of the option contract is designated as the hedging instrument.

For the purposes of hedge accounting, hedges are classified as fair value hedges, cash flow hedges or net investment hedges.

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Section 5: Financial risk management (continued)

5.4 Hedging instruments (continued)

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

	Fair value hedge	Cash flow hedge	Net investment hedge
What is it?	A derivative or financial instrument designated as hedging the change in fair value of a recognised asset or liability or firm commitment.	A derivative or financial instrument hedging the exposure to variability in cash flow attributable to a particular risk associated with an asset, liability or forecasted transaction.	Financial instruments hedging changes in foreign currency when the net assets of a foreign operation are translated from their functional currency into Australian dollars.
Movement in fair value	Changes in the fair value of the derivative are recognised in the income statement, together with the changes in fair value of the hedged asset or liability attributable to the hedged risk. The gain or loss relating to the effective portion of interest rate swaps, hedging fixed rate borrowings, is recognised in the income statement within "finance costs", together with changes in the fair value of the hedged fixed rate borrowings attributable to interest rate risk. The gain or loss relating to the ineffective portion is recognised in the income statement within "other income" or "general and administration expenses".	The effective part of any gain or loss on the derivative financial instrument is recognised in other comprehensive income and accumulated in equity in the hedging reserve. The change in the fair value that is identified as ineffective is recognised immediately in the income statement within "other income" or "general and administration expenses". Amounts accumulated in equity are transferred to the income statement in the periods when the hedged item affects profit or loss (for instance, when the forecast sale that is hedged takes place). However, when the forecast transaction that is hedged results in the recognition of a non-financial asset (for example, inventory), the gains and losses previously deferred in equity are transferred from equity and included in the measurement of the initial cost or carrying amount of the asset. Where options are used, changes in the fair value of the option are recognised in other comprehensive income depending on whether it is designated as the hedging instrument in its entirety, or its intrinsic value only. If only the intrinsic value is designated, the option's time value that matches the terms of the hedged item is be recognised in equity and released to profit or loss over the term of the hedged item.	On consolidation, foreign currency differences arising on the translation of financial assets and liabilities designated as net investment hedges of a foreign operation are recognised in other comprehensive income and accumulated in the foreign exchange reserve, to the extent that the hedge is effective. Any ineffective portion is recognised in the income statement.
Discontinuation of hedge accounting	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.	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.	Upon disposal of the foreign operation which is subject to the net investment hedge, the cumulative amount that has been recognised in equity in relation to the hedged net investment is transferred to the income statement and recognised as part of the gain or loss on disposal.

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Rebalancing

If the hedging ratio for risk management purposes is no longer optimal but the risk management objective remains unchanged and the hedge continues to qualify for hedge accounting, the hedge relationship will be rebalanced by adjusting either the volume of the hedging instrument or the volume of the hedged item so that the hedge ratio aligns with the ratio used for risk management purposes. Any hedge ineffectiveness is calculated and accounted for in profit or loss at the time of the hedge relationship rebalancing.

Judgements and estimates

The Orora Group Treasury team performs the financial instrument valuations and reports directly to the Chief Financial Officer (CFO) and the Audit & Compliance Committee. Discussions of valuation processes and results are held with the CFO and Orora Group Treasury at least once every six months, in line with the Group's half-yearly reporting requirements. Significant valuation issues are reported to the Audit & Compliance Committee.

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

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

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

Level 3: one or more of the significant inputs in determining fair value for the asset or liability is not based on observable market data (unobservable input).

Determining fair value
The specific valuation techniques used to value derivative financial instruments are as follows:

- the fair value of forward exchange contracts and currency options is determined by using the difference between the contract exchange rate and the quoted exchange rate at the reporting date;
- the fair value of interest rate swaps is calculated as the present value of the estimated future cash flows – i.e. the amounts that the Group would receive or pay to terminate the swap at the reporting date, based on observable yield curves;
- the fair value of commodity forward contracts is determined by using the difference between the contract commodity price and the quoted price at the reporting date.

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Section 6: Group structure

IN THIS SECTION

This section provides information on those subsidiaries whose results principally affect the financial results of the Group, including details of the acquisitions that occurred during the period.

Details of the Orora Employee Share Trust are also discussed below.

6.1 Principal subsidiary undertakings and investments

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

		Orora Group's effective interest	
Controlled entities	**Country of incorporation**	**2017**	2016
Specialty Packaging Group Pty Ltd	Australia	**100%**	100%
Orora Packaging New Zealand Ltd	New Zealand	**100%**	100%
Orora Packaging Solutions	United States	**100%**	100%
Landsberg Orora	United States	**100%**	100%
Orora Visual TX LLC (formerly IntegraColor LLC)	United States	**100%**	100%

The Group did not dispose of any controlled entities during the twelve month period ending 30 June 2017 (2016: nil). Refer below for details of acquisitions.

6.2 Acquisition of controlled businesses

6.2.1 Current period acquisitions

During the period, the Group acquired the assets and operations of a number of businesses which included The Register Print Group in January 2017 and The Garvey Group and Graphic Tech in March 2017. The acquired businesses provide point of purchase (POP) retail display solutions to blue-chip retailers and brand owners in the USA and have expanded the Group's POP capabilities. Servicing the full POP value chain, the businesses provide customers with concept development, design, digital printing, large-format lithographic printing, manufacturing and fulfilment support.

The acquisitions expand the Group's footprint into the northeast, west and midwest of the USA and strengthen the ability of the Group to service national corporate customers across multiple locations. The results of these businesses are included in the North America segment from the date of acquisition.

The accounting for the above acquisitions has been provisionally determined as at 30 June 2017 as the post-close adjustment process remains in progress. Management is continuing to assess the fair value of the opening balance sheets which may result in adjustments to the fair value attributable to the net assets acquired as reported below.

The following information represents the aggregate impact of these three acquisitions upon the Group, as provisionally determined.

Purchase consideration

$ million	
Initial cash consideration paid	**121.6**
Deferred consideration	**14.4**
Total purchase consideration	**136.0**

Deferred consideration

Of the total $14.4 million deferred consideration, $5.4 million attracts interest of 2.0% per annum and is payable in July 2018. Of the remaining balance payable, $2.0 million is due in March 2018, $5.7 million in September 2018 and $1.3m is payable in March 2019.

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Fair value of net assets acquired and goodwill

$ million	Fair value
Trade and other receivables	**28.0**
Inventories	**5.1**
Property, plant and equipment	**46.7**
Intangible assets	**0.1**
Trade and other payables	**(16.7)**
Fair value of net identifiable assets acquired	**63.2**
Add goodwill	**72.8**
Fair value of net assets acquired	**136.0**

Goodwill
The goodwill is mainly attributable to the synergies expected to be achieved from integrating the businesses purchased into the Group's existing North American operations and the skills and talent of the workforce in the newly acquired businesses.

Acquired receivables
The fair value of acquired trade receivables is $25.6 million. The gross contractual amount for trade receivables due is $25.8 million, of which $0.2 million is expected to be uncollectable.

Purchase consideration and acquisition-related costs

$ million	
Cash consideration paid	**121.6**
Less: cash acquired	**–**
Outflow of cash	**121.6**

Acquisition-related costs of $1.5 million were recognised in general and administrative expenses in the income statement and in operating cash flows in the cash flow statement.

6.2.2 Prior period acquisitions

Orora Visual TX LLC (formerly IntegraColor LLC)

On 1 March 2016, the Group acquired 100% of the issued share capital of Orora Visual TX LLC (formerly IntegraColor LLC), a provider of point of purchase retail display solutions and other visual communication services for customers across consumer (food and beverage), healthcare/education and horticulture industries. The operations are based in Dallas, Texas and service customers across North America. The results of the business are included in the North America segment from the date of acquisition.

The accounting for the acquisition was completed during the period and details of the fair attributable to the net assets acquired are reported below.

Purchase consideration

$ million	
Initial cash consideration paid	**91.2**
Cash paid for completion adjustments	**6.9**
Deferred consideration	
Cash settled	**7.1**
Equity settled	**2.1**
Total purchase consideration	**107.3**

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Section 6: Group structure (continued)

6.2 Acquisition of controlled businesses (continued)

6.2.2 Prior period acquisitions (continued)

Deferred consideration

The deferred consideration payable includes a $7.1 million cash payment and a $2.1 million equity settled portion.

The cash settled amount attracts interest at 1.5% per annum and is payable in two instalments. The first instalment of $4.6 million (plus interest) was paid in March 2017, whilst the second instalment of $2.5 million is payable in September 2017.

In respect of the equity settled portion of the deferred consideration, the vendor will be entitled to receive 863,445 ordinary shares in Orora Limited in September 2017.

Fair value of net assets acquired and goodwill

$ million	Fair value
Cash and cash equivalents	**2.8**
Trade and other receivables	**25.1**
Inventories	**12.1**
Property, plant and equipment	**16.2**
Deferred tax assets	**5.0**
Intangible assets	**7.5**
Trade and other payables	**(13.2)**
Provisions	**(1.1)**
Other liabilities	**(3.3)**
Fair value of net identifiable assets acquired	**51.1**
Add goodwill	**56.2**
Fair value of net assets acquired	**107.3**

Goodwill
The goodwill is mainly attributable to the synergies expected to be achieved from integrating the company into the Group's existing North American business and the skills and talent of the acquired business' workforce.

Acquired receivables
The fair value of acquired trade receivables is $22.6 million. The gross contractual amount for trade receivables due is $22.8 million, of which $0.2 million is expected to be uncollectable.

Purchase consideration and acquisition-related costs

30 June 2017
During the period the first instalment of the deferred consideration of $4.6 million, including interest, was paid. This payment is presented in investing cash flows in the cash flow statement.

In the twelve months to 30 June 2017 no cash payments made were made relating to acquisition costs.

30 June 2016
During the period from the date of acquisition to 30 June 2016 the Group reported the following cash flows:

$ million	2016
Cash consideration paid	**98.1**
Less: cash acquired	**(2.8)**
Outflow of cash	**95.3**

In addition, acquisition-related costs of $1.4 million were recognised in general and administrative expenses in the income statement and in operating cash flows in the cash flow statement.

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Judgements and estimates

The acquisition method of accounting is used to account for all business combinations regardless of whether equity instruments or other assets of a business are acquired.

In accordance with the acquisition method, the Group measures goodwill, at acquisition date, as the fair value of the consideration transferred less the fair value of the identifiable assets and liabilities acquired. The fair value of the consideration transferred comprises the initial cash paid and an estimate for any future contingent or deferred payments the Group may be liable to pay.

The application of the acquisition method requires certain estimates and assumptions to be made particularly around the determination of fair value of: any contingent or deferred consideration; the acquired intangible assets; property, plant and equipment; and liabilities assumed. Such estimates are based on the information available at the acquisition date and valuation techniques which require considerable judgement in forecasting future cash flows and developing other assumptions.

6.3 Orora Employee Share Trust

The Group holds shares in itself as a result of shares purchased by the Orora Employee Share Trust (the Trust). The Trust was established to manage and administer the Company's responsibilities under the Group's Employee Share Plans (refer note 7.1) through the acquiring, holding and transferring of shares, or rights to shares, in the Company to participating employees. In respect of these transactions, at any point in time the Trust may hold "allocated" and "unallocated" shares.

Allocated shares
Allocated shares represent those shares that have been purchased and awarded to employees under the CEO Grant (refer note 7.1). Shares granted to an employee under the CEO Grant 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. Allocated shares are not identified or accounted for as treasury shares.

Where the Orora Employee Share Trust purchases equity instruments in the Company, as a result of managing the Company's responsibilities under the Group's CEO Grant Employee Share Plan award, the consideration paid, including any directly attributable costs, is deducted from equity, net of any related income tax effects.

Unallocated shares
Unallocated shares represent those shares that have been purchased by the Trustee on-market to satisfy the potential future vesting of awards granted under the Group's Employee Shares Plans, other than the CEO Grant. As the shares are unallocated they are identified and accounted for as treasury shares (Treasury Shares); refer note 2.4.1.

Accounting policies

As at 30 June 2017, the Trust held 13,864,381 Treasury Shares (unallocated shares) in the Company (2016: 15,179,750) and 1,808,109 allocated shares in respect of the CEO Grant (2016: 1,119,190).

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.

Management has been authorised by the Board to issue a request to the Trustee to waive all rights and entitlements to be paid the final FY17 dividend in respect of Treasury Shares held by the Trust. As a result, assuming the Trustee grants the request, the Treasury Shares will not receive a dividend payment in respect of the final FY17 dividend.

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Section 7: Other

IN THIS SECTION

This section includes additional financial information that is required by the accounting standards and the *Corporations Act 2001* including details about the Group's employee reward and recognition programs.

7.1 Share-based compensation

The Group provides benefits to employees (including senior executives) of the Group in the form of share-based incentives. The Orora employee incentive plans have been established to ensure employees are motivated and incentivised to develop and successfully execute against both short and long-term strategies that grow the business and generate shareholder returns. The plans provide an appropriate level and mix of short and long-term incentives to appropriately recognise and reward employees creating a high performance culture and Orora's ability to attract and retain talent. Orora's remuneration strategy is competitive in the relevant markets to support the attraction and retention of talent.

The following information provides details of Orora's employee incentive plans. During the period the Group recognised a share-based payment expense of $9.1 million (2016: $8.6 million). Employee expenses and employee provisions are shown in notes 1.5 and 3.8 respectively.

This note should be read in conjunction with the Remuneration Report, as set out in the Directors' Report, which contains detailed information regarding the setting of remuneration for Key Management Personnel.

The following table details the total movement in the CEO Grant, Share Options, Performance Rights or Performance Shares issued by the Group:

			Long Term Incentive Plans				Short Term Incentive Plan	
	CEO Grant		Share Options		Performance Rights and Performance Shares		Deferred Equity[1]	
	No.	$[2]	No.	$[2]	No.	$[2]	No.	$[2]
2017								
Outstanding at beginning of period	**1,199,190**	**1.78**	**20,751,500**	**0.33**	**10,263,500**	**1.21**	**2,238,898**	**1.96**
Granted during the period	**1,152,485**	**2.47**	**5,058,500**	**0.55**	**1,835,500**	**2.05**	**1,107,411**	**2.77**
Exercised during the period	**(543,566)**	**1.16**	**(5,156,075)**	**0.29**	**(2,368,196)**	**1.05**	**(908,142)**	**1.61**
Forfeited during the period	**–**	**–**	**(1,102,364)**	**0.29**	**(455,804)**	**0.99**	**(35,921)**	**2.41**
Outstanding at end of period	**1,808,109**	**2.41**	**19,551,561**	**0.39**	**9,275,000**	**1.42**	**2,402,246**	**2.46**
Exercisable at end of period	**–**	**–**	**519,561**	**0.23**	**–**	**–**	**–**	**–**
2016								
Outstanding at beginning of period	932,132	0.97	16,035,000	0.30	7,909,000	1.07	831,228	1.53
Granted during the period	708,124	2.29	4,716,500	0.43	2,354,500	1.68	1,407,670	2.22
Exercised during the period	(441,066)	0.89	–	–	–	–	–	–
Outstanding at end of period	1,199,190	1.78	20,751,500	0.33	10,263,500	1.21	2,238,898	1.96
Exercisable at end of period	–	–	–	–	–	–	–	–

(1) The equity outcomes for the 2017 financial year short-term incentive will be determined and allocated in September 2017.

(2) The above weighted average 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.

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The exercise price of the CEO Grant, Performance Rights and Performance Shares and Deferred Equity Awards are nil. The exercise prices of Share Options outstanding at the end of the year are set out below:

			Number	
Grant date	Expiry date	Exercise price	**2017**	2016
19 Feb 2014	30 Sept 2021	1.22	**519,561**	4,175,000
19 Feb 2014	30 Sept 2022	1.22	**3,145,000**	3,305,000
19 Feb 2014	30 Sept 2023	1.22	**2,905,000**	3,305,000
21 Oct 2014	30 Sept 2021	1.22	**–**	1,750,000
21 Oct 2014	30 Sept 2022	1.22	**1,750,000**	1,750,000
21 Oct 2014	30 Sept 2023	1.22	**1,750,000**	1,750,000
30 Oct 2015	30 Sept 2024	2.08	**4,423,500**	4,716,500
30 Oct 2016	30 Sept 2025	2.69	**5,058,500**	–
Share options outstanding at end of period			**19,551,561**	20,751,500
Weighted average contractual life of options outstanding at end of period			**6.7 years**	6.7 years

A description of the equity plans in place during the year ended 30 June 2017 is described below:

	Retention/Share Payment Plan	Long-term incentives		Short-term incentive
	CEO Grant	Share Options	Performance Rights and Performance Shares	Deferred Equity
Overview	The Board endorses certain employees as eligible to receive 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 within the vesting/restriction period. The shares subject to the CEO Grant carry full dividend entitlements and voting rights.	Under the long term incentive plan, share options or performance rights over ordinary shares in the Company, or performance shares, may be issued to employees. The exact terms and conditions of each award are determined by the Directors of the Company at the time of grant. Give the employee the right to acquire a share at a future point in time upon meeting specified vesting conditions, described below, 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.	Give the employee the right to receive a share at a future point in time upon meeting specified vesting conditions, as described below; no exercise price is payable. The rights are granted at no consideration and carry no dividend entitlement or voting rights until they vest and convert to ordinary shares on a one-for-one basis.	Provides an additional short-term incentive opportunity to selected employees, in the form of rights to ordinary shares. The number of rights that are allocated to each eligible employee is based on: • 33.3% of the value of the cash bonus payable under the Short Term Incentive Plan, following the end of the performance period • the volume weighted average price of Orora Limited ordinary shares for the five trading days up to and including 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.
Vesting conditions	Subject to alignment of performance with Orora's Values as assessed by the Board and the employee remaining in employment of the Group at the vesting date.	Subject to meeting an Earnings per Share (EPS) hurdle, the satisfaction of a Return on Average Funds Employed (RoAFE) gateway test, and the employee remaining in employment of the Group at the vesting date.	Two-thirds are subject to meeting a relative Total Shareholder Return test, the remaining one-third is subject to meeting an EPS hurdle and the satisfaction of a RoAFE gateway test. Vesting of the rights is subject to the employee remaining in employment of the Group at vesting date.	Remain in employment of the Group at vesting date.

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Section 7: Other (continued)

7.1 Share-based compensation (continued)

	Retention/Share Payment Plan	Long-term incentives		Short-term incentive
	CEO Grant	Share Options	Performance Rights and Performance Shares	Deferred Equity
Vesting period	Up to 5 years	4 years	4 years	2 years
Vested awards	Restriction lifted upon vesting.	Vested share options will remain exercisable until the expiry date. On expiry, any vested but unexercised share options will lapse.	Shares are issued upon vesting.	Shares issued upon vesting.
Unvested awards	Unvested awards are forfeited if the employee voluntarily ceases employment or is dismissed for cause or poor performance.			

Accounting policies

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

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

Judgements and estimates

The fair value of options is measured at grant date taking into account market performance conditions, but excludes the impact of any non-market conditions (e.g. profitability and sales growth targets). Non-market vesting conditions are included in the assumptions about the number of options that are expected to be exercisable.

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

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

The following weighted average assumptions were used in determining the fair value of options and rights granted during the period:

	2017	2016
Expected dividend yield (%)	**3.80**	3.70
Expected price volatility of the Company's shares (%)	**25.64**	23.11
Share price at grant date ($)	**2.99**	2.34
Exercise price ($) – options only	**2.69**	2.08
Risk-free interest rate – options (%)	**2.16**	2.48
Expected life of options (years)	**4.00**	4.00
Risk-free interest rate – rights (%)	**1.73**	1.84
Expected life of rights (years)	**3.65**	3.66

The dividend yield reflects the assumption that the current dividend payout will continue with no anticipated changes. The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected price volatility of the Company's shares reflects the assumption that the historical volatility is indicative of future trends, which may not necessarily be the actual outcome.

7.2 Auditors' remuneration

$ thousand	2017	2016
Auditors of the Company – PwC Australia		
Audit and other assurance services		
Audit and review of financial reports	**802.4**	742.2
Other assurance services	**46.5**	24.0
Other services		
Taxation services and transaction-related taxation advice	**45.5**	54.5
Other advisory services	**15.0**	23.0
Total PwC Australia	**909.4**	843.7
Network firms of PwC Australia		
Audit and other assurance services		
Audit and review of financial reports	**52.5**	73.6
Other services		
Taxation services, transaction-related taxation advice and due diligence	**41.5**	120.2
Total network firms of PwC Australia	**94.0**	193.8
Total auditors' remuneration	**1,003.4**	1,037.5

7.3 Commitments and contingent liabilities

Capital expenditure commitments

At 30 June 2017 the Group has capital commitments contracted but not provided for in respect of the acquisition of property, plant and equipment of $35.8 million (2016: $31.7 million).

Other expenditure commitments

At 30 June 2017 the Group had other expenditure commitments of $88.4 million (2016: $66.4 million) in respect of other supplies and services yet to be provided.

Operating lease commitments

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

$ million	2017	2016
Within one year	**81.4**	83.6
Between one and five years	**268.2**	222.1
More than five years	**122.2**	105.1
	471.8	410.8
Less sub-lease rental income	**–**	(0.1)
	471.8	410.7

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Section 7: Other (continued)

7.3 Commitments and contingent liabilities (continued)

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.

Guarantees
The Group has issued a number of bank guarantees to third parties for various operational and legal purposes. In addition, Orora Limited has guaranteed senior notes issued by Orora DGP in the US private placement market in 2015. The notes have maturities between 2023 and 2025 (see note 2.3). It is not expected that these guarantees will be called on.

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

Judgements and estimates

Legal proceedings
The outcome of currently pending and future legal, judicial, regulatory and other proceedings of a litigious nature cannot be predicted with certainty. Legal proceedings can raise difficult and complex issues and are subject to many uncertainties and complexities including, but not limited to, the facts and circumstances of each particular case, issues regarding the jurisdiction in which each proceeding is brought and differences in applicable law.

An adverse decision in a legal proceeding could result in additional costs that are not covered, either wholly or partially, under insurance policies, which could significantly impact the business and the results of operations of the Group.

Each legal proceeding is evaluated on a case-by-case basis considering all available information, including that from legal counsel, to assess potential outcomes. Where it is considered probable that a future obligation will result in an outflow of resources, a provision is recognised in the amount of the present value of the expected cash outflows, if these are deemed to be reliably measureable.

7.4 Orora Limited

Summarised income statement and comprehensive income

	Orora Limited	
$ million	**2017**	2016
Profit before related income tax expense	**97.6**	111.9
Income tax expense	**(20.8)**	(19.2)
Profit for the financial period	**76.8**	92.7
Total comprehensive income	**85.3**	80.7

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Summarised balance sheet

$ million	Orora Limited 2017	Orora Limited 2016
Total current assets	**409.2**	468.3
Total non-current assets	**1,669.1**	1,643.5
Total assets	**2,078.3**	2,111.8
Total current liabilities	**567.9**	502.0
Total non-current liabilities	**247.8**	306.4
Total liabilities	**815.7**	808.4
Net assets	**1,262.6**	1,303.4
Equity		
Contributed equity	**472.3**	481.8
Reserves:		
Share-based payment reserve	**18.1**	15.1
Cash flow hedge reserve	**(6.4)**	(14.9)
Retained profits	**778.6**	821.4
Total equity	**1,262.6**	1,303.4

Orora Limited financial information

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
Orora Limited and its wholly-owned Australian resident entities have formed a tax-consolidated group and are therefore taxed as a single entity. The head entity within the tax-consolidated group is Orora Limited.

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

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

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

Contingent liabilities of Orora Limited
Deed of Cross Guarantee
Pursuant to the terms of the ASIC Corporations (Wholly-Owned Companies) Instrument 2016/785, 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 2017 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 7.5.

Other guarantees
Orora Limited has guaranteed senior notes issued by Orora DGP in the US Private Placement market in 2015. The notes have maturities between 2023 and 2025 (see note 2.3). It is not expected that these guarantees will be called on.

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Section 7: Other (continued)

7.5 Deed of Cross Guarantee

The Company, Orora Limited, and the subsidiaries listed below are subject to a Deed of Cross Guarantee (Deed) under which each company guarantees the debts of the others:

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

Under the terms of ASIC Corporations (Wholly-Owned Companies) Instrument 2016/785, those wholly-owned subsidiaries that have entered into the Deed are granted relief from the *Corporations Act 2001* requirement to prepare and lodge audited Financial Reports and Directors' Reports.

Financial statements for the Orora Limited Deed of Cross Guarantee

The consolidated income statement, statement of comprehensive income and statement of financial position of the entities party to the Deed for the year ended and as at 30 June, are set out below.

Consolidated income statement, statement of comprehensive income and retained earnings

$ million	2017	2016
Sales revenue	**1,702.6**	1,662.2
Profit from operations	**191.5**	204.7
Net finance costs	**(11.0)**	(12.2)
Profit before related income tax expense	**180.5**	192.5
Income tax expense	**(25.0)**	(23.8)
Profit for the financial period	**155.5**	168.7
Other comprehensive income/(expense)		
Items that may be reclassified to profit or loss:		
Cash flow hedge reserve		
Unrealised losses on cash flow hedges, net of tax	**3.5**	(9.8)
Realised losses/(gains) transferred to profit or loss, net of tax	**5.8**	(1.8)
Realised losses/(gains) transferred to non-financial assets, net of tax	**(0.8)**	–
Time value of options	**–**	(0.4)
Tax on exchange differences on translating financial instruments	**–**	(0.3)
Other comprehensive income/(expense), net of tax	**8.5**	(12.3)
Total comprehensive income for the financial period	**164.0**	156.4
Retained profits at beginning of financial period	**1,027.8**	960.8
Profit for the financial period	**155.5**	168.7
Dividends recognised during the financial period	**(119.6)**	(101.7)
Retained profits at end of the financial period	**1,063.7**	1,027.8

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Consolidated statement of financial position

$ million	2017	2016
CURRENT ASSETS		
Cash and cash equivalents	**4.4**	6.3
Trade and other receivables	**365.5**	363.4
Inventories	**298.3**	287.8
Derivatives	**1.3**	0.7
Other current assets	**28.6**	22.7
Current tax receivable	**1.0**	–
Total current assets	**699.1**	680.9
NON-CURRENT ASSETS		
Investments in controlled entities	**213.9**	211.8
Property, plant and equipment	**1,383.6**	1,350.5
Goodwill and intangible assets	**92.5**	88.4
Derivatives	**0.2**	0.1
Other non-current assets	**39.2**	46.3
Total non-current assets	**1,729.4**	1,697.1
Total assets	**2,428.5**	2,378.0
CURRENT LIABILITIES		
Trade and other payables	**421.1**	358.5
Interest-bearing liabilities	**53.4**	58.6
Derivatives	**7.8**	10.8
Provisions	**109.2**	92.2
Total current liabilities	**591.5**	520.1
NON-CURRENT LIABILITIES		
Other payables	**7.2**	–
Interest-bearing liabilities	**199.4**	268.8
Derivatives	**5.8**	13.3
Deferred tax liabilities	**20.1**	3.4
Provisions	**17.2**	23.0
Total non-current liabilities	**249.7**	308.5
Total liabilities	**841.2**	828.6
NET ASSETS	**1,587.3**	1,549.4
EQUITY		
Contributed equity	**508.7**	513.1
Treasury shares	**(36.4)**	(31.3)
Reserves	**51.3**	39.8
Retained earnings	**1,063.7**	1,027.8
TOTAL EQUITY	**1,587.3**	1,549.4

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Section 7: Other (continued)

7.6 Related party transactions

The related parties identified by the Directors include investments and Key Management Personnel.

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

Details of investment in subsidiaries are disclosed in note 6.1 and details of the Orora Employee Share Trust are provided in note 6.3. The Group does not hold any interests in associates or joint ventures.

7.6.1 Parent entity

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

- purchases and sales of goods and services;
- advancement and repayment of loans;
- 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 subsidiaries;
- provision of payroll, superannuation, share-based remuneration and managerial assistance.

7.6.2 Other related parties

Contributions to superannuation funds on behalf of employees are disclosed in note 1.5.

7.7 Key Management Personnel

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

$ thousand	2017	2016
Short-term employee benefits	**4,693**	4,788
Long-term employee benefits	**60**	80
Post-employment benefits	**203**	201
Share-based payment expense	**2,688**	3,208
	7,644	8,277

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 (2016: nil).

At 30 June 2017 no individual KMP or related party holds a loan with the Group (2016: nil).

7.8 Subsequent events

In July 2017, Orora announced the closure of the Fibre Smithfield, NSW facility. The operation is to be consolidated into the nearby Revesby facility by the end of FY18 and the site will be marketed for sale.

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7.9 New and amended accounting standards and interpretations

7.9.1 Adopted from 1 July 2016

All new and amended Australian Accounting Standards mandatory as at 1 July 2016 to the Group have been adopted, including:

- AASB 2014-4 *Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation* (AASB 116 and AASB 138)
- AASB 2015 – 1 *Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012-2014 Cycle* (AASB 1, AASB 2, AASB 3, AASB 5, AASB 7, AASB 11, AASB 110, AASB 119, AASB 121, AASB 133, AASB 134, AASB 137 & AASB 140)
- AASB 2015-2 *Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101* (AASB 7, AASB 101, AASB 134 & AASB 1049)

The adoption of the amending standards has not resulted in a change to the financial performance or position of the Group. However, it has resulted in some changes to the Group's presentation of, or disclosure in, this financial report.

7.9.2 Issued but not yet effective

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

AASB 16 Leases

AASB 16 replaces the current dual operating/finance lease accounting model for lessees under AASB 117 *Leases* and the guidance contained in Interpretation 4 *Determining whether an Arrangement contains a Lease*. The new standard introduces a single, on-balance sheet accounting model, similar to the current finance lease accounting. Under the new standard, Orora will be required to recognise a "right-of-use" asset and a lease liability for all identified leased assets. The current operating lease expense will be replaced with a depreciation and finance charge.

The standard is applicable from 1 January 2019 with early adoption permitted with some targeted relief from the application of the lease accounting model where a lease is for a term of 12 months or less and for low-value items.

The new standard will primarily impact the Group's accounting for operating leases. As at 30 June 2017, the Group has non-cancellable operating lease commitments of $471.8 million as disclosed in note 7.3. The detailed assessment of the impact of AASB 16 is ongoing and therefore management has yet to determine the extent to which the lease commitments will result in the recognition of a "right-of-use" asset and liability for future payments and how this will affect the Group's profit and classification of cash flows.

The adoption is likely to have material impact on the financial position of the Group as new assets and liabilities will be recognised for the Group's operating leases of warehouse and manufacturing facilities.

AASB 15 Revenue from Contracts with Customers

AASB 15 replaces existing revenue recognition guidance, including AASB 118 *Revenue*, AASB 111 *Construction Contracts*, Interpretation 13 *Customer Loyalty Programmes*, Interpretation 15 *Agreements for the Construction of Real Estate*, Interpretation 18 *Transfers of Assets from Customers* and Interpretation 131 *Revenue – Barter Transactions Involving Advertising Services*.

The new standard establishes a comprehensive framework for determining whether, how much and when revenue is recognised. The framework is based on the principle that revenue is recognised when control of a good or service transfers to a customer. The notion of control under AASB 15 replaces the existing notion of risks and rewards under the current accounting standards. AASB 15 will require the Group to identify distinct promises in contracts with customers that qualify as "performance obligations". The price receivable from customers must then be allocated between the performance obligations identified.

The initial assessment has identified a number of areas where further detailed analysis is required to assess the potential impact, if any, upon the Group's revenue recognition practices; these include:

- trading terms with customers that include bill and hold arrangements;
- pricing adjustment structures including volume rebates and discounts and payment of upfront contract incentives; and
- consignment arrangements with customers and provisioning of other services.

The detailed assessment of the impact of AASB 15 upon the Group's material revenue streams has yet to be completed and therefore at this stage management is unable to estimate the financial impact on adopting the standard. It is not anticipated that the Group's revenue recognition policy or the Group's financial results will be significantly impacted upon adoption of the standard.

The standard is applicable from 1 January 2018 with early adoption permitted. When adopted, AASB 15 can be applied either on a fully retrospective basis, requiring restatement of the comparative periods presented in the financial statements, or with the cumulative retrospective impact of the standard applied as an adjustment to equity on the date of adoption.

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Section 7: Other (continued)

7.9 New and amended accounting standards and interpretations (continued)

7.9.2 Issued but not yet effective (continued)

AASB 2016-5 Amendments to Australian Accounting Standards – Classification and Measurement of Share-based Payment Transactions

AASB 2016-5 amends the accounting for cash-settled share-based payments and equity-settled awards that include a "net settlement" feature in respect of withholding taxes.

The amendment clarifies that the fair value of a cash-settled award is determined on a basis consistent with that used for equity-settled awards with any modification to a cash-settled award reflected immediately in the measurement of fair value. Any incremental value added to an equity-settled award is to be recognised over the remaining vesting period, any reduction in value is ignored.

In respect of net settlement features relating to withholdings taxes, the amendments require the entity to disclose an estimate of the amount that it expects to pay to the tax authority in respect of the withholding tax obligations.

The amendments are applicable from 1 January 2018, with early adoption permitted. At the date of this report the assessment of the amendments made to AASB 2 by AASB 2016-5 indicate that there will be no impact upon the financial performance or position of Orora. The Group has not granted any cash-settlement arrangements, nor are there any net settlement features relating to tax obligations. All current awards are accounted for as equity-settled share-based payments.

AASB 2016-2 Amendments to Australian Accounting Standards – Disclosure Initiative: amendments to AASB 107

AASB 2016-2 introduces a new disclosure requirement in respect of explaining changes in liabilities arising from financing activities. This includes changes arising from cash flows (e.g. drawdowns and repayments of borrowings) and non-cash changes such as acquisitions, disposals, interest accruals and unrealised exchange differences.

The amendment is applicable from 1 January 2017, with early adoption permitted. To satisfy the new disclosure requirement, the Group intends to present a reconciliation between the opening and closing balances for liabilities with changes arising from financial activities.

7.9.3 Adopted in the comparative period

AASB 9 Financial Instruments (Dec 2014)

The Group early adopted and applied all of the requirements of AASB 9 (2014) including consequential amendments to other standards, from 1 July 2015.

The adoption of AASB 9 (Dec 2014) impacts the Group as follows:

Classification and measurement
The Group classified its financial assets and financial liabilities as subsequently measured at amortised cost or fair value in accordance with AASB 9 (2014). The principal impact on Orora's financial assets at 1 July 2015 is the reclassification of cash and cash equivalents and trade and other receivables from "loans and receivables" under AASB 139 to "financial assets at amortised cost" under AASB 9 (Dec 2014).

There were no material changes in the measurement of the Group's financial assets and financial liabilities as a result of the change in classification.

Hedging
AASB 9 (2014) introduced a new hedge accounting model to simplify hedge accounting outcomes and more closely align hedge accounting with risk management objectives. This has resulted in the following key changes to Orora's hedge accounting:

- the intrinsic value of an option can now be designated as the hedging instrument, with the change in time value recognised in other comprehensive income rather than in profit and loss. The amount recognised in other comprehensive income is then recycled to profit or loss either over the period of the hedge, if the hedge is time-related, or when the hedged transaction affects profit or loss, if the hedge is transaction-related;
- effectiveness measurement testing will only be performed on a prospective basis with no defined numerical range of effectiveness applied in the testing.

Upon adoption of AASB 9 (Dec 2014), on 1 July 2015, there was a continuation of the existing hedge relationships. As a result, there was no material impact on the income statement, the statement of comprehensive income, balance sheet or statement of changes in equity.

The accounting policies for cash and cash equivalents (note 2.3), trade and other receivables (note 3.1) and derivative financial instruments (hedging instruments) (note 5.4) have been updated and are applicable from 1 July 2015. The terminology in these policies has been updated in accordance with the requirements of AASB 9 (Dec 2014). There has been no material change in the measurement and recognition of these items.

Directors' declaration

1. In the opinion of the Directors of Orora Limited (the 'Company'):

   (a) the financial statements and notes, and the Remuneration Report within the Directors' Report, are in accordance with the *Corporations Act 2001* including:

      (i) complying with Australian Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and

      (ii) giving a true and fair view of the Orora Group's financial position as at 30 June 2017 and its performance for the year ended on that date; and

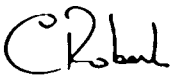
   (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

2. Within the notes to the financial statements it is confirmed that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

3. At the date of this declaration, there are reasonable grounds to believe that the Company and the consolidated entities identified in note 7.5 will be able to meet any obligations or liabilities to which they are or may become subject by virtue of the Deed of Cross Guarantee between the Company and those consolidated entities pursuant to *ASIC Corporations (Wholly-Owned Companies) Instrument 2016/785*.

4. The Directors have been given the declarations required by section 295A of the *Corporations Act 2001* by the Managing Director and Chief Executive Officer and Chief Financial Officer for the financial year ended 30 June 2017.

This declaration is made in accordance with a resolution of the Directors, dated at Melbourne, in the State of Victoria, on 10 August 2017.



C I ROBERTS
Chairman

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Independent auditor's report to the shareholders of Orora Limited



Report on the audit of the financial report

Our opinion

In our opinion:

The accompanying financial report of Orora Limited (the Company) and its controlled entities (together the Group) is in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Group's financial position as at 30 June 2017 and of its financial performance for the year then ended

(b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

What we have audited

The Group financial report comprises:

- the income statement for the financial year ended 30 June 2017
- the statement of comprehensive income for the financial year ended 30 June 2017
- the statement of financial position as at 30 June 2017
- the statement of changes in equity for the financial year ended 30 June 2017
- the cash flow statement for the financial year ended 30 June 2017
- the notes to the financial statements, which include a summary of significant accounting policies
- the directors' declaration.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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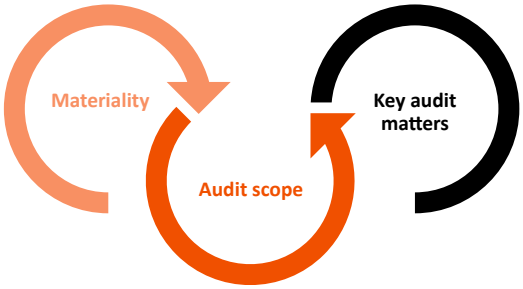
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Our audit approach

An audit is designed to provide reasonable assurance about whether the financial report is free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial report as a whole, taking into account the geographic and management structure of the Group, its accounting processes and controls and the industry in which it operates.

Orora Limited is an Australian company listed on the Australian Stock Exchange. Orora manufactures and distributes a wide range of tailored packaging solutions. The Group also offers end-to-end packaging solutions, including global product sourcing, distribution, design, printing and warehousing optimisation.



Materiality

- For the purpose of our audit we used overall materiality of $15.1 million, which represents approximately 5% of the Group's profit from operations (being profit before net finance costs and income tax expense).
- We applied this threshold, together with qualitative considerations, to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements on the financial report as a whole.
- We chose Group profit from operations because, in our view, it is the benchmark against which the performance of the Group is most commonly measured. We also adjusted for the significant item relating to the Petrie decommissioning provision on the basis that it is an unusual or infrequent item impacting profit and loss.
- We utilised a 5% threshold based on our professional judgement, noting it is within the range of commonly acceptable thresholds.

Audit scope

- Our audit focused on where the Group made subjective judgements, for example, significant accounting estimates involving assumptions and inherently uncertain future events.
- The Group operates across two operating segments, being Orora Australasia and Orora North America, with its head office functions based in Melbourne, Australia.
- The Group audit team based in Melbourne determined the nature, timing and extent of work that needed to be performed by the audit teams located in Melbourne, Los Angeles and Dallas. The audit approach was structured as follows:
  - Orora Australasia – the audit is conducted by the audit team based in Melbourne, including site visits and attendance at a sample of stocktakes in Australia and New Zealand.
  - Orora North America – the audit is conducted by a combination of audit teams based in Melbourne, Los Angeles and Dallas. The audit teams in Los Angeles and Dallas, operated under the instructions of the Group audit team and the Group audit team ensured they were sufficiently involved in all audit work to be satisfied that sufficient audit evidence had been obtained for the purposes of the audit opinion.

Independent auditor's report to the shareholders of Orora Limited

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Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report. The key audit matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Further, any commentary on the outcomes of a particular audit procedure is made in that context. We communicated the key audit matters to the Audit and Compliance Committee.

Key audit matter	How our audit addressed the key audit matter
Impairment of non-current assets including property, plant and equipment and goodwill Refer note 3.5 Property, plant and equipment, note 3.6 Intangible assets and note 3.7 Impairment of non-financial assets. Orora had property, plant and equipment of $1,648.6 million and goodwill and intangible assets of $446.5 million at 30 June 2017. Orora undertook impairment testing for Australian Fibre Packaging given an impairment was recorded in December 2013 and a significant portion of the Group's property, plant and equipment assets are held by Australian Fibre Packaging. Goodwill was tested for impairment in Orora Australasia ($98.7 million in goodwill) and Orora North America ($291.5 million in goodwill) as goodwill is required to be tested for impairment annually. In undertaking impairment testing, the following assumptions were judgemental: • expected earnings, as taken from board approved budgets and Orora's strategic plan, for financial years ending 2018 to 2022 • future levels of capital expenditure • Australian, New Zealand and United States discount rates used to discount the Australasian and United States estimated cash flows • the long term growth rate to be applied to the forecast cash flows in the terminal year. We considered this to be a key audit matter because of the level of judgement involved in determining the assumptions used to perform impairment testing.	We evaluated Orora's future cash flow forecasts used to assess the carrying value of Australian Fibre Packaging, Orora Australasia and Orora North America. This included updating our understanding of how the budgets and forecasts were compiled and comparing them to the latest Board approved FY18 budget and FY19–FY22 strategic plan. We also tested the calculations in management's cash flow model for mathematical accuracy. We compared the budget for 2017 with the actual results for 2017 to assess the Group's ability to forecast cash flows accurately. With the assistance of PwC valuation experts, we evaluated the appropriateness of the discount rates and long term growth rate assumptions used in the cash flow forecasts, by comparing them to our independently calculated acceptable ranges. We considered the circumstances which gave rise to the previous impairment charge in Australian Fibre Packaging. We performed independent sensitivity calculations over the forecast cash flows by increasing the discount rate and by reducing certain growth rate assumptions. The adequacy of disclosures made in relation to impairment testing of assets in light of the requirements of Australian Accounting Standards was considered.

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Key audit matter	How our audit addressed the key audit matter
Revenue recognition Refer to note 1.1 Segment results and note 1.4 Income For the year ended 30 June 2017, Orora recognised $4,039.1 million in revenue from the sale of packaging products. Sales were made under a variety of different customer terms and conditions and between multiple countries, and have a significant impact on the timing or amount of revenue recognised. The Group's revenue arrangements include: • A range of trading terms which require revenue to be recognised at different points in time, including upon delivery to the customer, billing and holding the goods until the customer requires them and when the goods are free on board the shipping vessel. • Various pricing mechanisms, including pricing adjustments linked with movements in commodity indices, payment of upfront contract incentives which are amortised over the life of the contract, volume rebates and discounts. • Consignment and other arrangements where the goods are delivered directly from a third party to the customer and revenue recognition only becomes certain after the delivery to the customer or when the subsequent sale to a third party has occurred. The timing and amount of revenue recognised differs depending on the arrangement in place with specific customers. Given the inherent risk associated with the appropriate recognition of revenue and the range of revenue arrangements in place, revenue recognition was considered to be a key audit matter.	In considering the Group's revenue recognition at 30 June 2017, we have performed the following audit procedures, amongst others: • Considered the Group's assessment of the terms and conditions of major new sales contracts entered into during the year and the appropriateness of revenue recognised, net of contract incentive payment amortisation and rebates. • Selected a sample of revenue transactions, including shortly before and after the reporting date, and: – Evaluated the timing and amount of revenue recognised in comparison to the terms and conditions of sale, timing of delivery of goods and receipt of cash based on supporting documentation obtained. – Tested the appropriateness of revenue cut-off pre and post 30 June 2017, focusing on shipping and delivery terms. This included obtaining documentation to support the timing of delivery.
Petrie decommissioning provision Refer to notes to the financial statements – Current period significant events – Petrie decommissioning, note 1.2 Significant items and note 3.8 Provisions At 30 June 2017, Orora's asset restoration and decommissioning provision totalled $43.9 million, which primarily related to remaining obligations to decommission Orora's former cartonboard mill site in Petrie, Queensland. The sale of the cartonboard mill site was recognised in the income statement in FY16 and a gain on sale of $8.4 million before tax was recorded in that financial year. Under the terms of the sale agreement, Orora retained certain decommissioning obligations. The recognition of additional decommissioning costs followed an interim project review and revisions to previous estimates due to increases in cost inputs, scope changes, delays and inefficiencies. The additional provision represents Orora's best estimate of the costs to complete based on currently available information. This was a key audit matter because of the significance of the Petrie decommissioning provision and the significant judgement involved by Orora in estimating the costs to complete the decommissioning.	We obtained Orora's calculation of the costs to complete the Petrie site decommissioning work and performed the following audit procedures, amongst others: • Critically assessed the reasons for the changes in cost estimates. • Read various reports and supporting documentation, including various levels of analysis undertaken in respect of the costs to complete, and relevant external supporting documentation used by Orora to estimate the costs to complete. • Verified cost estimates, where possible, to third party quotes, external benchmarks or similar historical expenditure. • Assessed the company's rights and obligations under the sale agreement relating to changes in estimates of costs to complete. • Tested the mathematical accuracy of the calculation.

Independent auditor's report to the shareholders of Orora Limited



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Other information

The directors are responsible for the other information. The other information expected to be received comprises the Operating and Financial Review and Directors' Report included in the Group's financial report for the year ended 30 June 2017 but will not include the financial report and our auditor's report thereon. The other information is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Operating and Financial Review and Directors' Report, if, we conclude that there is a material misstatement of this other information, we are required to communicate the matter to the directors and use our professional judgement to determine the appropriate action to take.

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf. This description forms part of our auditor's report.

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Report on the remuneration report

Our opinion on the remuneration report

We have audited the remuneration report included in pages 40 to 57 of the directors' report for the year ended 30 June 2017.

In our opinion, the remuneration report of Orora Limited for the year ended 30 June 2017 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

PricewaterhouseCoopers

LISA HARKER
Partner

Melbourne
10 August 2017

Statement of shareholdings

Statement pursuant to Australian Securities Exchange official list requirements.

Top 20 shareholders as at 31 July 2017

Rank	Name	Shares held	% of issued capital
1	HSBC Custody Nominees (Australia) Limited	297,923,619	24.69
2	J P Morgan Nominees Australia Limited	178,591,152	14.80
3	Citicorp Nominees Pty Limited	99,460,468	8.24
4	National Nominees Limited	90,895,624	7.53
5	BNP Paribas Nominees Pty Ltd	28,624,915	2.37
6	HSBC Custody Nominees (Australia) Limited – A/C 2	26,989,379	2.24
7	Citicorp Nominees Pty Limited	18,737,125	1.55
8	Pacific Custodians Pty Limited	15,644,183	1.30
9	BNP Paribas Noms Pty Ltd	13,248,060	1.10
10	HSBC Custody Nominees (Australia) Limited	11,526,838	0.96
11	Australian Foundation Investment Company Limited	11,464,129	0.95
12	Forsyth Barr Custodians Ltd	9,539,454	0.79
13	AMP Life Limited	8,295,629	0.69
14	UBS Nominees Pty Ltd	5,915,884	0.49
15	Netwealth Investments Limited	4,699,529	0.39
16	BNP Paribas Nominees Pty Ltd Hub24 Custodial Serv Ltd DRP	4,631,968	0.38
17	Sandhurst Trustees Ltd	4,134,150	0.34
18	Pacific Custodians Pty Limited	3,647,512	0.30
19	Bond Street Custodians Limited	3,497,659	0.29
20	UBS Nominees Pty Ltd	3,325,000	0.28
Total		**840,792,277**	**69.68**

Substantial shareholders as at 31 July 2017

There are currently no substantial shareholders in Orora Limited.

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Distribution of shareholdings

Fully paid ordinary shares as at 31 July 2017

Range	No. of holders	No. of shares	% of issued capital
100,001 and Over	218	904,492,463	74.96
10,001 to 100,000	7,520	167,590,571	13.89
5,001 to 10,000	8,829	64,177,786	5.32
1,001 to 5,000	24,316	63,115,070	5.23
1 to 1,000	13,564	7,309,033	0.60
Total	**54,447**	**1,206,684,923**	**100.00**
Unmarketable Parcels	1,658	108,175	0.01

Voting rights

Votes of shareholders are governed by Rules 45 to 50 of the Company's Constitution. In broad summary, but without prejudice to the provisions of these rules, on a show of hands every shareholder present in person shall have one vote and upon a poll every shareholder present in person, or by proxy or attorney, shall have one vote for every fully paid share held.

Unquoted equity securities – Issued pursuant to various Orora Limited Employee Incentive Plans as at 31 July 2017

Unquoted equity securities	No. of employees participating	No. of securities
Options over ordinary shares – exercise price $1.22	10	10,069,561
Options over ordinary shares – exercise price $2.08	10	4,423,500
Options over ordinary shares – exercise price $2.69	10	5,058,500
Rights	57	11,640,045

Shareholder information

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Shareholder enquiries

Shareholders seeking information about their shareholding or dividends should contact Orora's Share Registry, Link Market Services Limited ("Link"). Contact details are opposite. For security and privacy reasons, before contacting the Share Registry, shareholders should have their Securityholder Reference Number ("SRN") or Holder Identification Number ("HIN") available.

Shareholders can also access a wide variety of holding information via Link's website: www.linkmarketservices.com.au and make changes either online or by downloading a form. These changes include:

- choosing the preferred method of receiving the Annual Report, Notice of Meeting and payment statements
- checking holding balances
- updating address details
- providing an email address
- updating bank details
- electing to participate in the DRP.

Stock Exchange Listing

Orora Limited shares are listed on the Australian Securities Exchange ("ASX") and are traded under the code ORA.

Annual General Meeting

The Annual General Meeting of Orora Limited will be held at the Hawthorn Arts Centre, 360 Burwood Road, Hawthorn, Victoria, Australia at 10.30am (Melbourne Time) on 17 October 2017.

Formal notice of the meeting is sent to each shareholder.

Orora publications and communications

The Annual Report is mailed in mid-September only to those shareholders who have previously requested to receive hard copies of the document.

If you have previously requested a printed copy of the Annual Report, but no longer require it in printed form, please update your preference online with Link Market Services or advise Link in writing.

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

Orora's website, www.ororagroup.com, offers shareholders details of the latest share price, announcements made to the ASX, including half-year and full-year results, investor and analyst presentations and many other publications that may be of interest.

You can also keep up-to-date with Orora news and announcements by downloading the Orora app. Visit the Apple App Store or Google Play Store, search for "Orora" and install the app onto your device. The app is free and can be downloaded to most smartphones or iPads. To access the newsfeed simply tap "Skip to news" on the bottom of the home screen.

Dividends

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

Shareholders should retain all remittance advice relating to dividend payments for tax purposes.

1. Direct deposit to a bank, building society or credit union account

Shareholders can receive their dividends directly into a nominated bank, building society or credit union account held in Australia, the United States of America or New Zealand.

The currency selected must match the location of the financial institution. For example, NZD can only be paid into an account held with a financial institution located in New Zealand.

Shareholders can provide or update banking details online at Orora's Share Registry at www.linkmarketservices.com.au.

2. Cheque payable to international shareholders

International shareholders who do not have an account with an Australian, United States or New Zealand financial institution will receive their dividends by Australian dollar cheque.

Lost or stolen cheques should be reported, in writing, immediately to Orora's Share Registry to enable a "stop payment" and replacement.

In addition, eligible shareholders can choose to have their dividend earnings reinvested in Orora shares.

Dividend Reinvestment Plan (DRP)

The DRP provides shareholders in Australia and New Zealand, with the opportunity to reinvest their dividends to acquire additional Orora shares. Shares acquired under the DRP rank equally with existing fully paid ordinary shares.

Full details of the DRP and a DRP election form are available from Orora's Share Registry or from Orora's website.

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Corporate directory

Orora Limited

Registered office and principal administrative office
109–133 Burwood Road
Hawthorn Victoria 3122
Australia

Telephone: +61 3 9811 7111
Facsimile: +61 3 9811 7171
Website: www.ororagroup.com

ABN: 55 004 275 165

Chairman
Mr C I Roberts

Managing Director and Chief Executive Officer
Mr N D Garrard

Chief Financial Officer
Mr S G Hutton

Company Secretary
Ms A L Stubbings

Auditors

PricewaterhouseCoopers
2 Riverside Quay
Southbank Victoria 3006
Australia

Telephone: +61 3 8603 1000
Facsimile: +61 3 8603 1999
Website: www.pwc.com.au

Orora Share Registry

Link Market Services Limited

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Melbourne Victoria 3008
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Postal address:
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Sydney South NSW 1235
Australia

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

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



Financial calendar 2017–2018*

Financial year 2017 (FY17) ends	30 June 2017
Announcement of full year results for FY17	10 August 2017
Ex-dividend date for final dividend FY17	11 September 2017
Record date for final dividend FY17	12 September 2017
Record date for Dividend Reinvestment Plan (DRP) for FY17 final dividend	13 September 2017
Dividend payment date and DRP allotment for FY17 final dividend	16 October 2017
Annual General Meeting	17 October 2017
Financial half year 2018 ends	31 December 2017
Announcement of interim results for financial year 2018 (FY18)	February 2018
Ex-dividend date for interim dividend FY18	March 2018
Record date for interim dividend FY18	March 2018
Record date for DRP for FY18 interim dividend	March 2018
Dividend payment date and DRP allotment for FY18 interim dividend	April 2018
Financial year 2018 ends	30 June 2018

* Dates are subject to change.

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