Appendix 4D *Rule 4.2A.3*

Half year report

ORORA LIMITED
ABN 55 004 275 165

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

Reporting Period:	Half-Year Ended 31 December 2018
Previous Corresponding Period:	Half-Year Ended 31 December 2017

2. Results for announcement to the market

Key information	**31 Dec 2018 A$ million**				**31 Dec 2017 A$ million**
Statutory results					
2.1 Revenue from ordinary activities					
• From Continuing Operations	2,305.5	up	9.9%	from	2,097.8
• From Discontinued Operations	-	-	-	-	-
2.2 Net profit/(loss) from ordinary activities after tax but before significant items, attributable to members	113.7	up	7.6%	from	105.7
2.3 Net profit/(loss) for the period, after significant items, attributable to members	113.7	up	9.5%	from	103.8

Dividends	**Amount per security**	**Franked amount per security**
Current period		
2.4 Interim dividend payable 11 April 2019	6.5 cents	50.0%
2.4 Final dividend (in respect of prior year) paid 15 October 2018	6.5 cents	30.0%
Previous corresponding period		
2.4 Interim dividend paid 16 April 2018	6.0 cents	30.0%

2.5 Record date for determining entitlements to the dividend	Interim dividend – 28 February 2019

2.6 Brief explanation of figures in 2.1 to 2.4 –:

i) The interim dividend in the current period is 50.0% franked whilst the prior period dividend was 30.0% franked.

ii) 50.0% of the current period dividend is sourced from the Conduit Foreign Income Account. Dividends to foreign holders are not subject to withholding tax.

iii) The significant item included in the comparative period includes significant item income representing the gain recognised in respect of the sale of the Smithfield New South Wales site and significant item expenses recognised in respect of the restructure of the Fibre Packaging New South Wales business, which included redundancies, transition costs and asset impairment charges related to the closure of the Smithfield site, and additional expected costs associated with decommissioning the Petrie site. Refer note 3 in the attached Interim Financial Report for further details.

iv) Refer to attached Interim Financial Report and the Investor Results Release for further details relating to 2.1 to 2.4.

3. Net tangible assets

	31 December 2018	30 June 2018	31 December 2017
Net tangible asset backing per ordinary security	$0.88	$0.94	$0.94

4. Control gained or lost over entities during the period having a material effect

Refer to the attached Interim Financial Report, Note 1 – Business Acquisitions

5. Details of individual dividends and payment dates

Refer the attached Interim Financial Report, Note 5 - Dividends.

6. Details of dividend reinvestment plan

The Dividend Reinvestment Plan (DRP) is in operation. No discount is available under the DRP in respect of the interim dividend. The price of shares issued under the Company's DRP for the interim dividend will be the average market price, based on the arithmetic average of the daily volume weighted average share price, of all Orora shares sold on the ASX for the ten trading days from 12 to 25 March 2019, inclusive. The issue price of the shares will be rounded to four decimal places. The last date for receipt of election notices for the DRP is 1 March 2019. Shares allotted under the DRP rank equally with existing fully paid ordinary shares of Orora Limited.

7. Details of associates and joint venture entities

Not applicable

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

International Financial Reporting Standards

9. The Interim Financial Report is not subject to a review report that is subject to a modified opinion, emphasis of matter or other matter paragraph (a copy of the review report is included in the attached Interim Financial Report).

A Stubbings

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Ann Stubbings
Company Secretary

Dated: 13 February 2019

ORORA LIMITED
ABN: 55 004 275 165

INTERIM FINANCIAL REPORT

31 DECEMBER 2018

13 February 2019

Contents

This condensed consolidated Interim Financial Report was approved by the Directors on 13 February 2019. The Directors have the power to amend and reissue the condensed consolidated Interim Financial Report.

Orora Limited and its controlled entities

Directors' Report

The Directors present their report on the Group consisting of Orora Limited and the entities it controlled at the end of, or during, the half year ended 31 December 2018.

Directors

The following persons were Directors of Orora Limited during, or since the end of, the half year:

Non-executive
C I (Chris) Roberts - Chairman
A P (Abi) Cleland
S L (Samantha) Lewis
G J (John) Pizzey
J L (Jeremy) Sutcliffe

Executive
N D (Nigel) Garrard

Review and Results of Operations

The Group's consolidated statutory profit, after tax, for the half year ended 31 December 2018 was $113.7 million, an increase of 9.5% compared with $103.8 million in the comparative period, whilst the Group's earnings (profit from operations) increased from $162.6 million to $175.1 million. The comparative period profit from operations of $162.6 million and the statutory profit after tax result of $103.8 million includes one-off net significant item expense items of $2.7 million and $1.9 million respectively, refer note 3.

Australasia Segment
Earnings before interest and tax, and before one-off items, of the Australasia segment increased to $127.6 million from $121.1 million reflecting ongoing delivery of self-help programs and benefits from organic investments. The Fibre business delivered higher earnings driven by successful revenue growth in targeted market segments, higher production volumes at the B9 Recycled Paper Mill and realisation of operational efficiencies across the business which were partially offset by cost headwinds in kraft paper, starch and electricity. Earnings from the Beverage business were also higher driven by higher can volumes, favourable product mix in cans and glass and continued improvement in operating efficiencies across the business.

North America Segment
Earnings before interest and tax of the North America segment increased to $64.2 million from $60.3 million. In local currency, earnings for the North America segment actually declined by 1.1% as a result of tough operating conditions across the business and associated margin pressures, accompanied by transition costs associated with new information technology implementation in Packaging Solutions and the reset of the Orora Visual business after the loss of business during FY18.

The results of the North America segment include a positive foreign currency translational impact of $4.5 million from its US dollar denominated earnings, on the comparable period.

Growth Investments
During August 2018, the Group announced the acquisition of Bronco Packaging, a business which serves corporate accounts in the fresh food and manufacturing industry and provides an 'on-demand' packaging delivery service to its customers which are predominately located in Texas.

On 28 November 2018, the Group acquired 100% of the issued share capital of Pollock Investments Incorporated, a market leading provider of packaging and facility supplies with distribution centres located throughout Texas, Georgia, North Carolina, New Jersey and California. The Pollock operations predominantly service the industrial, retail and facility supplies market segments and also operates a corrugated box manufacturing plant and in-house packaging design service in Dallas, Texas.

The results of these businesses are included in the North America segment from the date of acquisition.

Additional analysis of operations of the Group for the half year ended 31 December 2018 is contained in Orora Limited's Statement to the Australian Securities Exchange and Investor Results Release dated 13 February 2019.

Dividend
Since 31 December 2018 the Directors have determined an interim dividend on ordinary shares, expected to be paid on 11 April 2019, of approximately $78.4 million. This represents a dividend of 6.5 cents per share 50.0% franked, of which 50.0% will be sourced from the Conduit Foreign Income Account. The financial effect of this dividend has not been brought into account in the consolidated interim financial statements for the half year ended 31 December 2018 and will be recognised in subsequent financial reports.

Auditor's Independence Declaration
A copy of the auditor's independence declaration, as required under Section 307C of the *Corporations Act 2001*, is set out on page 3.

Rounding Off
The Group is of a kind referred to in the Australian Securities and Investments Commission (Rounding in Financial/Directors' Reports) Instrument 2016/191 and, in accordance with that Instrument, amounts in the interim financial report and Directors' Report have been rounded off to the nearest $100,000 or, where the amount is $50,000 or less, zero, unless specifically otherwise stated.

Signed in accordance with a resolution of the Directors, dated at Melbourne, this 13th day of February 2019.

C I Roberts
Chairman

Auditor's Independence Declaration

As lead auditor for the review of Orora Limited for the half-year ended 31 December 2018, 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 review; and

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

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

Anton Linschoten
Partner
PricewaterhouseCoopers

Melbourne
13 February 2019

PricewaterhouseCoopers, ABN 52 780 433 757
2 Riverside Quay, SOUTHBANK VIC 3006, GPO Box 1331, MELBOURNE VIC 3001
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Orora Limited and its controlled entities

Consolidated Income Statement
For the six months ended 31 December 2018

$ million	Note	Dec 2018	Dec 2017[1]
Sales revenue	2	**2,305.5**	2,097.8
Cost of sales		**(1,885.7)**	(1,693.3)
Gross profit		**419.8**	404.5
Other income		**6.7**	39.7
Sales and marketing expenses		**(108.9)**	(103.5)
General and administration expenses		**(142.5)**	(178.1)
Profit from operations		**175.1**	162.6
Finance income	2	**0.1**	-
Finance expenses	2	**(17.9)**	(17.7)
Net finance costs		**(17.8)**	(17.7)
Profit before related income tax expense	2	**157.3**	144.9
Income tax expense		**(43.6)**	(41.1)
Profit for the financial period attributable to the owners of Orora Limited		**113.7**	103.8

Cents			
Profit per share attributable to the ordinary equity holders of Orora Limited			
Basic earnings per share		**9.4**	8.7
Diluted earnings per share		**9.4**	8.5

[1] The Group has initially applied AASB 15 *Revenue from Contracts with Customers* using the cumulative effect method. Under this method, the comparative information has not been restated. Refer note 10.

The above consolidated income statement should be read in conjunction with the accompanying condensed notes to the consolidated interim financial report.

Orora Limited and its controlled entities

Consolidated Statement of Comprehensive Income

For the six months ended 31 December 2018

$ million	Dec 2018	Dec 2017[1]
Profit for the financial period	**113.7**	103.8
Other comprehensive income/(expense)		
Items that may be reclassified to profit or loss:		
Cash flow hedge reserve		
Unrealised gains on cash flow hedges	**1.9**	2.5
Realised (gains)/losses transferred to profit or loss	**(3.5)**	3.4
Realised (gains)/losses transferred to non-financial assets	**(0.1)**	0.3
Income tax relating to these items	**0.5**	(1.7)
Exchange fluctuation reserve		
Exchange differences on translation of foreign operations	**15.7**	(4.1)
Net investment hedge of foreign operations	**-**	(5.8)
Other comprehensive income/(expense) for the financial period, net of tax	**14.5**	(5.4)
Total comprehensive income for the financial period attributable to the owners of Orora Limited	**128.2**	98.4

[1] The Group has initially applied AASB 15 *Revenue from Contracts with Customers* using the cumulative effect method. Under this method, the comparative information has not been restated. Refer note 10.

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying condensed notes to the consolidated interim financial report.

Orora Limited and its controlled entities

Consolidated Statement of Financial Position
As at 31 December 2018

$ million	Note	Dec 2018	June 2018[1]
Current assets			
Cash and cash equivalents		**110.5**	87.6
Trade and other receivables		**684.2**	606.1
Inventories		**650.4**	559.1
Derivatives		**8.9**	9.8
Other current assets		**71.3**	55.5
Total current assets		**1,525.3**	1,318.1
Non-current assets			
Property, plant and equipment		**1,714.5**	1,693.7
Goodwill and intangible assets		**608.4**	494.7
Derivatives		**5.3**	6.3
Other non-current assets		**93.7**	104.3
Total non-current assets		**2,421.9**	2,299.0
Total assets		**3,947.2**	3,617.1
Current liabilities			
Trade and other payables		**1,020.7**	952.4
Interest-bearing liabilities		**306.7**	1.7
Derivatives		**3.4**	3.2
Current tax liabilities		**2.4**	8.7
Provisions		**125.5**	132.7
Total current liabilities		**1,458.7**	1,098.7
Non-current liabilities			
Other payables		**22.1**	25.4
Interest-bearing liabilities		**676.0**	753.4
Derivatives		**0.4**	-
Deferred tax liabilities		**94.7**	83.3
Provisions		**22.3**	25.8
Total non-current liabilities		**815.5**	887.9
Total liabilities		**2,274.2**	1,986.6
NET ASSETS		**1,673.0**	1,630.5
Equity			
Contributed equity	4	**487.8**	499.7
Treasury shares	4	**(4.2)**	(19.8)
Reserves		**162.9**	152.1
Retained earnings		**1,026.5**	998.5
TOTAL EQUITY		**1,673.0**	1,630.5

[1] The Group has initially applied AASB 15 *Revenue from Contracts with Customers* using the cumulative effect method. Under this method, the comparative information has not been restated. Refer note 10.

The above consolidated statement of financial position should be read in conjunction with the accompanying condensed notes to the consolidated interim financial report.

Orora Limited and its controlled entities

Consolidated Statement of Changes in Equity

For the six months ended 31 December 2018

		Attributable to owners of Orora Limited			
$ million	Note	Contributed equity	Reserves	Retained earnings	Total equity
Balance at 1 July 2018		**479.9**	**152.1**	**998.5**	**1,630.5**
Impact of change in accounting policy	10	-	-	**(7.3)**	**(7.3)**
Restated balance at 1 July 2018		**479.9**	**152.1**	**991.2**	**1,623.2**
Net profit for the financial period		**-**	**-**	**113.7**	**113.7**
Other comprehensive income/(loss):					
Unrealised gains on cash flow hedges		-	**1.9**	-	**1.9**
Realised gains transferred to profit or loss		-	**(3.5)**	-	**(3.5)**
Realised gains transferred to non-financial assets		-	**(0.1)**	-	**(0.1)**
Exchange differences on translation of foreign operations		-	**15.7**	-	**15.7**
Deferred tax		-	**0.5**	-	**0.5**
Total other comprehensive income		**-**	**14.5**	**-**	**14.5**
Transactions with owners in their capacity as owners:					
Proceeds received from employees on exercise of options		**5.4**	-	-	**5.4**
Purchase of treasury shares	4	**(10.5)**	-	-	**(10.5)**
Restriction lifted on shares issued under CEO Grant	4	**0.1**	-		**0.1**
Shares used to settle Team Member Share Plan Issue	4	**1.2**	-	-	**1.2**
Dividends paid	5	-	-	**(78.4)**	**(78.4)**
Settlement of options and performance rights		**7.5**	**(7.5)**	-	-
Share-based payment expense	6	-	**3.8**	-	**3.8**
Balance at 31 December 2018		**483.6**	**162.9**	**1,026.5**	**1,673.0**
Balance at 1 July 2017[(1)]		472.3	144.0	930.5	1,546.8
Net profit for the financial period		-	-	103.8	103.8
Other comprehensive income/(loss):					
Unrealised gains on cash flow hedges		-	2.5	-	2.5
Realised losses transferred to profit or loss		-	3.4	-	3.4
Realised losses transferred to non-financial assets		-	0.3	-	0.3
Exchange differences on translation of foreign operations		-	(9.9)	-	(9.9)
Deferred tax		-	(1.7)	-	(1.7)
Total other comprehensive expense		-	(5.4)	-	(5.4)
Transactions with owners in their capacity as owners:					
Proceeds received from employees on exercise of options		6.3	-	-	6.3
Dividends paid	5	-	-	(72.1)	(72.1)
Settlement of options and performance rights		8.0	(8.0)	-	-
Share-based payment expense	6	-	4.7	-	4.7
Balance at 31 December 2017[(1)]		486.6	135.3	962.2	1,584.1

[(1)] The Group has initially applied AASB 15 *Revenue from Contracts with Customers* using the cumulative effect method. Under this method, the comparative information has not been restated. Refer note 10.

The above consolidated statement of changes in equity should be read in conjunction with the accompanying condensed notes to the consolidated interim financial report.

Orora Limited and its controlled entities

Consolidated Cash Flow Statement

For the six months ended 31 December 2018

$ million	Dec 2018	Dec 2017[(1)]
Cash flows from/(used in) operating activities		
Profit for the financial period	**113.7**	103.8
Depreciation	**63.0**	58.4
Amortisation of intangible assets	**5.4**	3.6
Net impairment losses on property, plant and equipment, intangibles, receivables and inventory	**4.3**	3.8
Net finance costs	**17.8**	17.7
Net gain on disposal of non-current assets	**0.4**	(32.1)
Fair value gain on financial instruments at fair value through income statement	**0.3**	(0.9)
Share-based payment expense	**3.8**	4.7
Restructuring and decommissioning expense	**-**	35.1
Other sundry items	**6.1**	10.7
Income tax expense	**43.6**	41.1
Operating cash inflow before changes in working capital and provisions	**258.4**	245.9
- (Increase)/Decrease in prepayments and other operating assets	**(6.2)**	(22.6)
- (Decrease)/Increase in provisions	**(11.8)**	(12.6)
- (Increase)/Decrease in trade and other receivables	**(7.3)**	(21.3)
- (Increase)/Decrease in inventories	**(46.9)**	(53.4)
- Increase/(Decrease) in trade and other payables	**(6.0)**	37.3
	180.2	173.3
Interest received	**0.1**	-
Interest and borrowing costs paid	**(19.4)**	(16.4)
Income tax paid	**(36.1)**	(18.7)
Net cash inflow from operating activities	**124.8**	138.2
Cash flows from/(used in) investing activities		
Granting of loans to associated companies and other persons	**(1.5)**	(1.1)
Payments for acquisition of controlled entities and businesses, net of cash acquired	**(142.0)**	(12.5)
Payments for property, plant and equipment and intangible assets	**(73.9)**	(93.0)
Proceeds on disposal of non-current assets	**1.0**	46.7
Net cash flows used in investing activities	**(216.4)**	(59.9)
Cash flows from/(used in) financing activities		
Proceeds from exercise of employee share options	**5.4**	6.4
Payments for treasury shares	**(10.5)**	-
Proceeds from borrowings	**1,013.8**	774.3
Repayment of borrowings	**(827.2)**	(759.3)
Dividends paid and other equity distributions	**(78.4)**	(72.1)
Net cash flows from/(used) in financing activities	**103.1**	(50.7)
Net increase in cash held	**11.5**	27.6
Cash and cash equivalents at the beginning of the financial period	**87.6**	53.4
Effects of exchange rate changes on cash and cash equivalents	**11.4**	(1.0)
Cash and cash equivalents at the end of the financial period	**110.5**	80.0

[(1)] The Group has initially applied AASB 15 *Revenue from Contracts with Customers* using the cumulative effect method. Under this method, the comparative information has not been restated. Refer note 10.

The above consolidated cash flow statement should be read in conjunction with the accompanying condensed notes to the consolidated interim financial report.

Orora Limited and its controlled entities

Condensed Notes to the Consolidated Interim Financial Report

For the six months ended 31 December 2018

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. These condensed consolidated interim financial statements ('interim financial report') as at and for the six months ended 31 December 2018 comprise the Company and its subsidiaries (together referred to as the 'Group'). The Group is primarily involved in the manufacture and supply of packaging products and services to the grocery, fast moving consumer goods and industrial markets.

These interim financial statements for the Group for the six months ended 31 December 2018 were approved by the Company's Board of Directors on 13 February 2019. The Directors have the power to amend and reissue the interim financial report.

The Annual Report of the Group as at and for the year ended 30 June 2018 is available upon request from the Company's registered office at 109 Burwood Road, Hawthorn 3122, Victoria, Australia or at www.ororagroup.com.

This interim financial report:

- has been prepared in accordance with the requirements of Accounting Standard AASB 134 *Interim Financial Reporting* (AASB 134) and the *Corporations Act 2001;*
- does not include all of the information required for a full financial report, and should be read in conjunction with the Annual Report of the Group as at and for the year ended 30 June 2018 and any public announcements made by Orora Limited and its controlled entities during the half year in accordance with continuous disclosure obligations arising under the *Corporations Act 2001*;
- has been prepared under historical cost basis except for financial instruments which have been measured at fair value. Non-derivative financial instruments are measured at fair 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;
- 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 2018;
- does not early adopt any Accounting Standards and Interpretations that have been issued or amended but are not yet effective; and
- has applied the Group accounting policies consistently to all periods presented, except as described in note 10.

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 judgement, estimates and assumptions applied in the interim financial statements, including the key sources of estimation uncertainty are the same as those applied in the Group's last Annual Report for the year ended 30 June 2018.

Contingent decommissioning liability

During the year ended 30 June 2018 additional costs associated with the decommissioning of the Petrie site were recognised, refer note 3.8 of the 30 June 2018 Annual Report. The recognition of the additional decommissioning costs followed ongoing project review and reassessment of remediation requirements at the site in respect of estimated costs to complete.

The provision recognised as at 31 December 2018 represents management's best estimate using all currently available information and considering applicable legislative and environmental regulations.

The decommissioning of the Petrie site is a significant exercise, the estimated cost of which remains contingent on final remediation design solutions approved by the regulatory authorities. At the date of this Interim Report, decommissioning work continues on site, and this is being completed in conjunction with finalising the remaining design phase for decommissioning of the site. This final design phase is complex and time consuming and involves various stakeholders including the landowner and multiple Government agencies. The estimated costs to complete the decommissioning are contingent on all these factors and require significant judgement in respect of determining a reliable estimate. It is anticipated that the final design phase and estimation of costs will be concluded before 30 June 2019.

Orora will continue to progress the design solution and maintain engagement with the landowner, experts and Government agencies in an effort to finalise the cost estimates and complete decommissioning and handover of the site.

New and amended accounting standards and interpretations

All new and amended Australian Accounting Standards and Interpretations mandatory as at 1 July 2018 to the Group have been adopted, including:

- AASB 15 *Revenue from Contracts with Customers;*
- AASB 2016-5 *Amendments to Australian Accounting Standards – Classification and Measurement of Share-based Payment Transactions*

The adoption of AASB 15 *Revenue from Contracts with Customers,* has resulted in a change to the Groups accounting policies. The impact of the adoption of these standards and the new accounting policies are disclosed in note 10.

The adoption of the other amending standards has not resulted in a change to the financial performance or position of the Group.

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 interim 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 which will result in a grossing up of the assets and liabilities of the Group balance sheet. The current operating lease expense will be replaced with a depreciation charge as the right-of-use asset recognised is depreciated over the lease term and a finance charge representing the unwinding on the discounted future lease payments. Operating cash flow will be higher as repayment of the principal portion of the lease liability will be classified as a financing activity.

The standard is applicable to the Group from 1 July 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 Group will not be early adopting AASB 16. The adoption of the standard will be reflected in the Interim Financial Report for the six months ending 31 December 2019.

The Group currently expects to use the modified retrospective approach and retain the classification of existing contracts as leases under current accounting standards instead of reassessing whether existing contracts are or contain a lease at the date of application of the new standard. In addition, the Group does not currently intend to bring short term leases (12 months or less to run as at 1 July 2019, including reasonably certain options to extend) or low value leases on balance sheet. Costs for these items will continue to be expensed directly to the income statement.

As at 31 December 2018 the Group has non-cancellable undiscounted operating lease commitments of $472.3 million (June 2018: $470.2 million). The adoption of AASB 16 is expected to materially gross up the financial position of the Group and will impact key financial ratios. Practical application of the new standard continues to develop and the detailed assessment, of the impact of AASB 16, is ongoing.

The Group is implementing a lease accounting system which will be used for the Group's leases and work is currently ongoing in respect of the system configuration, data collection in preparation for the loading of the lease data and testing. Work on preparing the system for go-live on 1 July 2019, including the provision of training on the system and amendments to processes, will continue through the second half of FY19.

1. Business acquisitions

In August 2018, the Group announced the acquisition of Bronco Packaging, a business which serves corporate accounts in the fresh food and manufacturing industry and provides an 'on-demand' packaging delivery service to its customers which are predominately located in Texas.

Then on 28 November 2018, the Group acquired 100% of the issued share capital of Pollock Investments Incorporated, a market leading provider of packaging and facility supplies head quartered in Texas, USA. In addition to 6 distribution centres located throughout Texas the business has distribution centres in Georgia, North Carolina, New Jersey and California. The operations predominantly service the industrial, retail and facility supplies market segments and also operates a corrugated box manufacturing plant and in-house packaging design service in Dallas, Texas.

The results of these acquired businesses is included in the North America segment from the date of acquisition.

As at 31 December 2018, the accounting for these acquisitions has been provisionally determined 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.

Purchase consideration

$ million	
Initial cash consideration paid	**129.1**
Deferred consideration	**11.9**
Total purchase consideration	**141.0**

Deferred consideration

Of the total $11.9 million deferred consideration, $6.8 million attracts interest of 0.6%. The deferred consideration is payable within 12 months of the acquisition date.

1. Business acquisitions (continued)

Fair value of net assets acquired and goodwill

$ million	Fair Value
Cash and cash equivalents	7.6
Trade and other receivables	56.0
Inventories	39.2
Property, plant and equipment	3.6
Trade and other payables	(61.2)
Provisions	(0.3)
Fair value of net identifiable assets acquired	44.9
Add goodwill	96.1
Fair value of net assets acquired	**141.0**

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

Acquired trade receivables
The fair value of the acquired trade receivables is $46.0 million. The gross contractual amount for trade receivables due is $46.6 million, of which $0.6 million is expected to be uncollectable.

Purchase consideration and acquisition-related costs
During the period from acquisition date to 31 December 2018 the Group reported the following cash flows:

$ million	
Cash consideration paid	129.1
Less: cash acquired	(7.6)
Outflow of cash	**121.5**

In the six months to 31 December 2018 acquisition-related costs of $1.5 million were recognised in general and administrative expenses in the income statement and in operating cash flow in the cash flow statement.

2. Segment information

Understanding the segment results

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

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 which may have an impact on the quality of earnings, whilst including items directly attributable to the segment as well as those that can be allocated on a reasonable basis.

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

The following summary describes the operations of each reportable segment.

Orora Australasia
This segment focuses on the manufacture of fibre and beverage packaging products within Australia and New Zealand. The products manufactured by this segment include glass bottles, beverage cans, wine 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 point of purchase retail display solutions and other visual communication services.

Other
This segment includes the corporate function of the Group.

2. Segment Information (continued)

The following segment information was provided to the Corporate Executive Team for the reportable segments for the half year ended 31 December 2018 and 31 December 2017:

	Australasia		North America		Other		Total Reported	
$ million	**2018**	2017[(1)]	**2018[(2)]**	2017	**2018**	2017	**2018**	2017
Reportable segment revenue								
Revenue from external customers	**1,087.9**	1,042.4	**1,217.6**	1,055.4	**-**	-	**2,305.5**	2,097.8
Inter-segment revenue	**33.1**	20.0	**-**	-	**-**	-	**33.1**	20.0
Total reportable segment revenue[(3)]	**1,121.0**	1,062.4	**1,217.6**	1,055.4	**-**	-	**2,338.6**	2,117.8
Reportable segment earnings								
Earnings before significant items, interest, tax, depreciation and amortisation	**177.4**	167.2	**80.6**	73.7	**(14.5)**	(13.6)	**243.5**	227.3
Depreciation and amortisation	**(49.8)**	(46.1)	**(16.4)**	(13.4)	**(2.2)**	(2.5)	**(68.4)**	(62.0)
Earnings before significant items, interest and tax	**127.6**	121.1	**64.2**	60.3	**(16.7)**	(16.1)	**175.1**	165.3
Reconciliation to profit/(loss)								
Significant items (refer note 3)							**-**	(2.7)
Finance income							**0.1**	-
Finance expense							**(17.9)**	(17.7)
Consolidated profit before income tax expense							**157.3**	144.9
Operating free cash flow[(4)]	**75.2**	131.0	**48.0**	16.5	**(4.6)**	(2.8)	**118.6**	144.7
Reconciliation to cash flow from operating activities								
Add back investing cash outflow activities included in segment operating free cash flow							**61.6**	28.7
Less operating cash outflow activities excluded from segment operating free cash flow							**(55.4)**	(35.2)
Net cash flow from operating activities							**124.8**	138.2

[(1)] For the period to 31 December 2017, the operating free cash flow of the Australasia segment includes an inflow of $45.5 million representing the proceeds received from the sale of the fibre converting and distribution site in Smithfield, New South Wales (refer note 3).
[(2)] For the period to 31 December 2018 the North America segment includes the results of operations of Pollock Investments acquired 28 November 2018 and Bronco Packaging acquired in August 2018 (refer note 1).
[(3)] Across all segment, in accordance with AASB 15 *Revenue from Contracts with Customers,* the timing of revenue recognition materially occurs at a point in time.
[(4)]Operating free cash flow represents the cash flow generated from Orora's operating and investing activities, before interest, tax and dividends.

3. Results for the year

Significant items

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

31 December 2018

No significant items were recognised in the current period.

31 December 2017

The following table details significant items that were recognised in the six months to 31 December 2017.

	31 December 2017		
$ million	**Before tax**	**Tax (expense)/ benefit**	**Net of tax**
Other income			
Profit on sale of Smithfield site	32.4	(9.7)	22.7
Total significant item income	32.4	(9.7)	22.7
General and administrative expense			
Restructuring and decommissioning costs	(35.1)	10.5	(24.6)
Total significant item expense	(35.1)	10.5	(24.6)
Net significant item expense	(2.7)	0.8	(1.9)

Sale of Smithfield site

In August 2017, the Group announced a number of plans in respect of a reorganisation of the Fibre Packaging New South Wales business including the closure of the fibre converting and distribution site in Smithfield along with the Group's commitment to upgrade the plant and machinery of the nearby Revesby facility, into which the operations of the Smithfield site are to be consolidated.

During the six months to 31 December 2017 the Smithfield site was closed and transfer of the site's operations into the nearby Revesby facility commenced. In September 2017 the Group reached an agreement to sell the Smithfield site for total consideration of $45.5 million, which was received. A significant item gain of $32.4 million ($22.7 million after tax), representing the net profit on sale of the Smithfield site, was recognised and was presented in 'other income'.

Restructuring and decommissioning costs

During the six months to 31 December 2017 a significant item expense of $35.1 million ($24.6 million after tax) was recognised in respect of the restructure of the Fibre Packaging New South Wales business, which included redundancies, transition costs and asset impairment charges related to the closure of the Smithfield site, and potential additional costs associated with decommissioning the Petrie site. This significant item expense was presented in 'general and administration' expense.

Decommissioning and restructuring provisions are evaluated on an ongoing basis and are based on historical experience and other factors, including expectation of future events that are believed reasonable under the circumstances and management's best estimates using currently available information, legislation and environmental laws and regulations.

4. Contributed equity

$ million	**Dec 2018**	June 2018
Issued and fully paid ordinary shares:[(1)]		
1,206,684,923 ordinary shares with no par value (June 2018: 1,206,684,923)	**487.8**	499.7
Treasury shares:[(2)]		
1,195,133 ordinary shares with no par value (June 2018: 6,767,418)	**(4.2)**	(19.8)
Total contributed equity	**483.6**	479.9

[(1)] All issued shares are fully paid, all shares rank equally with regards 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.

[(2)] Treasury shares are shares in the Company that are held by the Orora Employee Share Trust for the purpose of issuing shares to employees under the Group's Employee Share Plans.

4. Contributed equity (continued)

Reconciliation of fully paid ordinary shares and treasury shares

	Ordinary shares		Treasury shares	
	No. '000	$ million	No. '000	$ million
At 1 July 2017	1,206,685	508.7	(13,864)	(36.4)
Acquisition of shares by the Orora Employee Share Trust	-	-	(2,350)	(7.7)
Restriction lifted on shares issued under the CEO Grant	-	0.6	-	-
Cancellation of CEO Grant	-	0.5	(291)	(0.5)
Exercise of vested grants under Employee Share Plans	9,738	14.7	-	-
Treasury shares used to satisfy exercise of vested grants under Employee Share Plans	(9,738)	(24.8)	9,738	24.8
At 30 June 2018	**1,206,685**	**499.7**	**(6,767)**	**(19.8)**
Acquisition of shares by the Orora Employee Share Trust	**-**	**-**	**(3,000)**	**(10.5)**
Restriction lifted on shares issued under the CEO Grant	**-**	**0.1**	**-**	**-**
Treasury shares used to settle Team Member Share Plan	**-**	**-**	**357**	**1.2**
Exercise of vested grants under Employee Share Plans	**8,215**	**12.9**	**-**	**-**
Treasury shares used to satisfy exercise of vested grants under Employee Share Plans	**(8,215)**	**(24.9)**	**8,215**	**24.9**
At 31 December 2018	**1,206,685**	**487.8**	**(1,195)**	**(4.2)**

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 through acquiring, holding and transferring of shares in the Company to participating employees. In respect of these transactions, at any point in time the Trust may hold 'allocated' and 'unallocated' shares.

Allocated shares represent those shares that have been purchased and awarded to employees under the CEO Grant. These shares are restricted in that the employee is unable to dispose of the shares for a period of up to five years (or as otherwise determined by the Board). The Trust holds these shares on behalf of the employee until the restriction period is lifted at which time the Trust releases the shares to the employee. As the CEO Grant shares are allocated they are treated as ordinary shares.

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

Orora Limited and its controlled entities

Condensed Notes to the Consolidated Interim Financial Report

For the six months ended 31 December 2018

5. Dividends

	Cents per share	Total $ million
Declared and paid during the period		
Six months ended 31 December 2018		
Final dividend for 2018 (30% franked)	**6.5**	**78.4**
Six months ended 31 December 2017		
Final dividend for 2017 (30% franked)	6.0	72.1
Proposed and unrecognised at period end[(1)]		
Six months ended 31 December 2018		
Interim dividend for 2019 (50% franked)	**6.5**	**78.4**
Six months ended 31 December 2017		
Interim dividend for 2018 (30% franked)	6.0	72.1

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

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 share 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 available to shareholders of the Company at 31 December 2018 are $12.2 million (June 2018: $1.7 million) at the 30.0% (June 2018: 30.0%) corporate tax rate after payment of the 2018 final dividend. The interim dividend for 2019 is 50.0% franked (2018: final and interim dividends 30.0% franked).

Conduit Foreign Income Account

For Australian tax purposes non-resident shareholder dividends will not be subject to Australian withholding tax to the extent that they are franked or sourced from the parent entity's Conduit Foreign Income Account. For the 2019 interim dividend, 50.0% of the dividend is sourced from the parent entity's Conduit Foreign Income Account (2018: interim and final dividend 70.0%). As a result, 100.0% of the 2019 interim dividend paid to a non-resident will not be subject to Australian withholding tax.

6. Share-based compensation

The following table details the total movement in 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	
	No.	$[(1)]	No.	$[(1)]	No.	$[(1)]	No.	$[(1)]
Six months to 31 December 2018								
Outstanding at beginning of period	**385,446**	**2.65**	**17,134,808**	**0.47**	**7,635,916**	**1.76**	**1,822,418**	**2.87**
Granted during the period	**-**	**-**	**2,124,500**	**0.38**	**1,483,500**	**1.99**	**593,157**	**3.15**
Exercised during the period	**(27,500)**	**2.14**	**(4,405,185)**	**0.31**	**(2,819,166)**	**1.22**	**(990,434)**	**2.78**
Forfeited during the period	**-**	**-**	**(422,353)**	**0.54**	**(345,859)**	**2.29**	**(50,363)**	**3.02**
Outstanding at end of period	**357,946**	**2.69**	**14,431,770**	**0.50**	**5,954,391**	**2.07**	**1,374,778**	**3.05**
Exercisable at end of period	**-**	**-**	**384,561**	**0.23**	**-**	**-**	**-**	**-**
Twelve months to 30 June 2018								
Outstanding at beginning of period	1,808,109	2.41	19,551,561	0.39	9,275,000	1.42	2,402,246	2.46
Granted during the period	-	-	3,946,000	0.63	1,941,000	2.40	948,754	2.98
Exercised during the period	(1,131,804)	2.32	(5,215,000)	0.30	(3,035,500)	1.11	(1,487,322)	2.29
Forfeited during the period	(290,859)	1.31	(1,147,753)	0.49	(544,584)	1.25	(41,260)	2.64
Outstanding at end of period	385,446	2.65	17,134,808	0.47	7,635,916	1.76	1,822,418	2.87
Exercisable at end of period	-	-	199,561	0.23	-	-	-	-

[(1)] Weighted average fair value.

During the period the Group recognised a share-based payment expense of $3.8 million (December 2017: $4.7 million) of which $1.1 million (December 2017: $1.1 million) relates to options and $2.7 million (December 2017: $3.6 million) relates to performance rights and other compensation plans.

7. Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's financing policy is to fund itself for the long term by using debt instruments with a range of maturities and to ensure access to appropriate short term facilities. Orora Group Treasury aims to maintain flexibility within the funding structure through the use of bank overdrafts and bank loans. Management monitors liquidity risk through maintaining minimum undrawn committed liquidity of at least AUD175.0 million that can be drawn upon at short notice and regularly monitoring rolling forecasts of cash inflows and outflows in relation to the Group's activities. This monitoring includes financial ratios to assess possible future credit ratings and headroom and takes into account the accessibility of cash and cash equivalents.

Financing arrangements

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

	Dec 2018			June 2018		
$ million	**Committed**	**Uncommitted**	**Total**	Committed	Uncommitted	Total
Financing facilities available:						
Bank overdrafts	**-**	**6.3**	**6.3**	-	6.2	6.2
US Private placement	**354.7**	**-**	**354.7**	338.3	-	338.3
Loan facilities and term debt	**783.7**	**86.7**	**870.4**	770.7	84.1	854.8
	1,138.4	**93.0**	**1,231.4**	1,109.0	90.3	1,199.3
Facilities utilised:						
Bank overdrafts	**-**	**-**	**-**	-	-	-
US Private placement	**354.7**	**-**	**354.7**	338.3	-	338.3
Loan facilities and term debt	**624.1**	**-**	**624.1**	416.2	-	416.2
	978.8	**-**	**978.8**	754.5	-	754.5
Facilities not utilised:						
Bank overdrafts	**-**	**6.3**	**6.3**	-	6.2	6.2
US Private placement	**-**	**-**	**-**	-	-	-
Loan facilities and term debt	**159.6**	**86.7**	**246.3**	354.5	84.1	438.6
	159.6	**93.0**	**252.6**	354.5	90.3	444.8

At 31 December 2018, 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 (June 2018: A$400.0 million maturing December 2019). The Group has commenced the refinancing process of the revolving multicurrency facility and it is anticipated that the facility will be refinanced well before the December 2019 maturity.
- 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 (June 2018: USD250.0 million notes, USD100.0 million maturing July 2023 and USD150.0 million maturing July 2025)
- A USD200.0 million five-year USD revolving facility, through a syndicate of domestic and international financial institutions, maturing in April 2021 (June 2018: USD200.0 million, maturing April 2021)
- Two bilateral agreements for $50.0 million each with separate domestic institutions, maturing in September 2020 (June 2018: two $50.0 million finance arrangements, were extended in April 2018, maturing in September 2020)

8. Financial instruments

Carrying amounts versus fair values

The carrying amounts and fair values of the Group's financial assets and financial liabilities recognised in the financial statements are materially the same, with the exception of the following:

$ million	Dec 2018	June 2018
US Private Placement Notes		
Carrying value	**354.7**	338.3
Fair value	**360.5**	339.7

The methods and assumptions used to estimate the fair value of financial instruments are as follows:

Cash
The carrying amount is fair value due to the liquid nature of these assets.

Trade and other receivables/payables
Due to the short-term nature of these financial rights and obligations, their carrying amounts are considered reasonable approximations of their fair values.

Other financial assets/liabilities
The fair value of loan receivables are calculated using market interest rates.

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

- Fair value of interest rate swaps is calculated as the present value of the estimated future cash flows – ie the amounts that the Group would receive or pay to terminate the swap at reporting date, based on observable yield curves;
- The fair value of forward foreign exchange contracts and currency options is determined using the difference between the contract exchange rate and the quoted exchange rate at the balance sheet date;
- The fair value of the aluminium commodity forward contracts is determined using the difference between the contract commodity price and the quoted market price at the balance sheet date; and
- The fair value of electricity commodity forward contracts is calculated as the present value of the estimated future cash flows using market observable quoted prices and risk adjusted forecast prices at the balance sheet date.

Interest-bearing liabilities
For interest bearing liabilities fair value is based on discounting expected future cash flows at market rates.

Valuation of financial instruments

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 the accounting standards, with each of these levels indicating the reliability of the inputs used in determining fair value. The levels in the hierarchy are:

Level 1: Financial instruments traded in an active market (such as publicly traded derivatives, and trading and available-for-sale securities). Fair value is from a quoted price, for an identical asset or liability at the end of the reporting period, traded in an active market. The quoted market price used for assets is the last bid price;

Level 2: Financial instruments that are not traded in an active market (for example over-the-counter derivatives). Fair value is 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: Financial instruments for which no market exists in which the instrument can be traded. Where 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), the instrument is included in level 3.

All of the Group's financial instruments carried at fair value were valued using market observable inputs (Level 2). For financial instruments that are carried at fair value on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

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

9. Contingent liabilities

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

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

Decommissioning liability
As discussed earlier in this Interim Financial Report the decommissioning of the Petrie site is a significant exercise, the estimated cost of which remains contingent on final remediation design solutions approved by the regulatory authorities. This final design phase is complex and time consuming and involves various stakeholders including the landowner and multiple Government agencies. The estimated costs to complete the decommissioning are contingent on all these factors and require significant judgement in respect of determining a reliable estimate. It is anticipated that the final design phase and estimation of costs will be concluded before 30 June 2019.

Orora Limited and its controlled entities

Condensed Notes to the Consolidated Interim Financial Report
For the six months ended 31 December 2018

10. Changes in significant accounting policies

This note explains the impact of the adoption of AASB 15 *Revenue from Contracts with Customers* on the Groups financial statements and also discloses the new accounting policies that have applied from 1 July 2018, where they are different to those applied in prior periods.

AASB 15 *Revenue from Contracts with Customers*

AASB 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces AASB 118 *Revenue,* AASB 111 *Construction Contracts* and related Interpretations. Under AASB 15 revenue is recognised when a customer obtains control of the goods or services. Determining the timing of the transfer of control – at a point in time or over time – requires judgement.

The Group has adopted AASB 15 using the cumulative effective method in respect of initially applying this standard at the date of application of 1 July 2018. Accordingly, the information presented for 2018 has not been restated, it is presented as previously reported under AASB 118, AASB 111 and related Interpretations. Additionally, the disclosure requirements of AASB 15 have not generally been applied to comparative information.

The impact, net of tax, of transition to AASB 15 on retained earnings at 1 July 2018 was $7.3 million. In assessing the impact of AASB 15 on contract incentives paid to customers and, with specific reference to individual customer contracts, it was identified that in a limited number of instances, previous upfront incentives did not represent modifications of previous contracts and therefore should not be carried forward and allocated to the transaction price under the terms of the current contract.

The following table summarises the impact of adopting AASB 15 on the Group's statement of financial position as at 31 December 2018 and income statement for the period then ended. This adjustment reflects the base change in the allocation of upfront incentives to the transaction price under current contracts, as discussed above. There was no material impact on the Groups income statement or statement of cash flows for the six months to 31 December 2018.

AASB 15 did not have a significant impact on the Group's accounting policies with respect to other revenue streams.

Impact on the consolidated statement of financial position as at 31 December 2018

	As at 31 December 2018		
$ million	As reported	Adjustments	Amounts without adoption of AASB 15
Assets			
Other current assets	71.3	2.0	73.3
Other non-current assets	93.7	7.0	100.7
Others	3,782.2	-	3,782.2
Total assets	3,947.2	9.0	3,956.2
Liabilities			
Deferred tax liabilities	94.7	2.2	96.9
Others	2,179.5	-	2,179.5
Total liabilities	2,274.2	2.2	2,276.4
NET ASSETS	1,673.0	6.8	1,679.8
Equity			
Retained earnings	1,026.5	6.8	1,033.3
Others	646.5	-	646.5
TOTAL EQUITY	1,673.0	6.8	1,679.8

10. Changes in significant accounting policies (continued)

AASB 15 *Revenue from Contracts with Customers (continued)*

Revenue recognition accounting policies

Revenue is measured based on the consideration specified in a contract with a customer. The Group recognises income when it transfers control over a good or service to a customer.

The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including related revenue recognition policies.

Type of product/service	Nature and timing of satisfaction of performance obligations	Revenue recognised under AASB 15 (applicable from 1 July 2018)	Revenue recognised under AASB 118 (applicable before 1 July 2018)
Standard packaging products	Customers obtain control of standard packaging products when the goods are delivered to and have been accepted at their premises. Invoices are generated at that point in time. Some contracts allow for volume discounts/rebates.	Revenue is recognised when the goods are delivered and have been accepted by customers at their premises. For contracts that include rebates the amount of revenue recognised is adjusted for anticipated rebates payable, which is estimated based on the historical purchase history of the customer.	Revenue was recognised when goods were delivered to the customer's premises, which was taken to be the point in time at which the related risks and rewards of ownership transferred to the customer. An accrual for estimated rebates was recognised based on the customers historical purchase history.
Made-to-order packaging products	Made-to-order contracts are usually long-term contracts which contain several elements. In the vast majority of cases these elements represent only one performance obligation to the customer. In some cases the Group produces these products in advance of delivery. Typically control over these goods remain with the Group until shipment or when the customer takes physical possession of the goods. The right to payment arises only at the point in time when control over the good is transferred to the customer. The Group has determined that for made-to-order products the customer obtains control of the products when the goods are delivered to and have been accepted at their premises. This represents the point in time when invoices are generated as the right to payment arises Some contracts allow for volume discounts/rebates.	Revenue is recognised when the goods are delivered and have been accepted by the customers at their premises and the Group has the right to receive payment. For contracts that include rebates the amount of revenue recognised is adjusted for anticipated rebates payable, which is estimated based on the historical purchase history of the customer.	Revenue was recognised when goods were delivered to the customer's premises, which was taken to be the point in time at which the related risks and rewards of ownership transferred to the customer. An accrual for estimated rebates was recognised based on the customers historical purchase history.

10. Changes in significant accounting policies (continued)

AASB 15 *Revenue from Contracts with Customers (continued)*

Type of product/service	Nature and timing of satisfaction of performance obligations	Revenue recognised under AASB 15 (applicable from 1 July 2018)	Revenue recognised under AASB 118 (applicable before 1 July 2018)
Bundled packaging solutions	The Group sources and provides packaging equipment/solutions to customers who enter into long term product supply agreements. The customer obtains control of the equipment and product when the goods are delivered to and have been accepted at their premises.	Revenue relating to the equipment supplied under the bundled packaging solution is recognised when the equipment is delivered and has been accepted by the customer at their premises. Revenue relating to the products supplied under the bundled packaging solution is recognised when the goods are delivered and have been accepted by the customer at their premises.	Revenue relating to the equipment supplied under the bundled packaging solution was recognised over the period of the contracts as products were purchased by the customer.

Orora Limited and its controlled entities

Directors' Declaration

For the half year ended 31 December 2018, in the opinion of the Directors of Orora Limited (the 'Company'):

1. the financial statements and notes are in accordance with the *Corporations Act 2001* including:
    a. complying with Australian Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
    b. giving a true and fair view of the Group's financial position as at 31 December 2018 and its performance for the half year ended on that date; and

2. there are reasonable grounds to believe that Orora Limited will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors, dated at Melbourne, this 13th day of February 2019.

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C I Roberts

Chairman

Independent auditor's review report to the members of Orora Limited

Report on the Interim Financial Report

We have reviewed the accompanying interim financial report of Orora Limited (the Company), which comprises the consolidated statement of financial position as at 31 December 2018, consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement for the half-year ended on that date, selected other explanatory notes and the directors' declaration for Orora Limited. The Group comprises the Company and the entities it controlled during that half-year.

Directors' responsibility for the interim financial report

The directors of the Company are responsible for the preparation of the interim 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 interim financial report that is free from material misstatement whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the interim financial report based on our review. We conducted our review in accordance with Australian Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the interim financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2018 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Orora Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of an interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

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Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim financial report of Orora Limited is not in accordance with the *Corporations Act 2001* including:

1. giving a true and fair view of the Group's financial position as at 31 December 2018 and of its performance for the half-year ended on that date;

2. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Matters relating to the electronic presentation of the reviewed interim financial report

This review report relates to the interim financial report of the Company for the half-year ended 31 December 2018 included on Orora Limited's web site. The Company's directors are responsible for the integrity of the Orora Limited web site. We have not been engaged to report on the integrity of this web site. The review report refers only to the statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the reviewed interim financial report to confirm the information included in the reviewed interim financial report presented on this web site.

PricewaterhouseCoopers

Anton Linschoten
Partner

Melbourne
13 February 2019