2014 ANNUAL REPORT

Pact Group
A Manufacturing Success Story

PACT
GROUP

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Pact Group Holdings Ltd
ABN 55 145 989 644

Who We Are

Pact Group is the largest manufacturer in Australasia of rigid plastics packaging – the fastest growing packaging segment globally.

The Group has 64 manufacturing sites across five countries, primarily converting plastic resin and steel into packaging and related products that service a diverse customer base across a breadth of market sectors.

Our well-invested packaging technology, sector know-how and global licences enable us to continually deliver superior design and functionality to our customers.

With a focus on innovation, resilience and growth, our vision is to enrich lives every day through sustainable packaging solutions.

Terminology:
A Glossary of Terms is contained at page 143.

Key Facts

64 MANUFACTURING SITES IN 5 COUNTRIES WITH OVER **3,500** EMPLOYEES

TRACK RECORD OF **GROWTH** AND EARNINGS DIVERSIFICATION
Through acquisitions and organic growth
(39 ACQUISITIONS SINCE 2002)

LARGEST IPO IN THE AUSTRALIAN MARKET IN 2013

OPERATING IN OVER **100 MARKET SEGMENTS** ACROSS 22,000 PRODUCT VARIANTS

PROVEN PRODUCT & PROCESS **INNOVATOR**

A MARKET **LEADER** IN AUSTRALIA & NEW ZEALAND
IN RIGID PLASTICS; THE HIGHEST GROWTH PACKAGING SEGMENT

LARGE, DIVERSIFIED & LONG-TERM CUSTOMER BASE (>5,000)

SECOND LARGEST PACKAGING IPO Ever completed globally

75% OF REVENUE FROM DEFENSIVE CONSUMER END USES

LISTED ON THE ASX ON 17 DECEMBER 2013

Highlights

Profit Levels

STATUTORY NPAT BEFORE SIGNIFICANT ITEMS OF

$59.7m

PRO-FORMA NPAT BEFORE SIGNIFICANT ITEMS OF

$83.8m

Cash Flow Generation

OPERATING CASH FLOW UP 11.8% ON FY13 TO

$198.9m

EBITDA, EBIT AND CASH FLOW MARGINS STABLE

Growth Momentum

YEAR-ON-YEAR GROWTH IN STATUTORY SALES OF

3.6%

YEAR-ON-YEAR GROWTH IN PRO-FORMA SALES OF

3%

YEAR-ON-YEAR GROWTH OF PRO-FORMA EBIT BEFORE SIGNIFICANT ITEMS

9%

Strategic Innovation

RECOGNISED AS ONE OF AUSTRALIA'S MOST INNOVATIVE COMPANIES (BRW 2013)

WINNER OF NUMEROUS AWARDS IN FY14 FOR DESIGN AND INNOVATION

Growth Pipeline

STRONG PIPELINE OF ORGANIC AND NEW GROWTH OPPORTUNITIES

DISCIPLINED FOCUS ON ACQUISITIONS TO DELIVER LONG-TERM SHAREHOLDER VALUE AND RETURNS

A Message from our Chairman
Raphael Geminder

Dear Shareholder

It is with immense pride that I welcome you to Pact Group's 2014 Annual Report. Our first year's results following listing were pleasing, with the Company demonstrating continued growth momentum and strong cash flow performance and delivering in excess of profit forecasts. The Board has confirmed an inaugural dividend of 9.5 cps franked to 65% in line with the Prospectus. It is the Board's current intention to pay out approximately 65% – 75% of the Company's NPAT attributable to shareholders in dividends.

The 2014 financial year has been transformative, as Pact has leveraged from its solid foundation as a private company and migrated to public ownership to better position the business for the next phase of growth. The process of listing has reiterated that the business, infrastructure, governance and audit systems are robust. The heightened levels of reporting requirements and public scrutiny have been positive for the Company. Importantly, this has demonstrated that Pact remains nimble and innovative. Both the Company and its people have matured, and I am inspired by the ability of our management team to rise to the challenge and ascend to the next level of sophistication.

Pact has always been aspirational. We aspire to be better, faster and more profitable, to walk in our customers' shoes to serve them better and to achieve our vision to enrich lives every day through sustainable packaging solutions. If we keep doing those things well, we will continue to create shareholder value.

Part of our success has been our opportunistic and patient approach to acquisitions, coupled with a tempered discipline and ability to say no. The business has always been measured and deliberate in its approach, and I believe that we have a culture that encourages lateral thinking and the ability to stand back and assess whether opportunities stack up tactically, strategically and commercially.

The 2014 financial year has been transformative, as Pact has leveraged from its solid foundation as a private company and migrated to public ownership to better position the business for the next phase of growth.

This shared philosophy has enabled the development of a robust and diverse business that has grown six-fold in revenue since inception in 2002. Over the past 12 years, we have enjoyed long and meaningful relationships with many of our customers and have worked closely with them to develop insights into their respective markets. Our success is directly linked to the success of our customers and relies on our ability to remain at the forefront of rapidly changing industry technology. Pact is an early adopter with access to leading technology, global licence partnerships and a proven ability to quickly commercialise products. These factors mean that the Company is well placed to respond to and take advantage of industry opportunities.

Our Company will continue to focus on delivering operational excellence, innovation and efficiency to deliver on Pact's vision. I believe we have three core growth platforms:

1. Organic growth in the base business; this has historically been somewhat constrained by a silo mentality. Through a reorganisation, these silos have been broken, and we are already seeing improvements from this. Pact will become easier to do business with and, in turn, this will deliver better returns to all our stakeholders in a somewhat benign Australian market. There are many niche growth opportunities, such as the high value-add nutritional food and meat export markets, and the business is well positioned to leverage these opportunities. Asia continues to grow at enviable rates, and the organic pipeline will improve with a more holistic business approach.

2. Domestic 'tuck in' opportunities and adjacencies such as Sulo, which has almost doubled the Company's materials handling and infrastructure offering. I remain optimistic that we have substantial scope in this area. Pact's DNA is well wired for growth, we are in no hurry and don't need acquisitions to deliver growth. However, acquisitions have been a material part of how we have grown in the past, and I suspect they will play just as big a role in the future. I want to reiterate once again: we are patient, considered and mindful of value, and our Board will consider opportunities that create value and are in line with our financial metrics and criteria.

3. Transformational opportunities, which will deliver growth, value and expansion internationally, ultimately delivering on our 5 cubed aspiration to grow the business to $5 billion, with operations in five regions in five years. This platform is the hard-to-see, hard-to-quantify opportunity, it's the aspirational game changer which is not meant to be prescriptive, but a call to action to define where we are going.

Our vision to enrich lives every day through sustainable packaging remains core to our business ethos. We have a significant sustainability operation that enables us to run a closed-loop operation to reduce environmental impact and assist our customers in meeting their own sustainability targets. As we expand our geographic footprint, we remain conscious of the impacts we have on the regions and communities in which we operate, and our CSR activity supports these activities.

On a personal note, this has been a very exciting year for the Company, and I want to thank all of our new shareholders. I also want to thank our customers, suppliers and other stakeholders for their ongoing support. This story could not be told without them! I want to also acknowledge the thousands of people who have helped us grow this business over many years; without our dedicated and loyal team, Pact could not have achieved this extraordinary journey. Pact has grown, our people have blossomed, the business has delivered substantial value, and I am confident that this will continue into the future.

Pact has a long history of transformation, and as long as we remain focussed, diligent and innovative that journey will continue.

Raphael Geminder
Chairman

A Message from our CEO
Brian Cridland

Dear Shareholder

I'm pleased to report that Pact Group has continued its positive growth momentum in our first year of listing, exceeding Prospectus profit forecasts and achieving solid year-on-year growth.

Highlights

The business has reported statutory NPAT, before significant items, of $59.7 million, up 13.5% on Prospectus forecasts. Growth momentum has continued with year-on-year growth in statutory sales of 3.6% and statutory EBIT before significant items of 4.8%. The Directors have declared a dividend of 9.5 cps for the six months ended 30 June 2014, franked at 65%.

Pact has demonstrated the ability to generate strong cash flow, with operating cash flow of $198.9 million up 11.8% on FY13. The integration of the four companies acquired at the time of the IPO, consistently strong currencies, improved productivity through automation, simplification and innovation have contributed to this positive result.

Business Overview

Despite a challenging macroeconomic environment attributed in part to subdued demand, Pact Australia sales revenue increased to $822.7 million compared to $813.1 million in the prior year. Pact International sales revenue was $320.5 million compared to $290.6 million in the prior year due to growth in demand, the positive effect of consistently strong currency translations and the contribution of the three international businesses acquired at the time of the IPO.

Merger and acquisition opportunities and flow-on productivity gains have remained a focus for the business. In August of this year, we acquired the Sulo operations in Australia and New Zealand – the 39th acquisition for the Group. Sulo is the leading manufacturer of plastic waste and recycling bins in Australia and New Zealand and complements our growing sustainability, materials handling and infrastructure divisions.

We have continued to cement strong relationships with our key customers, and our product and service diversity offering across our broad base of customers continues to provide resilience in earnings. An ongoing trend towards modernisation of packaging continues to lead to substrate conversion, particularly within our 'everyday staple' categories.

Our innovation credentials continue to receive industry recognition, and across the Group we have secured multiple awards in FY14, including customer-attributed supplier of choice awards.

A shift to alternative technologies continues to drive expansion and defensive earning opportunities across our customer base. We have introduced new products within all segments across consumer staples, materials handling and infrastructure, in response to customer and market demand. Our new swing bar crate is in the market, and we are supplying a major retailer. We have also secured the supply contract for revolutionary noisewall panels used in motorways.

People are integral to the business and safety remains our number one priority. We have undertaken an extensive review of the Group Safety Management System. As a result, we have launched the Towards Zero Harm campaign to enhance our safety focus and performance by increasing consistency of health and safety management across all of our sites.

Pact is one of the largest recyclers of plastics in Australasia and we remain committed to running a sustainable operation that has minimal impact on the environment. Our dedicated sustainability division continues to offer solutions to assist customers in meeting their own obligations through the recycling and repurposing of manufacturing materials.

Innovation and Growth

We continue to invest in our customers, processes, facilities and innovation to support our organic growth.

Innovation remains fundamental to our organic and long-term growth strategy. Our innovation credentials continue to receive industry recognition, and across the Group we have secured multiple awards in FY14, including customer-attributed supplier of choice awards.

We have further invested in our technology and have recently acquired an injection moulding machine for the production of large-scale, materials handling bins for the horticulture and other markets. The machine will be located in New Zealand and is scheduled to commence production in early 2015.

The construction of a new plant in Jakarta is underway and is due to commence production in 2015. The plant will produce personal care packaging and will complement our existing Philippines operation. We have executed a joint venture heads of agreement for the manufacturing of high value-add proprietary closures in Thailand, providing a regional offering for our global customers and delivering innovative closure capability to the region. In China, we have secured additional volumes for key customers through the introduction of quality manufacturing systems.

Outlook

We are committed to achieving segment expansion and regional growth. Our breadth of technology, global licence partnerships, focus on innovation, diverse customer base and disciplined approach to M&A ensures that the business is well positioned to realise growth against future varying macro-economic and market conditions. We retain our mandate to control costs and achieve productivity gains and efficiency improvements across the business. Future outlook includes operation rationalisation, further automation of production lines and the integration of synergistic acquisitions.

Within a relatively benign Australian market, the outlook is for an increasing shift towards innovative packaging and a growing level of demand for alternative technologies across all categories. Within the International business, increasing levels of disposable income, and GDP and population growth will provide ongoing opportunities. Current trading conditions are in line with management expectations, and we are confident that the business will continue to perform with free cash flow generation and balance sheet strength.

I would like to take this opportunity to thank our talented people for their discipline, commitment and valued contribution to the business. I would like to recognise the Board and our Chairman for their enormous contribution during this transformational period. And I'd like to thank our shareholders for your investment as we undertake the next phase of our journey in successfully growing our Company.

Brian Cridland
Managing Director & CEO

Our Products

Pact Group produces approximately 22,000 product variants for a diverse group of customers across Australia, New Zealand and Asia.

Chilled Food, Dairy & Beverages

Pact has a long history of delivering sustainable and innovative packaging solutions for the chilled food, dairy and beverage sectors. Our packaging solutions cater for fresh food, chilled meat, frozen food, ready meals, baked goods, dairy products, juice and bottled water, among others. This packaging can be found on supermarket shelves, in your local convenience store and in fast food outlets. Our businesses are renowned for their relationships with the region's most successful food and beverage companies to deliver unique designs that ensure freshness and security (in production, in transit, on shelf and in the home), protect and enhance the product's quality, and differentiate the product on the shelf. Many of these designs have received industry recognition and enable consumers to enjoy the diverse range of food and beverage options available in the supermarket today.

Ambient Food & Other Household Consumables

Ambient food relates to anything that is shelf stable and for Pact includes packaging for sauces, edible oils, jams and preserves, pancake mix, flour, dry mixes, rice, fruit jars, and spreads. It also includes popular household consumer products from personal care and health to the cleaning and laundry categories. You will find our household consumer products in supermarkets, pharmacies, health and beauty shops and your local hardware store. For personal care and health products the aesthetics, functionality, convenience and safety are all critically important. We develop packaging for oral hygiene products, skin creams, haircare products and pharmaceutical products. Our products distinguish themselves with the latest decoration, patented designs and world-leading medical dispensing systems.

Industrial Packaging

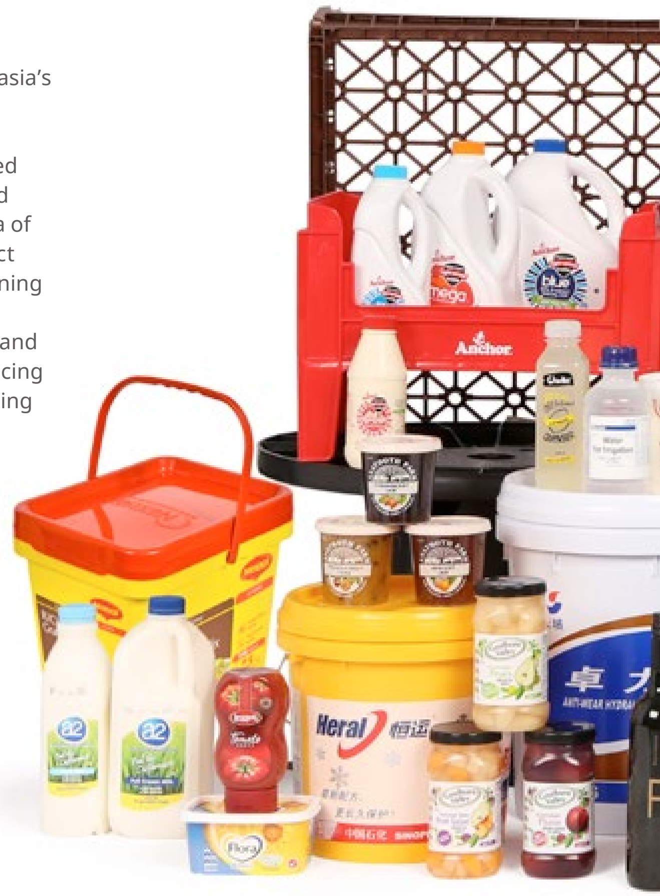
The industrial and chemical sector is expansive with highly varied packaging requirements that demand durability, reliability, safety and easy transit and storage. We provide packaging solutions for agricultural chemicals, surface coatings, lubricants and other petroleum products ranging from large bulk sizes to very small handheld packaging. These range from paint pails through to oil and chemical containers. We take a solution-oriented approach to our partnerships with our industrial clients to deliver robust packaging with inherent design strength.

Sustainability

We have a dedicated sustainability division that includes one of Australasia's largest processors of plastic waste. Every year, we convert significant volumes of plastic waste into recycled plastic resin, recycled slip sheets and underground cable covers. This area of our business focusses on the product life cycle and closing the loop – meaning we make it, take it, reflake it and remake it. This provides a complete and returnable packaging solution, reducing environmental impacts and generating efficiencies for our customers.

Materials Handling & Infrastructure

Pact's materials handling solutions are focussed on the transportation and storage of products using pallets, crates and other containers. We assist customers in reducing their supply chain costs through improved storage efficiency, lower store replenishment costs and freight cost reduction. Our infrastructure solutions are focussed on the telecommunications, gas and electrical industries, as well as major road and rail infrastructure projects providing products, including communication pits, hazard prevention products, noise walls, industrial tanks and more.



We have a long history of delivering sustainable and innovative packaging solutions.

Manufacturing & Technology

Pact has made substantial and strategic investment in a wide range of state-of-the-art equipment and manufacturing platforms.

With more than 6,600 moulds, and bespoke manufacturing platforms, our technology and access to global licences enables us to vigorously compete across all categories within our chosen markets. The breadth of our technology offering and capability positions us as a supplier of choice across Australia, New Zealand and Asia for most forms of primary rigid packaging. Our high-tech manufacturing platforms enable us to deliver quality lower risk outcomes in terms of performance, aesthetics, sustainability and cost to our customers.

Global Licences

We have established exclusive licence partnerships and alliances with global leaders in packaging design, material science and technology. These partnerships provide access to world-leading technology and innovations, and enable us to rapidly commercialise new ideas and take these to market. We are proud that our technology partners include:

wifag//polytype brilliance on top

MuCell Extrusion LLC.

RPC Superfos

Nampak packaging excellence

CSI Closure Systems International

Rehrig Pacific Company since 1913

Elvinco Group

Mauser

INJECTION MOULDING

THIN WALL >

CUSTOM MOULDING >

CLOSURES >

Injection-moulded packaging includes thin wall packaging, closures, custom mouldings and materials handling solutions. This process enables a high degree of customisation and decoration where complex designs are required.

Key features:

- High quality decoration
- Precision
- Functionality
- Customisation
- Smaller quantities
- ANZ and Asia footprint

BLOW MOULDING

EXTRUSION BLOW MOULDING >

INJECTION BLOW MOULDING >

INJECTION STRETCH BLOW MOULDING >

We offer the full range of blow moulding capabilities. This includes the three forms of extrusion blow moulding (continuous extrusion, accumulator head and reciprocating), injection blow moulding and injection stretch blow moulding.

Key features:

- Short run (customised)
- Long run (commodity)
- ANZ footprint
- Diverse capability
- Barrier materials
- Customised preform capability

Manufacturing Processes

EXTRUSION & THERMOFORMING

BARRIER >

FOAM >

RIGID >

Extrusion and thermoforming includes foam (open cell, closed cell, in line, tandem), rigid (CPET, PP, PET, PS) and barrier / MAP (PS, PET, PP) for low-cost, high-volume product lines.

Key features:

- Short run (customised)
- Long run (commodity)
- In-house innovation
- Patented designs
- In-house extrusion of roll stock
- ANZ footprint

TUBES

ALUMINIUM LAMINATE >

EXTRUDED PLASTIC >

PLASTIC BARRIER LAMINATE >

Tube capability includes extruded plastic tubes, plastic barrier laminate tubes and aluminium laminate tubes. Our manufacturing processes are extremely flexible to cater for diverse customer needs.

Key features:

- Aluminium and plastic barrier – protects the contents of the package
- Multiple decoration options including metallic
- Short run delivering a high degree of customisation
- Very flexible manufacturing platforms

METAL & HYBRID PACKAGING

STEEL DRUMS >

HYBRID >

TIN PLATE >

Metal and hybrid products are predominantly supplied to the industrial sectors and include the production of steel drums, tin plate pails and cans, and hybrid solutions.

Key features:

- High quality decoration
- Strength and barrier properties
- Plastic components are consumer friendly and improve functionality due to their ease of opening

SUSTAINABILITY PRODUCTS & SERVICES

Sustainability is a growing and unique area of our business. This supports and complements our product offerings and assists our customers in meeting their sustainability commitments.

This includes:

- The collection and reprocessing of post-industrial and post-consumer waste materials
- Industry programs including drumMUSTER, the Australian Institute of Petroleum (AIP) plastic oil container recycling program and the VMAX program
- Conversion of post-industrial and post-consumer materials into second generation products including underground cable covers, piping and slip sheets

CABLE COVER >

RECYCLED RESIN >

DRUMMUSTER >

ECO CUBE >

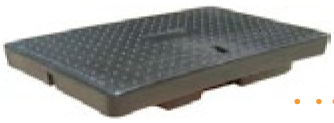
ROTATIONAL MOULDING & INFRASTRUCTURE

Rotational moulding and infrastructure spans a wide range of products servicing a variety of industries including tanks (sanitation and water storage), safety products, infrastructure products (telecommunication pits and covers) and other infrastructure products like noisewalls.

Key features:

- Extreme customisation
- Low capital cost
- Small order quantities
- Australian footprint

TELECOMMUNICATIONS >



TANKS >

NOISEWALL >

FLOATS >

LARGE FORMAT **INJECTION** MOULDING

MATERIALS HANDLING >





Large format injection-moulded products include large bins for the agricultural and horticultural sectors, and crates, pallets and bins for various consumer sectors. We focus strongly on substrate conversion from timber and corrugate to lower total cost returnable plastic containers.

Key features:

- Significant investment in manufacturing capability
- Substrate conversion
- ANZ footprint

DECORATION

HOT STAMPING >

SCREEN PRINTING >

SHRINK SLEEVING >

SELF-ADHESIVE >

GRAPHIC ENHANCED >

DIGITAL >

IML >

We have the widest offering in ANZ in terms of product decoration capabilities, including the revolutionary digital direct to container printing. Other capabilities include in mould labelling (IML) for blow and injection-moulded products, high resolution offset decoration technology for injection and thermoformed products, screen printing and many different labelling formats such as pressure sensitive, self-adhesive, shrink sleeving and hot stamping.

Key features:

- Premium look and feel
- Customised solutions
- Speed to market
- ANZ footprint

PACT GROUP SIGNS LONG-TERM LICENSING EXTENSION WITH **RPC SUPERFOS**

In April 2014, we renewed our two technology licensing agreements with European packaging manufacturer RPC Superfos. These licensing agreements provide Pact with ongoing exclusive access to Superfos' leading edge technology and know-how in thin wall injection moulding for Australia and New Zealand.
In addition, we have recently entered into a licensing agreement with RPC Superfos for it to utilse, in the European marketplace, our various technology offerings that eliminate paint skinning in plastic containers.

ANATHOTH
JAMS

Our Global Reach

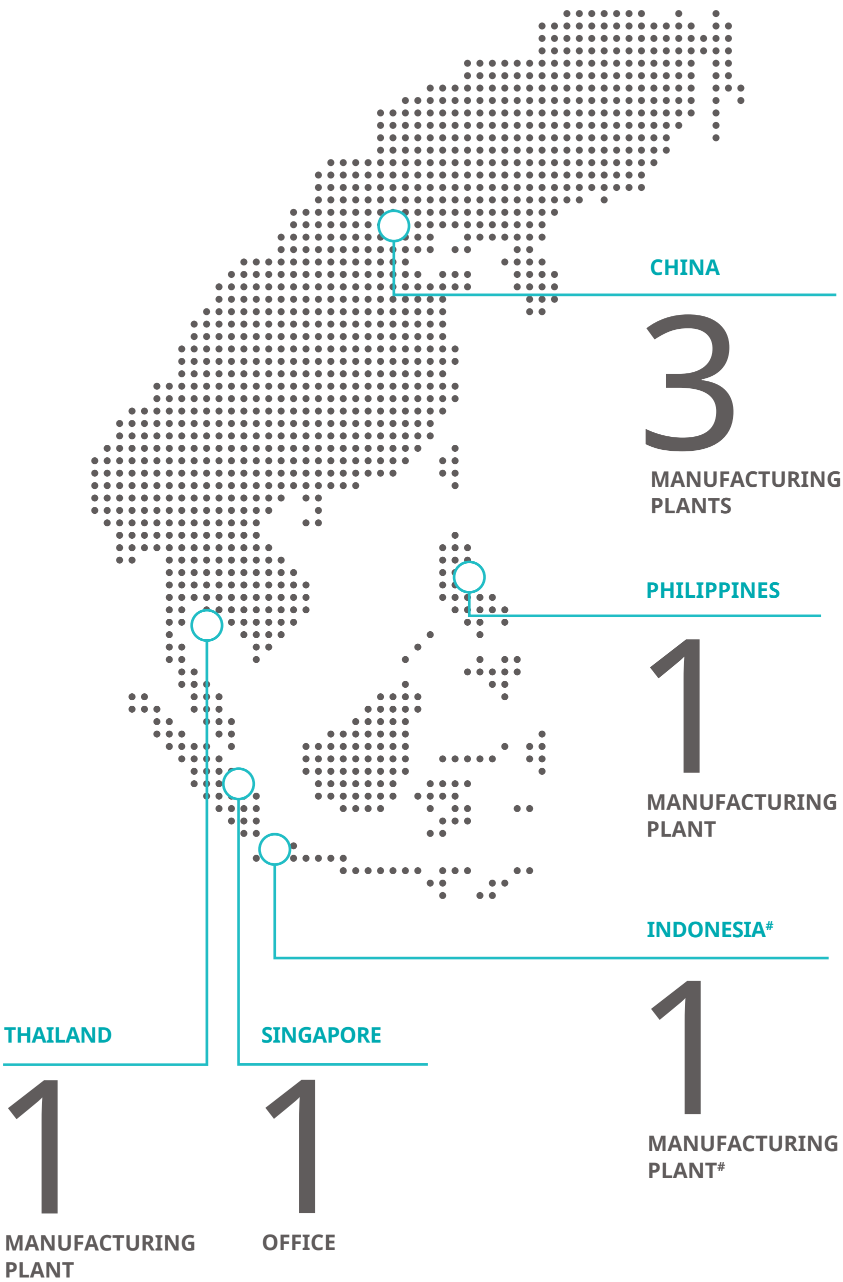
The Company has 64 manufacturing sites across Australia, New Zealand and Asia, supported by a regional procurement office in Singapore. The Group Head Office and the innovation centre, Inpact Innovation, are located in Melbourne, Australia.

Pact Australia

Pact Australia is a leading manufacturer of rigid plastics and steel packaging solutions and related products within Australia. The business has established a market-leading position through organic growth and the integration of numerous acquisitions over the past 12 years. In more recent years, the rigid plastics industry in Australia has seen a shift from what was previously a highly fragmented model comprised of numerous niche businesses, to a significantly more consolidated industry.

Pact International

Pact International has a developing presence in Asia, which is expected to be an area of revenue growth as the business seeks to capitalise on the rising consumer demand in this region. The Group currently has five manufacturing plants located within the high-growth markets of China, the Philippines and Thailand, supported by a regional procurement office in Singapore, with a plant in Jakarta scheduled to go live in 2015. Rigid plastics is one of the most widely used packaging substrates in Asia, and the region is expected to experience high growth.[1] This is driven by GDP growth, rising demand for consumer discretionary items, a growing middle income bracket, and global customers seeking quality manufacturing providers with acknowledged good manufacturing practice (GMP) systems.



[1] Smithers Pira, "The Future of Global Packaging to 2018", Vlad Savinov.

To commence production in 2015.

VICTORIA
Head Office &
Innovation Centre

17
MANUFACTURING
PLANTS

NEW SOUTH WALES

13
MANUFACTURING
PLANTS

WESTERN AUSTRALIA

3
MANUFACTURING
PLANTS

QUEENSLAND

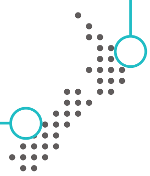
6
MANUFACTURING
PLANTS

TASMANIA

1
MANUFACTURING
PLANT

NEW ZEALAND
North Island
Business Services

15
MANUFACTURING
PLANTS



NEW ZEALAND
South Island

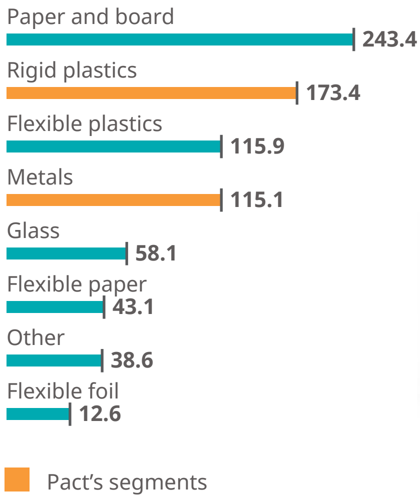
4
MANUFACTURING
PLANTS

Industry Overview

Global Packaging Industry

According to Smithers Pira (Pira) – the worldwide authority on the Packaging, Paper and Print industry supply chains, the global packaging industry generated approximately US$800 billion of revenue in 2012. Pira forecasts this to increase to approximately US$1,002 billion by 2018. From a segment perspective, rigid plastics is the leading growth segment, with a demand compound annual growth rate (CAGR) of 5.3% over the 2012 – 2018 period.[1]

ESTIMATED TOTAL GLOBAL PACKAGING REVENUE BY PACKAGING TYPE (US$BN)[2]



Our Customers & Markets

A Diverse Customer Base

We have established and strong relationships with a wide range of blue chip customers across a breadth of markets, particularly within the consumer sector. Our top 30 customers represented approximately 46% of FY14 sales revenue.

A key highlight of our success has been an ability to build deep and enduring relationships with our customer base. On average, our top 10 customers have had relationships with our business in excess of 10 years, demonstrating our ability to develop strong, long-term relationships. We have maintained consistent relationships with our customers, which has supported our business growth over the past 12 years.

Competitive Markets

The sectors in which we operate are subject to vigorous competition, impacted by a range of factors including price, service, product selection and quality. We are constantly expanding our diverse product portfolio across a variety of packaging and product substrates to minimise and, where possible, mitigate competitive variables. Our product diversity model creates earnings resilience, with around 75% of revenue generated from everyday consumer staples with low volatility in demand and robust growth. The remaining revenue is generated from industrial products and services. The breadth and diversity of our customer base, sectors and geographies in which we operate mean that we are not reliant on any one customer. This equates to a heightened level of revenue and business stability in the face of shifting market conditions.

[1] Smithers Pira, "The Future of Global Packaging to 2018", Vlad Savinov.
[2] Smithers Pira, "The Future of Global Packaging to 2018", Vlad Savinov.

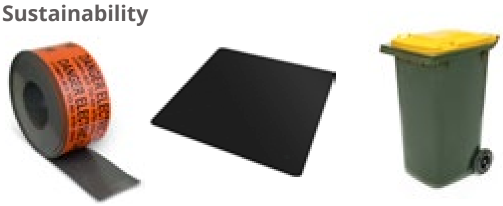
Consumer Packaging

Within the consumer packaged goods sector, key products we supply include everyday consumer staples such as milk, water, juice and detergent bottles, ice cream containers, butter and margarine tubs, meat trays, fruit packaging trays, bakery containers, and a variety of closures. These products account for the majority of our sales revenue and are relatively stable with low volatility in annual customer demand. This sector is expected to experience steady growth as a result of growing demand and a shift towards rigid plastics packaging. We continually improve our product offering by developing innovative packaging solutions.

Industrial Packaging

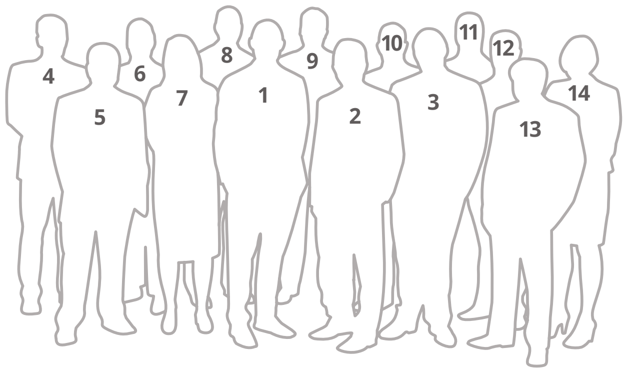
Key industrial packaging goods we supply include lubricant bottles, plastic and steel drums, paint pails, shipping pallets and materials handling containers servicing the industrial, agricultural, construction and other similar end use markets. We have dedicated recycling and manufacturing facilities across Australia and New Zealand that convert millions of kilograms of plastic waste into recycled plastic resin, recycled slip sheets and AS4702 underground cable covers. For our customers, this means that they are able to recycle and redistribute their materials, effectively closing the loop, assisting them to meet their own sustainability objectives.

END USE	TYPE OF REVENUE	% OF FY14 REVENUE
Chilled food, dairy and beverages	Everyday staple	45%
Ambient food and other household consumables	Everyday staple	24%
Industrial packaging	Industrial	22%
Materials handling	Industrial	6%
Sustainability	Industrial	3%



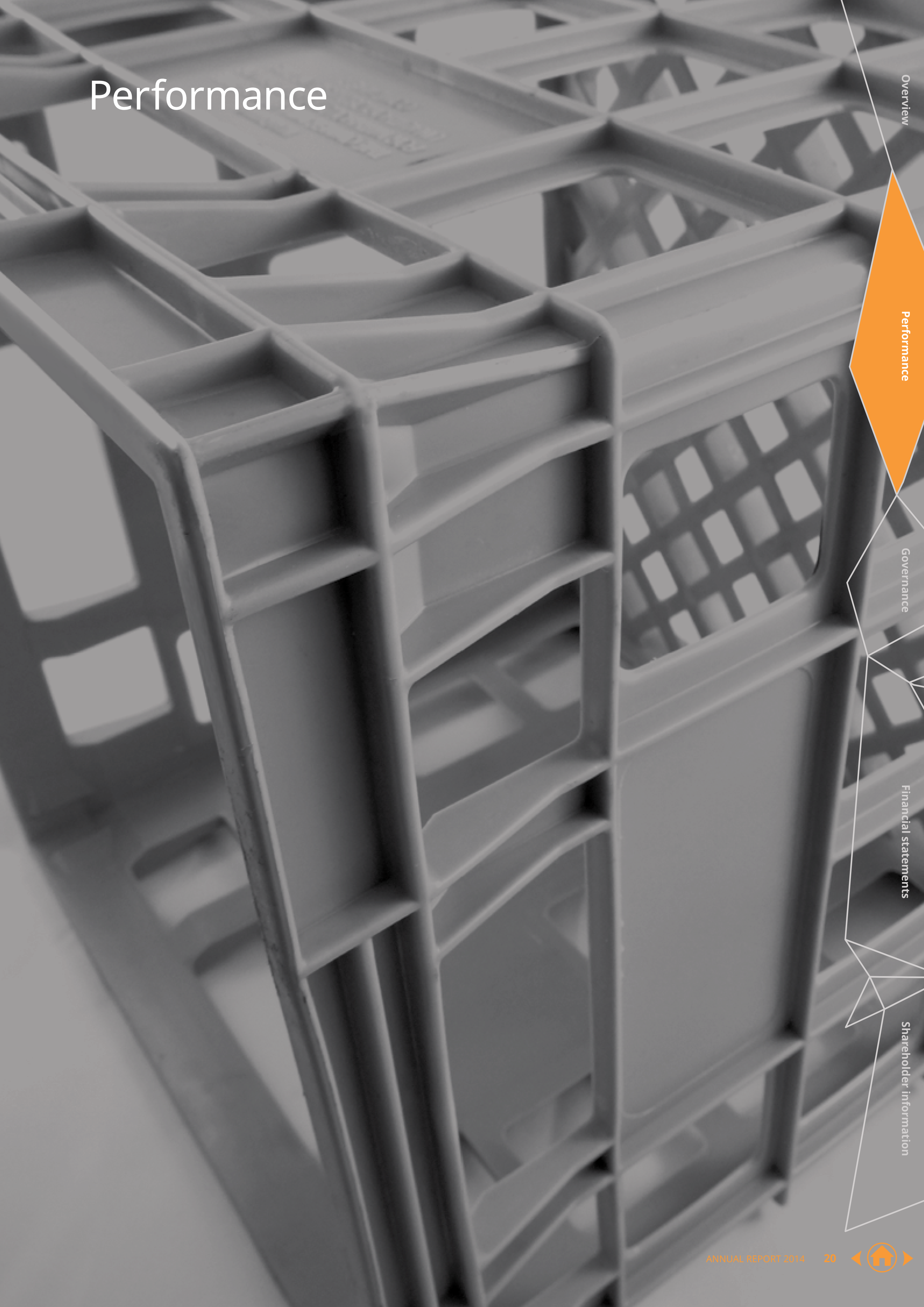
Our People

The Group is supported by a highly experienced leadership team which is focussed on driving operational excellence across all areas of the business.



1. **Raphael Geminder**
   Non-Executive Chairman
2. **Brian Cridland**
   Chief Executive Officer
3. **Darren Brown**
   Chief Financial Officer
4. **Mark Nothnagel**
   General Manager – Technology
5. **Wayne Williams**
   General Manager – Materials Handling and Infrastructure
6. **Andrew Smith**
   General Manager – Sustainability
7. **Penny Grau**
   General Counsel and Company Secretary
8. **Greg Beilby**
   General Manager – Shelf Stable and Industrial
9. **Brendon Chandulal**
   General Manager – Food and Beverage
10. **Eric Kjestrup**
    General Manager – Food Packaging, New Zealand
11. **Raymond Purcell**
    General Manager – Sourcing and Logistics
12. **Jim Barnes**
    General Manager – Human Resources
13. **Paul Gedye**
    General Manager – Industrial Products, New Zealand
14. **Siobhan McCrory**
    General Manager – Sales, Marketing and Innovation

Performance



Our Performance

Year in Review

In the 2014 financial year, Pact successfully transitioned from a private to a listed public company. The Company continued its positive growth momentum in the first year of listing by exceeding Prospectus forecasts, achieving solid year-on-year growth, and demonstrating business diversity and resilience.

Highlights

13.5%

Exceeding Prospectus profit **forecasts**

- Statutory NPAT before significant items of **$59.7 million**, 13.5% ahead of Prospectus
- Pro-forma NPAT before significant items of **$83.8 million**, 0.3% ahead of Prospectus

CONTINUED GROWTH MOMENTUM

- Statutory EBIT before significant items of **$147.0 million**, up 4.8% on the prior year
- Pro-forma EBIT before significant items of **$148.5 million**, up 9.0% on the prior year

STRONG $$$$ CASH FLOW **PERFORMANCE**

- Operating cash flow of **$198.9 million**, up 11.8% compared to the prior year
- Net debt reduced to **$565.3 million**, $9.7 million better than Prospectus

Successful **transition to listed public** company

- With continued focus on innovation, resilience and growth

INAUGURAL DIVIDEND OF **9.5 CPS**

- For the period ended 30 June 2014, franked to **65%**, and in line with the Prospectus forecast

Performance

Earnings

Statutory sales for the financial year were $1,143.2 million, up $39.5 million or 3.6% compared to the prior year. Pro-forma sales of $1,194.6 million were up 3.0% on the prior year. Sales were positively impacted by the contribution of businesses acquired at the time of the IPO, the effect of favourable foreign currency translation and the recouping of higher raw material input costs. These were partially offset by the loss of a major contract in the second half of the 2013 financial year and softer agricultural sales due to drought conditions in Australia in the first half of FY14.

Statutory EBIT before significant items was $147.0 million, up $6.7 million or 4.8% compared to the prior year, and pro-forma EBIT before significant items of $148.5 million was up 9.0% on the prior year. Group EBIT was positively impacted by growth in sales revenue, the implementation of business rationalisation savings, efficiency improvements and lower depreciation.

These positive impacts were partially offset by some contractual lags in recouping higher raw material costs in the first half of the year, along with costs associated with businesses acquired at the time of the IPO. Despite challenging market conditions, EBIT margins also remained stable year on year.

Statutory net profit after tax (NPAT) before significant items of $59.7 million was 13.5% higher than the Prospectus forecast of $52.6 million and up $25.8 million or 76.1% compared to the prior year. Statutory NPAT after significant items of $57.7 million was also significantly better than the Prospectus forecast of $25.2 million and up $12.6 million or 27.9% compared to the prior year.

The major factors which contributed to the improved NPAT after significant items compared to the Prospectus were lower than forecast post-IPO financing costs, lower than forecast swap termination costs associated with the pre-IPO USD denominated loan facility, and a tax benefit of $19.2 million relating to a revaluation to market of assets on the formation of a new tax consolidation group.

Pro-forma NPAT before significant items of $83.8 million was also better than the Prospectus forecast of $83.5 million.

Cash Flows

Operating cash flow levels were strong at $198.9 million, up 11.8% on the prior year. Cash flow margin (defined as EBITDA less capital expenditure, divided by sales revenue) was steady at 14%.

Balance Sheet

Strong cash flow resulted in lower net debt compared to the Prospectus and a continued robust balance sheet. Net debt at 30 June 2014 was $565.3 million, which was $9.7 million lower than the Prospectus forecast. Key metrics also improved, with net debt to pro-forma EBITDA before significant items reducing to 2.8x and pro-forma EBITDA before significant items to pro-forma net interest at 6.0x.

Dividend

The Board has determined an inaugural dividend of 9.5 cps for the period ended 30 June 2014, franked to 65%, and in line with the Prospectus forecast. The Board has a long-term target payout ratio of 65% – 75% of NPAT attributable to shareholders in dividends. The Board intends to pay an interim dividend in respect of the half years ending 31 December and final dividends in respect of full years ending 30 June.

Our Performance

Review of Operations

Pact successfully achieved continued revenue and EBIT growth momentum in the 2014 financial year.

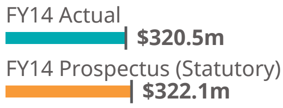
The Company derives defensive earnings through diversification across geographies, customers and packaging substrates, with proximity to customers a strategic advantage. Approximately 75% of revenue is derived from 'everyday staple' products, and Pact's product diversity provides resilience in earnings whilst its innovation supports growth and ongoing market leadership. The development and fast commercialisation of new products, underpinned by Pact's strong global technology alliances have driven an expansion in the customer base.

Pact has a relentless focus on cost control and driving productivity gains and during the year continued to improve productivity through the automation of product lines and consolidation of production sites across the Group. A standalone IT platform was developed to drive additional productivity benefits. The Company also has a proven track record in managing resin price volatility, demonstrated in year-on-year margin stability.

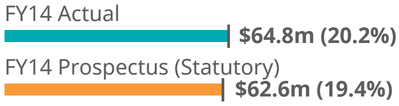
AUSTRALIA – SALES REVENUE ($M)

AUSTRALIA – EBIT BEFORE SIGNIFICANT ITEMS ($M)
(EBIT MARGIN %)

INTERNATIONAL – SALES REVENUE ($M)



INTERNATIONAL – EBIT BEFORE SIGNIFICANT ITEMS ($M)
(EBIT MARGIN %)



Australia

Pact Australia comprises the Group's operations across Australia, with manufacturing plants in New South Wales, Victoria, Tasmania, Queensland and Western Australia. Pact Australia accounted for 72% of the Group's total sales revenue in FY14.

Despite a challenging macroeconomic environment, Pact Australia's sales revenue increased 1.2 % to $822.7 million, compared to $813.1 million in the prior year. Sales were positively impacted by the recouping of higher raw material and input costs, and the contribution of the Australian business acquired at the time of the IPO. However, revenue was adversely impacted by the loss of a major contract, which occurred in the second half of the prior financial year, and soft agricultural sales during the first half of FY14 due to drought conditions in rural Australia.

Pact Australia's EBIT before significant items was down 11.8% year on year, adversely impacted by lags in passing on higher raw material input costs to contracted customers and the effect of the loss of the contract noted above. These effects were partially offset by business rationalisation savings and efficiency improvement programs.

Pact Australia's sales and EBIT before significant items for the financial year were both materially in line with the Prospectus, with an improved EBIT margin in the second half of the financial year.

International

Pact International comprises the Group's operations in New Zealand, China, the Philippines, Singapore and Thailand. Pact International accounted for 28% of the Group's total sales revenue in FY14.

Sales revenue for Pact International was $320.5 million compared to $290.6 million in the prior year, an increase of 10.3%, due to continued growth in demand, consistently favourable currency translation movements and a positive contribution from the three Asian businesses acquired at the time of the IPO.

Pact International's EBIT before significant items was up 37.6%, similarly positively impacted by the contribution of the businesses acquired at the time of the IPO, favourable currency translation movements and business rationalisation savings.

Pact International's sales and EBIT before significant items were also both materially in line with the Prospectus, with an improved EBIT margin year-on-year.

THE LIGHT PROOF™ BOTTLE
A WORLD FIRST!

The Pact team worked with Fonterra Co-operative Group Ltd (Fonterra) in New Zealand to develop the world-first Light Proof™ milk bottle, part of its Anchor dairy range. Even though opaque cartons and bottles already exist, up to 25% of light still finds its way through the packaging and into the product. The engineering behind the Light Proof™ bottle is simple; it starts with an induction foil sealed cap that keeps light out at the bottleneck and finishes with three light-protective layers that make up the body. A black layer is sandwiched between two white layers to guarantee that the content of the bottle is 100% shielded from light.

The Light Proof™ bottle is made from the same plastic as normal milk bottles (high density polyethylene), which means that it's still recyclable. Three layers don't translate to three times the amount of plastic either. Each layer is created simultaneously, resulting in a single, featherweight structure that's less than one gram heavier than standard milk bottles. We are not just proud of our Light Proof™ bottle because it's a world first, we're proud because it preserves both the nutritional value and the freshness of milk.

The accolades:

- Finalist 2014 World Dairy Innovation Awards
- World Tour by Sial Product Awards – Best Product from New Zealand
- 2014 Good Design Selection Award
- 2013 Supreme Vendor of the Year (Fonterra)
- 2013 Winner of Excellence in Supporting New Product Development

THE LIGHT PROOF™
BOTTLE

100%
SHIELDED FROM LIGHT

Innovation & Awards
Our Innovation Model

We work with some of the world's biggest brands, building, designing and engineering innovative packaging solutions. Our team of creative consultants, and our hard-wired technical engineering and design specialists are experienced in taking creative concepts into the commercial world. We deliver a tailored solution to every challenge – whether it be a small step that kick-starts the journey to renewed revenue or game changing innovation that drives competitive advantage.

Create

Inspired Thinking for Strategic Problem Solving

The innovation process starts with category mapping to gain an insight into the competitive environments in which our customers operate. We identify and dissect the key influences of brand, product, packaging design and retail navigation. Throughout the process, the consumer remains the central focus so we can better understand their behaviour and the ways in which we can influence this. Rich insights are extracted and create the basis for opportunity identification, which then forms the platform for strategic innovation.

Source

Access to World-leading Technologies

We have people dedicated to trawling the globe securing rights to licences and technologies so we can deliver access to world-class solutions and designs. As part of this process, we assess other ways in which we can utilise these technologies to develop bespoke solutions. Our innovation team works alongside our technical team to establish the pathway to develop a solution. This collaborative approach ensures that we look at a challenge from all angles to ensure that if we don't already hold the solution, we can find a way to make it happen.

Engineer

Seamless Transition from Concept through to Reality

Concepts are transitioned from sketched illustrations on a page to a full 3D rendering and tool design. Having an end-to-end process means that each project has a constant and consistent eye monitoring success, pressure testing and identifying potential hurdles.
Our engineers manage all of the steps involved in taking the project from the conceptual phase through to implementation.

Awards

We are widely recognised for our Group-wide innovation and dedication to developing products and processes that reflect consumer insights.

The Company won multiple design and innovation awards in the 2014 financial year for products and services from customers and industry bodies.

ACQ Global Awards 2014
– Company of the Year (Manufacturing)

Acquisitions International 2014 Business Excellence Awards
– Manufacturing Team of the Year, Australia

World Tour by Sial Product Awards
– Best Product from New Zealand

2014 World Dairy Innovation Awards (Finalist) – Anchor's Light Proof™ bottle

Good Design Selection Award
– Anchor's Light Proof™ bottle

Award for developing new aerosol markets – Australian Aerosol Association

Aerosol Product of the Year 2014
– Australian Aerosol Association

BRW – Most Innovative Company list 2013

Supreme Vendor of the Year
– Fonterra 2013

Winner of Excellence in Supporting New Product Development – Fonterra 2013

2013 Supplier of the Year
– Yates (Dulux Group)

INNOVATION CASE STUDY
RMP NOISEWALLS

When Southern Way was awarded the contract to construct the $759 million Peninsula Link in Victoria, it approached ARM Architecture to consider alternate materials to standard timber, concrete and hebel products. As a result, rotational moulding polyethylene (RMP) panels were selected. The RMP panels had to meet strict design criteria including wind loadings and noise reduction.

Pact undertook extensive research, prototyping and testing to meet the numerous and rigorous specification requirements of the project. The RMP panels are heavy-duty rotary moulded plastic panels supported by a patented system including internal steel reinforcement.

The lightweight panels are designed to reduce noise as it passes through the material by absorbing and reflecting sound through a hollow core while the polymer surfaces are supported by galvanised steel beams and a unique mounting system. The panels have an extended design life.

Our patented and world-first polyethylene noise panels led to the success in winning the contract for a 27km stretch of Peninsula Link. Over a 12-month period, we produced over 5,000 panels (25,000 square metres). As a result of our work on Peninsula Link, we have been selected to supply panels to the new M5 freeway in Sydney. Potential future opportunities have been identified in Australia and overseas.

Strategy & Future Focus

Aspiration

The Group aspires to be a $5-billion company with operations in five regions within five years. This aspiration is a light on the hill and signifies a desire for growth and expansion and a commitment to growing the business.

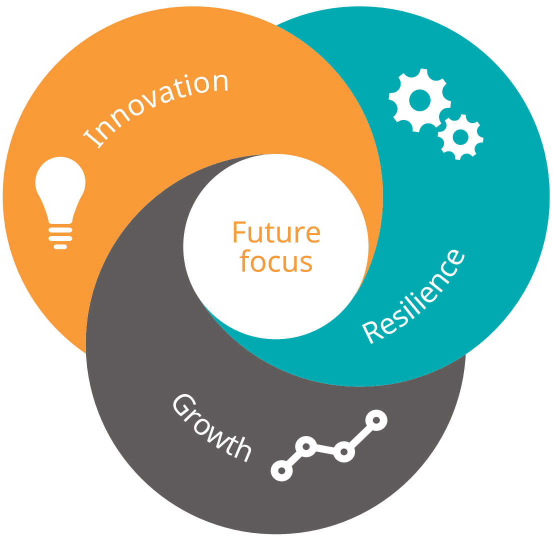
This is underpinned by a strategic focus on innovation, resilience and growth. Pact has a robust current business model that incorporates cutting edge technology platforms, a diverse product portfolio, and facilities that can be expanded regionally and through transformational merger and acquisition activity.

Growth Strategy

Innovation

Pact has a multi-tiered approach to achieving organic growth through the production of best-in-class products; by driving increased substrate conversion towards rigid plastics solutions; and leveraging innovation capabilities to continually improve products, processes and costs. There is an intensified focus on co-ordinated customer sales management and cross-selling strategy to maximise the breadth of product and service offering to new and existing customers.

GROWTH STRATEGY



In 2010, a standalone innovation centre, Inpact Innovation, was established to assist Pact customers to win in their categories. Inpact comprises a technical team of industrial designers and engineers, inventors and marketing specialists who investigate customer sentiment, market trends, international best practice, sustainable solutions and the latest technology. Since inception, Inpact has worked alongside customers to develop innovative solutions that achieve tangible benefits across areas including design and production to achieve competitive advantage.

Pact will continue to lead with innovation and aggressively pursue opportunities for growth through producing best-in-class products and driving substitution towards rigid plastics solutions (substrate conversion).

Growth

There is a clear strategy to capitalise on opportunities within the rigid plastics and substrate conversion markets to drive organic growth. Rigid plastics' share of market continues to increase as rigid plastics replace traditional materials such as glass, tin, timber, fibre, paper and even concrete alternatives.

The increased demand for product substitution is driven by consumer demand for more sophisticated packaging, particularly within the consumer segment. Producers of these products are increasingly demanding lower-cost, longer-life, recyclable solutions that incorporate barrier and closure systems, sophisticated designs and enhanced graphics. Pact's leading technology, access to global IP through licence agreements and innovation expertise mean that business is well positioned to achieve organic growth.

Pact has identified opportunities for organic growth and has the technical capability to deliver tailored packaging solutions across multiple products and substrates. Within the industrial packaging sector, substrate conversion opportunities continue to expand, particularly with the introduction of returnable plastic crates or multi-trip shoppers. The Group is fully equipped to service these end-to-end requirements.

In Australia, Pact plans to leverage its leadership in innovation to increase sales to new and existing customers. Customers are increasingly demanding innovative packaging, labelling and performance features. The Group is well placed to benefit from these trends in customer preferences and will also seek to penetrate areas of the packaging market where substrate substitution is occurring.

In Asia in FY15, Pact expects to complete construction of a new manufacturing plant in Jakarta, Indonesia to supply personal care packaging to a multi-national customer. The Company has executed a joint venture heads of agreement for the manufacturing of high value-add proprietary closures in Thailand, providing a regional offering for its global customers and delivering innovative closure capability to the region.

Resilience

The Group manufactures approximately 22,000 product variants to supply the everyday staple and industrial markets, with around 75% of revenue generated from everyday consumer staples. This ensures that there is no reliance on any one customer or any one segment, creating a high level of resilience within the business.

This is underpinned by a disciplined approach to achieving ongoing efficiency benefits through consolidation, simplification and rationalisation across the Australian and International operations. The Company has a proven history of achieving improved performance and reduced cost of operations, primarily through driving efficiencies across the business. The future focus is on driving efficiencies through achieving procurement economies of scale, investment in technology for increased automation, locating manufacturing plants strategically close to customers, and streamlining the manufacturing process to deliver products at a lower cost and within shorter timeframes.

FOOTPRINT OPTIMISATION AND PLANT RATIONALISATION

- Optimise manufacturing footprint to best serve customers
- Pursue plant consolidation and greenfield site development

PRODUCTIVITY

- Identification, promotion and development of business leaders
- Develop next generation technology to retain and develop new customer relationships
- Relentless focus on operational and corporate efficiency

SIMPLIFICATION

- Identify and leverage best practice systems to provide lowest cost platform
- Manufacturing technology
- IT platform
- Centralised shared services

Mergers & Acquisitions

Pact has undergone significant transformational change, and deliberate and strategic growth, since its inception in 2002. Originally comprised of 15 manufacturing plants and $223 million of sales revenue, Pact has successfully integrated 39 acquisitions over the past 12 years to become a leader in the packaging industry with 64 manufacturing plants across five countries. These acquisitions have delivered significant synergies through plant rationalisation and productivity gains across the Group.

This exponential growth has been driven by a highly experienced management team which has maintained a strong future focus to build a diverse yet robust business. Pact actively seeks out synergistic acquisition opportunities that complement the existing business or that will drive product, customer or geographic expansion.

Pact takes a disciplined approach to evaluating acquisitions to ensure that they are value accretive and in the best interests of shareholders. Generally, acquisitions should meet an aspirational 20% return on investment within three years. Acquisitions fall into three focus areas: adjacent and overlapping industries; those that provide geographical expansion; or those with potential to drive transformational change.

Latest Acquisition

In August 2014, Pact acquired Sulo MGB in Australia and Sulo in New Zealand. Sulo is the leading manufacturer of plastic waste and recycling bins in Australia and New Zealand, producing approximately two million bins annually and other similar products to service local government and waste collection companies.

Sulo has operated in Australia for more than 30 years and has a diverse customer base. Sulo in New Zealand manufactures mobile garbage bins (MGBs), primarily working to supply MGB products, with a secondary focus on the manufacture and supply of custom moulded products. This acquisition complements the Company's growing sustainability, materials handling and infrastructure division.

39[1]
ACQUISITIONS SUCCESSFULLY INTEGRATED

2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015

- 2002: Pact formed through the acquisition of a rigid plastics and steel packaging company predominantly focussed on industrial markets
- 2004: Acquisition of a plastic packaging company in Australia focussed on the consumer packaging segment
- 2006: Acquisition of a plastic consumer packaging company in New Zealand
- 2007: Establishment of a plastic consumer packaging operation in the Philippines
- 2008: Establishment of a procurement office in Singapore
- 2009: Acquisition of a leading consumer goods plastic packaging company in Australia
- 2009: Establishment of a Thailand greenfields closures manufacturing plant
- 2010: Acquisition of the largest private dairy bottle manufacturer in Australia
- 2012: Acquisition of a large rigid plastics packaging and material handling company operating in Australia, New Zealand and Asia
- 2013: Consolidation of operations through acquisitions at IPO
- 2014: Acquisition of leading manufacturer of mobile garbage bins in Australia and New Zealand

[1] Includes the acquisition of Sulo in August 2014.

Disciplined Approach to M&A

UNWAVERING FOCUS

Pact has an unwavering focus on acquisitions, with the aim of growing the footprint in chosen geographies within Australia, New Zealand and across Asia.

PROVEN EXPERIENCE

With a proven talent in identifying unique opportunities, Pact has had undeniable success in the integration of new businesses.

RESULTS DRIVEN

Supported by a focus on results and rigorous performance measurement, engendering full accountability for each divisional senior manager.

Key Criteria for Assessing Acquisitions Include:

BEST INTERESTS **of shareholders**

ASPIRATIONAL **20% ROI within 3 years**

WITHIN CHOSEN GEOGRAPHIES **AUSTRALIA NEW ZEALAND AND ASIA**

Core business and adjacent industries

DIVERSE CUSTOMER BASE

Governance

Corporate Responsibility

Our Commitment to Sustainability

Pact is committed to sustainability and minimising the environmental impacts of our operations. Our vision is 'to enrich lives every day through sustainable packaging solutions'. This vision encompasses the entire life cycle of our packaging, from our suppliers through to our customers and the end consumer. The Group also provides a range of sustainability, recycling and environmental services to assist our customers in reducing the environmental impact of their product packaging and related processes.

Packaging plays a key role in society, allowing us to transport, store and consume a huge range of products. At Pact, we look at how packaging is used and try to find better ways of producing more sustainable packaging. A key factor in adopting a sustainable approach is understanding the impact packaging has on the environment. We utilise a suite of dedicated tools to help us assess our packaging against sustainability criteria and determine how best to reduce environmental impacts, measure progress and identify marketing opportunities.

These sustainability tools include:

- Environmental Life Cycle Assessments (LCA)
- Packaging Impact Quick Evaluation Tool (PIQET) assessments
- Recycling assessments
- Packaging redesign to improve environmental performance.

Environment & Compliance Management

Pact operates under a Corporate Environmental Management System (EMS) aligned with ISO 14001 and under an Environmental Policy. The EMS is fundamental to achieving compliance with environmental regulations in all jurisdictions in which we operate. We intend to roll out similar environmental practices and compliance procedures for the Group's Asian operations within the next 12 months. Sites are audited internally on an annual basis.

Where applicable, licences and consents are in place in respect of each site. An interactive database is further used to ensure compliance and completion of all required actions.

Resource Management

The Company is subject to the reporting and compliance requirements of both the *Energy Efficiency Opportunities Act 2006* (Cth) and the *National Greenhouse and Energy Reporting Act 2007* (Cth).

The *Energy Efficiency Opportunities Act 2006* requires the Group to assess its energy usage, including the identification, investigation and evaluation of energy saving opportunities, and to report publicly on the assessments undertaken. As required under this Act, we have submitted all annual reports and Government reports as required, and also submitted our Assessment Plan for the second cycle. Please note that as of 1 July 2014, the Energy Efficiency Opportunities Act is under review by the Commonwealth.

The National Greenhouse and Energy Reporting Act requires Pact to report its annual greenhouse gas emissions and energy use. We have submitted all annual reports, and are due to submit our next report by 31 October 2014.

Improvements in Environment Performance

Pact is a signatory to the Australian Packaging Covenant. The Australian Packaging Covenant Action Plan is a key element in guiding decision-making and activity across the business in relation to ongoing improvements in the Company's environmental performance.

As part of our commitment to the covenant, we have commenced assessment of our products against the Sustainable Packaging Guidelines. The assessments are stored on a database along with product information. The database is designed to be used to find a range of information about the products including litter components, opportunities for lightweighting, recyclability and label information. This can be used in discussion with our customers.

Our other commitments include ensuring that all sites have recycling programs in place, and increasing the recycled content of products, where appropriate.

Workplace Health & Safety

Working Towards Zero Harm

The strategic initiative, **Towards Zero Harm**, was developed and launched during FY14 to improve Pact's safety program and performance by increasing consistency and management of health and safety across our sites.

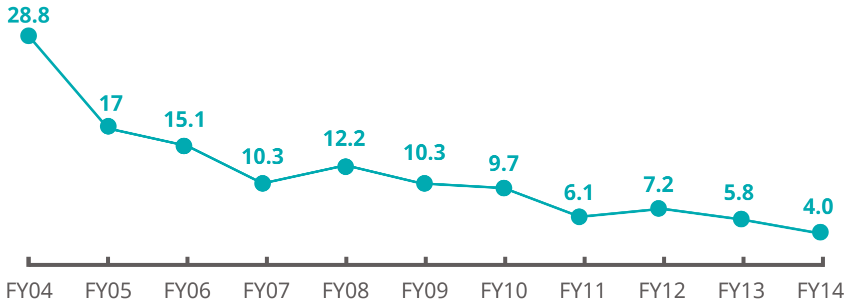
Commencing with an extensive review of the Group safety management system with independent input from Ernst & Young, implementation of the comprehensive system and standards has commenced and will continue at each of Pact's sites during FY15.

To provide further support for implementation of the new standards and assurance to management, a revised audit program has been developed. All Pact Group auditors have undergone external accredited auditing training to continue to build internal auditing capability.

An online reporting system has been implemented to ensure real-time reporting, visibility and immediate management of incidents and injuries.

To support the new safety management system, an extensive training program has been implemented and will continue in FY15. In reviewing the enhancements to the safety management system, the Board of Directors has taken into consideration the due diligence responsibilities and duties under the Australian Model Work Health and Safety Act.

LOST TIME INJURY FREQUENCY RATE



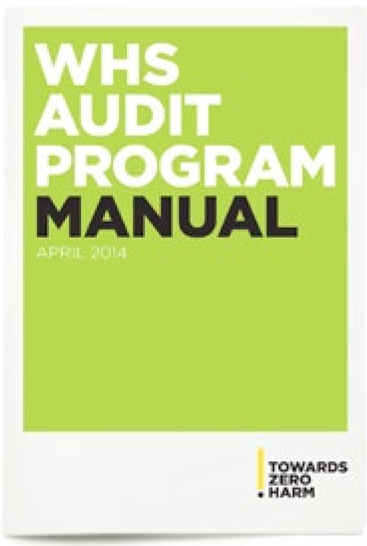
Workplace Health & Safety Performance

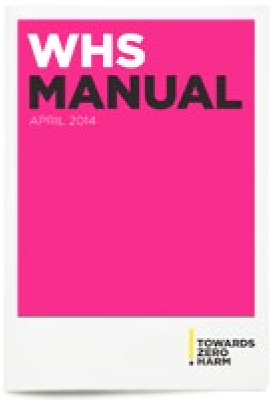
Pact's safety performance is traditionally measured by the Lost Time Injury Frequency Rate (LTIFR), calculated as the number of workplace injuries resulting in at least one full work day lost per million hours worked, over a rolling 12-month period.

The LTIFR for FY14 (as at 30 June 2014) was a record low of 4.0 for the Group and, as the above graph demonstrates, reflects a sustained improvement.

With a comprehensive review of workplace health and safety systems across the business and our implementation of the **Towards Zero Harm** strategy, for FY15 we have expanded the headline reporting metric to include total recordable incidents, calculated as lost time injuries and medically treated injuries, as measured by the Total Recordable Injury Frequency Rate (TRIFR).

Pact is committed to workplace health and safety and treats any incidents which occur seriously. We seek to identify any lessons that can be learnt from such incidents and apply them across relevant sites within the Group.





Company Commitments

Company Ethics & Behaviour

Pact aims to maintain and promote an appropriate standard of ethical behaviour in conducting business and to behave with integrity in all dealings with customers, shareholders, government, employees, suppliers and the community.

The Code of Conduct outlines the Company's expectations of employees and representatives as to how they behave and conduct business in the workplace. The Code of Conduct is available on our website www.pactgroup.com.au.

During FY14, VIP Packaging and Alto brands were signatories to the United Nations Global Compact (UNGC). The UNGC seeks to align the operations and strategies of companies with 10 universally accepted principles in the areas of human rights, labour, environment and anti-corruption. Future commitment to these standards of responsible business practice will be reported under Pact Group.

Thirteen sites within the Group are registered as B members with Supplier Ethical Data Exchange (Sedex) to enable transparency and management of responsible and ethical supply chain activities for our customers. The intention is to register the wider Group as a member of Sedex.

Employee Development & Recognition

Training & Development

The implementation of a new IT platform will expand the access and use of the online training programs by staff in the business.

Further development and career considerations are prompted as part of the bi-annual performance appraisal for all monthly staff (refer to the Employee Engagement section).

A range of specific workplace training and certification programs continue to operate across all factories.

Applause AWARDS

Reward & Recognition Platform

In 2012, Pact launched Applause – our reward and recognition platform to acknowledge and encourage behaviours that drive innovation and best practice within our business. Applause is designed to recognise individuals from all parts of the business, encourage people to voice their great ideas and, more importantly, provide the necessary resources to embed those ideas into our business. Applause was recognised by BRW Magazine in 2013 as instrumental in making Pact one of Australia's top 50 companies for innovation excellence. To date, we have awarded over $120,000 to more than 100 employees.

Corporate Social Responsibility

Pact is enthusiastic about corporate social responsibility (CSR), and throughout the past year we have supported a number of programs and events across employee health and wellbeing, the community, employee engagement, diversity and environment initiatives.

Community

Pact respects the need to contribute to the communities in which we operate. It's important to build a spirit of generosity among employees and support causes that are important to our people and the broader organisation. This builds a sense of community and teamwork, and contributes to creating a more rewarding and productive workplace.

Pact has a donation matching scheme and actively participates in local communities through corporate investment, sponsorship, fundraising and employee participation.

Employee Engagement

Employee feedback is critical to understanding the issues affecting employees across any organisation. Pact commissions an annual employee engagement survey where issues are identified and worked through as appropriate with a view to improving levels of employee engagement.

The bi-annual performance appraisal for monthly staff provides the opportunity for a two-way conversation about career and performance, whilst a range of workplace committees operate in most factories across the Group to keep the dialogue open and ongoing with employees at all levels.

Health & Wellbeing

In addition to workplace health and safety programs aimed at incident and injury prevention, the Group acknowledges the overall health and wellbeing of our employees as a significant contributing factor to the culture and performance of each workplace.

Over the past year, we have supported a number of health and wellbeing programs to promote healthy living among our employees and their families. These programs have targeted the physical and social issues at specific workplaces with programs initiated to improve physical health and fitness, diet and nutrition, as well as smoking and alcohol management.

Corporate Governance Statement

The Board recognises the importance of good corporate governance and its role in ensuring the accountability of the Board and management to shareholders.

The Board is concerned to ensure that the Group is properly managed to protect and enhance shareholder interests and that the Company, its Directors, officers and employees operate in an appropriate environment of corporate governance.

The Board has adopted a corporate governance framework comprising principles and policies that are consistent with the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations with 2010 amendments (2nd edition) (ASX Recommendations).

This Corporate Governance Statement:

- Outlines the key aspects of the Group's corporate governance framework;
- Is structured and numbered in order of the principles set out in the ASX Recommendations;
- Includes cross references to other relevant information in this Corporate Governance Statement on the Company's charters, policies and codes, details of which are available in the Corporate Governance section in the Investors section of the Company's website www.pactgroup.com.au/investors/corporate-governance; and
- Should be read in conjunction with the Directors' Report and the Remuneration Report (contained in the Directors' Report), as those reports also contain information required to be included by the ASX Recommendations.

Noting that the Company was listed on the ASX on 17 December 2013, the Board considers that, unless otherwise stated, the Company's corporate governance framework and practices have complied with the ASX Recommendations from this date, except as detailed in this Corporate Governance Statement.

Principle 1 – Lay solid foundations for management and oversight

Role of the Board and management

The Board is responsible for the corporate governance of the Company. The Board provides strategic guidance for the Company and effective oversight of management.

The principal role of the Board is to:

- Represent and serve the interests of shareholders by overseeing and appraising the Company's strategies, policies and performance;
- Protect and optimise Company performance and build sustainable value for shareholders in accordance with any duties and obligations imposed on the Board by law and within a framework of prudent and effective controls that enable risk to be assessed and managed;
- Set, review and ensure compliance with the Company's values and governance framework; and
- Ensure that shareholders are kept informed of the Company's performance and major developments affecting its state of affairs.

Corporate Governance Statement

The Board's key responsibilities / functions include:

- Selecting, appointing and evaluating the performance of, determining the remuneration of, and planning for succession of the CEO;
- Contributing to and approving management development of corporate strategy, including setting performance objectives and approving operating budgets;
- Reviewing, ratifying and monitoring systems of risk management and internal control and ethical and legal compliance;
- Monitoring corporate performance and implementation of strategy and policy; and
- Approving major capital expenditure, acquisitions and divestitures, and monitoring capital management.

The Company has established the functions reserved for the Board, and these are contained in the Board Charter and the Group's 'Matters Reserved to the Board and Delegated Authority Limits Policy'. The CEO and senior executives, who are accountable to the Board, are responsible for matters that are not specifically reserved to the Board, primarily being the day-to-day operations and management of the Group.

Matters which are specifically reserved for the Board or its Committees include:

- Appointment of a Chair;
- Appointment and removal of the CEO and the CFO;
- Appointment of Directors to fill a vacancy or as an additional Director;
- Establishment of Board Committees, their membership and delegated authorities;
- Approval of dividends;
- Approval of major capital expenditure, acquisitions and divestitures in excess of authority levels delegated to management;
- Calling of meetings of shareholders; and
- Any other specific matters nominated by the Board from time to time.

Senior Executive Performance Evaluation

The performance of senior executives is evaluated every six months by the CEO. This evaluation also includes the establishment of their forward objectives. At the mid-year review, a discussion takes place between each senior executive and the CEO. The key purpose of the mid-year review is to track progress against the objectives and to determine action plans to ensure achievement of objectives to the extent considered necessary. The full-year review, which occurs in July of each year, assesses the full-year performance of the senior executives against their objectives as well as against the corporate values of the Company.

Performance evaluations for senior executives, which accord with the process described above, took place in July 2013 for the 2013 financial year and in July 2014 for the 2014 financial year.

Principle 2 – Structure the Board to add value

Board Composition

Pact's Constitution provides that the Board not comprise more than seven Directors. The Board currently comprises six Directors, being five Non-Executive Directors and the CEO.

For more information on each Director (including their experience, expertise, qualifications and terms of office), see the Directors' Report on pages 43 to 45.

The Board considers it important to maintain an appropriate mix of skills, experience, expertise and diversity in its membership to ensure that it is able to meet the present and future needs of the Company. The Board has developed a Board skills matrix. The skills that the Board looks to achieve and maintain include business and commercial expertise, manufacturing industry experience, strategy development, corporate management, financial and accounting expertise and good judgement.

It is the Board's policy that there should be a majority of independent, Non-Executive Directors.

In general, Directors will be considered to be 'independent' if they are not members of management and they:

- Are not material shareholders of the Company, or officers of, or otherwise associated directly or indirectly with, material shareholders of the Company;
- Have not within the last three years been employed in an executive capacity by the Company or another Group member;

Corporate Governance Statement

- Have not within the last three years been a principal or employee of a material professional adviser or material consultant to the Company or another Group member;
- Are not a material supplier to or customer of the Company or other Group member or an officer of or otherwise associated directly or indirectly with a material supplier or customer;
- Have no material contractual relationship with the Company or another Group member, other than as a Director of the Company; and
- Are free from any interest, business or other relationship which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company.

The Board considers the materiality of any given relationship on a case-by-case basis and has adopted materiality guidelines to assist in this regard which are set out in Attachment 1 to the Board Charter, which can be accessed in the Corporate Governance section in the Investors section at www.pactgroup.com.au/investors/corporate-governance. In general, the Board will consider holding 5% or more of the Company's shares to be material.

The Board will also consider an affiliation with a business which accounts for less than 5% of the relevant base to be immaterial for the purposes of determining independence. The Board views independence of each Director in light of interests disclosed to the Board from time to time.

The Non-Executive Chairman, Mr Raphael Geminder, holds approximately 40% of the issued capital of the Company. Accordingly, the Non-Executive Chairman is not an independent Director. As outlined in the Prospectus dated 27 November 2013, the Board believes that Mr Geminder is the most appropriate person to lead the Board as Non-Executive Chairman and that he is able to and does bring quality of judgement to all relevant issues falling within the scope of the role of Chairman and that the Group as a whole benefits from his long-standing experience of its operations and business relationships.

The Board is conscious that there are a number of related party dealings between the Group and interests associated with Mr Raphael Geminder, the Non-Executive Chairman. These related party transactions were disclosed in the Prospectus dated 27 November 2013 and are also disclosed in the Financial Statements for the year ended 30 June 2014. As a consequence, the Board has put in place a Related Party Protocol policy to monitor and govern these transactions and to ensure compliance with the Corporations Act.

Board Committees

To assist the Board in meeting its responsibilities, the Board currently has established the following two committees:

- The Nomination and Remuneration Committee (NRC); and
- The Audit, Business Risk and Compliance Committee (ABRCC).

The members of these Committees are set out below:

	NRC	ABRCC
Chairman	Peter Margin	Tony Hodgson
Members	Lyndsey Cattermole	Lyndsey Cattermole
	Raphael Geminder	Peter Margin
	Jonathan Ling	

Each Committee is structured so that it:

- Consists of a majority of independent Directors;
- Is chaired by an independent Director; and
- Has at least three members.

The ABRCC is also structured so that it consists only of Non-Executive Directors.

The Charters for each of the NRC and the ABRCC can be accessed in the Corporate Governance section in the Investors section at www.pactgroup.com.au/investors/corporate-governance.

Corporate Governance Statement

Board & Committee Meetings

Details of the number of Board and Committee meetings held during the 2014 financial year and the attendance of Directors and members of the Committees respectively are set out in the Directors' Report on page 46.

Board & Committee Performance Evaluation

The evaluation of the Board and its Directors and the evaluation of the Committees will take place in alternating years. Directors will provide written feedback in relation to the performance of the Board, individual Directors and Committees against a set of agreed criteria. Each Committee will also be required to provide feedback on its own performance. Feedback will be collected by the Chairman of the Board via the Company Secretary or an external facilitator and discussed by the Board.

As the majority of the members of the current Board were appointed in November shortly prior to the Company's listing in December 2013, it has been agreed that the alternating Board and Committee performance evaluation will commence in the 2015 financial year.

Independent Professional Advice

Independent professional advice may be sought by a Director in accordance with the terms of their appointment agreement.

Each Non-Executive Director can seek professional advice provided that:

- It is advice in relation to the discharge of the Director's responsibilities to the Company;
- The Chairman must be notified before advice is sought;
- Any advice obtained may be given to the Board if considered appropriate by the Chairman; and
- The Company will reimburse the Director's reasonable expenses where the above procedures have been followed.

Nomination & Remuneration Committee

The responsibilities of the NRC are as follows:

As they relate to nomination matters:

- Review, assess and make recommendations to the Board on the desirable size, composition, competencies and attributes of the Board;
- Review and recommend to the Board succession plans regarding the Chairman and the CEO;
- Review and recommend to the Board membership of the Board including recommendations for the appointment and re-election of Directors;
- Establish policies and procedures and make recommendations to the Board for the selection, appointment and removal of the CEO; and
- Assist the Board in assessing the performance of the Board, its Committees and its members.

As they relate to remuneration matters:

- Review and recommend to the Board remuneration and contractual arrangements for the CEO and executives reporting to the CEO;
- Review, at least annually, the performance of the CEO against individual and Company targets;
- Review the senior executives' performance assessment processes and results and review and approve short-term incentive strategy, performance targets and bonus payments;
- Review and recommend to the Board the establishment of any employee equity incentive plan; and
- Review and recommend to the Board remuneration arrangements for the Chairman and Non-Executive Directors.

Principle 3 – Promote ethical and responsible decision-making

Code of Conduct

The Company is committed to ethical behaviour and operating with integrity in all business practices. All Group employees, Directors, contractors, suppliers and volunteers, when providing products or services to the Group, must comply with the obligations under the Code of Conduct (Code).

The Code is central to the framework of the Group's compliance program. The Code is complemented by a suite of additional policies and procedures (e.g. Whistleblower Policy, Anti-bribery and Corruption Policy, Privacy Policy, Dealing in Securities Policy etc.).

The Code addresses how the Group does business and focusses on ethics, integrity and reputation; compliance with laws and regulations; commitment to quality; conflicts of interest; bribes, gifts and commissions; privacy; and public communications and disclosures.

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The Code also focusses on how the Group behaves in the workplace and addresses matters such as equal opportunity and discrimination; workplace health and safety; improper use or theft of Group property and securities trading.

Finally, it deals with how the Group interacts with the community and addresses the Group's contribution to the community, the environment and outside activities and public office.

The Code encourages employees and others to report any behaviour or situation where there is a genuine belief that it may breach the Code, Group policies and procedures, or the law. The Company is committed to ensuring that those who do so are not disadvantaged or discriminated against when making reports in good faith. The Company has a Whistleblower Policy which contains appropriate protections for those who report such behaviour.

The Company's Code can be accessed in the Corporate Governance section in the Investors section at www.pactgroup.com.au/investors/corporate-governance.

Diversity Policy

The Company recognises that people are its most important asset and is committed to the maintenance and promotion of workplace diversity. Encouraging diversity drives the Company's ability to attract, retain and develop the best talent, create an engaged workforce, deliver the highest quality services to its customers and continue to grow the business.

The Board approved a Diversity Policy in January 2014. The Company's vision for diversity incorporates a number of different factors, including gender, ethnicity, disability, age and educational experience. At a Board, senior executive and senior management level, gender has been identified as a key area of focus for the Company. The Company's Diversity Policy can be accessed in the Corporate Governance section in the Investors section at www.pactgroup.com.au/investors/corporate-governance.

The Board set its measurable objectives as required by the Diversity Policy in April 2014. Those measurable objectives are:

- Each monthly staff recruitment assignment requires at least one female candidate to be recommended for interview and / or job ready process;
- Review the annual salary review outcomes for monthly staff to ascertain whether women receive, on average, not less than the same percentage increase in remuneration as males across the Group; and
- Include specific questions in the next Group employee engagement survey to identify whether gender is a workplace issue for employees across the Group.

Noting that the measurable objectives were only set in April 2014, there has been minimal progress towards achieving the objectives. The focus has been to establish the systems and processes required to ensure that the Group is able to manage, monitor and achieve the objectives. Since setting the measurable objectives:

- External recruiters are being requested to source female candidates for each monthly staff recruitment assignment;
- The annual salary review now includes gender detail to enable the identification of any gender pay equity imbalance, with a view to correcting / minimising any such imbalance as part of the final approval process with the CEO;
- The Group lodged its annual public report with the Workplace Gender Equality Agency (WGEA) including detail on gender pay equity for the first time. It has been advised by the WGEA that it achieved compliance status; and
- Consideration is being given to the nature of the questions which will be included in the employment engagement survey to identify whether gender is a workplace issue for employees across the Group. It is currently proposed that that survey will be issued in October.

The following table shows the representation of men and women at various levels within the Group workforce as at 30 July 2014:

Level	Proportion of women %	Proportion of men %
Non-Executive Directors	20	80
Senior executives*	15	85
Other levels	31	69
Total	30	70

* Senior executives are defined as the direct reports to the Chief Executive Officer.

Corporate Governance Statement

Principle 4 – Safeguard integrity in financial reporting

Audit, Business Risk and Compliance Committee

The Board has established an Audit, Business Risk and Compliance Committee. The responsibilities of the ABRCC are to oversee:

- The Company's relationship with the external auditor and the external audit function generally;
- The Company's relationship with the internal auditor and the internal audit function generally;
- The preparation of the financial statements and reports;
- The Company's financial controls and systems;
- The Company's overall risk management program including:
  - operational and environmental risk generally;
  - the Company's workplace health and safety management, controls and systems;
  - the process of identification and management of financial risk; and
  - the effectiveness of the compliance program to ensure that legal and regulatory requirements are met.

External Auditor

It is the responsibility of the ABRCC to review and approve the external auditor's arrangements for the rotation and succession of audit and review partners, including their approach to managing the transition. The procedure for the selection and appointment of the external auditor and the Committee's policy for the rotation of external audit engagement partners are outlined in the Committee's Charter.

Principle 5 – Make timely and balanced disclosure

Continuous Disclosure Policy

The Company is committed to complying with its continuous disclosure obligations to keep the market fully informed of information which may have a material effect on the price or value of the Company's securities. The Company discharges these obligations by releasing information in ASX announcements and by disclosure of other relevant documents to the ASX and to shareholders (e.g. annual reports).

The Company's Continuous Disclosure Policy is designed to ensure the timely release of material price-sensitive information to the market. This policy establishes procedures to ensure that the Directors and management are aware of the Company's disclosure obligations and procedures, and have accountability for the Company's compliance with those obligations.

The policy also sets up procedures that must be followed in relation to the release of announcements to the market and discussions with analysts, the media or shareholders.

The Company's ASX announcements are available in the Investor Relations section of the Company's website after they are released to the ASX.

Principle 6 – Respect the rights of shareholders

Communications Policy

The Board has adopted a communications strategy which aims to ensure that shareholders, potential investors and other interested stakeholders are kept informed of all major developments affecting the state of affairs of the Company. To achieve this, the Company communicates information regularly to shareholders and other stakeholders through a range of forums and publications.

One of the Company's key communication tools is the website located at www.pactgroup.com.au. Important information about the Company can be found in the section marked Corporate Governance on the Investors section of the website. This includes all announcements lodged with the ASX since listing, the Board and Board Committee Charters, the Company's Constitution and key corporate governance policies. The website contains a facility for shareholders to direct enquiries to the Company and to elect to receive communications from the Company via email.

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Principle 7 – Recognise and manage risk

The Company is in the process of formalising its approach to overseeing and managing material business risks. The Board, through the ABRCC, is responsible for overseeing the Company's overall risk management program including:

- Operational and environmental risk generally;
- The Company's workplace health and safety management, controls and systems; and
- The process of identification and management of financial risk.

The ABRCC approved a Risk Management Policy in May 2014 which provides that the Company's commitment is to promoting a risk-aware culture in decision-making and a commitment to manage all risks that may materially impact the business of the Group in a proactive and effective manner.

A risk management framework (Framework) has been designed by management to formalise the risk management approach. Management is in the process of formalising an internal control system to manage the Company's material business risks. This Framework is based on the Australian/New Zealand Risk Management Standard (AS/NZ ISO 31000:2009) and details the process for identifying, assessing, managing and controlling risks.

For the most recent financial year, management has developed a Group Risk Register which identifies risks in five core areas; financial, strategic, operational, market, and compliance. Additionally, a process to ensure that new risks are identified and existing risks remain relevant has been implemented.

Management has assessed the effectiveness of the controls in place for managing the Group's material business risks and has reported to the ABRCC and the Board as to the effectiveness of the Group's management of those material business risks.

The CEO and the Chief Financial Officer have provided assurance to the Board, in accordance with ASX Recommendation 7.3, that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control, and the system is operating effectively in all material respects in relation to financial reporting risks.

The Company's Risk Management Policy can be accessed from the Corporate Governance section in the Investors section at www.pactgroup.com.au/investors/corporate-governance.

Principle 8 – Remunerate fairly and responsibly

As described in Principle 2, the Company has a Nomination and Remuneration Committee.

Details regarding the structure of Non-Executive Directors' remuneration and Executive Director and senior executive remuneration are contained in the Remuneration Report located at pages 55 to 63.

The Company does not have any scheme for retirement benefits, other than superannuation, for Non-Executive Directors.

The Company's Dealing in Securities Policy, which establishes procedures for the buying and selling of shares in the Company (Shares), also deals with hedging of those Shares. In summary, Directors and employees and their 'Connected Persons' (Relevant Persons) cannot deal in Shares when in possession of price-sensitive or inside information or the Company is in possession of price-sensitive or inside information and has notified them that they must not deal in Shares.

In addition, no dealing in Shares can occur during a blackout period, being from 1 July until the day following the announcement to ASX of the full-year results and from 1 January until the day following announcement of the half-yearly results or any other period that the Board specifies from time to time. Various approval and confirmation processes are specified in the policy for dealing in Shares at any time by Directors, senior executives, senior managers and their Connected Persons.

Hedging, which includes entering into transactions in financial products that operate to limit the economic risk associated with holding Shares, is subject to the following overriding prohibitions:

- The hedge transaction must not be entered into, renewed, altered or closed out when the Relevant Person is in possession of price-sensitive or inside information.
- Shares must never be hedged prior to the vesting of those Shares. Additional detail surrounds this prohibition; however, noting that the Company does not currently have any employee equity incentive schemes, it has no operation.

Relevant Persons are permitted to hedge their vested and unrestricted Shares provided the hedge transaction is treated as a dealing in Shares for the purpose of the policy, and the relevant approval notifications are made and the necessary confirmations are obtained.

Directors' Report

The Directors present their report on the consolidated entity consisting of Pact Group Holdings Ltd ('Pact' or the 'Company') and the entities it controlled at the end of, or during, the year ended 30 June 2014 (the 'Group').

1. Directors

The following persons were Directors of the Company from their date of appointment up to the date of this report:

(i) Non-Executive

Raphael Geminder
Non-Executive Chairman
Member of the Board since 19 October 2010
Member of the Nomination and Remuneration Committee

Raphael founded Pact in 2002. Prior to founding Pact, Raphael was the co-founder and Chairman of Visy Recycling, growing it into the largest recycling company in Australia. Raphael was appointed Victoria's first Honorary Consul to the Republic of South Africa in July 2006. He also holds a number of other advisory and board positions.

Raphael holds a Master of Business Administration in Finance from Syracuse University, New York.

Other current directorships
Director of the Carlton Football Club and several other private companies.

Lyndsey Cattermole AM
Independent Non-Executive Director
Member of the Board since 26 November 2013
Member of the Audit, Business Risk and Compliance Committee
Member of the Nomination and Remuneration Committee

Lyndsey founded Aspect Computing Pty Limited and remained as Managing Director from 1974 to 2003, before selling the business to KAZ Group Limited, where she served as a director from 2001 to 2004. Lyndsey has held many board and membership positions including with the Committee for Melbourne, the Prime Minister's Science and Engineering Council, the Australian Information Industries Association, the Victorian Premier's Round Table and the Woman's and Children's Health Care Network.

Lyndsey holds a Bachelor of Science from the University of Melbourne and is a Fellow of the Australian Computer Society.

Other current directorships
Non-Executive Director of both Treasury Wine Estates Limited and Tatts Group Limited.
Director of the Victorian Major Events Company, Melbourne Theatre Company, Melbourne Rebels Rugby Union Limited and directorships with several private companies.

Former ASX-listed company directorships in last three years
Non-Executive Director of Foster's Group Limited (1999 – 2011) and Paperlinx Limited (2010 – 2012).

Tony Hodgson AM
Independent Non-Executive Director
Member of the Board since 26 November 2013
Chairman of the Audit, Business Risk and Compliance Committee

Tony was the co-founder and former Senior Partner of the chartered accounting firm Ferrier Hodgson, from which he retired in 2000 after 24 years. He serves as a consultant to BRIFerrier Chartered Accountants and has extensive experience serving on various board committees including audit, nomination, risk and compliance committees.

Directors' Report

Tony holds a Certificate of Commerce, and is a Fellow of the Institute of Chartered Accountants in Australia and a Fellow of the Australian Institute of Company Directors.

Other current directorships
Member of the Advisory Council of J.P. Morgan, Non-Executive Director and Chair of the Audit & Risk Committee of Racing NSW and a Non-Executive Director of the Waubra Foundation.

Peter Margin
Independent Non-Executive Director
Member of the Board since 26 November 2013
Chairman of the Nomination and Remuneration Committee
Member of the Audit, Business Risk and Compliance Committee

Peter has many years of leadership experience in major Australian and international food companies. His most recent role was Chief Executive Officer of Goodman Fielder Limited. Prior to that, Peter was Chief Executive Officer and Chief Operating Officer of National Foods Limited. Peter has also held senior management roles in Simplot Australia Limited, Pacific Brands Limited (formerly known as Pacific Dunlop Limited), East Asiatic Company and HJ Heinz Company Australia Limited.

Peter holds a Bachelor of Science from the University of New South Wales and a Master of Business Administration from Monash University.

Other current directorships
Non-Executive Director of Bega Cheese Limited, PMP Limited, Nufarm Limited and of NSX listed company Ricegrowers Limited.

Former ASX-listed company directorships in last three years
Executive Director of Goodman Fielder Limited (2005 – 2011).

Jonathan Ling
Independent Non-Executive Director
Member of the Board since 28 April 2014
Member of the Nomination and Remuneration Committee

Jonathan has extensive experience in complex manufacturing businesses from his current role as the Chief Executive Officer and Managing Director of GUD Holdings Limited and following a number of leadership roles with Fletcher Building Ltd, Nylex, Visy and Pacifica.

Prior to Jonathan's GUD role, he was the Chief Executive Officer and Managing Director of Fletcher Building Ltd (2006 – 2012), New Zealand's largest listed company.

Jonathan has a Bachelor of Engineering (Mechanical) from the University of Melbourne and a Master of Business Administration from the Royal Melbourne Institute of Technology.

Other current directorships
Chairman of Melbourne Rebels Rugby Union Limited.

Former ASX-listed company directorships in last three years
Non-Executive Director of Pacific Brands Limited (2013 – 2014).

Directors’ Report

(ii) Executive

Brian Cridland
Managing Director and Chief Executive Officer
Member of the Board since 26 November 2013

Brian is the Managing Director and Chief Executive Officer of Pact. He has been the Chief Executive Officer at Pact since its inception in 2002. Brian has been in the manufacturing industry for 41 years. He previously held senior roles including General Manager of Visypak, Managing Director of Rexel Australia, Managing Director of GEC Australia, General Manager of Rigid Packaging Southcorp and many senior roles in Rheem Australia Limited and other companies.

Brian has a Bachelor of Chemical Engineering and Bachelor of Commerce from the University of Queensland.

Other current directorships
No other external directorships.

(iii) Company Secretary

Penny Grau was appointed to the position of Company Secretary of Pact on 10 February 2014.

Prior to this appointment, Penny was General Counsel and Company Secretary of listed company, Tatts Group Limited, from April 2007 until July 2014. Prior to this, Penny practised as a corporate lawyer for 18 years, the last eight as partner, with national law firm Clayton Utz.

Penny holds Bachelors of Laws and Commerce, a Masters of Laws, a Graduate Diploma in Applied Finance and Investment and is a Fellow of the Governance Institute of Australia.

2. Directors’ Shareholding

As at the date of this report, the relevant interests of the Directors in the shares of the Company were as follows:

	Relevant Interest in Ordinary Shares
Raphael Geminder	117,036,546
Lyndsey Cattermole	78,948
Tony Hodgson	50,000
Peter Margin	7,894
Jonathan Ling	-
Brian Cridland	50,000

Directors' Report

3. Directors' Meetings

The table below shows the number of Directors' meetings (including meetings of Board Committees), and the number of meetings attended by each Director during the year:

	Directors' Meetings		Audit, Business Risk & Compliance Committee		Nomination & Remuneration Committee	
	Meetings held	Meetings attended	Meetings held	Meetings attended	Meetings held	Meetings attended
Raphael Geminder	8	8	NM	N/A	2	2
Lyndsey Cattermole	8	8	3	3	2	2
Tony Hodgson	8	7	3	3	NM	N/A
Peter Margin	8	8	3	3	2	2
Jonathan Ling	2	2	NM	N/A	2	2
Brian Cridland	8	8	NM	N/A	2	2

NM – Not a member of the relevant committee.
N/A – Not applicable.

4. Principal Activities

The principal activities of the Group during the year were the conversion of plastic resin and steel into rigid plastics and metals packaging and related products for customers in the food, dairy, beverage, personal care, other household consumables, chemicals, agricultural, industrial and other sectors. The Group also provides a range of sustainability, recycling and environmental services to assist its customers in reducing the environmental impact of their product packaging and related processes.

Directors' Report

5. Operating and Financial Review

Financial Performance

Despite challenging market conditions, the Group exceeded Prospectus statutory and pro-forma NPAT and EBITDA forecasts, and EBITDA and EBIT margins were stable compared to FY13. Pleasingly, the Group experienced statutory sales growth of 3.6% over the year, and EBIT (before significant items) growth of 4.8%.

The following table presents the statutory results of the Group for the year ended 30 June 2014 compared to both the Prospectus forecasts and the prior financial year.

Year ended 30 June, A$ in millions	30 June 14 Actual	30 June 14 Prospectus[1]	30 June 13 Actual
Sales revenue	1,143.2	1,151.6	1,103.7
Other revenue (excluding interest revenue)	11.7	10.1	10.6
Total revenue (excluding interest revenue)	**1,154.9**	**1,161.7**	**1,114.3**
Expenses	(956.7)	(965.0)	(916.9)
Depreciation and amortisation	(51.2)	(50.6)	(57.1)
EBIT (before significant items)[2]	**147.0**	**146.1**	**140.3**
EBIT margin (before significant items)	12.9%	12.7%	12.7%
Significant items (before tax)	(26.2)	(30.1)	4.8
EBIT	**120.8**	**116.0**	**145.1**
Net finance costs expense	(66.7)	(72.4)	(91.8)
Income tax expense	(20.5)	(20.9)	(14.4)
Significant tax items	24.2	2.7	6.4
Net profit after tax	**57.8**	**25.4**	**45.3**
Minority interests	(0.1)	(0.2)	(0.2)
Net profit after tax attributable to shareholders	**57.7**	**25.2**	**45.1**

[1] On 27 November 2013, Pact lodged with the Australian Securities and Investments Commission (ASIC) a prospectus for an Initial Public Offering (IPO) to be listed on the Australian Securities Exchange (ASX).

[2] EBIT before significant items is a non-IFRS financial measure which is calculated as earnings before finance costs, net of interest revenue, and tax.

Commentary

Sales revenue increased by $39.5 million to $1,143.2 million, or 3.6% compared to the prior year. Sales were positively affected by the contribution of the businesses acquired at the time of the IPO; consistently favourable currency translation movements and recouping of higher raw material costs. These effects were partially offset by the loss of a major contract, which occurred in the second half of the 2013 financial year, and softer agricultural sales due to the drought conditions in Australia.

Expenses were predominantly higher as a result of increases in raw material prices, and costs associated with the businesses acquired at the time of the IPO. These increases were partially offset by business rationalisation savings and efficiency improvements within the business, implemented to lower the Group's overall cost of operations.

EBIT before significant items of $147.0 million exceeded the Prospectus statutory forecast by $0.9 million. EBIT before significant items increased by 4.8% compared to the prior year. The increase compared to the prior year was driven by the combination of sales and expense impacts noted above, as well as a lower depreciation in FY14. EBIT margin improved by 0.2%, to 12.9%.

Pre-tax significant items for the year totalled $26.2 million in expenses. These related entirely to transactions that occurred at the time of the IPO. The equivalent value as estimated in the Prospectus was $30.1 million. The major item giving rise to the favourable result was in relation to favourable foreign exchange movements and interest rates at the time of the close-out of the cross currency interest rate swaps. The cost of closing out the interest rate swaps was $3.2 million less than forecast in the Prospectus.

Directors' Report

Net financing costs for the period of $66.7 million included gross financing costs of $73.2 million, and net interest revenue of $6.5 million. Gross financing costs primarily comprised $17.5 million relating to the current Syndicated Finance Agreement entered into at the time of the IPO plus $55.7 million of interest relating to the pre-IPO capital structure.

Pact announced to the ASX on 7 August 2014 that it would book a favourable $18-20 million tax impact in the year ended 30 June 2014. Pact formed a new tax consolidation group effective on 1 January 2014, which involved a revaluation to market of assets, including plant & equipment, which were $64 million higher than book value. The final tax benefit included in the accounts for FY14 came to $19.2 million, and has been classified as a significant item in the Company's Consolidated Financial Report. In addition, the significant tax item includes a benefit of $5.0 million relating to the pre-tax significant items.

The announcement made on 7 August 2014 also referred to a potential adverse effect arising from proposed changes in tax law relating to the formation of a new income tax consolidated group. As these proposed changes in tax law have not been enacted, or substantially enacted, no amounts have been recognised in the Financial Report for 30 June 2014.

Net debt as at 30 June 2014 was $565.3 million, $9.7 million lower than the Prospectus forecast of $575.0 million with strong cash flow generation.

Review of Operations

Pact is the leading supplier of rigid plastics packaging and related products in Australia and New Zealand and has an emerging presence in Asia.

Pact Australia comprises the Group's operations across Australia where it has manufacturing plants in New South Wales, Victoria, Tasmania, Queensland and Western Australian. Pact Australia is where the Group sources the majority of its revenue, accounting for 72% of the Group's total sales revenue in FY14.

Pact International comprises the Group's operations in New Zealand, China, the Philippines, Singapore and Thailand. Together, revenue sourced from these regions contributes 28% of the Group's total sales revenue in FY14.

Whilst the majority of the Group's sales and EBIT is derived from the Australian segment, the relative size of the International segment increased in the 2014 financial year.

The following table represents the results of segment operations during the year compared to the Prospectus and prior year.

A$ in millions	30 June 14 Actual	30 June 14 Prospectus	30 June 13 Actual
Sales Revenue			
Pact Australia	822.7	829.5	813.1
Pact International	320.5	322.1	290.6
Total	**1,143.2**	**1,151.6**	**1,103.7**
EBIT (before significant items)[1]			
Pact Australia	82.2	83.5	93.2
Pact International	64.8	62.6	47.1
Total	**147.0**	**146.1**	**140.3**

[1] EBIT before significant items is a non-IFRS financial measure which is used to measure segment performance and has been extracted from the segment information disclosed in the Consolidated Financial Statements. EBIT is calculated as earnings before finance costs, net of interest revenue, and tax.

Directors' Report

Commentary

During the year, Pact Australia sales were positively impacted by the pass-through of higher raw material and other input costs, and a positive contribution from the Cinqplast business which was acquired at the time of the IPO. These effects were partially offset by the loss of a major contract, which occurred in the second half of FY13, and softer agricultural sales due to the drought conditions in Australia. Overall, Pact Australia experienced sales growth of 1.2% on the previous year.

Pact International sales were 10.3% higher in FY14, due to a combination of positive contributions from the Asian businesses acquired at the time of the IPO, the recouping of higher raw material costs and consistently favourable currency translation movements. These effects were partially offset by the year-on-year effect of businesses disposed of in FY13.

EBIT was down 11.8% in Pact Australia due to the effect of increased raw material price increases and lags in passing these costs on to contracted customers, primarily in the first half of the financial year. This was in addition to the effect of losing a major contract as noted above. These adverse impacts were partially offset by the contribution of the businesses acquired at IPO as well as business rationalisation savings and efficiency improvement programs implemented by the Group. Pact Australia's EBIT margin improved in the second half of the year compared to the first half.

Pact International EBIT increased by 37.6% as a result of the contribution of the Asian businesses acquired at the time of the IPO, business rationalisation savings and consistently favourable currency translation movements. Pact International's EBIT margin also improved year on year.

The Group's long-term relationships across its blue-chip customer base are supported by its focus on innovation. During the year, the Group won over 10 awards for design and innovation, including:

- Australian Manufacturing Company of the Year by ACQ Global Awards;
- Best Product from New Zealand at the 'World Tour by SIAL Product' Awards;
- Good Design Selection Award from Good Designs Australia;
- 2 awards from the Aerosol Association including Aerosol Product of the Year in 2014

Likely Developments and Expected Results from Operations

The 2015 financial year will mark the Group's first full year as a listed entity and will see a full year contribution from the businesses acquired at the time of the IPO, as well as a contribution from the newly acquired Sulo business (completed on 8 August, 2014).

The outlook for the Group is for revenue growth consistent with overall increases in GDP in the International segment and benign in Australia. Margins across the Group are expected to be in line with FY14 levels.

In the Directors' opinion, any further disclosure of information would be likely to result in unreasonable prejudice to the Group.

Business Strategies and Future Prospects

The Group's long-term focus is to maximise value to stakeholders and deliver growth in the business. The Group has an aspirational '5 cubed vision' to be a $5 billion company, operating in five regions within five years.

The key strategic focus areas for the Group are:

Innovation – rolling-out a pipeline of leading edge products
Resilience – rationalisation, productivity strategies, and simplification
Growth – focussing on driving organic growth, and growth via disciplined M&A

Innovation
The Group is focussed on rolling out a pipeline of leading edge products to underpin organic growth across its business. Designing and supplying innovative products to the Group's customers is key to the Group's success in increasing sales from new and existing customers. Customer retention is particularly strong where the Group provides new products which create a competitive advantage for its customers.

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For example, in FY14 the Group developed an innovative design for a customer who provides personal care products in Australasia. On the back of this innovation, Pact is investing in a Jakarta manufacturing plant to supply these products to the customer for the Australasia region.

In Australia, including through its licence partners, Pact is delivering new technologies to market. Combining global technologies and customised designs for local markets has enabled speed to market, and the ability to offer leading edge technologies to Australian customers.

The Group is also seeing the benefits of continuing modernisation of product packaging and is focussed on capturing new customers in segments of the market that previously were not users of rigid plastics packaging. In FY14, the Group developed moulded plastic sound walls for the M5 in New South Wales, replacing the previous concrete sound walls. The Group continues to seek opportunities to provide innovative packaging solutions to customers in adjacent markets looking to modernise their products.

Resilience
The Group's long-term strategy is underpinned by maintaining resilience in the Group's earnings. The three key focus areas going forward are:

- Rationalisation
- Simplification
- Productivity

In FY15, the Group will focus on cost reduction through business rationalisation and production consolidation which will include optimising its manufacturing footprint across its Australian and International operations. The Group will also be reviewing areas of the business that can benefit from simplification. This includes its manufacturing technology, IT platform and shared business services.

The Group's business model involves servicing a large number of customers many of whom have multiple contracts covering a variety of products in various geographies. During any financial year there are numerous customer wins and losses, new business wins, volume increases and reductions, some of which may involve a positive or negative margin impact. This continual change is constantly managed by the Company with the aim to seek to improve overall, and avoid a material adverse impact on, financial performance.

The Company values its relationship with its customers however, as part of its disciplined approach, it will not enter into unsustainable contracts nor will it look to retain or win volume at any price. The Company considers such changes to be a normal part of its business and such customer, geographic and product diversity is, and will continue to be, sought to promote resilience.

Growth
The Group is focussed on driving organic growth within the business. These include ongoing investment in innovation, fostering strong licence agreements to secure new technologies for the Group's market, focussing on best-in-class customer service, and leveraging customer relationships for entry into new markets in Asia.

In Australia, the Group plans to leverage its leadership in innovation to increase sales to new and existing customers. Customers are increasingly demanding innovative packaging, labelling and performance features and the Group is well placed to benefit from these trends in customer preferences. The Group will also seek to penetrate areas of the packaging market where it is seeing substrate substitution.

In Asia in FY15, Pact expects to complete construction of a new manufacturing plant in Jakarta, Indonesia to supply personal care packaging to a multi-national customer. The Group has executed a joint venture heads of agreement for the manufacturing of high value-add proprietary closures in Thailand, providing a regional offering for its global customers and delivering innovative closure capability to the region.

Global customers seeking innovative, quality manufacturing providers, with acknowledged good manufacturing practice systems, offer a strong platform for future growth for the Group within the Asian market.

The Group is also focussed on delivering growth through acquisition. Pact has a long history of successfully acquiring and integrating businesses, acquiring 39 businesses since Pact's inception in 2002.

The Board takes a disciplined approach to evaluating acquisitions which must be value accretive and in the best interests of shareholders. Acquisitions generally should meet an aspirational 20% return on investment within three years and fall into three focus areas: adjacent and overlapping industries; those that provide geographical expansion; or those with potential to drive transformational change.

In respect to the Dynapack acquisition, the Board has undertaken a preliminary review of this acquisition opportunity and has some concern over the financial metrics of the proposed transaction in light of the criteria outlined above. The Board has therefore requested for further due diligence to occur.

In the Directors' opinion, any further disclosure of information would be likely to result in unreasonable prejudice to the Group.

6. Dividends

On 27 August 2014, the Directors determined to pay a final dividend of 9.5 cents per share partially franked to 65%.

The dividend is payable on 3 October 2014. The record date for entitlement to the dividend is 5 September 2014.

No dividends have been paid during the year ended 30 June 2014.

The Board's current intention is to pay out approximately 65% – 75% of the Company's net profit after tax attributable to shareholders in dividends.

The Board's current intention is to pay an interim dividend in respect of the half years ending 31 December and a final dividend in respect of the full years ending 30 June.

There is a Dividend Reinvestment Plan (DRP); however, the Directors have determined not to activate the DRP for the final dividend.

7. Other Events of Significance Relating to the Capital and Debt Structure

Significant events that occurred during the period in connection with the IPO are as follows:

(i) $648.8 million in cash was generated as a result of the share issue;

(ii) The Group repaid its existing US dollar denominated Term Loan B and Revolving Credit Facilities and closed out the associated cross currency interest rate swaps;

(iii) The Group entered into a new secured revolving credit facility with a syndicate of nine banks with available committed lines totalling A$590 million and NZ$180 million. As at 30 June 2014, the net debt of the Group was $565 million;

(iv) On 17 December 2013 the Group acquired 100% of the shares in Viscount Plastics (China) Pty Ltd, Asia Peak Pte Ltd, Ruffgar Holdings Pty Ltd, and the remaining 49% interest in Cinqplast Plastop Australia Pty Ltd; and

(v) Pact repaid the outstanding promissory note owed to the former holding company of the Group.

8. Significant Events After Balance Date

The Company made an ASX announcement on 1 August 2014 that it had signed an agreement to acquire the Australian and New Zealand operations of Sulo MGB (Australia) Pty Ltd including its subsidiary Sulo (NZ) Ltd from Plastics Group Pty Ltd. The acquisition was completed on 8 August 2014.

Sulo is the leading manufacturer of plastic waste and recycling bins in Australia and New Zealand, with an unaudited turnover of approximately $48 million in the year ended 30 June 2014.

9. Risks

The Company recognises that risk is an inherent part of the business, and has established a Risk Management Framework to deal with such threats. Set out below is a selection of some of the key risks that could have a material impact on the future financial performance of the Group, including some which are industry specific:

- Competitor risks – The sectors in which Pact operates are subject to vigorous competition, based on factors including price, service, product selection and quality, manufacturing capability, innovation and the ability to provide the customer with an appropriate range of products and services in a timely manner. Any deterioration in the Group's competitive position may result in a decline in sales revenue and margins, which may have an adverse effect on the Group's future financial performance.
- Customer risks – Pact has strong relationships with key customers, which are fundamental to the success of the business. The loss of key customers can have a negative effect on the future financial performance of the Group.
- Growth through acquisitions – Pact has grown over time through the acquisition of a number of businesses and assets. Pact's growth has placed, and may continue to place, significant demands on management, information reporting systems and financial and internal control systems. Effective management of Pact's growth will be required on an ongoing basis. If this does not occur then there may be an adverse effect on the Group's future financial performance.
- Change in consumer preferences – Pact and its customers service end-user markets in the consumer sector (e.g. food, dairy, beverages, personal care and other household consumables) and the industrial sector (e.g. surface coatings, petrochemical, agriculture and chemicals). Demand for Pact's products is impacted by various factors. Some examples include climate conditions, seasonality of foods and an increased focus in Australian and New Zealand supermarket chains on private brands. Any of these factors may materially reduce demand for Pact's products which could have an adverse effect on the Group's future financial performance.
- Foreign exchange movements – Pact's financial reports are prepared in Australian dollars. However, a substantial proportion of Pact's sales revenue, expenditures and cashflows are generated in, and assets and liabilities are denominated in, New Zealand dollars. Pact is also exposed to a range of other currencies including the US dollar, China's yuan, the Philippines peso and the Thai baht in relation to Pact's business operations. Any depreciation of the Australian dollar would have an adverse effect on the Group's future financial performance.
- Relationships with key suppliers – Pact relies on various procurement relationships for the supply of raw materials. Risks include the availability and price of raw materials, input costs such as freight and electricity, and future consolidation in industry sectors which could result in a decrease in the number of suppliers or a decrease in the number of alternative supply sources available to Pact. Further Pact may not always be able to pass on changes in input prices to its customers. Any of these factors may have an adverse effect on the Group's future financial performance.
- People retention – The success of Pact depends to a significant extent on the ability and performance of key personnel, in particular senior management. This includes both the ability to retain key personnel, and attract high calibre individuals to the business. Unexpected or unplanned loss of key personnel or the inability to recruit and retain high calibre individuals may adversely affect the Group's future financial performance.
- Regulatory matters – Pact is required to comply with a range of laws and regulations. Regulatory areas of particular significance to Pact include employment, occupational health and safety, property and environment, customs and international trade, competition and taxation. Pact announced to the ASX on 7 August 2014 that laws applying to the formation of a new tax consolidation group are subject to various proposed changes by the Federal Government at the time of delivering its federal budget in May 2013. Depending on the final form of the proposed changes they could have a one-off negative impact on Pact's financial performance.

10. Environmental Regulation

The Group has a strong commitment to sustainability and minimising the environmental impacts of its operations in all regions in which it operates.

In respect to its Australian and New Zealand operations, the Group operates under a Corporate Environmental Management System (EMS) aligned with ISO 14001 and under an Environmental Policy. The EMS is fundamental to achieving compliance with environmental regulations in all jurisdictions in which the Group operates and is implemented at all of its sites.

Where applicable, licences and consents are in place in respect of each Group site. An interactive database is used to ensure compliance and completion of all required actions occurs.

On occasion, the Group receives notices from relevant authorities pursuant to local environmental legislation and in relation to the Group's environmental licences and consents. The Group takes all notices seriously, conducting a thorough investigation into the cause and ensuring that there is no re-occurrence. The Group endeavours to work with appropriate authorities to address any requirements and to proactively manage any obligations.

It is intended to roll out similar environmental practices and compliance procedures for the Group's Asian operations within the next twelve months.

Specifically in relation to Australia, Pact is subject to the reporting and compliance requirements of both the *Energy Efficiency Opportunities Act 2006* (Cth) and the *National Greenhouse and Energy Reporting Act 2007* (Cth).

The *Energy Efficiency Opportunities Act 2006* requires Pact to assess energy usage, including the identification, investigation and evaluation of energy saving opportunities, and to report publicly on the assessments undertaken within the Group. As required under this Act, Pact has submitted all annual reports and Government reports as required, and also submitted its Assessment Plan for the second cycle.

The National Greenhouse and Energy Reporting Act requires Pact to report its annual greenhouse gas emissions and energy use. Pact has submitted all annual reports, and is due to submit its next report by 31 October 2014.

11. Share Options and Rights

The Company does not have any options or rights over issued or unissued shares on issue.

12. Indemnification and Insurance of Officers

The Company's Constitution requires the Company to indemnify current and former Directors, alternate Directors, executive officers and such other officers of the Company as the Board determines on a full indemnity basis and to the full extent permitted by law against all liabilities incurred as an officer of the Group. Further, the Company's Constitution permits the Company to maintain and pay insurance premiums for Director and officer liability insurance, to the extent permitted by law.

Consistent with (and in addition to) the provisions in the Company's Constitution outlined above, the Company has also entered into deeds of access, indemnity and insurance with all Directors of the Company and the Company Secretary which provide indemnities against losses incurred in their role as Directors or Company Secretary, subject to certain exclusions, including to the extent that such indemnity is prohibited by the Corporations Act or any other applicable law. The deeds stipulate that the Company will meet the full amount of any such liabilities, costs and expenses (including legal fees).

During the financial year the Company paid insurance premiums for a Directors and Officers liability insurance contract that provides cover for the current and former Directors, alternate Directors, secretaries, executive officers and officers of the Group. The Directors have not included details of the nature of the liabilities covered in this contract or the amount of the premium paid, as disclosure is prohibited under the terms of the contract.

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Pursuant to the terms of the Company's standard engagement letter with Ernst & Young (EY), it indemnifies EY against all claims by third parties and resulting liabilities, losses, damages, costs and expenses (including reasonable legal costs) arising out of, or relating to, the services provided by EY or a breach of the engagement letter. The indemnity does not apply in respect of any matters finally determined to have resulted from EY's negligent, wrongful or wilful acts or omissions nor to the extent prohibited by applicable law including the *Corporations Act 2001*.

13. Proceedings on Behalf of the Company

No person has applied to the court under section 237 of the Corporations Act for leave to bring proceedings on the behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Company with the leave of the court under section 237 of the Corporations Act.

14. Non-audit Services

The Company may decide to engage EY on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Group is important.

Details of the amounts paid or payable to EY for non-audit services provided in respect of the Group during the year are as follows:

	($'000's)
Tax services	178
Other assurance related services	78
Other services relating to the IPO	2,932
Total	**3,188**

The Board has considered the position and, in accordance with the advice received from the Audit, Business Risk and Compliance Committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*.

The Directors are satisfied that the provision of non-audit services by EY, given the amounts paid and the type of work undertaken, did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- All non-audit services have been reviewed by the Audit, Business Risk and Compliance Committee to ensure they do not impact the impartiality and objectivity of the auditor; and
- None of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, including reviewing or auditing the auditors own work, acting in a management or decision-making capacity for the Group, acting as advocate for the Group or jointly sharing economic risk and rewards.

15. Remuneration Report (audited)

This Remuneration Report for the year ended 30 June 2014 outlines the remuneration arrangements of the Company and the Group in accordance with the requirements of the *Corporations Act 2001* (the Act) and its regulations. This information has been audited as required by section 308(3C) of the Act.

The remuneration report is presented under the following sections:

1. Introduction
2. Remuneration governance
3. Executive remuneration arrangements
   (i) Remuneration principles and strategy
   (ii) Approach to setting remuneration
   (iii) Details of incentive plans
4. Executive remuneration outcomes for 2014 (including linkage to performance)
5. Executive KMP contracts
6. Non-Executive Directors' remuneration arrangements
7. Equity holdings of KMP
8. Related party transactions

1. Introduction

The Remuneration Report details the remuneration arrangements for key management personnel (KMP) who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company and the Group, directly or indirectly, including any Director (whether executive or otherwise) of the Company.

For the purposes of this report, the term KMP includes all Directors of the Board (both executive and non-executive) and the Chief Financial Officer (CFO) of the Company and the Group.

(i) Non-Executive Directors (NEDs)	
Raphael Geminder Chairman (non-executive)	
Lyndsey Cattermole AM (non-executive)	Appointed 26 November 2013
Tony Hodgson AM (non-executive)	Appointed 26 November 2013
Peter Margin (non-executive)	Appointed 26 November 2013
Jonathan Ling (non-executive)	Appointed 28 April 2014

(ii) Managing Director	
Brian Cridland (Chief Executive Officer)	Appointed 26 November 2013

(iii) Other KMP
Darren Brown (Chief Financial Officer)

There have been no other changes to KMP after the reporting date and before the date the financial report was authorised for issue.

2. Remuneration Governance

(i) Nomination and Remuneration Committee
The Nomination and Remuneration Committee (Committee) comprises four NEDs.

The responsibilities of the Committee which have a focus on remuneration include:

- Review and recommend to the Board appropriate remuneration policies and arrangements including incentive plans for the Chief Executive Officer (CEO) and Senior Executives & Managers;
- Review and approve short term incentive plans, performance targets and bonus payments;
- Review the performance of the CEO;
- Review the Senior Executives' performance assessment processes to ensure they are structured and operate in a manner to realise the business strategy; and
- Review and recommend to the Board remuneration arrangements for the Chairman and NEDs.

The Committee will meet as often as the Committee members deem necessary to fulfil the Committee's obligations, and it is intended they will meet no less than three times a year. A copy of the Committee's charter is available at www.pactgroup.com.au.

(ii) Use of remuneration consultants
To ensure the Committee is fully informed when making remuneration decisions, it may seek external remuneration advice. During the financial year for the period subsequent to the Company being listed on the ASX ('IPO') on 17 December 2013, the Committee has not sought any remuneration recommendations relating to KMP. In the event the Committee does seek remuneration advice which would require the engagement of a consultant to follow the requirements prescribed in the Act, the Committee has resolved to adopt a process which will comply with the Act to ensure any remuneration recommendation would be free from undue influence by the KMP to whom the recommendation relates.

The decision on engagement of a remuneration consultant would be made by the Committee or the Board. Communication, contractual engagement and briefing of the consultant will be done by the Committee Chair. The consultant will provide the remuneration recommendation directly to the Committee Chair. If the Committee decides that the remuneration recommendation should be shared with management it can then be provided through the Committee Chair. The annual financial report would contain the relevant disclosures required by the Act relating to the appointment of a remuneration consultant.

3. Executive Remuneration Arrangements

(i) Remuneration principles and strategy
Pact's executive remuneration strategy is designed to attract, retain, reward and motivate high performing individuals so as to achieve the objectives of the Company, in alignment with the interests of the Company and its shareholders.

The following table illustrates how the Company's remuneration strategy aligns with its strategic direction and links remuneration outcomes to performance. The table also illustrates how the Short Term Incentive (STI) component is linked to the performance of both financial and non-financial measures.

Directors' Report

Remuneration strategy	
Attract, retain, reward and motivate high performing individuals	**Align remuneration with the interests of shareholders**
The remuneration arrangements are based on performance and experience, and are competitive for companies of a similar size and nature	The remuneration framework includes an STI component, which motivates and rewards management for the achievement of performance measures Performance is assessed against financial measures for all participants in the STI program. The CEO and Senior "Functional" Executives & Managers also have various non-financial measures These measures are a key driver in the achievement of business objectives and the on going success of the Group

CEO and Senior Executives & Managers		
Remuneration component	**Purpose**	**Link to performance measure**
Fixed remuneration Comprises base salary, company superannuation contributions and other fixed remuneration benefits	To provide competitive fixed remuneration to attract high calibre executives with the right mix of experience, qualifications and industry expertise	Group financial achievements and individual performance are considered during annual remuneration reviews
STI and discretionary bonuses Paid in cash	To reward executives for their role in the achievement of Group financial performance measures, their own individual performance targets, and for performance in relation to specific projects.	Group EBITDA as the key financial measure is assessed against budget on a quarterly basis. Non-financial measures are assessed on a semi annual basis

The Committee has recognised the need to review the current incentive arrangements adopted by the Group. As part of this review, consideration will be given to the optimal arrangements to ensure KMP performance is linked to the Group's financial outcomes, which aim to drive growth in shareholder wealth. A process has commenced to engage a remuneration consultant for this purpose. It is the intention of the Committee that this review will be completed and relevant recommendations considered and implemented for FY16 if considered appropriate. It is proposed that consultation may occur with key stakeholders as part of this process.

(ii) Approach to setting remuneration

In FY14, the executive remuneration framework consisted of a mix of both fixed remuneration and short term incentives for Executive KMP as outlined in the table below.

Executive KMP remuneration component at target	%
Fixed remuneration	74%
Short term incentives	26%
Total	100%

The percentages in this table are based on a split of fixed remuneration and short term incentives for achieving 100% of EBITDA target, and excludes discretionary bonuses and retention awards which are referred to in Executive KMP contracts (in section 5).

Target remuneration is calculated as follows:

- Fixed remuneration plus STI at target remuneration = Total Target
- Fixed remuneration at target divided by Total Target = 74% of remuneration
- STI remuneration at target divided by Total Target = 26% of remuneration

The Group aims to reward executives with a level and mix of remuneration appropriate to their position, responsibilities and performance within the Group and aligned with market.

Remuneration levels are considered annually through a remuneration review that considers market data, insights into remuneration trends, the performance of the Group and individual, and the broader economic environment.

(iii) Detail of incentive plans

(a) KMP

The CEO and CFO have maximum STI excluding discretionary bonuses of 50% of their fixed remuneration if they achieve 110% of their stretch targets. Both the CEO and CFO have achievement of Group EBITDA as a financial performance measure as part of their STI plans. The CEO also has a number of non-financial measures, as disclosed under Executive KMP contracts in section 5.

On an annual basis, after consideration of performance against KPI's, the Committee, in line with its responsibilities, approves the amount, if any, of the STI including discretionary bonuses to be paid to the CEO and the CFO. The Committee will seek recommendations from the CEO as appropriate when approving the STI of the CFO.

The CEO was paid a sign on bonus upon signing a new employment agreement. The CEO and CFO were paid a retention award on 30 June 2014, and are eligible for a further retention award to be paid at or around 1 July 2015 for remaining employed until 30 June 2015. These awards reflect the need to retain the executive KMP in the years immediately following the IPO, to ensure stability and manage the transition to a public company environment. Full details have been disclosed under Executive KMP contracts in section 5.

The NEDs do not have any incentive component as part of their remuneration arrangements.

(b) Senior Executives & Managers
The Group STI program for Senior Executives & Managers rewards a cash bonus of up to 40% of their annual base salary for the achievement of clearly defined targets. The Committee, in line with its responsibilities, approves the amount, if any, of the STI's to be paid to Senior Executives & Managers, seeking recommendations from the CEO as appropriate.

Senior 'Operational' Executives & Managers with direct profit and loss accountability are rewarded for their achievement of EBITDA targets.

Senior 'Functional' Executives & Managers whom do not have direct profit and loss responsibility are rewarded for the achievement of both Group EBITDA performance and other non-financial targets relevant to their functional areas of responsibility.

Examples of some of the non-financial components include:

- Improved workplace health & safety performance;
- Improved environmental performance;
- Implementation of Group performance improvement programs;
- Implementation of significant capital expenditure programs;
- Successful implementation of business reorganisation programs; and
- Successful integration of acquired businesses.

The STI program is predominantly focussed towards the achievement of EBITDA targets at all levels of the organisation. The STI program also provides for Senior Executives & Managers with functional responsibilities to be assessed on achievement of various non-financial measures. To the extent bonuses are earnt at the relevant measurement period, 50% of any bonus entitlement is withheld and only paid at year-end conditional on achievement of full year targets.

4. Executive Remuneration Outcomes for FY14 (Including Linkage to Performance)

(i) Performance against targets – Executive KMP and Senior Executives & Managers
The table below outlines the Group's EBITDA performance for the year ended 30 June 2014. Historical information is not shown, as the Group only existed in its current structure following the IPO.

The table also illustrates the performance outcome against the EBITDA target for Executive KMP and Senior Executives & Managers.

Performance measure	Target applicable to	Actual ($m)	% Achieved
EBITDA before significant items	Group	198.2	101%

(ii) STI Outcomes – Executive KMP
The table below outlines the STI outcomes for Executive KMP for FY14.

Executive KMP	Proportion of maximum STI earned in FY14	Proportion of maximum STI forfeited in FY14
Mr Brian Cridland (CEO)	80%	20%
Mr Darren Brown (CFO)	80%	20%

Directors' Report

Table 1: Executive KMP remuneration for the year ended 30 June 2014[1]

	Short term benefits				Post employment benefits	Long term benefits	
	Salary & fees	Cash bonus	Non monetary benefits[2]	Other benefits[3]	Superannuation	Long service leave	Total
	$	$	$	$	$	$	$
CEO Mr Brian Cridland	911,681	1,931,271[4]	41,780	1,256	84,330	23,957	**2,994,275**
CFO Mr Darren Brown	475,195	1,244,624[4]	19,790	27,145	39,984	10,221	**1,816,959**
Total Executive KMP remuneration	**1,386,876**	**3,175,895**	**61,570**	**28,401**	**124,314**	**34,178**	**4,811,234**

[1] No comparative has been disclosed for Executive KMP remuneration in FY13. In accordance with section 300A of the Act, no comparative information is required in the first period of reporting on a specific individual.

[2] Non monetary benefits includes motor vehicle lease payments made by the Company on behalf of Mr Cridland, and FBT payments made by the Company on behalf of Mr Cridland and Mr Brown.

[3] Other benefits include the movement in the annual leave provision for the period for Mr Cridland and Mr Brown, and a car allowance paid to Mr Brown.

[4] In addition to the contracted amounts identified below the CEO and CFO were paid discretionary bonuses of $66,600 and $56,000 respectively in relation to performance on other measures and projects.

5. Executive KMP Contracts

Remuneration arrangements for Executive KMP are formalised in employment agreements.

The following outlines the key details of contracts relating to Executive KMP:

(i) Chief Executive Officer (CEO)
The CEO, Mr Brian Cridland, is employed under an agreement which is fixed for two years and will automatically terminate on 10 October 2015 unless, the Company in its sole discretion and on one month's notice extends the term by an additional year. As such there is no notice period for termination prior to the expiry of the term. Under the terms of his present contract as disclosed in the Prospectus dated 27 November 2013, Mr Cridland's remuneration package contains the following components:

- The CEO receives fixed remuneration of $996,011 per annum including base salary of $911,681.
- The CEO is entitled to an incentive of up to 50% of his base salary if he achieves 110% of the target levels. Lower percentages (40% and 10%) are payable if 100% of, or 95% of, the target, respectively, are achieved.
- The CEO has a financial performance measure based on the achievement of Group EBITDA. The CEO also has a number of non-financial performance measures, including but not limited to successful integration of acquired businesses, executing and delivering on business strategy, providing leadership to the business, working capital management and improved workplace health & safety performance.
- The CEO was paid a sign on bonus of $500,000 within five days of him signing the employment agreement, and was paid a discretionary bonus of $500,000 on 31 December 2013 in relation to the successful IPO of the Company.

- The CEO was paid a retention award, on 30 June 2014 of $500,000 for remaining employed to 30 June 2014. He will be eligible for a further $500,000 to be paid on or around 1 July 2015 for remaining employed to 30 June 2015.
- In the event a redundancy occurs, the CEO is entitled to receive a redundancy payment of 3 weeks for every year of service which is capped at 52 weeks. If the CEO is terminated without cause he is entitled to receive a payment equivalent to what he would have received if the agreement had not been terminated. The Company is not required to make any payment of a benefit which is not permitted by Part 2D.2, Division 2 or Chapter 2E of the Corporations Act in the absence of shareholder approval or the ASX Listing Rules. The Company must use its reasonable endeavours to try and obtain shareholder approval, if required.

(ii) Chief Financial Officer (CFO)
The CFO, Mr. Darren Brown, is employed under an agreement which is fixed for two years and will automatically terminate on 16 October 2015.

Under the terms of his present contract:

- The CFO receives fixed remuneration of $550,219 per annum, including base salary of $471,560.
- The CFO is entitled to an incentive of up to 50% of his base salary if he achieves 110% of the target levels based on the achievement of Group EBITDA performance. Lower percentages (40% and 10%) are payable if 100% of, or 95% of, the target, respectively, are achieved.
- The CFO was paid a discretionary bonus of $500,000 on 31 December 2013 in relation to the successful IPO of the Company.
- The CFO was paid a retention award, on 30 June 2014 of $500,000 for remaining employed to 30 June 2014. He will be eligible for a further $500,000 to be paid on or around 1 July 2015 for remaining employed to 30 June 2015.
- In the event a redundancy occurs, the CFO is entitled to receive a redundancy payment of 3 weeks for every year of service which is capped at 60 weeks. If the CFO is terminated without cause he is entitled to receive a payment equivalent to what he would have received if the agreement had not been terminated. The Company is not required to make any payment of benefit which is not permitted by Part 2D.2, Division 2 or Chapter 2E of the Corporations Act in the absence of shareholder approval or the ASX Listing Rules. The Company must use its reasonable endeavours to try and obtain shareholder approval, if required.

6. Non-Executive Directors' Remuneration Arrangements

(i) Remuneration policy
The Committee seeks to set aggregate remuneration at a level that provides the Company with the ability to attract and retain Directors of the highest calibre, whilst incurring a cost that is acceptable to shareholders.

The amount of aggregate remuneration sought to be approved by shareholders and the fee structure is reviewed annually against fees paid to NEDs of comparable companies (typically S&P ASX 200 listed companies with market capitalisation of 50% to 200% of the Company as well as similar sized industry comparators). The Board may consider general advice from external consultants when undertaking the annual review process.

The Company's Constitution and the ASX Listing Rules specify that the NED fee pool shall be determined from time to time by a general meeting. As disclosed in the Prospectus on 27 November 2013, the total amount paid to NEDs must not exceed a fixed sum of $1,000,000 per financial year in aggregate. Raphael Geminder does not receive a fee for his position as Chairman and a NED of the Company.

Directors' Report

(ii) Structure

The remuneration of NEDs consists of Directors' fees and committee fees. The payment of additional fees for serving on a committee or being the Chair of a committee recognises the additional time commitment required by NEDs who serve on committees.

The table below summarises the NED fees for FY14:

Responsibility	Fees $
Board fees	
Directors	110,000
Audit, Business Risk & Compliance Committee	
Chair	30,000
Member	7,500
Nomination & Remuneration Committee	
Chair	20,000
Member	7,500

All NED fees are inclusive of 9.25% of superannuation. NEDs do not participate in any incentive programs.

The remuneration of NEDs for the year ended 30 June 2014 is detailed in the following table.

	Short term benefits	Post employment benefits	
	Fees	Superannuation	Total
	$	$	$
Ms Lyndsey Cattermole	68,023	6,292	74,315
Mr Raphael Geminder	-	-	-
Mr Tony Hodgson	76,186	7,047	83,233
Mr Jonathan Ling	18,858	1,744	20,602
Mr Peter Margin	74,825	6,921	81,746
Total Non-Executive KMP remuneration	**237,892**	**22,004**	**259,896**

No comparative has been disclosed for NED remuneration in FY13. In accordance with section 300A of the Act, no comparative information is required in the first period of reporting on a specific individual.

7. Equity Holdings of KMP

During the year entities associated with Mr Raphael Geminder acquired 117,036,544 shares in the Company. For all other KMP appointed as Directors during the year, there has been no movement in the shares that they have held since the date of listing.

8. Related Party Transactions

The Group has entered into some property leases with related parties. For those leases where there are terms and conditions that are not at arm's length, those terms and conditions have been shown below:

The Group leased 21 properties (18 in Australia and 3 in New Zealand) from Centralbridge Pty Ltd (as trustee for the Centralbridge Unit Trust), Centralbridge Two Pty Ltd, Centralbridge (NZ) Limited and Albury Property Holdings Pty Ltd ("Centralbridge Entities"), which are each controlled by entities associated with Raphael Geminder (the Non-Executive Chairman of Pact) and are therefore related parties of the Group ("Centralbridge Leases"). The rent payable under these leases was determined based on independent valuations and market conditions at the time the leases were entered into.

Directors’ Report

As at 30 June 2014, 5 of the Australian properties had been unconditionally sold by the Centralbridge Entities to third parties, these sales settled during July 2014.

Following the settlement of the property sales, the Group leases 16 properties (13 in Australia and 3 in New Zealand) from the Centralbridge Entities. Of the 13 Centralbridge Leases in Australia:

- Seven of the leases contain early termination rights in favour of the landlord to terminate the lease at the expiry of the 6th and 9th term;
- One of the leases contains early termination rights in favour of the landlord to terminate the lease at the expiry of the 5th and 8th term;
- One of the leases contains early termination rights in favour of the landlord to terminate the lease at the expiry of the 8th term; and
- Two of the leases do not contain standard default provisions which give the landlord the right to terminate the lease in the event of default.

Except as set out above, the Centralbridge Leases in Australia are on arm’s length terms.

Of the Centralbridge Leases in New Zealand, three of the leases contain early termination rights in favour of the landlord to terminate the lease at the expiry of the 6th and 9th term. With the exception of the early termination right, the Centralbridge Leases in New Zealand are on terms which are not uncommon for leases of commercial premises.

All other related party transactions are on arm’s length terms, refer to note 24 of the Financial Report for further details.

16. 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 at page 64.

17. Rounding

The amounts contained in this report and in the financial report have been rounded to the nearest $1,000 (unless otherwise stated) under the option available to the Company under ASIC Class Order 98/0100. The Company is an entity to which the class order applies.

Signed in accordance with a resolution of the Board of Directors:

Raphael Geminder
Chairman

Brian Cridland
Managing Director and Chief Executive Officer

27 August 2014

Building a better
working world

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Auditor's Independence Declaration to the Directors of Pact Group Holdings Ltd

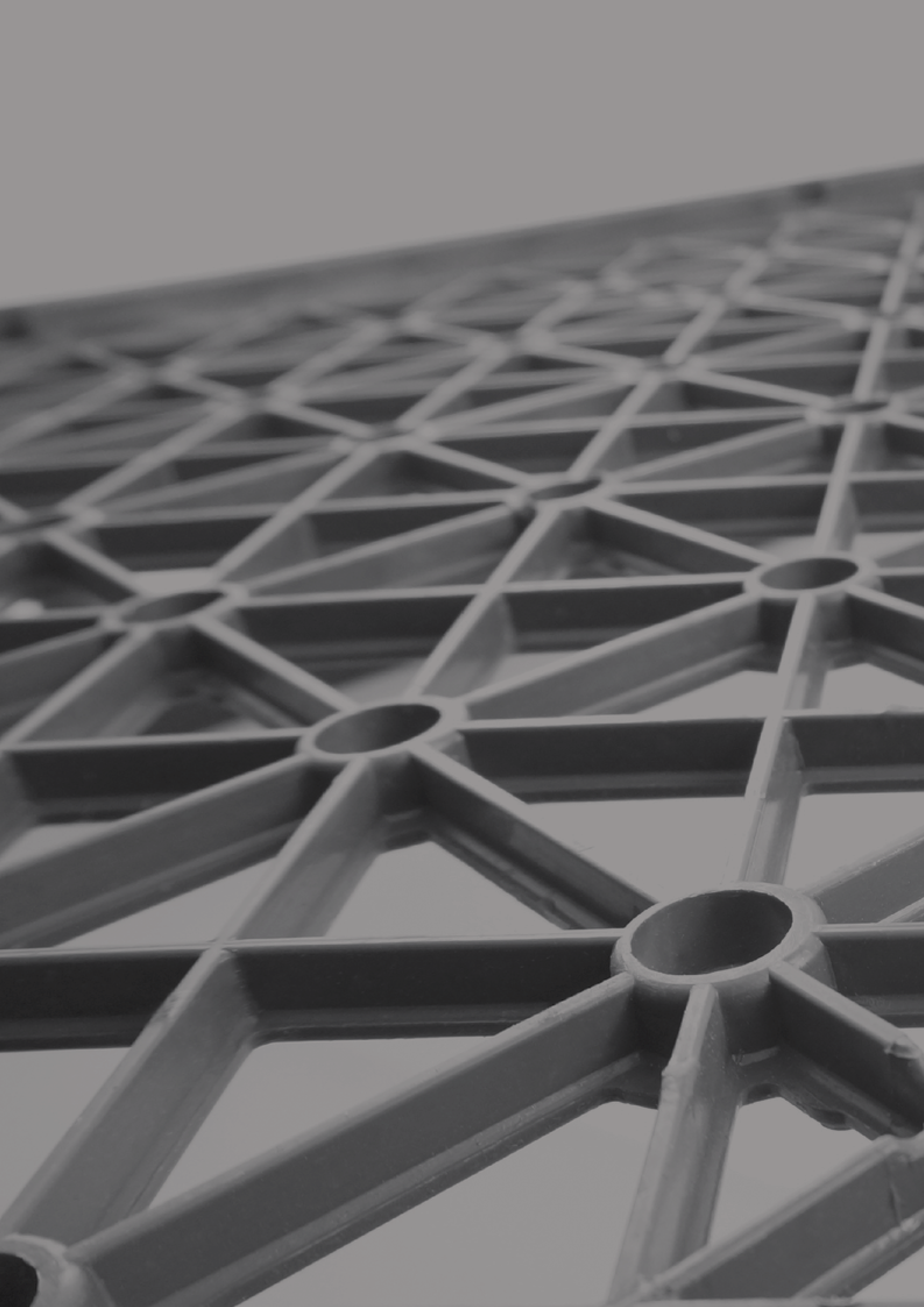
In relation to our audit of the financial report of Pact Group Holdings Ltd for the financial year ended 30 June 2014, to the best of our knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

Ernst & Young

Ernst & Young

Tim Wallace
Partner

27 August 2014



Financial Statements

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

	Notes	2014 $'000's	2013 $'000's
Sales revenue	3	**1,143,219**	**1,103,707**
Raw materials and consumables used		**(474,694)**	(444,820)
Employee benefits expense	3	**(287,752)**	(277,405)
Occupancy, repair and maintenance, administration and selling expenses		**(193,687)**	(194,822)
Interest & other income	3	**16,797**	13,482
Other gains / (losses)	3	**(26,716)**	4,814
Depreciation, amortisation and impairment	3	**(51,199)**	(57,079)
Finance costs expense	3	**(73,202)**	(95,429)
Share of profit in associates	10	**1,351**	786
Profit before income tax expense		**54,117**	**53,234**
Income tax benefit / (expense)	4	**3,680**	(7,964)
Profit for the period		**57,797**	**45,270**
Profit attributable to non-controlling interests		**(108)**	(145)
Profit attributable to equity holders of the parent entity	17	**57,689**	**45,125**
Other comprehensive income			
Items that will be reclassified subsequently to profit or loss			
Cash flow hedges gains / (losses) taken to equity		**(2,280)**	7,465
Foreign currency translation		**4,625**	12,626
Income tax on items in other comprehensive income		**686**	(2,273)
Other comprehensive income for the period, net of tax		**3,031**	17,818
Total comprehensive income for the period		**60,828**	**63,088**
Attributable to:			
Equity holders of the parent entity		**60,720**	62,943
Non-controlling interests		**108**	145
Total comprehensive income for the Group		**60,828**	**63,088**
Earnings per share		**$**	$
Basic/diluted earnings per share	29	**0.35**	**3,760,416**

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

Consolidated Statement of Financial Position
As at 30 June 2014

	Notes	2014 $'000's	2013 $'000's
CURRENT ASSETS			
Cash and cash equivalents	5	**25,603**	22,899
Trade and other receivables	6	**150,341**	253,205
Inventories	7	**115,211**	105,350
Other current financial assets	23	**403**	4,247
Prepayments	8	**7,844**	8,031
TOTAL CURRENT ASSETS		**299,402**	**393,732**
NON-CURRENT ASSETS			
Other receivables	6	**7**	522
Prepayments	8	**1,274**	-
Property, plant and equipment	9	**545,604**	492,770
Investments in associates and joint ventures	10	**4,087**	8,771
Intangible assets and goodwill	11	**327,127**	251,042
Other non-current financial assets	23	**-**	56,276
Deferred tax assets	4	**27,944**	25,155
TOTAL NON-CURRENT ASSETS		**906,043**	**834,536**
TOTAL ASSETS		**1,205,445**	**1,228,268**
CURRENT LIABILITIES			
Trade and other payables	12	**198,397**	164,560
Interest bearing loans and borrowings	14	**1,099**	7,475
Provisions	13	**46,456**	55,050
Other current financial liabilities	23	**1,342**	311
TOTAL CURRENT LIABILITIES		**247,294**	**227,396**
NON-CURRENT LIABILITIES			
Provisions	13	**26,201**	25,893
Interest bearing loans and borrowings	14	**589,847**	2,001,828
Other non-current financial liabilities	23	**-**	735
Deferred tax liabilities	4	**34,818**	49,171
TOTAL NON-CURRENT LIABILITIES		**650,866**	**2,077,627**
TOTAL LIABILITIES		**898,160**	**2,305,023**
NET ASSETS / (NET LIABILITIES)		**307,285**	**(1,076,755)**
EQUITY			
Contributed equity	15	**1,489,597**	180,000
Reserves	16	**(915,657)**	(932,303)
Retained earnings	17	**(266,906)**	(324,595)
Parent entity interest		**307,034**	**(1,076,898)**
Non-controlling interests		**251**	143
TOTAL EQUITY		**307,285**	**(1,076,755)**

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

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

	Attributable to equity holders of the Parent entity							
	Contributed equity	Common control reserve	Cash flow hedge reserve	Foreign currency translation reserve	Retained earnings[1]	Total	Non-controlling interest	Total equity
	$'000's	$'000's	$'000's	$'000's	$'000's	$'000's	$'000's	
Year ended 30 June 2014								
As at 1 July 2013	**180,000**	**(942,000)**	**964**	**8,733**	**(324,595)**	**(1,076,898)**	**143**	**(1,076,755)**
Profit for the period	-	-	-	-	57,689	57,689	108	57,797
Other comprehensive income/(loss)	-	-	(1,594)	4,625	-	3,031	-	3,031
Total comprehensive income	**-**	**-**	**(1,594)**	**4,625**	**57,689**	**60,720**	**108**	**60,828**
Issuance of share capital	1,327,643	-	-	-	-	1,327,643	-	1,327,643
Transaction costs taken to equity	(25,285)	-	-	-	-	(25,285)	-	(25,285)
Tax benefit on transaction costs	7,239	-	-	-	-	7,239	-	7,239
Acquisitions under common control	-	13,615	-	-	-	13,615	-	13,615
Dividends paid	-	-	-	-	-	-	-	-
Total equity transactions	**1,309,597**	**13,615**	**-**	**-**	**-**	**1,323,212**	**-**	**1,323,212**
As at 30 June 2014	**1,489,597**	**(928,385)**	**(630)**	**13,358**	**(266,906)**	**307,034**	**251**	**307,285**
Year ended 30 June 2013								
As at 1 July 2012	**180,000**	**(942,000)**	**(4,228)**	**(3,893)**	**114,444**	**(655,677)**	**98**	**(655,579)**
Profit for the period	-	-	-	-	45,125	45,125	145	45,270
Other comprehensive income	-	-	5,192	12,626	-	17,818	-	17,818
Total comprehensive income	**-**	**-**	**5,192**	**12,626**	**45,125**	**62,943**	**145**	**63,088**
Dividends paid	-	-	-	-	(484,164)	(484,164)	(100)	(484,264)
As at 30 June 2013	**180,000**	**(942,000)**	**964**	**8,733**	**(324,595)**	**(1,076,898)**	**143**	**(1,076,755)**

[1] Includes profits reserve of the parent entity.

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

Consolidated Statement of Cash Flows
For the year ended 30 June 2014

	Notes	2014 $'000's	2013 $'000's
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		**1,286,318**	1,220,085
Payments to suppliers and employees		**(1,109,717)**	(1,061,965)
Income tax paid		**(22,023)**	(27,543)
Interest received		**1,088**	118
Borrowing and other finance costs paid		**(65,953)**	(42,498)
Net cash flows from operating activities		**89,713**	**88,197**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		**(36,397)**	(43,810)
Proceeds on sale of property, plant and equipment		**1,555**	23,729
Dividends received		**1,125**	63
Proceeds on sale of businesses and subsidiaries	22	**-**	35,429
Purchase of shares in associates		**-**	(4,648)
Purchase of businesses and subsidiaries(1)	21	**(47,617)**	(104,313)
Net cash flows used in investing activities		**(81,334)**	**(93,550)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings net of borrowing costs		**674,752**	886,658
Repayment of borrowings		**(1,007,564)**	(374,819)
Repayment of promissory note		**(549,407)**	-
Proceeds from IPO		**648,800**	-
Issuance of shares		**255,000**	-
IPO transaction costs		**(24,204)**	-
Swap break costs		**(6,407)**	-
Payment of dividend		**-**	(484,264)
Repayment of related-entity subordinated loan		**-**	(1,184)
Net cash flows from / (used in) financing activities		**(9,030)**	**26,391**
Net increase/(decrease) in cash and cash equivalents		**(651)**	21,038
Cash and cash equivalents at beginning of year		**22,629**	1,359
Effect of exchange rate changes on cash and cash equivalents		**2,249**	232
Cash and cash equivalents at end of year	20	**24,227**	**22,629**

(1) Purchases of businesses and subsidiaries for the year ended 30 June 2014 includes a settlement of deferred consideration relating to an acquisition in the year ended 30 June 2013 of $1,193,000.

The Consolidated Statement of Cashflows should be read in conjunction with the accompanying notes.

Notes to the Full Year Consolidated Financial Report
For the year ended 30 June 2014

NOTE 1. CORPORATE INFORMATION

Pact Group Holdings Ltd ('Pact' or the 'Company') is a for-profit company limited by shares, incorporated and domiciled in Australia, whose shares are publicly traded. This consolidated Financial Report includes the financial statements of the Company and the entities it controlled at the end of, or during the year ended 30 June 2014 (the 'Group'), and was issued in accordance with a resolution of the Directors on 27 August 2014.

The parent of the Group is Pact Group Holdings Ltd. In the comparative period, the ultimate parent of the Group was Salvage Pty Ltd, as trustee for the Geminder Family Trust, incorporated in Australia.

Pact's primary activities relate to the conversion of plastic resin and steel into rigid plastics and metals packaging and related products for customers in the food, dairy, beverage, personal care, other household consumables, chemicals, agricultural, industrial and other sectors.

Pact also provides a range of sustainability, recycling and environmental services to assist its customers in reducing the environmental impact of their product packaging and related processes.

The Company's registered office is at Level 16, Como Towers, 644 Chapel Street, South Yarra, Victoria, Australia.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. The Financial Report has also been prepared on a historical cost basis, except for derivative financial instruments which have been measured at fair value, (refer to section (u)).

The consolidated entity is of a kind referred to in ASIC Class Order 98/0100 dated 10 July 1998 and in accordance with that Class Order, amounts in the consolidated financial report have been rounded off to the nearest $1,000, unless otherwise specifically stated.

(b) Statement of compliance

The financial report also complies with Australian Accounting Standards and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

(c) New Accounting Standards and Interpretations

Australian Accounting Standards and Interpretations that have recently been issued or amended are outlined below, of which some of these amendments apply for the first time in the year ended 30 June 2014. The Group has assessed whether there is a material impact on the consolidated Financial Report for the current financial year, and also whether there is a requirement to restate prior year comparatives. The outcomes of this assessment are described below.

▸ **Accounting Standards and Interpretations which have been issued and are effective**

AASB 10 Consolidated Financial Statements: AASB 10 establishes a new control model that applies to all entities. It replaces parts of AASB 127 *Consolidated and Separate Financial Statements* dealing with the accounting for consolidated financial statements and UIG-112 *Consolidation – Special Purpose Entities.*

The new control model broadens the situations when an entity is considered to be controlled by another entity and includes new guidance for applying the model to specific situations, including when acting as a manager may give control, the impact of potential voting rights and when holding less than a majority of voting rights may give control. Consequential amendments were also made to this and other standards via AASB 2011–7 and AASB 2012–10.

The application date of the standard was 1 January 2013 and was applied by the Group for the financial year commencing 1 July 2013. These amendments did not have a material impact on the Group.

Notes to the Full Year Consolidated Financial Report (continued)
For the year ended 30 June 2014

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

AASB 11 Joint Arrangements: AASB 11 replaces AASB 131 *Interests in Joint Ventures* and UIG-113 *Jointly-controlled Entities – Non-monetary Contributions by Venturers.*

AASB 11 uses the principle of control in AASB 10 to define joint control, and therefore the determination of whether joint control exists may change. In addition it removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation principles. Instead, accounting for a joint arrangement is dependent on the nature of the rights and obligations arising from the arrangement. Joint operations that give the venturers a right to the underlying assets and obligations themselves is accounted for by recognising the share of those assets and obligations. Joint ventures that give the venturers a right to the net assets is accounted for using the equity method.

Consequential amendments were also made to this and other standards via AASB 2011-7, AASB 2010-10 and amendments to AASB 128.

The application date of the standard was 1 January 2013 and was applied by the Group for the financial year commencing 1 July 2013. The Group has historically used the equity method to account for joint ventures, so overall there was no impact from these amendments.

AASB 12 Disclosure of Interests in Other Entities: AASB 12 includes all disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. New disclosures have been introduced about the judgements made by management to determine whether control exists, and to require summarised information about joint arrangements, associates, structured entities and subsidiaries with non-controlling interests.

The application date of the standard was 1 January 2013 and was applied by the Group for the financial year commencing 1 July 2013. These amendments did not have a significant impact on the Group.

AASB 13 Fair Value Measurement: AASB 13 establishes a single source of guidance for determining the fair value of assets and liabilities. AASB 13 does not change when an entity is required to use fair value, but rather, provides guidance on how to determine fair value when fair value is required or permitted. Application of this definition may result in different fair values being determined for the relevant assets.

AASB 13 also expands the disclosure requirements for all assets or liabilities carried at fair value. This includes information about the assumptions made and the qualitative impact of those assumptions on the fair value determined.

Consequential amendments were also made to other standards via AASB 2011-8. The application date of the standard was 1 January 2013 and was applied by the Group for the financial year commencing 1 July 2013.

AASB 119 Employee Benefits: The main change introduced by this standard is to revise the accounting for defined benefit plans. The amendment removes the option for accounting for the liability, and requires that the liability arising from such plans to be recognised in full whereby actuarial gains and losses are reported within other comprehensive income. It also revised the method of calculating the return on plan assets.

The revised standard also changes the definition of short-term employee benefits. The distinction between short-term and other long-term employee benefits is now based on whether the benefits are expected to be settled wholly within 12 months of reporting date.

Notes to the Full Year Consolidated Financial Report (continued)
For the year ended 30 June 2014

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Consequential amendments were also made to other standards through AASB 2011-10. The application date of the standard was 1 January 2013 and was applied by the Group for the financial year commencing 1 July 2013. These amendments did not have a material impact on the Group as there were no defined benefit funds and the revisions to definition of short term employee did not give rise to a material difference.

AASB 2011-4 Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements: This amendment deletes from AASB 124 *Related parties disclosure* individual key management personnel (KMP) disclosure requirements for disclosing entities that are not companies. It also removes the individual KMP disclosure requirements for all disclosing entities in relation to equity holdings, loans and other related party transactions.

The application date of the standard was 1 July 2013 and was applied by the Group on the same date. These amendments did not have a material impact on the Group.

AASB 2012-2 Amendments to Australian Accounting Standards – Offsetting Financial Assets and Liabilities: Principally amends AASB 7 *Financial Instruments: Disclosures* to require disclosure of the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position, when all the offsetting criteria of AASB 132 are not met.

The application date of the amendment was 1 January 2013 and was applied by the Group for the financial year commencing 1 July 2013. These amendments did not have a material impact on the Group.

AASB 2013-3 Amendments to AASB 136 – Recoverable Amount Disclosures for Non Financial Assets: AASB 2013-3 amends the disclosure requirements in AASB 136 *Impairment of Assets*. The amendments include the requirement to disclose additional information about the fair value measurement when the recoverable amount of impaired assets is based on fair value less costs of disposal.

The application date of the standard is 1 January 2014. The Group has early adopted this change in Accounting Standards commencing 1 July 2013. These amendments did not have a material impact on the Group. Pact has adopted the value in use approach under AASB 136.

▸ Accounting Standards and Interpretations which have been issued but not yet effective

AASB 1031 Materiality: The revised AASB 1031 is an interim standard that cross-references to other Accounting Standards and the Framework (issued December 2013) that contain guidance on materiality. AASB 1031 will be withdrawn when references to AASB 1031 in all other Accounting Standards and Interpretations have been removed.

The application date of the standard is 1 January 2014 and will be applied by the Group for the financial year commencing 1 July 2014. These amendments are not expected to have a material impact on the Group.

AASB 9 Financial Instruments: On 24 July 2014, the IASB issued the final version of IFRS 9 which replaces IAS 39 and includes a logical model for classification and measurement, a single, forward-looking 'expected loss' impairment model and a substantially-reformed approach to hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018. However, the Accounting Standard is available for early application. The 'own credit' changes can be early applied in isolation without otherwise changing the accounting for financial instruments.

The final version of IFRS 9 introduces a new 'expected-loss' impairment model that will require more timely recognition of expected credit losses. Specifically, the new Accounting Standard requires entities to account for expected credit losses from when financial instruments are first recognised and to recognise full lifetime expected losses on a more timely basis.

Notes to the Full Year Consolidated Financial Report (continued)
For the year ended 30 June 2014

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The AASB is yet to issue the final version of AASB 9. A revised version of AASB 9 (AASB 2013-9) was issued in December 2013 which included the new hedge accounting requirements, including changes to hedge effectiveness testing, treatment of hedging costs, risk components that can be hedged and disclosures.

AASB 9 includes requirements for a simplified approach for classification and measurement of financial assets compared with the requirements of AASB 139.

The main changes are described below.
(a) Financial assets that are debt instruments will be classified based on (1) the objective of the entity's business model for managing the financial assets; and (2) the characteristics of the contractual cash flows.
(b) Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument.
(c) Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases.
(d) Where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows:
   – The change attributable to changes in credit risk are presented in other comprehensive income; and
   – The remaining change is presented in profit or loss.

AASB 9 also removes the volatility in profit or loss that was caused by changes in the credit risk of liabilities elected to be measured at fair value. This change in accounting means that gains caused by the deterioration of an entity's own credit risk on such liabilities are no longer recognised in profit or loss.

Consequential amendments were also made to other standards as a result of AASB 9, introduced by AASB 2009-11 and superseded by AASB 2010-7, AASB 2010-10 and AASB 2014-1 – Part E.

These amendments are not expected to have a material impact on the Group.

AASB 2012–3 Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities: AASB 2012-3 adds application guidance to AASB 132 *Financial Instruments: Presentation* to address inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of "currently has a legally enforceable right of set-off" and that some gross settlement systems may be considered equivalent to net settlement.

The application date of the standard is 1 January 2014 and will be applied by the Group commencing 1 July 2014. These amendments are not expected to have a material impact on the Group.

Amendments to IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation: IAS 16 and IAS 38 both establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset. The IASB has clarified that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The IASB also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption, however, can be rebutted in certain limited circumstances.

The application date of the amendment is 1 January 2016 and will be applied by the Group commencing 1 July 2016. These amendments are not expected to have a material impact on the Group.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

IFRS 15 Revenue from Contracts with Customers: IFRS 15 establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers.

IFRS 15 supersedes:
(a) IAS 11 Construction Contracts;
(b) IAS 18 Revenue;
(c) IFRIC 13 Customer Loyalty Programmes;
(d) IFRIC 15 Agreements for the Construction of Real Estate;
(e) IFRIC 18 Transfers of Assets from Customers (f) SIC-31 Revenue—Barter Transactions Involving Advertising Services; and
(f) SIC-31 Revenue—Barter Transactions Involving Advertising Services

The core principle of IFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with this core principle by applying the following steps:

Step 1: Identify the contract(s) with a customer;
Step 2: Identify the performance obligations in the contract;
Step 3: Determine the transaction price;
Step 4: Allocate the transaction price to the performance obligations in the contract; and
Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

The application date of the amendment is 1 January 2017 and will be applied by the Group commencing 1 July 2017. Management is currently assessing the impact of IFRS 15.

(d) Basis of consolidation

The consolidated financial statements comprise the financial statements of Pact Group Holdings Ltd and its controlled entities as specified in note 25. Interests in associates are equity accounted (refer to note 2(y) below).

Controlled entities are all those entities over which the Group has the power to govern the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

The financial reports of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. In preparing the consolidated Financial Report, all intercompany balances, transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full.

Controlled entities are fully consolidated from the date on which control is obtained by the Group and cease to be consolidated from the date on which control is transferred out of the Group.

Notes to the Full Year Consolidated Financial Report (continued)
For the year ended 30 June 2014

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Business combinations
The acquisition method of accounting is used to account for all business combinations regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given, shares issued or liabilities incurred or assumed at the date of exchange. Acquisition related costs are expensed as incurred. Where equity instruments are issued in a business combination, the fair value of the instruments is their published market price as at the date of exchange. Transaction costs arising on the issue of equity instruments are recognised directly in equity.

The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects whether it measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquirees identifiable net assets. However, acquisitions occurring while under common control are accounted at the carrying amount of assets and liabilities of the acquiree immediately before control over the acquiree is obtained. Any difference between the fair value of consideration paid and the fair value net identifiable assets acquired is recognised in reserves.

Except for non-current assets or disposal groups classified as held for sale (which are measured at fair value less costs to sell), all identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the cost of the business combination over the net fair value of the Group's share of the identifiable net assets acquired is recognised as goodwill. If the cost of acquisition is less than the Group's share of the net fair value of the identifiable net assets of the subsidiary, the difference is recognised as a gain in the income statement, but only after a reassessment of the identification and measurement of the net assets acquired. Where settlement of any part of the consideration is deferred, the amounts payable in the future are discounted to their present value. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

(f) Significant accounting judgements, estimates and assumptions
Management has identified the following critical accounting policies for which significant judgements, estimates and assumptions are made. Actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods. Further details of the nature of these assumptions and conditions may be found in the relevant notes to the Financial Report.

▸ Significant accounting judgements
In the process of applying the Group's accounting policies, Management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the notes to the Financial Report:

(i) Taxation
The Group is subject to income taxes in Australia and foreign jurisdictions and as a result significant judgement is required in determining the Group's provision for income tax. Deferred tax assets, including those arising from un-recouped tax losses, capital losses and temporary differences, are recognised only where it is considered more likely that not that they will be recovered, based upon the timing and generation of sufficient future taxable profits.

Notes to the Full Year Consolidated Financial Report (continued)
For the year ended 30 June 2014

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assumptions about the generation of future taxable profits and repatriation of retained earnings depend on management's estimates of future cash flows. These depend on estimates of future production and sales volumes, operating costs, capital expenditure, dividends and other capital management transactions. Judgements are also required about the application of income tax legislation. These judgements and assumptions are subject to risk and uncertainty, hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets and deferred tax liabilities recognised on the Statement of Financial Position and the amount of other tax losses and temporary differences not yet recognised. In such circumstances, some or all of the carrying amounts of recognised deferred tax assets and liabilities may require adjustment, resulting in a corresponding credit or charge to the profit or loss, or other comprehensive income.

(ii) Impairment of non-financial assets other than goodwill

The Group assesses impairment of all assets at each reporting date by evaluating conditions specific to the Group and to the particular asset that may lead to impairment. These include product and manufacturing performance, technology, social, economic and political environments and future product expectations. If an impairment trigger exists the recoverable amount of the asset is assessed.

(iii) Impairment of net investment in associates

The Group applies AASB 139 Financial Instruments: Recognition and Measurement to determine whether there is an indicator that the Group's net investment in associates are impaired, after first applying equity accounting in accordance with AASB 128 Investments in Associates. The Group must apply judgement to determine whether there is objective evidence that one or more events have had an impact on the estimated future cash flows of its associates.

▶ Significant accounting estimates and assumptions

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

(i) Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the recoverable amount of cash-generating units, using a value in use discounted cash flow methodology, to which the goodwill is allocated. The assumptions used in this estimation of recoverable amount and the carrying amount of goodwill is discussed in note 2(m).

(ii) Make good provision on leased premises

A provision has been made for the present value of anticipated costs of future restoration of leased premises. The provision includes future cost estimates associated with dismantling, closure and decontamination. The calculation of this provision requires assumptions such as contractual obligations, application of environmental legislation, plant closure dates, available technologies and engineering cost estimates. These uncertainties may result in future actual expenditure differing from the amounts currently provided. The provision recognised for each site is periodically reviewed and updated based on the facts and circumstances available at the time. Changes to the estimated future costs for site exits are recognised in the Statement of Financial Position by adjusting both the expense and provision. The related carrying amounts are disclosed in note 13.

(iii) Estimation of useful lives of assets

The estimation of the useful lives of assets has been based on historical experience and lease terms (for assets under finance leases). In addition, the condition of the assets is assessed at least once per year and considered against the remaining useful life. Adjustments to useful lives are made when considered necessary. Depreciation charges are included in notes 3 and 9.

(iv) Business reorganisation

Business reorganisation provisions are only recognised when a detailed plan has been approved and the business reorganisation has either commenced or been publicly announced, or firm contracts relating to the business reorganisation have been entered into. Costs related to ongoing activities are not provided for.

Notes to the Full Year Consolidated Financial Report (continued)
For the year ended 30 June 2014

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(v) Business combinations
The consolidated Financial Report includes the information and results of each controlled entity from the date on which the Group obtains control until such time as the Group ceases to control such entity (refer note 2e).

The determination as to the existence of control or significant influence over an entity necessarily requires management judgement to assess the Group's ability to govern the financial and operating activities of an investee. In making such an assessment, a range of factors are considered including voting rights in an investee and Board and management representation.

A business acquisition also requires judgement with respect to the determination of the fair value of purchase consideration given and the fair value of identifiable net assets and liabilities acquired. Many of these assets and liabilities either given up or acquired are not normally traded in active markets, and thus management judgement is required in determining the fair values. Management judgement is also required in ascertaining the assets and liabilities which should be recognised, in particular with respect to intangible assets such as brand names, customer relationships, patents and trademarks and contingent liabilities.

(g) Revenue and other income
Revenue is recognised and measured at the fair value of the consideration received or receivable to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

(i) Sale of goods
Revenue from the sale of goods is recognised when there has been a transfer of risks and rewards to the customer (through the execution of a sales agreement at the time of delivery of the goods to the customer), no further work or processing is required, the quantity and quality of the goods has been determined, the price is determined and generally title has passed.

(ii) Interest income
Income is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

(iii) Dividend income
Income is recognised when the Group's right to receive the payment is established.

(h) Borrowing costs
Borrowing costs are recognised as an expense when incurred. Borrowing costs associated with qualifying assets are capitalised.

(i) Leases
The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

(i) Finance leases
Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised as an expense in the profit or loss.

(ii) Capitalised leased assets
Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Notes to the Full Year Consolidated Financial Report (continued)
For the year ended 30 June 2014

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(iii) Operating lease commitments
The Group has entered into commercial property, office equipment and motor vehicles leases. The entity has determined that it does not obtain all the significant risks and rewards of the properties, office equipment and motor vehicles and has thus classified the leases as operating leases.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. Lease incentives are recognised as a liability when received and subsequently reduced by allocating lease payments between rental expense and reduction of the liability.

(j) Cash and cash equivalents
Cash and cash equivalents in the Statement of Financial Position comprise cash at bank and on hand and short-term deposits with a maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of bank overdraft balances. Bank overdrafts are included within interest-bearing loans and borrowings in current liabilities on the Statement of Financial Position.

(k) Property, plant and equipment
Property, plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses. All costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management are capitalised. Such costs include the cost of replacing major parts that are eligible for capitalisation when the cost of replacing the parts is incurred. Similarly, when each major inspection is performed, the part's cost is recognised in the carrying amount of the plant and equipment as a replacement only if it is eligible for capitalisation.

Where assets are in the course of construction at the reporting date they are classified as capital works in progress. Upon completion, capital works in progress are reclassified to plant and equipment and subject to fair value assessments and depreciation from this date.

Depreciation is calculated on a straight line basis over the estimated useful life of the assets as follows:

Buildings Freehold	40 – 50 years
Buildings Leasehold	10 – 15 years
Plant and equipment	3 – 20 years

(l) Trade and other receivables
Trade receivables, generally have 30 day terms and are non-interest bearing. They are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less an allowance for impairment.

Collectability of trade receivables is reviewed on an ongoing basis. A provision for impairment of trade receivables is recognised to reduce the carrying amount of accounts receivable when there is objective evidence that the receivable will not be collected. Financial difficulties of the debtor, default payments or debts more than 90 days overdue are considered objective evidence of impairment, subject to review of the particular debtor. Impairment losses incurred which were specifically provided for in previous years are eliminated against the provision for impairment. In all other cases, impairment losses are written off as an expense in the profit or loss.

(m) Goodwill
Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of the business combination over the Group's interest in the net fair value of the acquired identifiable assets, liabilities and contingent liabilities.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Notes to the Full Year Consolidated Financial Report (continued)
For the year ended 30 June 2014

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

For the purposes of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (or group of cash-generating units), to which the goodwill relates. Recoverable amount is determined by using a value in use discounted cash flow methodology. When the recoverable amount of the cash-generating unit (or group of cash-generating units) is less than the carrying amount, an impairment loss is recognised.

When goodwill forms part of a cash-generating unit (or group of cash-generating units) and an operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this manner is measured based on the relative values of the operation disposed of and the portion of the cash-generating units retained.

Impairment losses recognised for goodwill are not subsequently reversed.

(n) Intangible assets
Intangible assets acquired separately outside of a business combination are initially measured at cost. The cost of an intangible asset acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

Intangible assets with finite lives are amortised over the useful life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset is reviewed at least at each financial year end. Changes in the expected useful life or expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, which is a change in accounting estimate. The amortisation expense for intangible assets with finite lives is recognised in the profit or loss.

(o) Impairment of non-financial assets other than goodwill
The Group assesses at each reporting date whether there is an indication that an asset with a finite life may be impaired. If any such indication exists, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset generates cash inflows that are largely dependent on those from other assets or groups of assets and the asset's value in use cannot be estimated to approximate its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in profit or loss unless the asset is carried at a revalued amount (in which case the impairment loss is treated as a revaluation decrement).

An assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amounts are estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If this is the case the carrying amount of the asset is increased to its recoverable amount. The increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) Income tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the relevant taxation authorities in each jurisdiction. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Deferred income tax is provided on all temporary differences at the reporting date between the tax cost bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences except:

- when the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is to be realised or the liability is to be settled, based on the tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

Notes to the Full Year Consolidated Financial Report (continued)
For the year ended 30 June 2014

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(q) Interest bearing loans and borrowings
All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method, which is calculated based on the principal borrowing amount less directly attributable transaction costs.

Gains and losses are recognised in the Statement of Comprehensive Income when the liabilities are derecognised.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

(r) Inventories
Inventories have been classified as follows:

Raw Materials:
Plastic resins, steel and tinplate.

Work in Progress:
Manufactured plastic, steel and tin packaging that have not yet reached a full stage of completion.

Finished Goods:
Manufactured plastic, steel and tin packaging that are intended for sale to external customers.

Inventories are valued at the lower of cost and net realisable value, with directly attributable costs incurred in bringing each product to its present location and condition being accounted for, on a full absorption basis, as follows:

Raw Materials:
Purchase cost of material, including discounts, rebates, duties, taxes and other inward transport costs, on a moving average cost basis.

Work in Progress & Finished Goods:
Cost of raw materials, direct labour and a proportion of manufacturing overheads based on a normal level of operating capacity, but excluding costs that relate to general administration, finance, marketing, selling and distribution.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

(s) Trade and other payables
Trade and other payables are carried at amortised cost which due to the terms associated with these items equates to their principal amounts and are not discounted. They represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make a future payment with respect to the purchase of these goods and services. The amounts are generally unsecured and are usually paid within 30 – 90 days of recognition.

(t) Contributed equity
Issued and paid up capital is classified as contributed equity and recognised at the fair value of the consideration received by the entity. Incremental costs directly attributable to the issue of new shares or options are shown in contributed equity as a deduction, net of tax, from the proceeds.

Notes to the Full Year Consolidated Financial Report (continued)
For the year ended 30 June 2014

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(u) Derivatives

The Group uses derivative financial instruments such as forward currency contracts, cross currency interest rate swaps, and interest rate swaps to hedge its risks associated with foreign currency and interest rate fluctuations. Such derivative financial instruments are initially recognised at fair value on the date at which the derivative contract is entered into and are subsequently remeasured to fair value at each reporting date. Derivatives are classified as assets when their fair value is positive and as liabilities when their fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives, except for those that qualify as cash flow hedges, are taken directly to profit or loss for the year.

The fair value of forward currency contracts is calculated by using valuation techniques such as present value techniques, comparison to similar instruments for which market observable prices exist and other relevant models used by market participants. These valuation techniques use both observable and unobservable market inputs, which are not considered to be significant. The fair value of cross currency interest rate swaps and interest rate swap contracts is determined by reference to market values for similar instruments.

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

- fair value hedges when they hedge the exposure to changes in the fair value of a recognised asset or liability;
- cash flow hedges when they hedge exposure to variability in cash flows that is attributable either to a particular risk associated with a recognised asset or liability or a forecast transaction; or
- hedge of a net investment in a foreign operation.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they have actually been highly effective throughout the financial reporting period for which they were designated.

Cash flow hedges are accounted for as follows:

Cash flow hedges are hedges of the Group's exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction and that could affect profit or loss. The effective portion of the gain or loss on the hedging instrument is recognised directly in equity, while the ineffective portion is recognised in profit or loss. The Group uses forward exchange contracts (FECs) to hedge foreign exchange purchases. The FECs are accounted for as cash flow hedges. Refer to note 23 for details. In the prior year, the Group had cross currency interest rate swaps to hedge exposure against variable interest rate and foreign exchange rates, there are none outstanding as at 30 June 2014.

Amounts taken to equity are transferred to profit or loss when the hedge transaction affects profit or loss, such as when hedged income or expenses are recognised or when a forecast sale or purchase occurs. When the hedged item is the cost of a non-financial asset or liability, the amounts taken to equity are transferred to the initial carrying amount of the non-financial asset or liability.

If the forecasted transaction is no longer expected to occur, amounts previously recognised in equity are transferred to the profit or loss. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, amounts previously recognised in equity remain in equity until the forecast transaction occurs. If the related transaction to which the hedging instrument relates is not expected to occur, the amount is taken to the profit or loss.

Notes to the Full Year Consolidated Financial Report (continued)
For the year ended 30 June 2014

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(v) Foreign currency translation
Both the functional and presentation currency of Pact Group Holdings Ltd is Australian dollars (AUD).

Transactions in foreign currencies are initially recorded in the functional currency of the individual entity by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange prevailing at reporting date.

The table below outlines the functional currencies that the Group has determined to apply for each country in which the Group's entities are domiciled.

Country	Functional currency
Australia	AUD
New Zealand	NZD
Thailand	THB
Singapore	USD
China	RMB
Philippines	PHP

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction.

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

As at the reporting date the assets and liabilities of the controlled entities with non-Australian dollar functional currency are translated into the presentation currency of Pact Group Holdings Ltd at the rate of exchange at the reporting date and their statements of comprehensive income are translated at the weighted average exchange rate for the year (where appropriate).

The exchange rate differences arising on the translation to presentation currency are taken directly to the foreign currency translation reserve, in equity.

On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in profit or loss.

(w) Goods and Services Tax (GST)
Revenues, expenses and assets are recognised net of the amount of GST except:

- where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item to which it relates; and
- receivables and payables are stated as GST inclusive amounts.

The net amount of GST recoverable from or payable to the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to the taxation authority.

(x) Provisions
Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date.

Notes to the Full Year Consolidated Financial Report (continued)
For the year ended 30 June 2014

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

When the Group expects some or all of the provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the consolidated Statement of Comprehensive Income net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Employee benefits

Provision is made for employee benefits accumulated as a result of employees rendering services up to the reporting date. These benefits include wages and salaries, annual leave and long service leave.

Liabilities arising in respect of wages and salaries, annual leave and any other employee benefits are recognised for employees' services up to the reporting date. Benefits expected to be settled within 12 months of the reporting date are classified as current and are measured at their nominal amounts based on remuneration rates which are expected to be paid when the liability is settled.

The liability for long service leave is recognised and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Under this method consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

(y) Investment in associates

The Group's investment in its associates is accounted for using the equity method of accounting in the consolidated financial statements and at cost in the parent. The associates are entities over which the Group has significant influence and that are neither subsidiaries nor joint ventures. The Group generally deems they have significant influence if they have over 20% of the voting rights.

Under the equity method, investments in the associates are carried in the consolidated Statement of Financial Position at cost plus post-acquisition changes in the Group's share of net assets of the associates. Goodwill relating to an associate is included in the carrying amount of the investment and is not amortised. After application of the equity method, the Group determines whether it is necessary to recognise any impairment loss with respect to the Group's net investment in associates. Goodwill included in the carrying amount of the investment in associates is not tested separately, rather the entire carrying amount of the investment is tested for impairment as a single asset.

The Group's share of its associates' post-acquisition profits or losses is recognised in the profit or loss, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any unsecured long-term receivables and loans, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

(z) Comparatives

Comparative figures have been adjusted to conform to changes in presentation for the current financial year where required by accounting standards or as a result of changes in accounting policy.

Notes to the Full Year Consolidated Financial Report (continued)
For the year ended 30 June 2014

NOTE 3. REVENUE AND EXPENSES

	2014	2013
	$'000's	$'000's
(a) Revenue		
Sales revenue	**1,143,219**	**1,103,707**
Interest income		
Interest income (external)	**1,089**	118
Interest income on related party loans	**5,388**	3,550
Total interest income	**6,477**	**3,668**
Other income		
Management fees received	**1,650**	3,570
Sundry income items	**8,670**	6,244
Total other income	**10,320**	**9,814**
Total of interest & other income	**16,797**	**13,482**
Total sales revenue, interest & other income	**1,160,016**	**1,117,189**
(b) Expenses		
Depreciation		
Depreciation of buildings – freehold	**110**	115
Depreciation of buildings – leasehold	**1,671**	1,095
Depreciation of plant and equipment	**49,323**	55,712
Total depreciation	**51,104**	**56,922**
Amortisation and impairment		
Amortisation of patents, trademarks and licences	**96**	157
Total amortisation and impairment	**96**	**157**
Total depreciation, amortisation and impairment expense	**51,200**	**57,079**

Notes to the Full Year Consolidated Financial Report (continued)
For the year ended 30 June 2014

NOTE 3. REVENUE AND EXPENSES (CONTINUED)

	2014	2013
	$'000's	$'000's
(b) Expenses (continued)		
Finance costs expense		
Interest on A$750m Syndicated Revolving Loan Facility[1]	**17,545**	-
Interest on A$550m Syndicated Revolving Loan Facility	**-**	30,277
Interest on Revolving Credit Facility	**1,901**	-
Interest on Term Loan B Facility	**29,492**	6,061
Interest on overdraft facility	**828**	1,118
Finance charges payable under finance lease and hire purchase contracts	**133**	218
Borrowing costs amortisation	**1,176**	2,057
Interest on promissory note & related parties loans	**22,116**	55,568
Property make good provision discount adjustment	**11**	130
Total finance costs expense	**73,202**	**95,429**

Employee benefits expense		
Provision for employee entitlements	**656**	2,560
Wages and salaries	**257,030**	245,996
Defined contribution superannuation expense	**14,187**	13,676
Other employee benefits expense	**15,879**	15,173
Total employee benefits expense	**287,752**	**277,405**

Other expense items		
Operating lease and rental expense	**40,735**	38,517
Research and development costs	**392**	128
Fixed rent adjustment	**(2,209)**	1,088
Make good expense	**673**	655
Provision for impairment of trade receivables	**133**	687

[1] On 17 December 2013 the Group entered into new 3 and 5 year syndicated debt facilities, together referred to as the A$750m Syndicated Revolving Loan Facility. Details of these borrowings are disclosed in note 14.

Notes to the Full Year Consolidated Financial Report (continued)
For the year ended 30 June 2014

NOTE 3. REVENUE AND EXPENSES (CONTINUED)

	2014	2013
	$'000's	$'000's
(c) Significant items and other gains / (losses) before tax		
Significant items[5]		
Reversal of unrealised revaluation gain on hedges associated with the Term Loan B Facility	**(3,791)**	3,791
Swap break costs[1]	**(6,407)**	-
Gain on business acquisition[2]	**10,834**	21,103
Gain on disposal of businesses	**-**	3,072
Gain on disposal of shares in associate	**-**	1,853
Business reorganisation program[3]	**-**	(25,035)
Write-off of capitalised borrowing costs in relation to the Term Loan B Facility	**(21,576)**	-
IPO transaction costs	**(5,245)**	-
Total significant items	**(26,185)**	**4,784**
Other gains / (losses)		
Unrealised gain / (losses) on revaluation of foreign exchange forward contracts	**(256)**	36
Gain / (loss) on sale of property, plant and equipment[4]	**34**	107
Realised net foreign exchange gains / (losses)	**(309)**	(113)
Total other gains / (losses)	**(531)**	**30**
Total significant items and other gains / (losses) before tax	**(26,716)**	**4,814**

[1] Swap break costs relate to the early termination of the cross currency interest rate swaps and other derivative instruments associated with the Term Loan B Facility, refer to note 23.

[2] On 17 December 2013 the Group acquired the remaining 49% of Cinqplast Plastop Australia Pty Ltd. In accordance with AASB 3 Business Combinations the Group's investment in the associate was remeasured at its acquisition date fair value. Refer to note 21 for further details on the assets and liabilities acquired as part of this business combination.

[3] The business reorganisation program relates to optimisation of business facilities.

[4] Profit / (loss) on sale of property, plant and equipment is determined as follows:

Proceeds on sale of property, plant and equipment	**1,555**	23,730
Carrying amount of property, plant and equipment disposed	**(1,521)**	(23,623)
Profit / (loss) on disposal of property, plant and equipment	**34**	**107**

[5] Total significant items after tax are as follows:

Significant items in other gains / (losses) before tax	**(26,185)**	4,784
Tax benefit on significant items in other gains / (losses) before tax	**4,959**	6,373
Tax benefit relating to reset of tax cost base (refer note 4)	**19,190**	-
Total significant items after tax	**(2,036)**	**11,157**

Notes to the Full Year Consolidated Financial Report (continued)
For the year ended 30 June 2014

NOTE 4. INCOME TAX

	2014	2013
	$'000's	$'000's
Statement of Comprehensive Income		
The major components of income tax expense are:		
Current year income tax expense	**13,633**	8,539
Adjustments in respect of previous years income tax	**(3,880)**	(964)
Deferred income tax relating to origination and reversal of temporary differences	**(13,433)**	389
Income tax (benefit) / expense reported in the consolidated statement of comprehensive income	**(3,680)**	**7,964**

	2014	2013
Statement of Changes in Equity		
Deferred income tax relating to items charged directly to equity:		
Tax effect of IPO transaction costs charged to equity	**5,188**	-
Net (gain) / loss on interest rate and foreign exchange hedging instruments	**686**	(2,273)
Income tax (expense) / benefit charged directly to equity	**5,874**	**(2,273)**

	2014	2013
Tax on significant items before tax (refer note 3)		
Reversal of unrealised revaluation gain on hedges associated with the Term Load B Facility	**1,137**	(1,137)
Swap break costs	**726**	-
Write-off of capitalised borrowing costs	**1,523**	-
IPO transaction costs	**1,573**	-
Business reorganisation program	**-**	7,510
Total tax on significant items before tax (refer note 3)	**4,959**	**6,373**
Tax significant item relating to reset of tax cost base	**19,190**	-
Total tax on significant items	**24,149**	**6,373**

(i) A reconciliation between tax expense and the product of accounting profit before income tax multiplied by the Group's applicable income tax rate is as follows:

	2014	2013
Accounting profit before tax	**54,117**	**53,234**
Income tax expense at 30% (2013: 30%)	**16,235**	15,970
Adjustments in respect of income tax of previous years	**(3,880)**	(964)
Non assessable income	**(632)**	-
Difference between book and tax cost base	**756**	1,280
Losses acquired unable to be utilised on formation of new tax consolidated group	**672**	-
Non deductible expenses	**117**	414
Gains on acquisitions and disposals	**(3,250)**	(7,809)
Non deductible swap break costs	**1,196**	
Non deductible write-off of capitalised borrowing costs	**4,949**	-
Tax benefit relating to reset of tax cost base	**(19,190)**	-
Overseas tax rate differential	**(653)**	(927)
Income tax (benefit) / expense reported in the consolidated statement of comprehensive income	**(3,680)**	**7,964**

Notes to the Full Year Consolidated Financial Report (continued)
For the year ended 30 June 2014

NOTE 4. INCOME TAX (CONTINUED)

(ii) Tax consolidation

Up until 17 December 2013, Pact Group Holdings Ltd, previously Pact Group Holdings Pty Ltd, and its 100% owned Australian resident subsidiaries were members of a tax consolidated group which was formed on 1 July 2003. Geminder Holdings Pty Ltd, the previous parent entity of Pact, was head of this tax consolidated group. As a result of the initial public offering on 17 December 2013, Pact and its 100% owned Australian resident subsidiaries exited the Geminder Holdings tax consolidated group. Contribution amounts under the tax sharing agreement were determined and paid by the exiting Pact entities pursuant to the tax sharing agreement. Deeds of release were entered into and executed by the Pact entities and Geminder Holdings. These deeds together with the contributed amounts above resulted in the exiting entities leaving the Geminder Holdings tax consolidated group clear from any further income tax liability, relating to the period during which they were part of the Geminder Holdings tax consolidated group.

From 17 December 2013, until the formation of the new tax consolidated group on 1 January 2014, each entity was recognised as a stand alone tax payer.

The Company has notified the ATO of its election to form a tax consolidated group with each of its wholly owned Australian resident subsidiaries with effect from 1 January 2014. Under the current income tax consolidation rules, the tax cost of assets brought into the tax consolidated group by subsidiary members that join the group is required to be reset under the tax cost setting process. Work performed to date is based on independent expert valuations, and estimates that the effect of the tax cost setting process is a net increase in the tax cost of the depreciable assets, inventory and certain other sundry assets which has resulted in a net income tax benefit in the period of $19.2 million.

(iii) Members of the tax consolidated group and the tax sharing arrangement

The previous tax sharing arrangement provided for the allocation of income tax liabilities between the entities, should the head entity default on its tax payment obligations. No amounts have been recognised in the financial statements in respect of this agreement, due to the clear exit of the Pact entities from the Geminder Holdings tax consolidated group.

(iv) Tax effect accounting by members of the Australian tax consolidated group

Measurement method adopted under AASB Interpretation 1052 Tax Consolidation Accounting

The head entity and the controlled entities in the Australian tax consolidated group accounted for their own current and deferred tax amounts. The Group applied a modified “stand alone taxpayer” approach in determining the appropriate amount of current taxes and deferred taxes to allocate to members of the tax consolidated group – as if each member continued to be a taxpayer entity in its own right, subject to certain adjustments. The current and deferred tax amounts were measured in a systematic manner, consistent with the broad principles in AASB 112 Income Taxes. The nature of the tax funding agreement is discussed further below.

In addition to its own current and deferred tax amounts, the head entity also recognised current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

Notes to the Full Year Consolidated Financial Report (continued)
For the year ended 30 June 2014

NOTE 4. INCOME TAX (CONTINUED)

Nature of the tax funding agreement

The tax funding agreement requires payments to/from the head entity to be recognised via an inter-entity receivable / payable at call. To the extent there is a difference between the amount charged under the tax funding agreement and the allocation under AASB Interpretation 1052, the head entity would account for these differences as equity transactions with the subsidiaries.

The new Australian tax consolidated group formed on 1 January 2014 is comprised of entities incorporated in Australia, with Pact Group Holdings Ltd as the parent. The accounting treatment for the new tax consolidated Group is applicable for the period from 1 January 2014. During that period, the tax sharing arrangement provides for the allocation of income tax liabilities between the entities, should the head entity default on its tax payment obligations. No arrangements were recognised in the financial statements in respect of this agreement.

The head entity and the controlled entities accounted for their own current and deferred tax amounts during the six months to 30 June 2014. In addition to its own current and deferred tax amounts, the head entity also recognised current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

The law applying to the formation of an income tax consolidated group is subject to various proposed changes announced by the former federal Government at the time of delivering its federal budget in May 2013. The current federal Government has confirmed its intention to proceed with the announced amendments.

While the proposed changes in law were announced to apply from May 2013, limited information on their exact application is available. Depending on the final form of the proposed law changes they could have a material negative impact on Pact's financial performance and position.

The estimation of liability will be subject to the final form and content of the law once released. As these changes in law are not currently enacted or substantially enacted, in accordance with IFRS the potential impact of this measure has not been taken into account in the 30 June 2014 Financial Report. Assuming that the relevant legislation is introduced prior to 30 June 2015 this item would be included in Pact's financial report for the 2015 financial year.

Notes to the Full Year Consolidated Financial Report (continued)
For the year ended 30 June 2014

NOTE 4. INCOME TAX (CONTINUED)

(v) Recognised current and deferred tax assets & liabilities

	2014	2014	2013	2013
	$'000's	$'000's	$'000's	$'000's
	Current income tax	Deferred income tax	Current income tax	Deferred income tax
Opening balance	928	(24,016)	2,120	(21,479)
Charged to income	(9,753)	13,432	(7,575)	(389)
Charged to other comprehensive income	-	686	-	(2,273)
Receipt from head entity[1]	(20,024)	-	(19,564)	-
Payments	22,023	-	27,543	-
IPO transaction costs charged to equity	2,051	5,188	-	-
Acquisitions / disposals	(78)	(1,642)	(498)	418
Foreign exchange translation movement	(627)	(522)	(1,098)	(293)
Closing balance	(5,480)	(6,874)	928	(24,016)

		2014		2013
Amounts recognised in the Statement of Financial Position:				
Deferred tax asset		27,944		25,155
Deferred tax liability		(34,818)		(49,171)
Net deferred tax assets / (liabilities)		(6,874)		(24,016)

		2014		2013
Deferred tax assets & liabilities relate to the following:				
Deferred tax assets				
Doubtful debts provision		144		120
Business reorganisation provision		4,319		6,795
Make good on leased premises provision		3,355		3,197
Fixed rent provision		2,341		2,960
Employee entitlements provision		11,219		10,626
IPO transaction costs		5,188		-
Other provisions		124		591
Unrealised foreign currency losses		270		-
Unutilised tax losses		119		-
Other		865		866
Deferred tax assets		27,944		25,155

		2014		2013
Deferred tax liabilities				
Property, plant and equipment		32,782		47,878
Unrealised foreign currency gains		-		1,293
Other		2,036		-
Deferred tax liabilities		34,818		49,171

[1] Represents a receipt from the head of the Geminder Holdings tax consolidated group. These receipts are reflected in the financing section of the Statement of Cash Flows.

Notes to the Full Year Consolidated Financial Report (continued)
For the year ended 30 June 2014

NOTE 5. CASH AND CASH EQUIVALENTS

	2014	2013
	$'000's	$'000's
Cash at bank	**25,603**	22,899

NOTE 6. TRADE AND OTHER RECEIVABLES

	2014	2013
	$'000's	$'000's
CURRENT		
Trade receivables[(1)]	**137,438**	126,274
Allowance for impairment loss[(2)]	**(490)**	(440)
Other receivables	**13,393**	10,674
Receivable from Geminder Holdings[(3)]	**-**	112,595
Income tax receivable from head entity in tax group	**-**	4,102
Total current trade and other receivables	**150,341**	**253,205**

	2014	2013
	$'000's	$'000's
NON-CURRENT		
Other receivables	**7**	**522**

(1) The ageing of trade receivables (net of allowance for impairment loss) is as follows:

	Total	Not Due	< 30 days	30 – 60 days	61 – 90 days	> 90 days
2014	**136,948**	**108,118**	**25,364**	**2,564**	**533**	**369**
2013	**125,834**	99,155	24,160	1,474	651	394

(2) At 30 June 2014 trade receivables with an initial value of $490,000 (2013: $440,000) were impaired and fully provided for. The movements in the allowance for impairment of receivables are as follows:

	2014	2013
	$'000's	$'000's
Opening balance for the period	**(440)**	**(376)**
Charge for the year	(508)	(691)
Utilised	344	648
Acquired	(248)	(25)
Unused amounts reversed	375	4
Foreign exchange translation movement	(13)	-
Closing balance for the period	**(490)**	**(440)**

(3) During the period receivables owed by Geminder Holdings Pty Ltd to Pact Group Holdings Ltd were assigned in exchange for partial repayment of the outstanding promissory note payable to Geminder Holdings Pty Ltd.

Notes to the Full Year Consolidated Financial Report (continued)
For the year ended 30 June 2014

NOTE 7. INVENTORIES

	2014	2013
	$'000's	$'000's
Raw materials and stores	**45,105**	34,477
Work in progress	**14,368**	13,687
Finished goods	**55,738**	57,186
Total inventories	**115,211**	**105,350**

During the period the Group recognised a net release (whole dollars) of $15,279 with regard to the net realisable value of inventories (2013: a net write down of $48,372). Both the expense and reversal have been included in "raw materials and consumables used" in the Consolidated Statement of Comprehensive Income.

NOTE 8. PREPAYMENTS

	2014	2013
	$'000's	$'000's
CURRENT		
Prepayments	**7,844**	8,031
NON-CURRENT		
Prepayments	**1,274**	-

NOTE 9. PROPERTY, PLANT AND EQUIPMENT

Reconciliation of carrying amounts at the beginning and end of the period are as follows:

	Property[i]	Plant and equipment	Capital works in progress	Total
	$'000's	$'000's	$'000's	$'000's
Year ended 30 June 2014				
At 1 July 2013 net of accumulated depreciation and impairment	**15,557**	**463,842**	**13,371**	**492,770**
Additions	**1,876**	**36,538**	**15,030**	**53,444**
Acquisition of subsidiaries and businesses (note 21)	**13,882**	**29,955**	**-**	**43,837**
Disposals	**-**	**(1,521)**	**-**	**(1,521)**
Foreign exchange translation movement	**(633)**	**7,500**	**1,310**	**8,177**
Depreciation charge for the year	**(1,780)**	**(49,323)**	**-**	**(51,103)**
At 30 June 2014 net of accumulated depreciation and impairment	**28,902**	**486,991**	**29,711**	**545,604**
Represented by:				
At cost	**38,918**	**883,474**	**29,711**	**952,103**
Accumulated depreciation	**(10,016)**	**(396,483)**	**-**	**(406,499)**
Net carrying amount	**28,902**	**486,991**	**29,711**	**545,604**

Notes to the Full Year Consolidated Financial Report (continued)
For the year ended 30 June 2014

NOTE 9. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Reconciliation of carrying amounts at the beginning and end of the period are as follows:

	Property[1]	Plant and equipment	Capital works in progress	Total
	$'000's	$'000's	$'000's	$'000's
Year ended 30 June 2013				
At 1 July 2012 net of accumulated depreciation and impairment	**6,454**	**406,594**	**22,306**	**435,354**
Additions	6,476	54,334	(9,346)	51,464
Acquisition of subsidiaries and business (note 21)	25,800	73,959	-	99,759
Divestment of subsidiary (note 22)	-	(20,897)	-	(20,897)
Disposals	(22,200)	(653)	-	(22,853)
Foreign exchange translation movement	236	6,219	411	6,866
Depreciation charge for the year	(1,209)	(55,714)	-	(56,923)
At 30 June 2013 net of accumulated depreciation and impairment	**15,557**	**463,842**	**13,371**	**492,770**

Represented by:				
At cost	18,294	796,442	13,371	828,107
Accumulated depreciation	(2,737)	(332,600)	-	(335,337)
Net carrying amount	**15,557**	**463,842**	**13,371**	**492,770**

	2014	2013
	$'000's	$'000's
[1] **Property consists of the following:**		
Leasehold improvements	**13,703**	11,575
Freehold property	**25,215**	6,719
Less: accumulated depreciation	**(10,016)**	(2,737)
Total property	**28,902**	**15,557**

Notes to the Full Year Consolidated Financial Report (continued)
For the year ended 30 June 2014

NOTE 10. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

	2014	2013
	$'000's	$'000's
Investments in associates and joint ventures	**4,087**	**8,771**

The Group accounts for its investments in associates and joint ventures using the equity method in the consolidated financial statements. The following tables illustrate the summarised financial information of the Group's investments in associates and joint ventures at 30 June 2014, and the reconciliation to the carrying amount of the investment:

Associate and joint venture summarised financial information

30 June 2014 $'000's	Viscount Oriental Mould[1]	Spraypac Products (NZ)[2]	Weener Plastop[3]	Total
Current assets	590	514	3,245	4,349
Non-current assets	142	137	4,382	4,661
Current liabilities	(126)	(84)	(1,311)	(1,521)
Net assets	**606**	**567**	**6,316**	**7,489**
Proportion of the Group's ownership interest	40%	50%	50%	
Carrying amount of the investment	**242**	**687**	**3,158**	**4,087**

30 June 2014 $'000's	Cinqplast[4]	Viscount China	Spraypac Products (NZ)	Weener Plastop	Total
Revenue	15,230	25	1,060	4,953	21,268
Expenses	(14,532)	(118)	(770)	(3,178)	(18,598)
Net profit after tax	**698**	**(93)**	**290**	**1,775**	**2,670**
Group's share of the profit for the year	**356**	**(37)**	**145**	**887**	**1,351**

[1] **Changzhou Viscount Oriental Mould Co Ltd (Oriental Mould)**
The Group holds a 40% interest in Oriental Mould, which was acquired as part of the Viscount Plastics (China) Pty Ltd acquisition. Oriental Mould manufactures moulds, of which a proportion is purchased by the local Chinese subsidiaries of Viscount Plastics (China) Pty Ltd.

[2] **Spraypac Products (NZ) Ltd (Spraypac)**
The Group holds a 50% interest in Spraypac. Spraypac is a private company which distributes plastic bottles and related spray products. The Group's investments in Spraypac includes $0.4 million of goodwill.

[3] **Weener Plastop Asia Inc (Weener)**
The Group acquired a 50% interest in Weener as part of its acquisition of Ruffgar Holdings Pty Ltd (Ruffgar) on 17 December 2013. Weener is a joint venture, integrated with Plastop Asia Inc operations which was also acquired as part of the Ruffgar acquisition.

Notes to the Full Year Consolidated Financial Report (continued)
For the year ended 30 June 2014

NOTE 10. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (CONTINUED)

[(4)] **Cinqplast Plastop Australia Pty Ltd (Cinqplast)**
On 30 June 2013, the Group held a 51% interest in the shares of Cinqplast which is involved in the manufacture of specialty plastics products. The Group assessed its 51% interest as an investment in an associate, as the Group did not control the relevant activities of the business due to the existence of an option held by the other 49% shareholder. On 17 December 2013, the Group acquired the remaining interest in Cinqplast and its 100% owned subsidiary Steri-Plas Pty Ltd.

The Group has included its share of profit in associate for Cinqplast and Steri-Plas up until 16 December 2013 in its Consolidated Statement of Comprehensive Income.

Information relating to the acquisitions of Ruffgar, Cinqplast, and Viscount Plastics (China) Pty Ltd is disclosed in note 21.
The joint ventures and associates had no contingent liabilities or significant capital commitments at 30 June 2014 and did not contribute significantly to the revenue or net profit of the Group during the year.

Associate and joint venture summarised financial information

	30 June 2013 $'000's		
	Spraypac Products (NZ)	**Cinqplast**	**Total**
Current assets	432	8,394	8,826
Non-current assets	90	13,516	13,606
Current liabilities	(84)	(5,490)	(5,574)
Non-current liabilities	-	(7,504)	(7,504)
Net assets	**438**	**8,916**	**9,354**
Proportion of the Group's ownership interest	50%	51%	
Carrying amount of the investment	**604**	**8,167**	**8,771**

	30 June 2013 $'000's		
	Spraypac Products (NZ)	**Cinqplast**	**Total**
Revenue	852	33,600	34,452
Expenses	(698)	(32,210)	(32,908)
Net profit after tax	**154**	**1,390**	**1,544**
Group's share of the profit for the year	**77**	**709**	**786**

The joint ventures and associates had no contingent liabilities or significant capital commitments at 30 June 2013 and did not contribute significantly to the revenue or net profit of the Group during the year.

The Group's investment in Cinqplast Plastop Australia Pty Ltd and Spraypac Products (NZ) Ltd contained $3.6 million and $0.4 million of goodwill, respectively.

Notes to the Full Year Consolidated Financial Report (continued)
For the year ended 30 June 2014

NOTE 11. INTANGIBLE ASSETS AND GOODWILL

Reconciliation of carrying amounts at the beginning and end of period are as follows:

	Patents, trademarks and licences[1]	Goodwill	Total
	$'000's	$'000's	$'000's
Year ended 30 June 2014			
At 1 July 2013 net of accumulated amortisation and impairment	**1,065**	**249,977**	**251,042**
Additions	**52**	**-**	**52**
Intangible assets arising on acquisitions (note 21)	**-**	**63,757**	**63,757**
Disposals	**(178)**	**-**	**(178)**
Foreign exchange translation movements	**74**	**12,476**	**12,550**
Amortisation	**(96)**	**-**	**(96)**
At 30 June 2014 net of accumulated amortisation and impairment	**917**	**326,210**	**327,127**
Represented by:			
At cost	**2,235**	**326,210**	**328,445**
Accumulated amortisation and impairment	**(1,318)**	**-**	**(1,318)**
Net carrying amount	**917**	**326,210**	**327,127**
Year ended 30 June 2013			
At 1 July 2012 net of accumulated amortisation and impairment	**1,058**	**227,391**	**228,449**
Additions	139	-	139
Intangible assets arising on acquisitions (note 21)	2,347	12,869	15,216
Disposals	(2,181)	-	(2,181)
Foreign exchange translation movements	(141)	9,717	9,576
Amortisation	(157)	-	(157)
At 30 June 2013 net of accumulated amortisation and impairment	**1,065**	**249,977**	**251,042**
Represented by:			
At cost	2,235	249,977	252,212
Accumulated amortisation and impairment	(1,170)	-	(1,170)
Net carrying amount	**1,065**	**249,977**	**251,042**

[1] **Patents, trademarks and licences**
Patents, trademarks and licences are carried at cost less accumulated amortisation and accumulated impairment losses. They have a finite life and are amortised using the straight line method over their useful life.

Notes to the Full Year Consolidated Financial Report (continued)
For the year ended 30 June 2014

NOTE 11. INTANGIBLE ASSETS AND GOODWILL (CONTINUED)

Acquisition during the year

As a result of business acquisitions during the year, $63.8 million of goodwill has been recognised. Business combinations are disclosed in note 21.

Goodwill acquired in a business combination is initially measured at cost being the excess of the consideration paid over the Group's interest in the net fair value of the acquired identifiable assets, liabilities and contingent liabilities.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

For the full year, there were no indicators of impairment and no impairment losses recognised.

Impairment tests for goodwill

For impairment testing purposes goodwill acquired through business combinations has been allocated to and tested at the level of their respective cash generating units (or group of CGU's) in accordance with the level at which management monitors goodwill. For the Group, the lowest level where goodwill is monitored is at its segments, being:

- Pact Australia (PA)
- Pact International (PI)

(i) Description of the cash generating units and other relevant information

The recoverable amount of each of the cash generating units has been determined based on Value in Use calculations using cash flow projections contained within the current year's financial budget approved by management and other forward projections.

(ii) Carrying amount of goodwill allocated to each of the cash generating units (CGU's) or group of CGU's

The carrying amounts of goodwill allocated to the PA and the PI segments are as follows:

	Pact Australia		Pact International	
	2014	2013	2014	2013
	$'000's	$'000's	$'000's	$'000's
Carrying amount of goodwill	**149,600**	119,835	**176,610**	130,142

Notes to the Full Year Consolidated Financial Report (continued)
For the year ended 30 June 2014

NOTE 11. INTANGIBLE ASSETS AND GOODWILL (CONTINUED)

(iii) Key assumptions used in Value in Use calculations

The calculations of Value in Use for both PA and PI CGU's are most sensitive to the following assumptions:

- Gross margins
- Cash flows
- Discount rates
- Raw materials price movement

Gross margins – Gross margins are based on average margins achieved in the year preceding the current budget period. These are increased over the budget period for any anticipated efficiency improvements.

Cash flows – Cash flows beyond the one year period are extrapolated using growth rates which are a combination of volume growth and price growth. Rates are based on published industry research and economic forecasts relating to GDP growth rates. The long-term growth rates are in the range of 2.7% – 6.5% (2013: 2.0% – 3.0%).

Discount rates – Discount rates represent the current market assessment of the risk specific to each CGU, taking into consideration the time value of money and individual risks of the underlying assets. The discount rate calculation is based on the specific circumstances of the Group and its operating segments and is derived from its weighted average cost of capital (WACC). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Group's shareholders. The cost of debt is based on the cost of funds relating to the interest bearing loans of the Group. Segment-specific risk is incorporated by applying individual beta factors. The beta factors are evaluated annually based on publicly available market data where applicable.

Discount rates applied are based on the pre-tax weighted average cost of capital applicable to the relevant CGU. The pre-tax risk discount rates applied to these cash flow projections are in the range of 11.0% – 14.0% (2013: 12.0%).

Raw material price movement – Estimates are obtained from published indices for the countries from which materials are sourced, as well as data relating to specific commodities. Forecast figures are used if data is publicly available, otherwise past actual raw material price movements are used as an indicator of future price movements.

(iv) Sensitivity to changes in assumptions

The key estimates and assumptions used to determine the Value in Use of a CGU are based on management's current expectations and are considered to be reasonably achievable.

With regard to the assessment of Value in Use, management believes that no reasonable possible change in any of the above key assumptions would cause the carrying value of the CGU to materially exceed its recoverable amount.

NOTE 12. TRADE AND OTHER PAYABLES

	2014	2013
	$'000's	$'000's
CURRENT		
Trade payables	**176,210**	143,318
Other payables	**16,706**	18,068
Income tax payable	**5,481**	3,174
Total current trade and other payables	**198,397**	**164,560**

Notes to the Full Year Consolidated Financial Report (continued)
For the year ended 30 June 2014

NOTE 13. PROVISIONS

	2014	2013
	$'000's	$'000's
CURRENT		
Annual leave	**20,584**	15,585
Long service leave	**11,382**	15,179
Business reorganisation provision	**14,404**	22,748
Other	**86**	1,538
Total current provisions	**46,456**	**55,050**

NON-CURRENT		
Long service leave	**6,820**	4,969
Fixed rent provision	**7,874**	9,960
Make good on leased premises	**11,507**	10,964
Total non-current provisions	**26,201**	**25,893**

(a) Movement in provisions	Business reorganisation provision	Fixed rent provision	Make good on leased premises	Total
Year ended 30 June 2014				
At 1 July 2013	**22,748**	**9,960**	**10,964**	**43,672**
Acquisition of a subsidiaries and businesses	**-**	**-**	**274**	**274**
Provided for during the year	**-**	**1,784**	**673**	**2,457**
Utilised	**(8,449)**	**(1,849)**	**-**	**(10,298)**
Unutilised amounts reversed	**-**	**(2,144)**	**(687)**	**(2,831)**
Discount rate adjustments	**-**	**-**	**11**	**11**
Foreign exchange translation movement	**105**	**123**	**272**	**500**
At 30 June 2014	**14,404**	**7,874**	**11,507**	**33,785**
Year ended 30 June 2013				
At 1 July 2012	**10,810**	**7,986**	**10,274**	**29,070**
Acquisition of subsidiaries and businesses	1,518	789	537	2,844
Provided for during the year	25,873	1,088	655	27,616
Utilised	(15,591)	-	(837)	(16,428)
Discount rate adjustments	-	-	130	130
Foreign exchange translation movement	138	97	205	440
At 30 June 2013	**22,748**	**9,960**	**10,964**	**43,672**

Notes to the Full Year Consolidated Financial Report (continued)
For the year ended 30 June 2014

NOTE 13. PROVISIONS (CONTINUED)

(b) Nature and timing of provisions

(i) Business reorganisation provisions

The business reorganisation program relates to optimisation of business facilities.

(ii) Fixed rent provision

Annual rentals for some of the property operating leases increase annually by fixed increments. The provision has been recognised to spread these increments on a straight line basis over the minimum non-cancellable lease term.

(iii) Make good on leased premises

In accordance with the form of lease agreement, the Group may be required to restore the leased premises to their original condition at the end of the lease term upon exiting the site. The provision is based on what costs are expected to be incurred using historical estimates as a guide.

NOTE 14. INTEREST BEARING LOANS AND BORROWINGS

	Notes	2014 $'000's	2013 $'000's
CURRENT			
Bank overdraft	23	**1,376**	270
Term Loan B Facility	23	**-**	9,596
Capitalised borrowing costs		**(1,252)**	(3,244)
Obligations under finance leases and hire purchase contracts		**975**	853
Total current interest bearing loans and borrowings		**1,099**	**7,475**
NON-CURRENT			
A$750m Syndicated Revolving Loan Facility A Tranche 1 (AUD $295m)[1]	23	**295,000**	-
A$750m Syndicated Revolving Loan Facility A Tranche 2 (AUD $295m)[1]	23	**130,000**	-
A$750m Syndicated Revolving Loan Facility B Tranche 1 (NZD $90m)[1]	23	**83,534**	-
A$750m Syndicated Revolving Loan Facility B Tranche 2 (NZD $90m)[1]	23	**83,534**	-
Term Loan B Facility[1]	23	**-**	949,962
Obligations under finance leases and hire purchase contracts		**-**	975
Capitalised borrowing costs		**(2,221)**	(18,541)
Promissory note (including interest capitalised)[2]	24	**-**	1,069,432
Total non-current interest bearing loans and borrowings		**589,847**	**2,001,828**

[1] On 17 December 2013 the Group entered into new 3 and 5 year syndicated debt facilities. The drawdown of which, together with part proceeds from the initial public offering, were used to repay the Term Loan B Facility.

At the time the Term Loan B Facility agreement was signed, the Company and its 100% owned subsidiaries granted cross guarantees through a security trust deed (which includes a fixed and floating charge over the assets of the Group). The security trust deed remained on foot after the Term Loan B Facility repayment and the new lenders to the AUD$750m Syndicated Revolving Loan Facility became parties to this deed. Interest on the new debt facilities is variable based on the relevant Australian or New Zealand bank bill rate (BBSY and BKBM), plus a margin. The margins are determined against a pricing grid by reference to Pact's leverage and the term of the relevant tranche of the facilities.

[2] The promissory note payable to Geminder Holdings Pty Ltd accrued interest quarterly at a rate based on the bank bill Rate (BBSY) plus a margin of 2%. On 26 November 2013 Pact issued shares to Geminder Holdings Pty Ltd in exchange for $255.0 million in cash and a new promissory note. After the assignment of loan receivable from Geminder Holdings Pty Ltd, the promissory note and any capitalised interest were then repaid in full through the issue of shares to Geminder Holdings Pty Ltd and in cash, using part proceeds of the initial public offering.

Notes to the Full Year Consolidated Financial Report (continued)
For the year ended 30 June 2014

NOTE 14. INTEREST BEARING LOANS AND BORROWINGS (CONTINUED)

(a) Fair values
Fair values of the Group's interest-bearing loans and borrowings are determined by using a discounted cash flow method, applying a discount rate that reflects the issuer's borrowing rate at the end of the reporting period. The Group's own performance risk at 30 June 2014 was assessed to be insignificant.

The carrying amount and fair value of the Group's current and non-current borrowings are as follows:

		2014 $'000's		2013 $'000's	
	Average Interest Rate	Carrying Value	Fair Value	Carrying Value	Fair Value
Term Loan B Facility[1]		**-**	**-**	959,558	976,082
A$750m Syndicated Revolving Loan Facility A Tranche 1 (AUD $295m)	4.44%	**295,000**	**295,000**	-	-
A$750m Syndicated Revolving Loan Facility A Tranche 2 (AUD $295m)	4.74%	**130,000**	**130,000**	-	-
A$750m Syndicated Revolving Loan Facility B Tranche 1 (NZD $90m)	4.84%	**83,534**	**83,534**	-	-
A$750m Syndicated Revolving Loan Facility B Tranche 2 (NZD $90m)	5.15%	**83,534**	**83,534**	-	-
Total borrowings		**592,068**	**592,068**	**959,558**	**976,082**

[1] The primary difference between the carrying value and the fair value of the Term Loan B Facility at 30 June 2013 arose as a result of the fair value of an embedded LIBOR floor of 1.00%.

(b) Interest rate, foreign exchange and liquidity risk
Details regarding interest rate, foreign exchange and liquidity risk are disclosed in note 23.

(c) Defaults and breaches
During the current and prior year, there were no defaults or breaches on any of the loan terms & conditions.

Notes to the Full Year Consolidated Financial Report (continued)
For the year ended 30 June 2014

NOTE 15. CONTRIBUTED EQUITY

	2014	2013
	$'000's	$'000's
Issued and paid up capital		
Ordinary shares fully paid	**1,489,597**	180,000

	2014		2013	
	Number of shares	$'000's	Number of shares	$'000's
Movements in contributed equity				
Ordinary shares				
Beginning of the period	**12**	**180,000**	12	180,000
Issued during the period[(1)]	**294,097,949**	**1,327,643**	-	-
Transaction costs taken to equity	**-**	**(25,285)**	-	-
Tax benefit on transaction costs	**-**	**7,239**	-	-
End of the period	**294,097,961**	**1,489,597**	**12**	**180,000**

[(1)] Shares issued during the year include:	Number of shares
Shares issued on 7 November 2013 to Geminder Holdings Pty Ltd in exchange for cash	10
Shares issued on 26 November 2013 to Geminder Holdings Pty Ltd in exchange for partial repayment of the promissory note	113,764,188
Shares issued for the acquisitions of Ruffgar Holdings Pty Ltd and Cinqplast Australia Pty Ltd	9,596,909
Shares issued as part of the initial public offering	170,736,842
Total number of shares issued during the year	**294,097,949**

(a) Terms and conditions of contributed equity
Ordinary shares participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held.

(b) Capital management
When managing capital, management's objective is to ensure the entity continues as a going concern as well as to provide optimal returns to shareholders. Management also aims to maintain a capital structure that ensures the lowest cost of capital available to the entity.

Management is constantly assessing the capital structure to take advantage of favourable costs of capital or high returns on assets. As the market is constantly changing, management may recommend to the Board the amount of dividends (if any) to be paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Notes to the Full Year Consolidated Financial Report (continued)
For the year ended 30 June 2014

NOTE 16. RESERVES

	2014	2013
	$'000's	$'000's
Foreign currency translation reserve	**13,358**	8,733
Cash flow hedge reserve	**(630)**	964
Common control reserve	**(928,385)**	(942,000)
Total reserves	**(915,657)**	**(932,303)**

Nature and purpose of reserves:

(a) Foreign currency translation reserve
The foreign currency translation reserve is used to record foreign exchange fluctuations arising from the translation of the financial statements of foreign subsidiaries.

(b) Cash flow hedge reserve
This reserve records the portion of the gain or loss on a hedging instrument and the related transaction in a cash flow hedge that are determined to be an effective relationship.

Refer to note 23 for further disclosure on forward exchange contracts designated in cash flow hedge relationships.

(c) Common control reserve
The opening common control reserve arose through a Group restructure in the financial year ended 30 June 2011. It represented the difference between the historical cost of the net assets of the Group compared to the consideration paid to acquire the transferred entities.

On 17 December 2013 the Group acquired Viscount Plastics (China) Pty Ltd and Asia Peak Pte Ltd. These acquisitions have been accounted for using the AASB 3 Business Combinations common control exemption. The movement of $13.6 million in the common control reserve relates to the difference between the consideration paid and the identifiable net assets acquired.

NOTE 17. RETAINED EARNINGS

	2014	2013
	$'000's	$'000's
Retained (losses) / earnings at the beginning of the financial year	**(324,595)**	**114,444**
Net (loss) / profit attributable to members of the Group	**57,689**	45,125
Dividend paid	**-**	(484,164)
Retained losses at the end of the reporting period	**(266,906)**	**(324,595)**

Notes to the Full Year Consolidated Financial Report (continued)
For the year ended 30 June 2014

NOTE 18. DIVIDENDS

	2014	2013
	$'000's	$'000's
(a) Dividends paid		
Dividends on ordinary shares	-	484,164

(b) Dividends not recognised at year end		
Since year end the Directors have recommended payment of a final dividend of 9.5 cents, 65% franked (2013: nil). The final dividend is expected to be paid on 3 October 2014.		
Based on the number of shares on issue at reporting date, the aggregate amount of the proposed dividend would be:	**27,939**	-

(c) Franking credit balance		
The amount of franking credits available for the subsequent financial year are:		
Franking account balance as at the end of the financial year at 30% (2013 30%)	**2,196**	-
Franking credits that will arise from the payment of income tax payable as at the end of the financial year.	**1,940**	-
Franking debits that will arise from the payment of dividends as at the end of the financial year.	**(7,783)**	-
Total franking credit balance	**(3,647)**	**-**

NOTE 19. COMMITMENTS AND CONTINGENCIES

	2014	2013
	$'000's	$'000's
(a) Lease expenditure commitments		
The future minimum lease payments under non-cancellable operating leases contracted for but not capitalised in the financial statements are payable as follows:		
Within one year	**39,265**	34,960
After one year but not more than five years	**109,735**	99,669
More than five years	**90,902**	74,822
Total lease expenditure commitments	**239,902**	**209,451**

The Group leases buildings and plant and equipment. Rental payments are generally fixed, but with inflation escalation clauses on which contingent rentals are determined. Property leases generally provide the Group with a right of renewal at which time all terms are renegotiated. There are no restrictions placed upon the lessee by entering into these leases.

Notes to the Full Year Consolidated Financial Report (continued)
For the year ended 30 June 2014

NOTE 19. COMMITMENTS AND CONTINGENCIES (CONTINUED)

	Notes	2014	2013
		$'000's	$'000's
(b) Finance lease and hire purchase commitments			
The Group has finance leases and hire purchase contracts for various items as follows:			
Minimum lease payments are as follows:			
Within one year		**1,022**	986
After one year but not more than five years		**-**	1,022
More than five years		**-**	-
Total minimum lease payments		**1,022**	2,008
Less amounts representing finance charges		**(47)**	(180)
Present value of minimum lease payments		**975**	**1,828**
Current	15	**975**	853
Non current	15	**-**	975
Total		**975**	**1,828**

(c) Other expenditure commitments			
Other expenditure commitments contracted for at reporting date, but not provided for are:			
Capital expenditure projects		**6,551**	9,029
These are payable as follows:			
Within one year		**6,441**	8,706
After one year but not more than five years		**110**	323
Total		**6,551**	**9,029**

(d) Contingencies

From time to time, the Group may be involved in litigation relating to claims arising out of its operations. The Group is not party to any legal proceedings that are expected, individually or in the aggregate, to have a material adverse effect on its business, financial position or operating results.

Notes to the Full Year Consolidated Financial Report (continued)
For the year ended 30 June 2014

NOTE 20. CASH FLOW INFORMATION

	Notes	2014	2013
		$'000's	$'000's
(a) Reconciliation of cash and cash equivalents			
Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:			
Cash on hand and at bank	5	**25,603**	22,899
Bank overdraft	14	**(1,376)**	(270)
Total net cash		**24,227**	**22,629**
(b) Reconciliation of net profit before income tax to net cash flow from operations			
Net profit before income tax		**54,117**	**53,234**
Adjustments to reconcile profit before tax to net cash flow:			
Depreciation and amortisation		**51,199**	57,080
Employee entitlement provisions		**11,098**	11,939
Trade receivables impairment provision		**165**	678
Business reorganisation provision		**-**	25,035
Fixed rent provision		**(2,209)**	1,088
Property make good provision		**(14)**	652
Profit on sale of property, plant and equipment		**(34)**	(107)
Gain on business acquisition		**(10,834)**	(21,103)
Gain on disposal of businesses and associate		**-**	(4,925)
Share of net profit in associates		**(1,351)**	(786)
Unrealised gain on revaluation of cross currency swaps		**3,791**	(4,025)
Loss / (gain) on revaluation of foreign exchange contracts		**280**	(37)
Swap break costs		**6,407**	-
IPO transaction costs (recorded against profit for the year)		**5,245**	-
Write-off capitalised borrowing costs in relation to the Term Loan B Facility		**21,576**	-
Finance costs expense		**73,202**	95,429
Interest income		**(6,477)**	(3,668)
Changes in assets and liabilities:			
(Increase) / decrease in trade and other receivables		**18,458**	(4,485)
(Increase) / decrease in prepayments		**(639)**	(5,013)
(Increase) / decrease in inventory		**(1,259)**	(1,678)
Decrease in trade and other payables		**(23,394)**	(10,684)
Decrease in provisions		**(22,726)**	(30,505)
Cash flow from operating activities		**176,601**	158,120
Interest income received		**1,088**	118
Finance costs paid		**(65,953)**	(42,498)
Income tax paid		**(22,023)**	(27,543)
Net cash flow from operating activities		**89,713**	**88,197**

During the year a non-cash repayment of a promissory note amounting to $387.3 million was recorded as a result of the issue of shares.

Notes to the Full Year Consolidated Financial Report (continued)
For the year ended 30 June 2014

NOTE 21. BUSINESS COMBINATIONS

The fair values of the identifiable assets and liabilities of the acquisitions as of the date of the acquisition are:

Summary of 30 June 2014 acquisitions

	Asia Peak[1]	Viscount China[2]	Ruffgar[3]	Cinqplast[4]	Total
	$'000's	$'000's	$'000's	$'000's	$'000's
Date acquired	17/12/2013	17/12/2013	17/12/2013	17/12/2013	
Fair value of net assets acquired					
Cash	378	1,238	554	106	2,276
Trade and other receivables (net of provision)	15,802	16,605	3,553	5,195	41,155
Prepayments	-	921	134	102	1,157
Inventory	-	3,374	1,680	3,707	8,761
Property, plant & equipment	15	19,662	6,711	17,449	43,837
Equity method investments	-	300	4,062	-	4,362
Deferred tax asset	-	127	34	421	582
Total assets	**16,195**	**42,227**	**16,728**	**26,980**	**102,130**
Payables and provisions	16,070	10,073	1,746	6,026	33,915
Employee provisions	-	72	62	929	1,063
Interest bearing liabilities	92	-	11	10,440	10,543
Deferred tax liability	-	-	829	1,396	2,225
Total liabilities	**16,162**	**10,145**	**2,648**	**18,791**	**47,746**
Fair value of identifiable net assets	**33**	**32,082**	**14,080**	**8,189**	**54,384**
Cash consideration paid	500	18,000	23,200	7,000	48,700
Shares issued as consideration paid	-	-	24,870	11,599	36,469
Total consideration paid	**500**	**18,000**	**48,070**	**18,599**	**85,169**
Common control reserve	(467)	14,082	-	-	13,615
Goodwill arising on acquisition	-	-	33,990	29,767	63,757
Net difference between fair value and consideration paid	**(467)**	**14,082**	**33,990**	**29,767**	**77,372**
Reconciliation of cash paid to Statement of Cash Flows					
Net cash acquired	378	1,238	554	106	2,276
Cash paid	500	18,000	23,200	7,000	48,700
Net cash consideration paid	**122**	**16,762**	**22,646**	**6,894**	**46,424**

[1] **Asia Peak Pte Ltd (Asia Peak)**

On 17 December 2013, the Group purchased 100% of the shares in Asia Peak for cash. Asia Peak is incorporated in Singapore and was associated with Geminder Holdings Pty Ltd, the Group's former parent entity. Asia Peak acts as a procurement office for the Group. The Group acquired Asia Peak due to the integrated nature of Asia Peak's activities with those of the Group.

As Asia Peak was acquired by way of the common control exemption under AASB 3 Business Combinations, the difference between the fair value of the identifiable net assets acquired and the cash consideration paid of $0.5 million has been recorded in the common control reserve, refer to Note 16.

The trade and other receivables acquired amounted to $15.8 million of which $15.3 million was with Group entities. None of the trade receivables have been impaired and it is expected that the full contractual amounts will be collected.

From the date of acquisition Asia Peak has contributed $2.8 million of revenue and $0.7 million to the net profit before tax of the Group. If the combination had taken place at the beginning of the year, revenue from continuing operations would have been $4.4 million higher and the profit from continuing operations for the Group would have been $0.1 million higher.

Notes to the Full Year Consolidated Financial Report (continued)
For the year ended 30 June 2014

NOTE 21. BUSINESS COMBINATIONS (CONTINUED)

Summary of 30 June 2014 acquisitions (continued)

(2) **Viscount Plastics (China) Pty Ltd (Viscount China)**

On 17 December 2013 the Group acquired 100% of the shares in Viscount China. Viscount China holds three manufacturing plants Changzhou Viscount Plastics Co. Ltd, Guangzhou Viscount Plastics Co. Ltd, Langfang Viscount Plastics Co. Ltd. and a 40% interest in Changzhou Viscount Oriental Mould Co Ltd. Viscount China manufactures and distributes injection moulded plastic products, bottles and rotationally moulded rigid plastic products. The Group acquired Viscount China as part of the Group's overall growth strategy to expand its presence in the Asian markets.

As Viscount China was acquired by way of the common control exemption under AASB 3 Business Combinations, the difference between the fair value of the net assets acquired of $32.1 million and the cash consideration paid of $18.0 million has been recorded in the common control reserve, refer to note 16.

The fair value of trade and other receivables acquired amounted to $16.6 million. None of the trade receivables have been impaired and it is expected that the full contractual amounts will be collected.

The deferred tax asset of $0.1 million mainly comprised the tax effect of provisions acquired.

From the date of acquisition Viscount China has contributed $22.4 million of revenue and a net loss before tax of $0.1 million to the Group. If the combination had taken place at the beginning of the year, revenue from continuing operations would have been $23.6 million higher and the profit from continuing operations for the Group would have been $0.1 million lower.

(3) **Ruffgar Holdings Pty Ltd (Ruffgar)**

On 17 December 2013 the Group acquired 100% of the shares in Ruffgar. Ruffgar owns 100% of Plastop Asia Inc (Plastop Asia) and a 50% interest in Weener Plastop Asia Inc (Weener Plastop). Plastop Asia and Weener Plastop manufacture personal care injection moulded plastic products. The Group acquired Ruffgar as part of its overall growth strategy within the Asian region. Ruffgar shares were purchased for cash of $23.2 million and shares with a fair value of $24.9 million at the date of acquisition. The goodwill of $34.0 million has arisen as a result of the purchase consideration exceeding the fair value of identifiable net assets acquired. Goodwill is allocated to the Pact International operating segment.

The fair value of Ruffgar's trade receivables acquired amounted to $3.6 million. None of the trade receivables were impaired and it was expected that the full contractual amounts would be collected.

From the date of acquisition Ruffgar contributed $8.8 million of revenue and $1.9 million to the net profit before tax of the Group. If the combination had taken place at the beginning of the year, contributions to revenue from continuing operations would have been $7.2 million higher and the contribution to profit from continuing operations for the Group would have been $0.6 million higher.

(4) **Cinqplast Plastop Australia Pty Ltd (Cinqplast)**

On 17 December 2013 the Group acquired the remaining shares in Cinqplast including its controlled entity Steri-Plas Pty Ltd for cash of $7.0 million and shares with a fair value of $11.6 million at the date of acquisition. Cinqplast is involved in the manufacture of speciality plastic products. The Group acquired the remaining shares in Cinqplast as part of the Group's overall strategy to diversify its presence in plastic related industries. The goodwill of $29.8 million has arisen as a result of the purchase consideration exceeding the fair value of assets acquired. Goodwill is allocated to the Pact Australia operating segment.

The carrying value of the equity interest in Cinqplast immediately prior to the acquisition was $8.5 million. A gain of $10.8 million was recognised from remeasuring the equity interest in Cinqplast held by the Group to fair value in accordance with AASB 3 Business Combinations. The gain is disclosed in note 3.

The fair value of trade and other receivables acquired amounted to $5.2 million. The gross amount of trade receivables was $5.3 million. The deferred tax asset mainly comprises the tax effect of provisions acquired.

From the date of acquisition Cinqplast contributed $13.7 million of revenue and a net profit before tax of $1.7 million to the Group. If the combination had taken place at the beginning of the year, revenue from continuing operations would have been $15.2 million higher and the profit from continuing operations for the Group would have been $0.6 million higher.

Notes to the Full Year Consolidated Financial Report (continued)
For the year ended 30 June 2014

NOTE 21. BUSINESS COMBINATIONS (CONTINUED)

Sulo MGB (Australia) Pty Ltd and Sulo (NZ) Ltd

On 8 August 2014, Pact completed the acquisition of Sulo MGB (Australia) Pty Ltd and Sulo (NZ) Ltd. Details of the assets and liabilities acquired have not been disclosed as it is impracticable to do so, as the audit of the acquisition has not been completed.

Summary of 30 June 2013 acquisitions

	Viscount[1]	NSW Drum[2]	Sunrise[3]	Total
	$'000's	$'000's	$'000's	$'000's
Date acquired	1/08/2012	1/11/2012	1/12/2012	
Fair value of net assets acquired				
Receivables (net of provision)	29,329	1,452	3,923	34,704
Prepayments	1,195	13	122	1,330
Inventory	10,461	273	1,132	11,866
Property, plant & equipment	90,599	2,524	6,636	99,759
Intangible assets	2,347	-	-	2,347
Deferred tax asset	5,067	-	160	5,227
Total assets	**138,998**	**4,262**	**11,973**	**155,233**
Payables and provisions	(28,035)	(446)	(2,777)	(31,258)
Business reorganisation	(1,529)	-	-	(1,529)
Employee provisions	(7,986)	(190)	(534)	(8,710)
Total liabilities	**(37,550)**	**(636)**	**(3,311)**	**(41,497)**
Fair value of identifiable net assets	**101,448**	**3,626**	**8,662**	**113,736**
Cash outflow on acquisition				
Cash	91,923	10,113	14,115	116,151
Repayment of debt like items	-	-	(812)	(812)
Deferred settlement	-	-	2,001	2,001
Net consideration paid	**91,923**	**10,113**	**15,304**	**117,340**
(Discount)/goodwill arising on acquisition	**(21,103)**	**6,487**	**6,382**	**(8,234)**
Reconciliation of cash paid to Statement of Cash Flows				
Net cash acquired	11,578	-	260	11,838
Cash paid	91,923	10,113	14,115	116,151
Net cash consideration paid	**80,345**	**10,113**	**13,855**	**104,313**

Notes to the Full Year Consolidated Financial Report (continued)
For the year ended 30 June 2014

NOTE 21. BUSINESS COMBINATIONS (CONTINUED)

Summary of 30 June 2013 acquisitions (continued)

(1) **Viscount Plastics Pty Ltd (Viscount)**

On 1 August 2012, the Group acquired 100% of the shares in Viscount. The business manufactures and distributes injection moulded plastic products, bottles and rotationally moulded rigid plastic products. The business is located in Victoria (Australia), New South Wales (Australia), Queensland (Australia), Western Australia (Australia), Auckland (New Zealand), Christchurch (New Zealand), Changzhou (China), Langfang (China), Guangzhou (China) and Selangor (Malaysia). The Group acquired Viscount as part of the Group's overall growth strategy to expand its presence in the Australian and New Zealand markets and develop entry points into the emerging Asian market.

The fair value of the trade receivables acquired amounts to $27.4m. The gross amount of trade receivables was $27.5m and none of the trade receivables were impaired as it was expected that the full contractual amounts will be collected. The deferred tax asset mainly comprises the tax effect of provisions acquired.

From the date of acquisition Viscount has contributed $161.2 million of revenue and $13.5 million to the net profit before tax of the Group. If the combination had taken place at the beginning of the year, revenue from continuing operations would have been $14.0 million higher and the profit from continuing operations for the Group would have been $0.7 million lower.

(2) **Drum Reconditioners (NSW) Pty Ltd (NSW Drum)**

On 1 November 2012, the Group acquired the business assets of NSW Drum. The business is based in New South Wales and provides a comprehensive service for the collection, reconditioning and disposal of industrial containers. The Group acquired the business to expand its sustainability business. The goodwill of $6.5 million arose as a result of the purchase consideration exceeding the fair value of identifiable net assets acquired. Goodwill was allocated to the Pact Australia operating segment.

The fair value of the trade receivables acquired amounted to $1.5 million and none of the trade receivables were impaired as it was expected that the full contractual amounts would be collected.

From the date of acquisition NSW Drum has contributed $7.9 million of revenue and $1.3 million to the net profit before tax of the Group. If the combination had taken place at the beginning of the year, revenue from continuing operations would have been $3.2 million higher and the profit from continuing operations for the Group would have been $0.6 million higher.

(3) **Sunrise Plastics Pty Ltd (Sunrise)**

On 1 December 2012, Pact Group Pty Ltd acquired 100% of the shares in Sunrise. The business is based in Victoria and manufactures a variety of thin wall plastic containers and lids. The Group acquired the business as part of the Group's on going growth strategy. The goodwill of $6.4 million arose as a result of the valuation of the purchase consideration exceeding the fair value of assets acquired. Goodwill was allocated to the Pact Australia operating segment.

The fair value of the trade receivables acquired amounted to $3.9 million and none of the trade receivables were impaired as it was expected that the full contractual amounts would be collected.

As part of the sale and purchase agreement with the previous owner of Sunrise, a contingent consideration was agreed. An amount of $2.0 million was provided and during FY14 this liability was settled for the amount of $1.2 million.

From the date of acquisition Sunrise has contributed $9.4 million of revenue and $1.5 million to the net profit before tax of the Group. If the combination had taken place at the beginning of the year, revenue from continuing operations would have been $7.7 million higher and the profit from continuing operations for the Group would have been $1.1 million higher.

Notes to the Full Year Consolidated Financial Report (continued)
For the year ended 30 June 2014

NOTE 22. BUSINESS DIVESTMENTS

Summary of 30 June 2014 divestments

For the year ended 30 June 2014 the Group has not sold any of its subsidiaries.

Summary of 30 June 2013 divestments

	Viscount Plastics (Malaysia) Sdn Bhd[1]	Viscount Plastics (China) Pty Ltd[2]	Total
	$'000's	$'000's	$'000's
Date divested	31/01/2013	28/05/2013	
Written down value of net assets sold			
Receivables (net of provision)	2,463	11,695	14,158
Prepayments and other receivables	109	1,686	1,795
Inventory	847	3,243	4,090
Property, plant & equipment (Note 9)	1,793	19,104	20,897
Intangible assets	2,181	-	2,181
Deferred tax asset	-	458	458
Total assets	**7,393**	**36,186**	**43,579**
Payables and provisions	(1,530)	(8,671)	(10,201)
Employee benefits	(20)	(229)	(249)
Total liabilities	**(1,550)**	**(8,900)**	**(10,450)**
Fair value of identifiable net assets	**5,843**	**27,286**	**33,129**
Net cash consideration received	6,745	28,684	35,429
Gain on disposal	902	1,398	2,300
Foreign currency translation gain / (loss) realised on disposal	(546)	1,319	773
Impact on net profit before tax	**356**	**2,717**	**3,073**

[1] **Divestment of Viscount Plastics (Malaysia) Sdn Bhd**
On 31 January 2013, the Group sold its shares in Viscount Plastics (Malaysia) Sdn Bhd to Dynapack Asia Pte Ltd, an associated entity.

[2] **Divestment of Viscount Plastics (China) Pty Ltd**
On 28 May 2013, the Group sold its shares in Viscount Plastics (China) Pty Ltd to Bennamon Pty Ltd, a related entity.

Notes to the Full Year Consolidated Financial Report (continued)
For the year ended 30 June 2014

NOTE 23. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

	2014	2013
	$'000's	$'000's
Other current financial assets		
Cross currency interest rate swaps[1]	-	684
Foreign exchange forward contracts[2]	403	3,563
Total other current financial assets	**403**	**4,247**
Other non-current financial assets		
Cross currency interest rate swaps[1]	-	56,276
Other current financial liabilities		
Foreign exchange forward contracts[2]	1,342	311
Other non-current financial liabilities		
Cross currency interest rate swaps[1]	-	735

[1] **Cross currency interest rate swaps (CCIRS)**
On 17 December 2013, the Group's 7 year US$885 million Term Loan B was repaid using part proceeds from the initial public offering as well as drawdowns on the new A$750m Syndicated Revolving Loan Facility. As a result, the cross currency interest rate swap positions were terminated. Further details on the Group's borrowings are disclosed in note 14.

[2] **Foreign exchange forward contracts – cash flow hedges**
To protect against exchange rate movements, the Group has entered into forward currency contracts to purchase foreign currency. These contracts are hedging highly probable forecasted purchases or payment obligations and their terms reflect those of the underlying payment obligations. At 30 June 2014, the Group hedged 88% (2013: 96%) of its foreign currency purchases for which highly probable forecasted transactions existed at the reporting date.

For purchases of inventory, the cash flows are expected to occur within six months of balance date and the cost of sales within profit or loss will be affected over the following period as the inventory is either used in production or sold. For the purchases of capital goods the cashflows are expected to occur over a period of up to two years.

NOTE 23. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

As the Group does not seek security from the counterparties with whom it enters into derivative financial instruments, the Group also considers the risk of counterparty non-performance. As at 30 June 2014 the Group assessed this risk to be insignificant.

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

(i) **Level 1**: quoted (unadjusted) prices in active markets for identical assets or liabilities;

(ii) **Level 2**: other techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly; and

(iii) **Level 3**: techniques that use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

The following table provides the fair value measurement hierarchy for assets and liabilities.

	Fair value measurement using			
	Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs	
	Level 1	Level 2	Level 3	Total
	$'000's	$'000's	$'000's	$'000's
Year ended 30 June 2014				
Assets measured at fair value				
Foreign exchange forward contracts	-	403	-	**403**
Liabilities measured at fair value				
Foreign exchange forward contracts	-	1,342	-	1,342
Year ended 30 June 2013				
Assets measured at fair value				
Cross currency interest rate swaps	-	56,960	-	56,960
Foreign exchange forward contracts	-	3,563	-	3,563
Total	-	**60,523**	-	**60,523**
Liabilities measured at fair value				
Cross currency interest rate swaps	-	735	-	735
Foreign exchange forward contracts	-	311	-	311
Total	-	**1,046**	-	**1,046**

There are no differences between the fair value and the book value of the assets and liabilities for the current or comparative period. For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing 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.

Notes to the Full Year Consolidated Financial Report (continued)

For the year ended 30 June 2014

NOTE 23. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

Financial Risk Management

The Group's principal financial instruments comprise cash, receivables, payables, bank loans, bank overdrafts, finance leases and derivative instruments.

(a) Fair value

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The Group's financial instruments measured at fair value are comprised of derivatives only. The Group enters into derivative financial instruments with various counterparties, principally financial institutions with investment grade or better credit ratings. These derivatives are not quoted in active markets. The Group therefore uses valuation techniques such as present value techniques, comparison to similar instruments for which market observable prices exist and other relevant models used by market participants. These valuation techniques use both observable and unobservable market inputs, of which the unobservable market inputs are considered to be insignificant.

(b) Risk exposures and responses

The Group's activities expose it to a variety of financial risks: market risk (including foreign currency risk, interest rate risk, and commodity price risk), liquidity risk and credit risk. This note describes information about the Group's exposure to these risks as well as the objectives, policies and processes for measuring and managing risk.

The Group enters into derivative transactions, principally interest rate swaps, forward currency contracts and cross currency interest rate swaps as deemed appropriate. The purpose is to manage the interest and currency risks arising from the Group's operations and its financing activities. The Group uses different methods to measure and manage risk to which it is exposed. These include monitoring levels of exposure to interest rate and foreign exchange risk and assessments of market forecasts for interest rate and foreign exchange levels. Ageing analyses and monitoring of specific credit allowances are undertaken to manage credit risk. Liquidity risk is monitored through rolling cash flow forecasts.

Primary responsibility for identification and control of financial risks rests with the Treasury Risk Management Committee.

(i) Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk comprises the following types of risk: interest rate risk, currency risk and commodity price risk. Financial instruments affected by market risk include loans and borrowings and derivative financial instruments.

▸ Interest rate risk

The Group is exposed to interest rate risk as it borrows funds at floating rates. Interest rate risk is the risk that the Group will be adversely affected by movements in floating interest rates that will increase the cost of floating rate debt.

The Group seeks to manage its finance costs by assessing and, where appropriate, utilising a mix of fixed and variable rate debt. Borrowings at fixed rates are carried at amortised cost and it is acknowledged that fair value exposure is a by-product of the Group's attempt to manage its cash flow volatility arising from interest rate changes.

The Group constantly analyses its interest rate exposure. Within this analysis consideration is given to potential renewals of existing positions, alternative financing, alternative hedging positions and the mix of fixed and variable interest rates.

As discussed in note 14, the US dollar Term Loan B Facility and related cross currency interest rate swaps were terminated during the period and new variable rate debt facilities have been utilised.

NOTE 23. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

The following sensitivity analysis is based on the interest rate risk exposures in existence at the reporting date. For the Group, no financial assets or liabilities that are subject to interest rate risk have been designated at fair value through other comprehensive income or as available-for-sale, therefore, there is no impact on equity at 30 June 2014 (30 June 2013: nil). At 30 June 2014, if interest rates had moved with all other variables held constant, net profit after tax would have been higher / (lower) as follows:

	Interest rate increase +1%		Interest rate decrease -1%	
	2014	2013	2014	2013
	$'000's	$'000's	$'000's	$'000's
Impact on net profit after tax				
Australian Dollar (AUD)	**(2,975)**	(12,786)	**2,975**	12,786
United States Dollar (USD)	**-**	3,496	**-**	(1,330)
New Zealand Dollar (NZD)	**(1,203)**	(1,097)	**1,203**	1,097
Basis swap	**-**	(559)	**-**	559
Impact on equity				
Australian Dollar (AUD)	**(2,975)**	(12,786)	**2,975**	12,786
United States Dollar (USD)	**-**	3,496	**-**	(1,330)
New Zealand Dollar (NZD)	**(1,203)**	(1,097)	**1,203**	1,097
Basis swap	**-**	559	**-**	559

Significant assumptions used in the interest rate sensitivity analysis include:

- The impact of a +/- 1% movement in interest rates was determined based on the Group's mix of debt, credit standing with finance institutions, the level of debt that is expected to be renewed and economic forecasters' expectations.

▶ Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates to the Group's (i) operating activities (when revenue, expense or capital expenditure is denominated in a different currency from an entity's functional currency); (ii) financing activities and (iii) net investments in foreign subsidiaries.

Less than 2% of the Group's sales are denominated in currencies other than the functional currency of the operating entity making the sale, whilst approximately 85% (2013: 81%) of costs are denominated in the operating entities functional currencies.

At reporting date, the Group had significant exposure to the USD and NZD currencies which are not designated as cash flow hedges. The Group utilises forward foreign currency contracts to eliminate or reduce currency exposures of individual transactions once the Group has entered into a firm commitment for a sale or purchase. It is the Group's policy not to enter into forward foreign currency contracts until a firm commitment is in place and to structure the terms of the hedge derivatives to match the terms of the hedged item to maximise hedge effectiveness.

During the year to 30 June 2014 the Group entered into a new syndicated facility arrangement with available tranches denominated in both AUD and NZD. The Group mitigates its exposure to fluctuations in the exchange rate of its NZD borrowings by borrowing funds through entities with NZD functional currencies.

Notes to the Full Year Consolidated Financial Report (continued)
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NOTE 23. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

The following table illustrates the sensitivity of the foreign currency contracts of the Group to movements in the value of the Australian dollar against the relevant foreign currencies, with all other variables held constant, taking into account all underlying exposures and related hedges.

	Net profit after tax		Equity	
	2014	2013	2014	2013
	$'000's	$'000's	$'000's	$'000's
Judgements of reasonably possible movements:				
AUD to USD + 10%	**(40)**	2	**1,256**	(550)
AUD to USD - 10%	**35**	(2)	**(1,534)**	672
NZD to USD + 10%	**66**	(33)	**649**	(314)
NZD to USD - 10%	**(94)**	40	**(792)**	384

Significant assumptions used in the foreign currency exposure sensitivity analysis include:

- Reasonably possible movements in foreign exchange rates were determined based on economic forecast expectations.

  The reasonably possible movements were calculated by taking the USD and NZD spot rate as at reporting date, moving this spot rate by the reasonably possible movements and then re-converting the USD, NZD into AUD with the 'new spot-rate'. This methodology reflects the translation methodology undertaken by the Group.
- A price sensitivity of derivatives has been based on reasonably possible movements of spot rates at reporting dates rather than forward rates.
- The effect on other comprehensive income is the effect on the cash flow hedge reserve.
- The sensitivity does not include financial instruments that are non-monetary items as these are not considered to give rise to currency risk.

A sensitivity of 10% has been selected based on the reasonably possible movements given recent and historical levels of volatility and exchange rates and economic forecast expectations.

▸ Commodity price risk

The Group is exposed to price risk in relation to a number of raw materials. This risk is partially mitigated by 'rise and fall' clauses in contracts with customers. In managing commodity price risk, the Group ordinarily seeks to pass on commodity price risk to both contracted and uncontracted customers. As the Group has historically passed on the movement risk associated with commodity prices, no sensitivity analysis has been performed. However the speed, magnitude and competitive dynamics of end markets can adversely impact the Group's ability to fully pass on commodity price changes.

Notes to the Full Year Consolidated Financial Report (continued)
For the year ended 30 June 2014

NOTE 23. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

(ii) Counterparty credit risk

Credit risk arises from the potential failure of counterparties to meet their obligations at the maturity of contracts. The Group is exposed to credit risk arising from its operating activities (primarily from customer receivables) and financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments. The maximum exposure to credit risk arising from potential default of the counterparty is equal to the carrying amount of the financial assets. There have been no significant changes in relation to financial guarantees and trade finance credit arrangement utilised by the Group compared to the previous period.

The Group does not hold any credit derivatives to offset its credit exposures and there is no significant concentration of credit risk.

▸ Trade receivables

The Group generally trades only with recognised, creditworthy third parties, and as such collateral is not requested nor is it the Group's policy to securitise its trade and other receivables.

It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures which may include an assessment of their independent credit rating, financial position, past experience and industry reputation. Risk limits are set for each individual customer in accordance with set parameters. These risk limits are regularly monitored. In addition, receivable balances are stringently monitored on an ongoing basis with the result that the Group's bad debt experience has not been significant.

▸ Financial instruments

Credit risks relating to financial instruments entered into with banks and financial institutions are managed by Group Treasury in accordance with the approved policies. Such policies only allow financial instruments to be entered into with high credit quality financial institutions.

The maximum exposure to credit risk by class of recognised financial assets at the end of the reporting period is equivalent to the carrying amount as presented in the Statement of Financial Position.

(iii) Liquidity risk

Liquidity risk arises from the financial liabilities of the Group and the Group's subsequent ability to meet its obligations to repay these financial liabilities as and when they fall due. Liquidity risk management involves maintaining available funding and ensuring the Group has access to an adequate amount of committed credit facilities. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, loans and finance leases.

The Group manages its liquidity risk by monitoring the total cash inflows and outflows expected on an ongoing basis.

Notes to the Full Year Consolidated Financial Report (continued)
For the year ended 30 June 2014

NOTE 23. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

▸ Credit facilities

The table below summarises the outstanding and unused credit facilities available to the Group:

	Term	Note	2014 $'000's	2013 $'000's
Available credit facilities				
A$750m Syndicated Revolving Loan Facility A Tranche 1 (AUD $295m)	3 years		**295,000**	-
A$750m Syndicated Revolving Loan Facility A Tranche 2 (AUD $295m)	5 years		**295,000**	-
A$750m Syndicated Revolving Loan Facility B Tranche 1 (NZD $90m)	3 years		**83,534**	-
A$750m Syndicated Revolving Loan Facility B Tranche 2 (NZD $90m)	5 years		**83,534**	-
Term Loan B Facility	7 years		**-**	959,558
Revolving Credit Facility	5 years		**-**	100,402
Promissory note			**-**	1,069,415
Overdraft facility			**20,105**	17,500
Multi Option Interchangeable Working Capital Facility[1]			**15,175**	15,175
Trade finance facility[1]			**4,000**	4,000
Total available credit facilities			**796,348**	**2,166,050**

		Note	2014 $'000's	2013 $'000's
Credit facilities utilised				
A$750m Syndicated Revolving Loan Facility A Tranche 1 (AUD $295m)		14	**295,000**	-
A$750m Syndicated Revolving Loan Facility A Tranche 2 (AUD $295m)		14	**130,000**	-
A$750m Syndicated Revolving Loan Facility B Tranche 1 (NZD $90m)		14	**83,534**	-
A$750m Syndicated Revolving Loan Facility B Tranche 2 (NZD $90m)		14	**83,534**	-
Term Loan B Facility		14	**-**	959,558
Promissory note		24	**-**	1,069,432
Overdraft facility		14	**1,376**	270
Multi Option Interchangeable Working Capital Facility[1]			**11,463**	7,620
Trade finance facility[1]			**-**	2,798
Total credit facilities utilised			**604,907**	2,039,678

	2014 $'000's	2013 $'000's
Net unused credit facilities	**191,441**	126,372
Cash and cash equivalents	**25,603**	22,899
Net unused facilities and cash and cash equivalents	**217,044**	**149,271**

[1] These facilities allow the Group to procure goods and services on credit whereby the initial payment obligation rests with the facility provider. The liability attaching to these transactions is recognised in the Statement of Financial Position when title or risk associated these goods and services passes to the Group or an event occurs which causes the liability to be crystallised in accordance with normal accounting principles. Up until such time, any obligation attaching to the procurement of these goods and services does not represent a liability and therefore has not been recognised in the Statement of Financial Position.

NOTE 23. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

▶ Derivative and non-derivative financial assets and liabilities

The following liquidity risk disclosures reflect all contractually fixed payments, repayments and interest resulting from recognised financial liabilities as of 30 June 2014. For the other obligations the respective undiscounted cash flows for the respective upcoming fiscal years are presented. The timing of cash flows for assets and liabilities is based on the contractual terms of the underlying contract.

When the Group is committed to make amounts available in instalments, each instalment is allocated to the earliest period in which the Group is required to pay.

The risk implied from the values shown in the table below reflects a balanced view of cash inflows and outflows of financial instruments. Leasing obligations, trade payables and other financial liabilities mainly originate from the financing of assets used in the Group's ongoing operations such as property, plant, equipment and investments in working capital.

Included in the Statement of Financial Position are loans and receivables consisting of trade and other receivables of $150.3 million (2013: $253.7 million).

Liquid non-derivative assets comprising cash and receivables are considered in the Group's overall liquidity risk. The Group ensures that sufficient liquid assets are available to meet all the required short-term cash payments.

The table below summarises the maturity profile of the Group's assets and liabilities based on contractual undiscounted payments:

	≤ 6 months	6–12 months	1–5 years	> 5 years	Total
	$'000's	$'000's	$'000's	$'000's	$'000's
Year ended 30 June 2014					
Financial assets					
Cash and cash equivalents	25,603	-	-	-	25,603
Trade and other receivables	150,341	-	-	-	150,341
Foreign exchange forward contracts	-	194	-	-	194
Total inflows	174,741	194	-	-	174,935
Financial liabilities					
Bank overdraft	(1,376)	-	-	-	(1,376)
Trade and other payables	(192,916)	-	-	-	(192,916)
Foreign exchange forward contracts	(1,087)	-	(45)	-	(1,132)
A$750m Syndicated Revolving Loan Facility	(14,739)	(14,499)	(655,588)	-	(684,826)
Finance leases	(975)	-	-	-	(975)
Total outflows	(213,889)	(14,499)	(655,633)	-	(884,021)
Net inflow/(outflow)	(39,148)	(14,305)	(655,633)	-	(709,086)

Notes to the Full Year Consolidated Financial Report (continued)
For the year ended 30 June 2014

NOTE 23. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

	≤ 6 months	6–12 months	1–5 years	> 5 years	Total
	$'000's	$'000's	$'000's	$'000's	$'000's
Year ended 30 June 2013					
Financial assets					
Cash and cash equivalents	22,899	-	-	-	22,899
Trade and other receivables	253,205	-	-	-	253,205
Foreign exchange forward contracts	3,101	474	365	-	3,940
Total inflows	**279,205**	**474**	**365**	**-**	**280,044**
Financial liabilities					
Bank overdraft	(270)	-	-	-	(270)
Trade and other payables	(154,918)	(6,092)	(306)	-	(161,316)
Secured Loan Syndicated Finance Facility	(23,366)	(22,776)	(275,856)	(945,796)	(1,267,794)
Promissory notes	-	-	-	(1,573,728)	(1,573,728)
Cross currency interest rate swaps	(13,022)	(11,149)	(41,906)	-	(66,077)
Finance leases	(493)	(493)	(1,022)	-	(2,008)
Total outflows	**(192,069)**	**(40,510)**	**(319,090)**	**(2,519,524)**	**(3,071,193)**
Net inflow/(outflow)	87,136	(40,036)	(318,725)	(2,519,524)	(2,791,149)

In addition to maintaining sufficient liquid assets to meet short term payments, at reporting date, the Group has available $191.4 million (2013: $126.4 million) of unused credit facilities available for its immediate use. Refer to note 23(c)(i) for details.

Due to the unique characteristics and risks inherent to derivative instruments, the Group, through the Group Treasury Function, separately monitors the liquidity risk arising from transacting in derivative instruments.

The disclosed financial derivative instruments in the above table are the gross undiscounted cash flows however these amounts may be settled gross or net.

The following table shows the corresponding reconciliation of those amounts to their carrying amounts:

	≤ 6 months	6–12 months	1–5 years	> 5 years	Total
	$'000's	$'000's	$'000's	$'000's	$'000's
Year ended 30 June 2014					
Derivative liabilities – gross settled					
Inflows	**47,275**	**2,650**	**824**	**-**	**50,749**
Outflows	**(48,362)**	**(2,456)**	**(869)**	**-**	**(51,687)**
Net maturity	**(1,087)**	**194**	**(45)**	**-**	**(938)**
Year ended 30 June 2013					
Derivative liabilities – gross settled					
Inflows	79,529	28,888	1,120,081	-	1,228,498
Outflows	(89,450)	(39,563)	(1,161,622)	-	(1,290,635)
Net maturity	**(9,921)**	**(10,675)**	**(41,541)**	**-**	**(62,137)**

NOTE 24. RELATED PARTY DISCLOSURES

Parent entity

The parent of the Group is Pact Group Holdings Ltd. In the comparative period, the ultimate parent of the Group was Salvage Pty Ltd, as trustee for Geminder Family Trust, incorporated in Australia. Geminder Holdings Pty Ltd owned 100% of the Group up until the date of the listing on the Australian Securities Exchange.

Terms and conditions of transactions with related parties

The purchases from and sales to related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the end of the period are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ending 30 June 2014, the Group has not recorded any impairment of receivables relating to amounts owed by related parties (June 2013: Nil).

Terms and conditions of loans from related parties

The promissory note payable to Geminder Holdings Pty Ltd was repaid in full on 17 December 2013. This promissory note accrued interest quarterly at a rate based on the bank bill swap bid rate (BBSY) plus a margin of 2%. Interest was capitalised annually on the anniversary of the promissory note.

Terms and conditions of property leases with related parties

The Group leased 21 properties (18 in Australia and 3 in New Zealand) from Centralbridge Pty Ltd (as trustee for the Centralbridge Unit Trust), Centralbridge Two Pty Ltd, Centralbridge (NZ) Limited and Albury Property Holdings Pty Ltd ("Centralbridge Entities"), which are each controlled by entities associated with Raphael Geminder (the Non-Executive Chairman of Pact) and are therefore related parties of the Group ("Centralbridge Leases"). The aggregate annual rent payable by Pact under the Centralbridge Leases for FY14 was $10.2m. The rent payable under these leases was determined based on independent valuations and market conditions at the time the leases were entered into.

As at 30 June 2014, 5 of the Australian properties had been unconditionally sold by the Centralbridge Entities to third parties, these sales settled during July 2014.

Following the settlement of the property sales, the Group leases 16 properties (13 in Australia and 3 in New Zealand) from the Centralbridge Entities. Of the Centralbridge Leases in Australia:

- Seven of the leases contain early termination rights in favour of the landlord to terminate the lease at the expiry of the 6th and 9th term;
- One of the leases contains early termination rights in favour of the landlord to terminate the lease at the expiry of the 5th and 8th term;
- One of the leases contains early termination rights in favour of the landlord to terminate the lease at the expiry of the 8th term; and
- Two of the leases do not contain standard default provisions which give the landlord the right to terminate the lease in the event of default.

Except as set out above, the Centralbridge Leases in Australia are on arm's length terms.

Of the Centralbridge Leases in New Zealand, three of the leases contain early termination rights in favour of the landlord to terminate the lease at the expiry of the 6th and 9th term. With the exception of the early termination right, the Centralbridge Leases in New Zealand are on terms which are not uncommon for leases of commercial premises.

Notes to the Full Year Consolidated Financial Report (continued)
For the year ended 30 June 2014

NOTE 24. RELATED PARTY DISCLOSURES (CONTINUED)

(a) Transactions with related parties

The following table provides the total amount of transactions with related parties for the year ended 30 June 2014:

		Sales to related parties	Purchases from related parties	Other (income) / expense with related parties	Amounts (owed to) / receivable from related parties
		$'000's	$'000's	$'000's	$'000's
Entity which previously controlled the Group:					
Geminder Holdings Pty Ltd (1)	**2014**	**-**	**-**	**(1,650)**	**(72)**
	2013	-	-	(7,850)	116,697
Associates and joint ventures:					
Cinqplast Plastop Australia Pty Ltd (2)	**2014**	**268**	**458**	**-**	**-**
	2013	543	580	-	163
Steri-Plas Pty Ltd (2)	**2014**	**-**	**-**	**(48)**	**-**
	2013	-	-	(115)	(441)
Spraypac Products (NZ) Ltd	**2014**	**-**	**-**	**-**	**-**
	2013	57	-	-	-
Weener Plastop Asia Inc (5)	**2014**	**-**	**-**	**(30)**	**-**
	2013	-		(26)	-
Other related parties – other Director's interests:			-		
Albury Property Holdings Pty Ltd	**2014**	**-**	**2,773**	**-**	**10**
	2013	-	2,671	-	(245)
Asia Peak Pte Ltd (2)	**2014**	**-**	**31,846**	**(1,482)**	**-**
	2013	-	49,689	(1,311)	(17,098)
BB&M Holdings Pty Ltd (3)	**2014**	**-**	**-**	**(68)**	**100**
	2013	-	-	(134)	231
Centralbridge (NZ) Ltd (6)	**2014**	**-**	**1,709**	**-**	**-**
	2013	-	2,806	-	156
Centralbridge Pty Ltd as Trustee for Centralbridge Unit Trust (6)	**2014**	**-**	**667**	**-**	**-**
	2013	-	641	-	(59)
Centralbridge Two Pty Ltd (6)	**2014**	**-**	**5,086**	**-**	**(12)**
	2013	-	3,795	-	(512)
Closed Loop Environmental Solutions Pty Ltd	**2014**	**485**	**20**	**-**	**29**
	2013	1,720	13	-	124
Dynapack Asia Pte Ltd (4)	**2014**	**-**	**-**	**-**	**15**
	2013	-	-	128	(21)
P'Auer Pty Ltd (8)	**2014**	**640**	**7,533**	**458**	**-**
	2013	-	4,804	(104)	4
Plastop Asia Inc (2)	**2014**	**-**	**-**	**(55)**	**-**
	2013	-	-	(71)	-
Pro-Pac Packaging Ltd (7)	**2014**	**8,274**	**5,225**	**-**	**870**
	2013	8,066	2,021	-	423

Notes to the Full Year Consolidated Financial Report (continued)
For the year ended 30 June 2014

NOTE 24. RELATED PARTY DISCLOSURES (CONTINUED)

(a) Transactions with related parties (continued)

(1) As a result of the initial public offering on 17 December 2013, Geminder Holdings Pty Ltd no longer owns 100% of the Group. Geminder Holdings Pty Ltd remains a substantial shareholder and related party of the Group. Transactions disclosed above relate to transactions with Geminder Holdings Pty Ltd during the twelve months ended 30 June 2014 and the comparative twelve month period. The amount of fees received from Geminder Holdings Pty Ltd for the period from 17 December 2013 to 30 June 2014 was $250,000.

In addition to the transactions disclosed above, Viscount Plastics (China) Pty Ltd (Viscount China) has entered into a call option deed with respect of each of the relevant premises in China to which it holds a "granted land use right". Under these deeds, Geminder Holdings Pty Ltd (or its nominee) has the option to acquire the relevant premises in China for the book value as at 30 June 2013 plus any applicable purchaser taxes or duties. The term of the option is approximately three years from 17 December 2013. The effect of the call option is that any of the premises in China may be acquired by Geminder Holdings Pty Ltd (or its nominee) for less than market value.

(2) On 17 December 2013, Cinqplast Plastop Australia Pty Ltd, Steri-Plas Pty Ltd, Asia Peak Pte Ltd, Plastop Asia Inc and Viscount Plastics (China) Pty Ltd were acquired by the Group (refer note 10). Related party transactions disclosed above relate to the period up to the acquisition date of 17 December 2013 for financial year 2014, the comparatives are for the 12 month period ending 30 June 2013.

(3) During the period an entity controlled by Raphael Geminder held a significant influence over BB&M Holdings Pty Ltd through a 43% equity interest in the entity.

(4) A memorandum of understanding has been entered into with the shareholders of Dynapack Asia Pte Ltd giving Pact Group Holdings Ltd, or its nominee, the exclusive opportunity to negotiate the acquisition of all the shares in Dynapack Asia Pte Ltd at any time up to 12 months after 17 December 2013. Dynapack Asia Pte Ltd is currently owned 50% by entities controlled by the Hambali family of Indonesia and 50% by an entity controlled by Geminder Holdings Pty Ltd, Pact's former parent. Geminder Holdings Pty Ltd acquired its interest in Dynapack Asia Pte Ltd in 2011.

(5) On 17 December 2013, as a result of acquiring Ruffgar Pty Ltd, the Group acquired a 50% interest in Weener Plastop Asia Inc. Weener Plastop Asia Inc. (refer note 10) was established by an entity controlled by Raphael Geminder in 2007. Transactions disclosed above relate to any transactions with the associate during the twelve months ended 30 June 2014 and the comparative twelve month period.

(6) Payments to the entities represent lease payments for rental of sites.

(7) Pro-Pac Packaging Limited (Pro-Pac)
Pro-Pac, an entity controlled by Raphael Geminder, is an exclusive supplier of certain raw materials such as flexible film packaging, flexible plastic bags and tapes to Pact for an initial term that expires on 1 October 2016. Total annual fees under this arrangement are approximately $5.2 million per annum. The supply arrangement is on arm's length terms.

(8) P'Auer Pty Ltd (P'Auer)
P'Auer, an entity controlled by Raphael Geminder has a supply agreement to provide label products to Pact. Pact has a Transitional Services and Support Agreement with P'Auer to provide support services. Agreements are on arm's length terms. In addition, P'Auer provides Pact with periodic warehousing services.

(b) Loans from related parties		Interest income	Interest expense	Promissory note owed to related parties
Entity which previously controlled the Group:		**$'000's**	**$'000's**	**$'000's**
Geminder Holdings Pty Ltd [1]	**2014**	**5,388**	**22,116**	**-**
	2013	-	55,534	(1,069,432)

(1) During the period, Pact issued shares to Geminder Holdings Pty Ltd in exchange for cash of $255.0 million and a new promissory note. After assignment of a receivable owed by Geminder Holdings to Pact, the balance of the new interest bearing promissory note was repaid in full through the issue of shares together with part proceeds of the public offering.

Notes to the Full Year Consolidated Financial Report (continued)
For the year ended 30 June 2014

NOTE 24. RELATED PARTY DISCLOSURES (CONTINUED)

(c) Divestment of businesses to related parties
The Group made the following disposals of businesses to related parties during the financial year ended 30 June 2013:

(i) Viscount Plastics (Malaysia) Sdn Bhd was sold to Dynapack Asia Pte Ltd (refer note 22).

(ii) Viscount Plastics (China) Pty Ltd was sold to Bennamon Pty Ltd (refer note 22).

(d) Transactions with Key Management Personnel

Entity	Country of Incorporation	Equity Interest 2014	Equity Interest 2013
Other Director's interests			
Albury Property Holdings Pty Ltd	Australia	**100%**	100%
BB&M Holdings Pty Ltd	Australia	**43%**	43%
Centralbridge Pty Ltd as trustee for Centralbridge Unit Trust	Australia	**100%**	100%
Centralbridge Two Pty Ltd	Australia	**100%**	100%
Cinqplast Plastop Australia Pty Ltd[1]	Australia	–	51%
Closed Loop Environmental Solutions Pty Ltd	Australia	**26%**	26%
Geminder Holdings Pty Ltd	Australia	**100%**	100%
P'Auer Pty Ltd	Australia	**100%**	100%
Pro-Pac Packaging Ltd	Australia	**51%**	51%
Steri-Plas Pty Ltd[1]	Australia	–	51%
Centralbridge (NZ) Ltd	New Zealand	**100%**	100%
Plastop Asia Inc[1]	Philippines	–	50%
Weener Plastop Asia Inc[1]	Philippines	**50%**	25%
Asia Peak Pte Ltd[1]	Singapore	–	100%
Dynapack Asia Pte Ltd	Singapore	**50%**	50%

[1] Subsidiaries became controlled entities on 17 December 2013 (refer note 21).

	2014 $'000's	2013 $'000's
Compensation of Key Management Personnel of the Group		
Short-term employee benefits	**4,653**	1,916
Post-employment benefits	**124**	123
Long-term benefits	**34**	37
Total compensation	**4,811**	**2,076**

The amounts disclosed in the table are the amounts recognised as an expense during the reporting period related to Key Management Personnel.

Notes to the Full Year Consolidated Financial Report (continued)
For the year ended 30 June 2014

NOTE 25. CONTROLLED ENTITIES

(a) The following entities are controlled entities that are party to the Deed of Cross Guarantee (note 27):

Entity	Country of Incorporation	Equity Interest 2014	Equity Interest 2013
Alto Manufacturing Pty Ltd(2)	Australia	**100**	100
Alto Packaging Australia Pty Ltd(2)	Australia	**100**	100
Astron Plastics Pty Ltd(2)	Australia	**100**	100
Baroda Manufacturing Pty Ltd(2)	Australia	**100**	100
Brickwood (NSW) Pty Ltd (formerly Full View Plastics Pty Ltd) as trustee for the Full View Plastics Unit Trust(2)	Australia	**100**	100
Brickwood (QLD) Pty Ltd (formerly Logan Moulders Pty Ltd)(2)	Australia	**100**	100
Brickwood (VIC) Pty Ltd (formerly Brickwood Holdings Pty Ltd)(2)	Australia	**100**	100
Cinqplast Plastop Australia Pty Ltd (1)	Australia	**100**	-
Inpact Innovation Pty Ltd(2)	Australia	**100**	100
MTWO Pty Ltd(2)	Australia	**100**	100
Pact Group Holdings (Australia) Pty Ltd (formerly Pact Group Pty Ltd)(2)	Australia	**100**	100
Pact Group Industries (ANZ) Pty Ltd(2) (formerly Pact Group Industries Pty Ltd)	Australia	**100**	100
Pact Group Industries (Asia) Pty Ltd	Australia	**100**	100
Plaspak Pty Ltd(2)	Australia	**100**	100
Plaspak Closures Pty Ltd(2)	Australia	**100**	100
Plaspak Peteron Pty Ltd(2)	Australia	**100**	100
Ruffgar Holdings Pty Ltd(1)	Australia	**100**	-
Salient Asia Pacific Pty Ltd(2)	Australia	**100**	100
Skyson Pty Ltd(2)	Australia	**100**	100
Snopak Manufacturing Pty Ltd(2)	Australia	**100**	100
Steri-Plas Pty Ltd(1)	Australia	**100**	-
Summit Manufacturing Pty Ltd(2)	Australia	**100**	100
Sunrise Plastics Pty Ltd(2)	Australia	**100**	100
VIP Drum Reconditioners Pty Ltd(2)	Australia	**100**	100
VIP Plastic Packaging Pty Ltd(2)	Australia	**100**	100
VIP Steel Packaging Pty Ltd(2)	Australia	**100**	100
Viscount Logistics Services Pty Ltd(2)	Australia	**100**	100
Viscount Plastics Pty Ltd(2)	Australia	**100**	100
Viscount Plastics (Australia) Pty Ltd(2)	Australia	**100**	100
Viscount Rotational Mouldings Pty Ltd(2)	Australia	**100**	100
Viscount Plastics (China) Pty Ltd(1)	Australia	**100**	-

(1) Subsidiaries became controlled entities on 17 December 2013 (refer note 21)

(2) Subsidiaries that comprise A$750m Syndicated Revolving Loan Facility along with Pact Group Holdings Ltd as executed on 17 December 2013 (refer note 14)

Notes to the Full Year Consolidated Financial Report (continued)
For the year ended 30 June 2014

NOTE 25. CONTROLLED ENTITIES (CONTINUED)

(b) The following entities are controlled entities of the Group, however they are not party to the Deed of Cross Guarantee:

Entity	Country of Incorporation	Equity Interest 2014	2013
Pact Group Transaction Services Pty Ltd[2]	Australia	**100**	100
Plaspak Contaplas Pty Ltd[2]	Australia	**100**	100
Plaspak Management Pty Ltd[2]	Australia	**100**	100
Plaspak Minto Pty Ltd[2]	Australia	**100**	100
Plaspak (PET) Pty Ltd[2]	Australia	**100**	100
Sustainapac Pty Ltd[2]	Australia	**100**	100
Vmax Returnable Packaging Systems Pty Ltd	Australia	**51**	51
Alto Packaging Ltd[2]	New Zealand	**100**	100
Astron Plastics Ltd[2]	New Zealand	**100**	100
Auckland Drum Sustainability Services Ltd[2]	New Zealand	**100**	100
Pacific BBA Plastics (NZ) Ltd[2]	New Zealand	**100**	100
Pact Group (NZ) Ltd[2]	New Zealand	**100**	100
Pact Group Holdings (NZ) Ltd[2]	New Zealand	**100**	100
Tecpak Industries Ltd[2]	New Zealand	**100**	100
VIP Plastic Packaging (NZ) Ltd[2]	New Zealand	**100**	100
VIP Steel Packaging (NZ) Ltd[2]	New Zealand	**100**	100
Viscount Plastics (NZ) Ltd[2]	New Zealand	**100**	100
Pact Group (USA) Inc.	United States of America	**100**	100
Gempack Asia Ltd	Thailand	**100**	100
Asia Peak Pte Ltd[1]	Singapore	**100**	-
Plastop Asia Inc[1]	Philippines	**100**	-
Guangzhou Viscount Plastics Co Ltd[1]	China	**100**	-
Langfang Viscount Plastics Co Ltd[1]	China	**100**	-
Changzhou Viscount Plastics Co Ltd[1]	China	**100**	-

[1] Subsidiaries became controlled entities on 17 December 2013 (refer note 21)

[2] Subsidiaries that comprise A$750m Syndicated Revolving Loan Facility along with Pact Group Holdings Ltd as executed on 17 December 2013 (refer note 14)

Notes to the Full Year Consolidated Financial Report (continued)
For the year ended 30 June 2014

NOTE 26. PARENT ENTITY FINANCIAL STATEMENTS

	2014	2013
	$'000's	$'000's
Current assets	**354,137**	127,600
Total assets	**1,362,707**	1,069,600
Current liabilities	**-**	-
Total liabilities	**-**	1,069,432
Net assets	**1,362,707**	**168**
Issued capital	**1,327,643**	-
Retained earnings	**64**	168
Profits reserve	**35,000**	-
Total equity	**1,362,707**	**168**
Profit of the Parent entity	**34,895**	476,651
Total comprehensive income of the Parent entity	**34,895**	**476,651**

NOTE 27. DEED OF CROSS GUARANTEE

On 28 May 2014, a Deed of Cross Guarantee (Deed) was executed between Pact Group Holdings Ltd and some of its wholly owned entities (refer to note 25(a)). Under this Deed, each company guarantees the debts of the other subsidiaries that form part of the Deed. Pursuant to Class Order 98/1418, for those entities that enter into the Deed relief has been granted from the *Corporations Act 2001* requirements to prepare and lodge audited financial statements.

The entities that are parties to the Deed represent a 'Closed Group' for the purposes of the Class Order.

The consolidated income statement and balance sheet of the entities that are members of the Closed Group are as follows:

Closed group consolidated income statement

	2014
	$'000's
Profit before income tax	**45,168**
Income tax expense	16,612
Net profit for the period	**61,780**
Retained losses at beginning of the period	**(75,943)**
Net profit for the period	61,780
Dividends provided for or paid	-
Retained losses at end of the period	**(14,163)**

Notes to the Full Year Consolidated Financial Report (continued)
For the year ended 30 June 2014

Closed group consolidated balance sheet

	2014
	$'000's
CURRENT ASSETS	
Trade and other receivables	106,514
Inventories	81,905
Loans to related parties	25,699
Prepayments	8,935
TOTAL CURRENT ASSETS	**223,053**
NON-CURRENT ASSETS	
Other receivables	13
Property, plant and equipment	399,139
Investments in subsidiaries and associates	371,233
Intangible assets and goodwill	149,795
Deferred tax assets	25,154
TOTAL NON-CURRENT ASSETS	**945,334**
TOTAL ASSETS	**1,168,387**
CURRENT LIABILITIES	
Trade and other payables	129,902
Interest bearing loans and borrowings	1,220
Loans from related parties	18,487
Current tax liabilities	1,830
Provisions	27,588
Other current financial liabilities	938
TOTAL CURRENT LIABILITIES	**179,965**
NON-CURRENT LIABILITIES	
Provisions	35,622
Interest bearing loans and borrowings	425,975
Deferred tax liabilities	23,256
TOTAL NON-CURRENT LIABILITIES	**484,853**
TOTAL LIABILITIES	**664,818**
NET ASSETS	**503,569**
EQUITY	
Contributed equity	1,489,597
Reserves	(971,865)
Retained earnings	(14,163)
TOTAL EQUITY	**503,569**

Notes to the Full Year Consolidated Financial Report (continued)
For the year ended 30 June 2014

NOTE 28. AUDITOR'S REMUNERATION

The auditor of Pact Group Holdings Ltd is Ernst & Young. Amounts received or due and receivable by Ernst & Young are as follows:

	2014	2013
	$'000's	**$'000's**
Audit or review of the Consolidated Financial Report of the Group and audit or review of other entities in the consolidated Group	**1,490**	895
Tax services	**178**	105
Other assurance related services	**78**	679
Other services relating to the IPO	**2,932**	-
	4,678	**1,679**

NOTE 29. EARNINGS PER SHARE

Basic and diluted earnings per share amounts are calculated by dividing the net profit for the period attributable to ordinary equity holders of Pact by the weighted average number of ordinary shares outstanding during the period.

The following reflects the income and share data used in the basic and diluted earnings per share computations:

	2014	2013
	$'000's	**$'000's**
Net profit attributable to ordinary equity holders of Pact from continuing operations	**57,689**	45,125
Net profit attributable to ordinary equity holders of Pact for basic earnings	**57,689**	45,125
Net profit attributable to ordinary equity holders of Pact adjusted for the effect of dilution[1]	**57,689**	**45,125**
Weighted average number of ordinary shares for basic earnings per share	**164,471,919**	12
	$	$
Earnings per share	**0.35**	**3,760,417**

[1] There is no dilutive impact as the Group does not have options over shares as at 30 June 2014.

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of authorisation of these financial statements.

Earnings per share for the comparative period was calculated using the net profit for the period attributable to ordinary equity holders of Geminder Holdings Pty Ltd, Pact's parent entity until 17 December 2013.

Notes to the Full Year Consolidated Financial Report (continued)
For the year ended 30 June 2014

NOTE 30. SEGMENT INFORMATION

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

Operating segments have been identified based on the information provided to the executive decision maker, being the Chief Executive Officer (CEO). The CEO provides strategic direction and management oversight to the day to day activities of the Group in terms of monitoring results and approving strategic planning.

Description of segments
The CEO monitors results by reviewing two operating segments, Pact Australia (PA) and Pact International (PI), focussing on earnings before net finance costs and tax (EBIT) before significant items as a segment result. EBIT is calculated as earnings before finance costs, net of interest revenue, and tax.

Geographic segments
The Group operates in the following significant countries, Australia, New Zealand, China, Philippines, Malaysia and Thailand. Revenues have been allocated to the individual countries stated above based on the location of the customers to which the revenue relates.

Comparative information has been presented in conformity with the identified reporting segments of the Group as at the reporting date in accordance with AASB 8 Operating Segments.

(a) Segment results

	2014			2013		
	$'000's			$'000's		
	Pact Australia	Pact International	Total	Pact Australia	Pact International	Total
Sales revenue	**822,671**	**320,548**	**1,143,219**	813,118	290,589	**1,103,707**
EBIT before significant items	**82,249**	**64,776**	**147,027**	93,223	47,106	**140,329**

(b) Reconciliation from EBIT before significant items to net profit after tax

	2014	2013
	$'000's	$'000's
EBIT before significant items	**147,027**	**140,329**
Significant items		
Reversal of unrealised revaluation gain on hedges	**(3,791)**	3,791
Swap break costs	**(6,407)**	-
IPO transaction costs	**(5,245)**	-
Write-off of capitalised borrowing costs	**(21,576)**	-
Gain on business acquisition	**10,834**	21,103
Gain on disposal of shares in associate	**-**	1,853
Gain on disposal of business	**-**	3,072
Business reorganisation program	**-**	(25,035)
Total significant items	**(26,185)**	**4,784**
EBIT after significant items	**120,842**	**145,113**
Finance costs	**(66,725)**	(91,879)
Net profit before tax	**54,117**	**53,234**
Income tax (expense) / benefit	**3,680**	(7,964)
Net profit after tax	**57,797**	**45,270**

Notes to the Full Year Consolidated Financial Report (continued)
For the year ended 30 June 2014

NOTE 30. SEGMENT INFORMATION (CONTINUED)

(c) Geographical information

	2014	2013
	$'000's	$'000's
Sales revenue from external customers		
Australia	**824,448**	825,953
New Zealand	**276,919**	232,848
Asia	**38,032**	39,500
USA	**3,820**	5,406
Total sales revenue per Statement of Comprehensive Income	**1,143,219**	**1,103,707**

The sales revenue information above is based on the location of the customers.

(d) Non-current assets

	2014	2013
	$'000's	$'000's
Non-current assets		
Australia	**549,217**	501,951
New Zealand	**255,907**	233,337
Asia	**67,607**	8,524
Total non-current assets	**872,731**	**743,812**

Non-current assets for this purpose consists of property, plant and equipment, goodwill and intangible assets.

NOTE 31. SUBSEQUENT EVENTS

The Company made an ASX announcement on 1 August 2014 that it had signed an agreement to acquire the Australian and New Zealand operations of Sulo MGB (Australia) Pty Ltd including its subsidiary Sulo (NZ) Ltd from Plastics Group Pty Ltd for a total consideration (including potential earnout) of up to $34.8 million which will be funded through the Group's existing debt facilities. The acquisition was completed on 8 August 2014.

Sulo is the leading manufacturer of plastic waste and recycling bins in Australia and New Zealand, with a unaudited turnover of approximately $48 million in the year ended 30 June 2014.

Directors' Declaration

In the Directors' opinion:

1. The consolidated financial statements and notes, and the remuneration report included in the Directors' report are 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 2014 and of its performance for the year ended on that date;
   (b) complying with Australian Accounting Standards and the Corporations Regulations 2001; and
   (c) complying with International Financial Reporting Standards as disclosed in note 2(b); and

2. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

3. As at the date of this Declaration, there are reasonable grounds to believe that the members of the Closed Group identified in note 27 will be able to meet any obligations or liabilities to which they are or may become subject to, by virtue of the Deed of Cross Guarantee dated 28 May 2014.

This declaration has been made after receiving the declarations required to be made to the Directors by the Chief Executive Officer and Chief Financial Officer in accordance with section 295A of the *Corporations Act 2001* for the financial year ended 30 June 2014.

This Declaration is made in accordance with a resolution of the Directors.

Raphael Geminder
Chairman

Brian Cridland
Managing Director and Chief Executive Officer

Dated 27 August 2014

Building a better
working world

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Independent auditor's report to the members of Pact Group Holdings Ltd

Report on the financial report

We have audited the accompanying financial report of Pact Group Holdings Ltd, which comprises the consolidated statement of financial position as at 30 June 2014, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 2, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the directors' report.

Opinion

In our opinion:

a. the financial report of Pact Group Holdings Ltd is in accordance with the *Corporations Act 2001*, including:

   i giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the year ended on that date; and

   ii complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

b. the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 2.

Report on the remuneration report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2014. 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.

Opinion

In our opinion, the Remuneration Report of Pact Group Holdings Ltd for the year ended 30 June 2014, complies with section 300A of the *Corporations Act 2001*.

Ernst & Young

Ernst & Young

Tim Wallace
Partner

Melbourne
27 August 2014


Yoplait
a2
Tough on Stains, Gentle on Skin
OMO
TOP LOADER
Swisse
WOMEN'S
ULTIVITE
Jif
cream
Leggo's
Flora
Dairy Farmers
Thick & Creamy
Vine Passionfruits
98% fat free
CAUTION
SARD
WONDER
ULTRA WHITENING
TRESemmé
PINK LADY APPLE

Shareholder Information

Shareholder Information

The shareholder information set out below, unless otherwise stated, is based on the information in the Pact Group Holdings Ltd share register as at 19 September 2014.

Voting Rights

The voting rights attaching to the only class of equity securities, being fully paid ordinary shares, are on a show of hands; every member present at a meeting in person or by proxy, attorney or representative has one vote and on a poll has one vote for each fully paid ordinary share held.

Substantial Shareholders

The following is a summary of the substantial shareholders in the Company pursuant to notices lodged with the ASX in accordance with section 671B of the Corporations Act as at 30 September 2014:

Name	Date of interest	Number of ordinary shares	% of issued capital
Geminder Holdings Pty Ltd	17/12/13	117,036,546	39.80
Mondrian Investment Partners Limited (in the capacity of Fund Manager)	6/6/14	25,484,653	8.67

On Market Buy-back

There is no current on-market buy-back in respect of the Company's ordinary shares.

Distribution of Securities Held

Analysis of number of ordinary shareholders by size of holding:

	Ordinary shares	
Range	Number of holders	Number of securities
1 – 1,000	354	190,305
1,001 – 5,000	1,692	5,318,483
5,001 – 10,000	1,055	7,771,638
10,001 – 100,000	648	14,474,925
100,001 – 9,999,999,999	48	266,342,610
Total	**3,797**	**294,097,961**

There were 63 holders of less than a marketable parcel of ordinary shares ($500 or more, equivalent to 130 ordinary shares based on a market price of $3.86 at the close of trading on 19 September 2014).

Top 20 Largest Shareholders

The names of the 20 largest quoted equity security holders as they appear on the Pact Group Holdings Ltd share register are listed below:

		Ordinary shares	
Rank	**Name**	**Number of shares**	**% of total shares**
1.	Geminder Holdings Pty Ltd	113,764,210	38.68
2.	HSBC Custody Nominees (Australia) Limited	37,176,797	12.64
3.	J P Morgan Nominees Australia Limited	27,728,814	9.43
4.	National Nominees Limited	26,206,020	8.91
5.	Citicorp Nominees Pty Limited	12,577,907	4.28
6.	RBC Investor Services Australia Nominees Pty Limited <Bkcust A/C>	8,064,548	2.74
7.	AMP Life Limited	6,606,942	2.25
8.	BNP Paribas Noms Pty Ltd <DRP>	4,227,497	1.44
9.	Gaja Consolidated Pty Ltd	3,272,336	1.11
10.	Salvage Pty Ltd	3,272,336	1.11
11.	Argo Investments Limited	3,237,038	1.10
12.	S&J Capital Pty Limited	2,855,625	0.97
13.	Citicorp Nominees Pty Limited <Colonial First State Inv A/C>	2,699,980	0.92
14.	HSBC Custody Nominees (Australia) Limited – A/C 3	1,870,862	0.64
15.	RBC Investor Services Australia Nominees Pty Limited <Piselect>	1,488,120	0.51
16.	National Nominees Limited <N A/C>	1,200,000	0.41
17.	Sandhurst Trustees Ltd <SISF A/C>	1,105,000	0.38
18.	Brispot Nominees Pty Ltd <House Head Nominee No 1 A/C>	916,820	0.31
19.	Custodial Services Limited <Beneficiaries Holding A/C>	733,826	0.25
20.	Mr Rakesh Tulshyan	722,658	0.25
Totals: Top 20 holders of fully paid ordinary shares (total)		**259,727,336**	**88.31**
Total remaining holders balance		**34,370,625**	**11.69**

Unquoted Equity Securities

There are no unquoted equity securities on issue.

Restricted Equity Securities

There are no restricted equity securities in the Company.

Manage Your Shareholding Online

To view and update your details online and access all your holdings and other valuable information, visit the Computershare Investor Centre www.investorcentre.com.

2015 Shareholder Calendar

Event	Proposed 2015 dates
Half-year results announcement	25 February 2015
Ex-dividend	4 March 2015
Record date	6 March 2015
Dividend payment	2 April 2015
Full year results announcement	26 August 2015
Ex-dividend	2 September 2015
Record date	4 September 2015
Dividend payment	5 October 2015
Annual General Meeting	18 November 2015

All dates may be subject to change.

Corporate Directory

Registered and Principal Administrative Office in Australia
Pact Group Holdings Ltd
Como Towers
Level 16, 644 Chapel Street
South Yarra, Victoria 3141, Australia
Telephone: +61 3 8825 4100
ABN: 55 145 989 644

Website Address
www.pactgroup.com.au

Australian Securities Exchange (ASX) Listing
Pact Group Holdings Ltd shares are listed on the ASX under the code PGH.

Directors
Refer to profiles on pages 43 – 45.

Senior Executives
Refer to profiles on page 19.

General Counsel and Company Secretary
Penny Grau

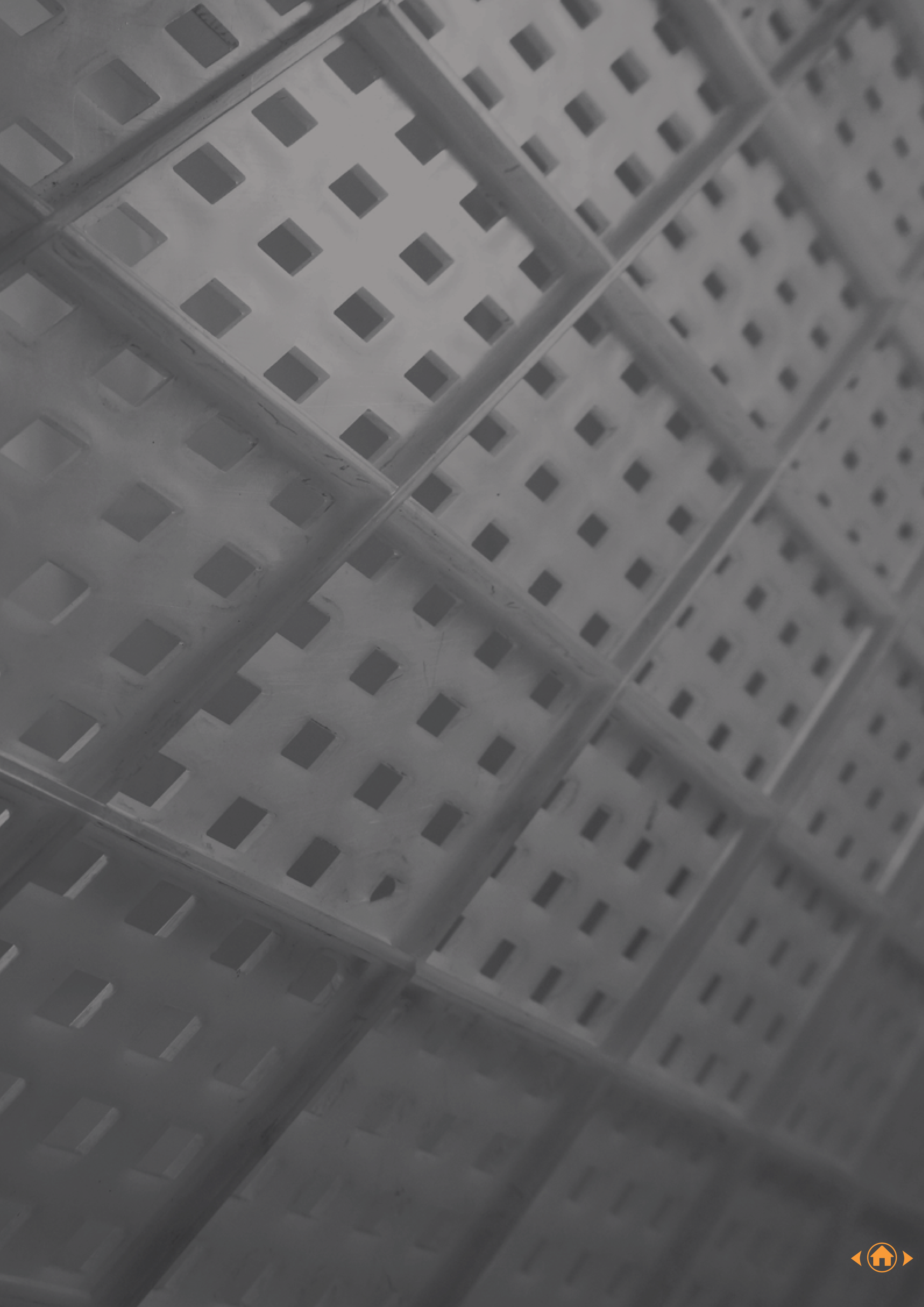
Auditor
Ernst & Young
8 Exhibition Street
Melbourne, Victoria 3000, Australia

Share Registry
Computershare Investor Services Pty Limited
Yarra Falls
452 Johnston Street
Abbotsford, Victoria 3067, Australia

Telephone within Australia: 1300 850 505
Telephone outside of Australia: +61 3 9415 5000
Fax: +61 3 9473 2500

Glossary of Terms

ABN	Australian Business Number
AGM	Annual General Meeting
ANZ	Australia and New Zealand
APES	Accounting professional and ethical standards
ASIC	Australian Securities and Investments Commission
ASX	Australian Securities Exchange
ATO	Australian Tax Office
Board	The Company's board of Directors
CEO	Chief Executive Officer
CFO	Chief Financial Officer
Company or Pact	Pact Group Holdings Ltd
CPET	Crystalline polyethylene terephthalate
CPS	Cents per share
Director	A Director of the Company
EBIT	Earnings before interest and tax
EBITDA	Earnings before interest, tax, depreciation and amortisation
FY13	Financial year 2013
FY14	Financial year 2014
FY15	Financial year 2015
GDP	Gross domestic product
Group	Pact Group Holdings Ltd and the entities it controls
GST	Australian goods and services tax
IP	Intellectual property
IPO	Initial public offering
KPI	Key performance indicator
M&A	Mergers and acquisitions
NPAT	Net profit after tax
Pact Group	Pact Group Holdings Ltd and the entities it controls
PET	Polyethylene terephthalate
PP	Polypropylene
PS	Polystyrene
ROI	Return on investment



PACT GROUP

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