Appendix 4E ***Rule 4.3A***

Preliminary Final report

AMCOR LIMITED
ABN 62 000 017 372

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

Reporting Period: Year Ended 30 June 2018
Previous Corresponding Period: Year Ended 30 June 2017

2. Results for announcement to the market

				US$ million
2.1 Revenues from ordinary activities:	Up	2.4%	to	9,319.1
2.2 Profit from ordinary activities after tax but before significant items, attributable to members:	Up	3.3%	to	724.0
2.3 Net profit for the period attributable to members:	Up	21.3%	To	724.0

Dividends	**Amount per security**	**Franked amount per security**
Current period		
2.4 Final dividend	24.0 US cents	nil
2.4 Interim dividend	21.0 US cents	nil
Previous corresponding period		
2.4 Final dividend	23.5 US cents	nil
2.4 Interim dividend	19.5 US cents	nil
2.5 Record date for determining entitlements to the dividend	Final dividend – 10 September 2018	

2.6 Brief explanation of figures in 2.1 to 2.4:

i) Refer to page 10 of attached press release for further comments specifically related to 2.2.

ii) Dividends in the current period are unfranked. Dividends are sourced from the parent entity's Conduit Foreign Income Account. As a result, 100% of the dividend paid to a non-resident will not be subject to Australian withholding tax.

iii) Refer to attached press release for further details relating to 2.1 to 2.4.

3. Income Statement and Statement of Comprehensive Income – Refer attached.

4. Statement of Financial Position – Refer attached.

5. Statement of Cash Flows – Refer attached.

6. Statement of Retained Earnings – Refer attached, Note 3.6 Reserves.

7. Details of individual dividends and payment dates – Refer attached, Note 1.2 Dividends.

8. Details of Dividend Reinvestment Plan

The Dividend Reinvestment Plan (DRP) is in operation. No discount has been offered under the DRP. The issue price for shares allotted under the DRP will be calculated on the arithmetic average of the weighted average market price for the nine ASX trading days from 13 to 25 September 2018 inclusive. The last date for receipt of election notices for the DRP is 11 September 2018. Shares allotted under the DRP rank equally with existing fully paid ordinary shares of Amcor Limited.

9. Net tangible assets

	30 June 2018	30 June 2017 (1)
Net tangible asset backing per ordinary security	(US$1.24)	(US$1.45)

(1) Comparative period has been adjusted. Refer attached, Note 6.6 Basis of preparation and compliance.

10. Control gained over entities having a material effect – Refer attached, Note 4.1 Businesses Acquired.

11. Details of associates and joint venture entities – Refer attached, Note 4.2 Equity Accounted Investments.

12. Significant information – Refer press release attached.

13. For foreign entities, which set of accounting standards is used in compiling the report – Not applicable.

14. Commentary on results for the period – Refer press release attached.

15. This report is based on accounts which have been audited. The audit report, which is unmodified, will be made available with the Company's financial report, which also contains the Director's Report (including the audited Remuneration Report) and Director's Declaration. These will all be released at the same time as part of the Company's Annual Report which is nearing completion and will be released on approximately 10 September 2018.

J McPherson

Date: 21 August 2018

Julie McPherson
Company Secretary

A M C O R L I M I T E D
A.B.N. 62 000 017 372

ANNUAL FINANCIAL REPORT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

Amcor Limited and its controlled entities Financial Report

Contents

Income statement
for the financial year ended 30 June 2018

USD million	Note	2018	2017
Revenue from sale of goods	1.4	**9,319.1**	9,101.0
Cost of sales		**(7,462.3)**	(7,189.2)
Gross profit		**1,856.8**	1,911.8
Other income	1.4	**98.1**	95.5
Sales and marketing expenses		**(210.6)**	(217.7)
General and administration expenses		**(612.3)**	(781.9)
Research costs		**(65.5)**	(69.1)
Share of net profit of equity-accounted investments		**19.0**	14.1
Profit from operations		**1,085.5**	952.7
Finance income	1.4	**13.1**	12.2
Finance expenses	1.4	**(217.9)**	(199.2)
Net finance costs		**(204.8)**	(187.0)
Profit before related income tax expense		**880.7**	765.7
Income tax expense	1.5	**(145.3)**	(151.7)
Profit for the financial period		**735.4**	614.0
Profit attributable to:			
Owners of Amcor Limited		**724.0**	597.0
Non-controlling interest		**11.4**	17.0
		735.4	614.0
		US Cents	US Cents
Earnings per share for profit attributable to the ordinary equity holders of Amcor Limited			
Basic earnings per share	1.1	**62.6**	51.6
Diluted earnings per share	1.1	**62.2**	51.1

The above income statement should be read in conjunction with the accompanying notes.

Statement of comprehensive income for the financial year ended 30 June 2018

USD million	Note	2018	2017
Profit for the financial period		**735.4**	614.0
Other comprehensive income/(loss)			
Items that may be reclassified subsequently to profit or loss:			
Cash flow hedges			
Changes in fair value of cash flow hedges	3.6	**(2.6)**	7.4
Tax on cash flow hedges	3.6	**0.6**	(0.9)
Exchange differences on translating foreign operations			
Exchange differences on translation of foreign operations		**40.9**	(92.8)
Net investment hedge of foreign operations		**(83.9)**	38.0
Share of equity-accounted investees' exchange fluctuation reserve		**16.0**	(18.6)
Tax on exchange differences on translating foreign operations	3.6	**7.2**	(13.5)
Items that will not be reclassified to profit or loss:			
Retained earnings			
Actuarial gains on defined benefit plans	5.2	**67.0**	34.3
Tax on actuarial gains on defined benefit plans		**(12.4)**	(2.6)
Other comprehensive income/(loss) for the financial period, net of tax		**32.8**	(48.7)
Total comprehensive income for the financial period		**768.2**	565.3
Total comprehensive income attributable to:			
Owners of Amcor Limited		**757.6**	548.3
Non-controlling interest		**10.6**	17.0
Total comprehensive income for the financial period		**768.2**	565.3

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

Statement of financial position
for the financial year ended 30 June 2018

USD million	Note	2018	2017
Current assets			
Cash and cash equivalents	3.2	**620.8**	561.5
Trade and other receivables	2.1	**1,283.5**	1,405.2
Inventories	2.2	**1,358.8**	1,305.5
Other financial assets	3.3	**8.8**	8.7
Other current assets		**13.9**	5.6
Total current assets		**3,285.8**	3,286.5
Non-current assets			
Equity-accounted investments	4.2	**438.5**	411.9
Other financial assets	3.3	**22.3**	26.8
Property, plant and equipment	2.3	**2,698.3**	2,765.3
Deferred tax assets	1.5	**65.5**	66.7
Intangible assets	2.4	**2,387.8**	2,409.3
Retirement benefit assets	5.2	**50.8**	24.5
Other non-current assets		**97.7**	92.3
Total non-current assets		**5,760.9**	5,796.8
Total assets		**9,046.7**	9,083.3
Current liabilities			
Trade and other payables[(1)]		**2,606.7**	2,607.9
Interest-bearing liabilities	3.2	**1,822.0**	1,124.6
Other financial liabilities	3.3	**36.5**	44.3
Current tax liabilities[(1)]		**139.9**	86.5
Provisions	2.6	**91.7**	170.9
Total current liabilities		**4,696.8**	4,034.2
Non-current liabilities			
Interest-bearing liabilities	3.2	**2,671.0**	3,486.4
Other financial liabilities	3.3	**1.3**	-
Deferred tax liabilities	1.5	**162.5**	215.4
Provisions	2.6	**111.1**	111.4
Retirement benefit obligations	5.2	**292.2**	355.7
Other non-current liabilities		**21.3**	10.5
Total non-current liabilities		**3,259.4**	4,179.4
Total liabilities		**7,956.2**	8,213.6
NET ASSETS		**1,090.5**	869.7
Equity			
Contributed equity	3.5	**1,400.7**	1,416.9
Reserves	3.6	**(907.1)**	(881.7)
Retained earnings[(1)]		**528.1**	264.9
Total equity attributable to the owners of Amcor Limited		**1,021.7**	800.1
Non-controlling interest		**68.8**	69.6
TOTAL EQUITY		**1,090.5**	869.7

(1) Comparative period has been restated (refer to note 6.6).

The above statement of financial position should be read in conjunction with the accompanying notes.

Statement of changes in equity for the financial year ended 30 June 2018

USD million	Note	Contributed equity	Reserves	Retained earnings	Total	Non-controlling interest	Total equity
		Attributable to owners of Amcor Limited					
Balance at 1 July 2017	3.5, 3.6	**1,416.9**	**(881.7)**	**264.9**	**800.1**	**69.6**	**869.7**
Profit for the financial period		**-**	**-**	**724.0**	**724.0**	**11.4**	**735.4**
Total other comprehensive income/(loss)		**-**	**(21.1)**	**54.7**	**33.6**	**(0.8)**	**32.8**
Total comprehensive income for the financial period		**-**	**(21.1)**	**778.7**	**757.6**	**10.6**	**768.2**
Transactions with owners in their capacity as owners:							
Contributions of equity, net of transaction costs and related tax		**26.7**	**-**	**-**	**26.7**	**-**	**26.7**
Purchase of treasury shares	3.5	**(39.1)**	**-**	**-**	**(39.1)**	**-**	**(39.1)**
Dividends paid	1.2	**-**	**-**	**(515.5)**	**(515.5)**	**(11.3)**	**(526.8)**
Forward contracts to purchase own equity to meet share plan obligations		**(26.5)**	**-**	**-**	**(26.5)**	**-**	**(26.5)**
Settlement of options and performance rights, inclusive tax	3.6	**22.7**	**(22.7)**	**-**	**-**	**-**	**-**
Share-based payments expense	3.6	**-**	**18.4**	**-**	**18.4**	**-**	**18.4**
Change in non-controlling interest		**-**	**-**	**-**	**-**	**(0.1)**	**(0.1)**
Balance at 30 June 2018	3.5, 3.6	**1,400.7**	**(907.1)**	**528.1**	**1,021.7**	**68.8**	**1,090.5**
Balance at 1 July 2016(1)		1,445.1	(800.2)	117.2	762.1	61.6	823.7
Profit for the financial period		-	-	597.0	597.0	17.0	614.0
Total other comprehensive income/(loss)		-	(80.4)	31.7	(48.7)	-	(48.7)
Total comprehensive income/(loss) for the financial period		-	(80.4)	628.7	548.3	17.0	565.3
Transactions with owners in their capacity as owners:							
Contributions of equity, net of transaction costs and related tax		22.4	-	-	22.4	-	22.4
Purchase of treasury shares	3.5	(40.2)	-	-	(40.2)	-	(40.2)
Dividends paid	1.2	-	-	(480.7)	(480.7)	(8.4)	(489.1)
Forwards contract to purchase own equity to meet share plan obligations		(38.1)	-	-	(38.1)	-	(38.1)
Share buy-back		-	-	-	-	-	-
Settlement of options and performance rights, inclusive tax	3.6	27.6	(27.6)	-	-	-	-
Share-based payments expense	3.6	-	26.5	-	26.5	-	26.5
Change in non-controlling interest		-	-	(0.1)	(0.1)	(0.5)	(0.6)
Balance at 30 June 2017(1)	3.5, 3.6	1,416.9	(881.7)	264.9	800.1	69.6	869.7

(1) Comparative period has been restated (refer to note 6.6).

The above statement of changes in equity should be read in conjunction with the accompanying notes.

Cash flow statement
for the financial year ended 30 June 2018

USD million	Note	2018	2017
Cash flows from operating activities			
Profit for the financial period		**735.4**	614.0
Depreciation, amortisation and net impairment losses		**362.5**	387.7
Non-cash retirement benefit (gain)/expense		**6.4**	(12.0)
Net finance costs		**204.8**	187.0
Net gain on disposal of non-current assets	1.4	**(64.7)**	(22.2)
Share of net profits of equity-accounted investments		**(19.0)**	(14.2)
Net foreign exchange (gain)/loss		**2.0**	2.7
Share-based payments expense	1.4	**21.0**	26.5
Other sundry items		**(39.7)**	(35.8)
Income tax expense	1.5	**145.3**	151.7
Operating cash flows before changes in working capital and provisions		**1,354.0**	1,285.4
- (Increase)/decrease in trade and other receivables		**61.0**	79.0
- (Increase)/decrease in inventories		**(96.6)**	(52.9)
- (Increase)/decrease in other operating assets		**(21.0)**	(9.3)
- Increase/(decrease) in trade and other payables		**53.2**	129.7
- Increase/(decrease) in provisions		**(66.0)**	(9.3)
- Increase/(decrease) in employee benefits and other operating liabilities		**(9.6)**	(65.2)
Total changes in working capital and provisions		**(79.0)**	72.0
Dividends received		**8.7**	6.9
Interest received		**12.5**	11.3
Interest expense		**(209.4)**	(188.0)
Income tax paid		**(149.7)**	(160.2)
Net cash flows from operating activities		**937.1**	1,027.4
Cash flows from investing activities			
(Granting)/repayment of loans to associated companies and other persons		**(0.7)**	-
Payments for acquisition of controlled entities, businesses and associates		**(13.2)**	(336.2)
Payments for property, plant and equipment and intangible assets		**(372.1)**	(379.2)
Proceeds on disposal of property, plant and equipment		**156.6**	82.8
Net cash flows from investing activities		**(229.4)**	(632.6)

The above cash flow statement should be read in conjunction with the accompanying notes.

Cash flow statement (continued)
for the financial year ended 30 June 2018

USD million	Note	**2018**	2017
Cash flows from financing activities			
Proceeds from share issues		**28.1**	23.8
Shares purchased on-market and settlement of forward contracts		**(39.0)**	(43.6)
Payments for treasury shares	3.5	**(35.7)**	(40.2)
Buyouts of non-controlling interests		**(0.1)**	(0.6)
Proceeds from borrowings		**4,519.4**	3,959.5
Repayment of borrowings		**(4,660.0)**	(3,745.1)
Principal lease repayments		**(3.4)**	(1.7)
Dividends and other equity distributions paid		**(526.8)**	(489.1)
Net cash flows from financing activities		**(717.5)**	(337.0)
Net increase/(decrease) in cash held		**(9.8)**	57.8
Cash and cash equivalents at the beginning of the financial period		**557.7**	513.4
Effects of exchange rate changes on cash and cash equivalents		**(5.8)**	(13.5)
Cash and cash equivalents at the end of the financial period[1]		**542.1**	557.7

[1] Refer to note 3.2 for details of the financing arrangements of the Group.

Reconciliation of cash and cash equivalents

For purposes of the cash flow statement, cash and cash equivalents includes cash on hand and at bank and short term money market investments, net of outstanding bank overdrafts which are repayable on demand and form an integral part of the Group's cash management. Cash and cash equivalents as at the end of the financial year as shown in the cash flow statement is reconciled to the related items in the statement of financial position as follows:

	Note	2018	2017
Cash and cash equivalents	3.2	**620.8**	561.5
Bank overdrafts	3.2	**(78.7)**	(3.8)
Cash and cash equivalents at the end of the financial period		**542.1**	557.7

The above cash flow statement should be read in conjunction with the accompanying notes.

Section 1: Key performance metrics

In this section

This section provides insight into how the Group has performed in the current year, with the headline results being:

- Basic earnings per share (EPS) was US cents 62.6, up 21.3%[1]
- Annual dividend of US cents 45.0 per share, up 4.7%
- Profit after tax attributable to the owners of Amcor Limited of USD 724.0 million, up 21.3%[1]

[1] After significant items (refer to note 1.4).

1.1 Earnings per share

	2018	2017
EPS for profit attributable to the ordinary equity holders of Amcor Limited	**US cents**	US cents
Basic EPS	**62.6**	51.6
Diluted EPS	**62.2**	51.1
Profit attributable to the ordinary equity holders of Amcor Limited (USD million)	**724.0**	597.0
Weighted average number of ordinary shares for basic EPS (shares, million)	**1,157.1**	1,157.2
Weighted average number of ordinary shares and potential ordinary shares for diluted EPS (shares, million)	**1,164.4**	1,167.7

Calculation methodology

Basic earnings per share (EPS) is the profit after tax attributable to ordinary equity holders of Amcor Limited, divided by the weighted average number of ordinary shares during the year. Shares held by the Share Trust (refer to note 3.5) are excluded.

Diluted EPS is calculated on the same basis except that it includes the impact of any potential commitments the Group has to issue shares in the future. In 2018, this dilutive potential from employee options and performance rights is 7.2 million shares (2017: 10.5 million shares).

Between the reporting date and the issue date of these financial statements, there have been no transactions involving ordinary shares or potential ordinary shares that would impact the calculation of these EPS figures.

1.2 Dividends

	2018			2017		
	US cents per share	**Total amount USD million**	**Date of payment**	US cents per share	Total amount USD million	Date of payment
Interim	**21.0**	**243.0**	**28 March 2018**	19.5	225.9	24 March 2017
Final[1],[2]	**24.0**	**278.0**	**16 October 2018**	23.5	272.5	28 September 2017
Total	**45.0**	**521.0**		43.0	498.4	

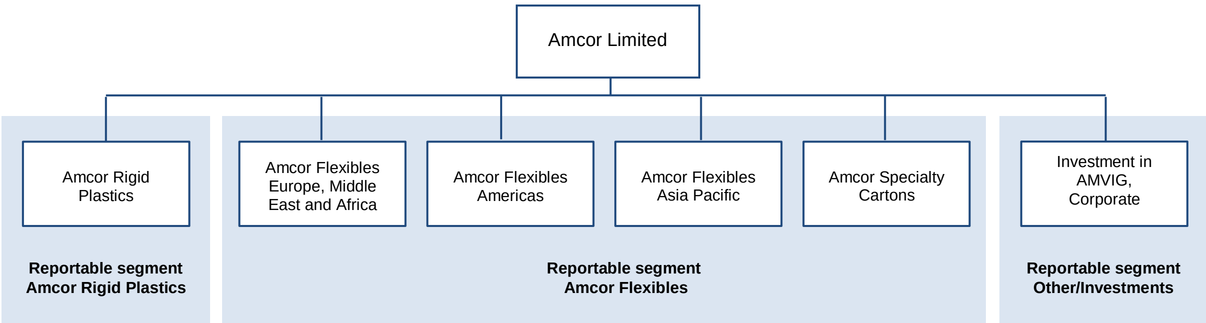
[1] Estimated final dividend payable, subject to variations in number of shares up to record date. This dividend has not been recognised as a liability as at 30 June 2018 and will be recognised in subsequent consolidated financial statements.
[2] Estimated final 2017 dividend amount was USD 272.2 million.

Franking credits and conduit foreign income account

There are insufficient franking credits available for distribution from the franking account. For the dividend payable on 16 October 2018, 100% of the dividend to non-residents is sourced from the parent entity's Conduit Foreign Income Account (2017: 100%). As a result, 100% of the dividend paid to a non-resident will not be subject to Australian withholding tax.

1.3 Segment performance

Amcor is a global market leader in its industry with the following operational structure and reportable segments:



Reportable segment	Operations
Amcor Rigid Plastics	Manufactures rigid plastic containers for a broad range of predominantly beverage and food products, including carbonated soft drinks, water, juices, sports drinks, milk-based beverages, spirits and beer, sauces, dressings, spreads and personal care items and plastic caps for a wide variety of applications.
Amcor Flexibles	This reporting segment represents the aggregation of four operating segments of which each manufactures flexible and film packaging for their respective industries. The operating segments are: • The Amcor Flexibles Europe, Middle East & Africa business which provides packaging for the food and beverage industry including confectionery, coffee, fresh food and dairy and pet food packaging. • The Amcor Flexibles Americas business produces flexible packaging for customers in the medical and pharmaceutical, fresh produce and snack food segments. • Amcor Specialty Cartons which manufactures specialty folding cartons for consumer goods, snacks and confectionary, personal care and other industries. • Amcor Flexibles Asia Pacific which provides packaging for the food and beverage industry including confectionery, coffee, fresh food and dairy and packaging for the pharmaceutical and home and personal care. These operating segments share similar characteristics as they are engaged in the printing and packaging of fast moving consumer products. Management believe that it is appropriate to aggregate these four operating segments as one reporting segment due to the similarities in the nature of each operating segment.
Other/Investments	This segment holds the Group's equity-accounted investments in the associate AMVIG Holdings Limited (AMVIG). AMVIG is principally involved in the manufacture of tobacco packaging. This segment also includes the corporate function of the Group.

Segment disclosures are consistent with the information reviewed by Amcor's chief operating decision makers, the Group Management Team (GMT). The GMT consists of the Managing Director and Chief Executive Officer and his direct reports and provides strategic direction and management oversight of the day to day activities of the Group in terms of monitoring results, approving capital expenditure decisions and the strategic plans for the business.

Segment performance is evaluated based on operating profit before interest and tax and is measured consistently with profit and loss in the consolidated financial report, except for significant items (refer to note 1.4) which are excluded in the evaluation of segment performance. Group financing (including finance income and costs) and income tax are managed on a Group basis and are not allocated to operating segments.

1.3 Segment performance (continued)

Segment information provided to the GMT

The following segment information was provided to the GMT for the reportable segments for the financial years ended 30 June 2018 and 2017:

	Amcor Rigid Plastics		Amcor Flexibles		Other/Investments		Total consolidated	
USD million	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017
Reportable segment revenue								
Revenue from sale of goods (refer to income statement)	**2,787.5**	2,876.7	**6,531.6**	6,224.3	**-**	-	**9,319.1**	9,101.0
Inter-segment revenue	**-**	-	**3.0**	2.2	**-**	-	**3.0**	2.2
Total reportable segment revenue	**2,787.5**	2,876.7	**6,534.6**	6,226.5	**-**	-	**9,322.1**	9,103.2
Reportable segment profit/(loss)								
Profit/(loss) before depreciation, amortisation, interest, related income tax expense and significant items	**434.6**	471.7	**1,062.5**	1,024.6	**(55.3)**	(49.3)	**1,441.8**	1,447.0
Depreciation and amortisation	**(122.6)**	(129.0)	**(227.4)**	(219.9)	**(6.3)**	(9.9)	**(356.3)**	(358.8)
Profit/(loss) before interest, related income tax expense and significant items	**312.0**	342.7	**835.1**	804.7	**(61.6)**	(59.2)	**1,085.5**	1,088.2
Significant items before related income tax expense (note 1.4)	**-**	-	**-**	(135.5)	**-**	-	**-**	(135.5)
Profit/(loss) before interest and related income tax expense	**312.0**	342.7	**835.1**	669.2	**(61.6)**	(59.2)	**1,085.5**	952.7
Share of net profits of equity-accounted investments	**-**	-	**-**	-	**19.0**	14.1	**19.0**	14.1
Other								
Net impairment losses on property, plant and equipment and other non-current assets	**(1.0)**	-	**(3.4)**	(1.0)	**-**	-	**(4.4)**	(1.0)
Cash acquisition of property, plant and equipment and intangibles	**138.9**	157.6	**224.2**	219.4	**9.0**	2.2	**372.1**	379.2
Receivables	**259.9**	304.0	**968.7**	1,004.8	**56.6**	54.9	**1,285.2**	1,363.7
Inventory	**445.7**	436.0	**913.1**	869.5	**-**	-	**1,358.8**	1,305.5
Payables(1)	**(823.8)**	(841.3)	**(1,581.9)**	(1,545.1)	**(99.9)**	(106.0)	**(2,505.6)**	(2,492.4)
Management working capital(1)	**(118.2)**	(101.3)	**299.9**	329.2	**(43.3)**	(51.1)	**138.4**	176.8
Average funds employed(1)	**1,834.5**	1,668.2	**3,474.7**	3,299.6	**412.6**	338.8	**5,721.8**	5,306.6
Equity-accounted investments	**-**	-	**-**	-	**438.5**	411.9	**438.5**	411.9

(1) Comparative period has been restated (refer to note 6.6).

1.3 Segment performance (continued)

Product segment revenue

USD million	2018	2017
Containers, preforms and closures	2,787.5	2,876.7
Films and other flexible products	5,286.6	4,967.1
Specialty folding cartons	1,245.0	1,257.2
Consolidated sales revenue	**9,319.1**	9,101.0

The Group does not have an economic exposure to any individual contract that is in excess of 10% of net revenue. However, from time to time a single customer, depending on the current status and volumes of a number of separate contracts in disparate locations, may account for approximately 10% of the Group's revenue.

Geographic segments

In presenting information on the basis of geographical segments, segment revenue is based on the location of Amcor businesses:

USD million	2018	2017
Western Europe	3,059.8	2,778.0
North America	3,045.7	3,162.2
Emerging markets	2,763.7	2,700.0
Australia and New Zealand	449.9	460.8
Consolidated sales revenue	**9,319.1**	9,101.0

Revenues in Australia (Amcor's country of domicile) amounted to USD 332.7 million in 2018 (2017: USD 335.6 million).

Revenues in the United States of America and included within the North America geographical segment amounted to USD 2,889.6 million in 2018 (2017: USD 2,976.6 million) and represented more than 10% of the Group's revenue. There was no other individual country with more than 10% of the Group's revenue.

Non-current assets based on the location of the assets:

USD million	2018	2017
Western Europe	1,471.2	1,489.6
North America	1,946.6	1,980.3
Emerging markets	1,995.7	1,985.2
Australia and New Zealand	208.3	223.0
Consolidated non-current assets(1)	**5,621.8**	5,678.1

(1) Non-current assets exclude retirement benefit assets, deferred tax assets and non-current financial assets.

Non-current assets in Australia amounted to USD 173.1 million (2017: USD 181.9 million). Non-current assets in the United States of America are USD 1,732.2 million (2017: USD 1,753.3 million) and included within the North America geographical segment represented more than 10% of the Group's non-current assets.

There was no other individual country with more than 10% of the Group's non-current assets.

1.3 Segment performance (continued)

Reconciliation of segment information to consolidated results

Segment receivables

USD million	**2018**	2017
Working capital receivables		
Total reportable segment working capital receivables	**1,285.2**	1,363.7
Financial instruments included for management reporting purposes	**(8.8)**	(6.2)
Other receivables excluded for management reporting purposes	**7.1**	47.7
Consolidated trade and other receivables (refer to note 2.1)	**1,283.5**	1,405.2

Segment payables

USD million	**2018**	2017
Working capital payables		
Total reportable segment working capital payables[1]	**(2,505.6)**	(2,492.4)
Financial instruments included for management reporting purposes	**7.1**	3.6
Capital creditors and other payables excluded for management reporting purposes	**(108.2)**	(119.1)
Consolidated trade and other payables	**(2,606.7)**	(2,607.9)

(1) Comparative period has been restated (refer to note 6.6).

Segment acquisition of property, plant and equipment and intangible assets

USD million	**2018**	2017
Acquisition of property, plant and equipment and intangibles		
Total consolidated reportable segments	**372.1**	379.2
Movement in capital creditors	**(5.0)**	19.0
Other non-cash adjustments	**(1.1)**	0.4
Consolidated acquisition of property, plant and equipment and intangibles[1]	**366.0**	398.6

(1) Additions for the period exclude acquired balances through businesses acquired (refer to note 4.1).

1.4 Income and expenses

Income

USD million	**2018**	2017
Revenue from sale of goods	**9,319.1**	9,101.0
Other income:		
Net gain on disposal of property, plant and equipment	**64.7**	22.2
Net foreign exchange gains	**2.2**	3.9
Curtailment gains, settlements and plan amendments	**10.0**	30.0
Rebates, incentives and claims	**1.8**	4.2
Other[1]	**19.4**	35.2
Total other income	**98.1**	95.5
Finance income[2]	**13.1**	12.2
Total income	**9,430.3**	9,208.7

(1) Other includes royalties, government subsidies and other non-core income.
(2) Finance income comprises interest income on funds invested and related to defined benefit plans.

Revenue from sale of goods

Revenue from sale of goods is recognised when risks and rewards of ownership transfer to the customer. Depending on customer terms, this can be at the time of despatch, delivery or upon formal customer acceptance. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, the costs incurred or to be incurred cannot be measured reliably, there is risk of return of goods or there is continuing management involvement with the goods.

1.4 Income and expenses (continued)

Expenses

The following specific expenses are included in the income statement:

USD million	2018	2017
Employee benefits expenses		
Wages and salaries	**1,659.3**	1,634.2
Workers' compensation and other on-costs	**178.8**	174.7
Defined benefit plans	**13.4**	14.3
Defined contribution plans	**39.8**	39.9
Share-based payments expense	**21.0**	26.5
Other employment benefits expense	**8.6**	8.4
Total employee benefits expense	**1,920.9**	1,898.0
Depreciation and amortisation	**356.3**	358.8
Finance expenses		
- Interest and borrowing costs	**208.0**	190.1
- Other	**9.9**	9.1
Total finance expenses	**217.9**	199.2
Rental expense relating to operating leases		
- Minimum lease payments	**103.5**	95.9
- Contingent rentals	**5.8**	5.5
Total rental expense relating to operating leases	**109.3**	101.4
Restructuring costs	**35.9**	6.8
Significant items		
Flexibles restructuring	**-**	135.5
Significant items before related income tax expense[1]	**-**	135.5
Tax benefit on significant items	**-**	(31.3)
Total significant items	**-**	104.2

[1] Significant items in the prior year relate to the Flexibles restructuring as announced on 9 June 2016. These expenses are included in general and administration expenses.

Finance expenses

Finance expenses comprise mainly interest expense on borrowings, interest costs related to defined benefit pension plans and amortisation of ancillary costs incurred in connection with the arrangement of borrowings. They are recognised in the income statement when they are incurred, except to the extent the expenses are directly attributable to the acquisition, construction or production of a qualifying asset. Such financing costs are capitalised as part of the cost of the asset up to the time it is ready for its intended use and are then amortised over the expected useful economic life.

Lease payments

Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease, while any lease incentive is recognised as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding lease liability. The interest element of the finance cost is recognised in the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

1.5 Taxation

This note provides an analysis of the Group's income tax expense, shows what amounts are recognised directly in equity and how the tax expense is affected by non-assessable and non-deductible items.

Key judgements and estimates

The Group is subject to income taxes in Australia and foreign jurisdictions and as a result the calculation of the Group's tax charge involves a degree of estimation and judgement in respect of certain items. There are transactions and calculations relating to the ordinary course of business for which the ultimate tax determination is uncertain. The Group recognises liabilities for potential tax audit issues based on management's estimate of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, these differences impact the current and deferred tax provisions in the period in which such determination is made. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. The assumptions regarding future realisation, and therefore the recognition of deferred tax assets, may change due to future operating performance and other factors.

On 22 December 2017, the USA passed the Tax Cuts and Jobs Act which contains significant tax reform measures. Income tax expense for the current year of USD 145.3 million includes a non-cash net benefit of approximately USD 9 million (compared with provisional benefit of USD 5 million at 31 December 2017), reflecting the one-off revaluation of the Group's USA net deferred tax liability, largely offset by a one-off transition tax on unrepatriated foreign earnings following the US Tax Reform.

Current income tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous years. To the extent permitted by the accounting standards, deferred tax is recognised for all taxable temporary differences between the amounts used for financial reporting and those used for taxation purposes. Both current and deferred tax assets and liabilities are offset only where the Group intends to settle on a net basis and has a legally enforceable right to do so.

Income tax expense for the year

USD million	2018	2017
Current tax (expense)/benefit		
Current period	**(223.6)**	(177.8)
Adjustments to current tax expense relating to prior periods	**22.9**	(3.6)
Tax losses, tax credits and temporary differences not recognised for book in prior years now recouped	**8.4**	3.4
Total current tax (expense)/benefit	**(192.3)**	(178.0)
Deferred tax (expense)/benefit		
Origination and reversal of temporary differences	**10.2**	35.7
Adjustments to deferred tax expense relating to prior period	**(15.8)**	6.7
Tax losses and credits derecognised	**(5.2)**	(15.4)
Change in applicable tax rates	**57.8**	(0.7)
Total deferred tax (expense)/benefit	**47.0**	26.3
Total income tax (expense)/benefit	**(145.3)**	(151.7)

Numerical reconciliation of income tax expense to prima facie tax payable

USD million	2018	2017
Profit before related income tax expense	**880.7**	765.7
Tax at the Australian tax rate of 30% (2017: 30%)	**(264.2)**	(229.7)
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:		
Net items non-deductible/non-assessable for tax	**7.6**	12.2
Previously unrecognised tax losses, tax credits and temporary differences now used to reduce income tax expense	**8.4**	3.4
Tax losses and credits derecognised	**(5.2)**	(15.4)
Effect of local tax rate change	**57.8**	(0.7)
Underprovision in prior period	**7.1**	3.1
Foreign earnings taxed at rates other than 30%	**43.2**	75.4
Total income tax expense	**(145.3)**	(151.7)

1.5 Taxation (continued)

Tax on items recognised directly in equity

For the year ended 30 June 2018, USD 1.4 million tax expense (2017: USD 1.4 million) was charged directly to equity as a transaction with owners in their capacity as owners (refer to note 3.6).

Deferred tax assets and liabilities reconciliation

	Statement of financial position		Income statement	
USD million	**2018**	2017	**2018**	2017
Property, plant and equipment	**(205.9)**	(239.3)	**33.4**	15.3
Impairment of trade receivables	**4.3**	6.4	**(2.1)**	2.8
Intangibles	**(63.4)**	(133.2)	**69.0**	24.6
Valuation of inventories	**5.8**	5.3	**0.5**	(3.7)
Employee benefits	**56.4**	93.0	**(28.3)**	(3.5)
Provisions	**5.2**	45.1	**(39.7)**	(16.3)
Financial instruments at fair value and net investment hedges	**17.7**	2.2	**7.7**	4.5
Tax losses carried forward	**32.2**	24.5	**8.2**	(9.4)
Accruals and other items	**50.7**	47.3	**(1.7)**	12.0
Deferred tax (expense)/benefit			**47.0**	26.3
Net deferred tax assets/(liabilities)	**(97.0)**	(148.7)		
Presented in the statement of financial position as follows:				
Deferred tax assets	**65.5**	66.7		
Deferred tax liabilities	**(162.5)**	(215.4)		
Net deferred tax assets/(liabilities)	**(97.0)**	(148.7)		

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items:

USD million	**2018**	2017
Unused tax losses for which no deferred tax asset has been recognised(1)	**820.0**	716.4
Potential tax benefits on unused tax losses at applicable rates of tax	**214.8**	207.9
Unrecognised tax credits	**48.0**	35.9
Deductible temporary differences not recognised	**7.3**	21.4
Total unrecognised deferred tax assets	**270.1**	265.2

(1) Unused tax losses have been incurred by entities in various jurisdictions. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available in those jurisdictions against which the Group can utilise the benefits.

Unrecognised deferred tax liabilities

A deferred tax liability on differences that result from translating financial statements of the Group's subsidiaries only arises in the event of a disposal. It is not expected in the foreseeable future to dispose of any subsidiary or associate and no such deferred tax liability is therefore recognised.

When retained earnings of subsidiaries are distributed upstream to Amcor Limited or other parent entities, withholding taxes may be payable to various foreign countries. These amounts are not expected to be significant and the Group controls when and if this deferred tax liability arises. No significant deferred tax liabilities are thus recognised on unremitted earnings.

Section 2: Operating assets and liabilities

In this section

This section highlights the primary operating assets used and liabilities incurred to support the Group's operating activities.

Liabilities relating to the Group's financing activities are covered in Section 3: Group's capital and risks. Deferred tax assets and liabilities are shown in note 1.5.

2.1 Trade and other receivables

Trade and other receivables are initially recognised at the value of the invoice issued to the customer and then adjusted to the amount considered recoverable from the customer, taking into account impairment, foreign exchange and interest effects where material.

Trade and other receivables as at 30 June comprise:

USD million	**2018**	2017
Not past due	**929.9**	996.8
Past due 0-30 days	**65.7**	78.9
Past due 31-120 days	**32.2**	38.5
More than 121 days	**24.0**	22.7
Trade receivables	**1,051.8**	1,136.9
Less provision for impairment losses	**(16.9)**	(20.9)
Total trade receivables	**1,034.9**	1,116.0
Prepayments	**77.8**	77.2
Other receivables	**170.8**	212.0
Total trade and other receivables	**1,283.5**	1,405.2

Credit risk management of customer contracts

Customer-related credit risk is the risk of a customer not paying in full the amounts owing to Amcor under its customer contract. This risk is managed in accordance with procedures and controls set out in the Group's credit risk management policy. These include:

- Credit limits are established for all customers based on external or internal rating criteria and letters of credit or other forms of credit insurance cover are obtained where appropriate.
- Credit quality of trade receivables is constantly monitored in order to identify any potential adverse changes.
- Collectability of trade and other receivables is reviewed on an ongoing basis.

While the Group holds no significant collateral as security, it also has no material exposure to any individual customer contract.

Financial difficulty of a customer, default in payments and the probability that a customer will enter bankruptcy are considered indicators that outstanding customer invoices on which Amcor is awaiting payment may be impaired. Where the Group will be unable to collect all or part of the amounts due, an impairment provision is recognised within general and administration expense. Individual customer debts which are known to be uncollectable are written off when identified.

2.2 Inventories

Inventories are valued at the lower of cost incurred in bringing each product to its present location and condition and net realisable value, which is the estimated selling price less estimated costs to sell.

USD million	**2018**	2017	**Costs included to bring each product to its present location and condition**[1]
Raw materials and stores	**611.9**	614.6	Purchase cost on a first-in first-out or weighted average basis
Work in progress	**194.1**	168.8	Direct materials and labour and a proportion of manufacturing overheads incurred in the normal course of business
Finished goods	**552.8**	522.1	
Total inventories	**1,358.8**	1,305.5	

[1] Cost also includes reclassification from equity of any gains or losses on qualifying cash flow hedges relating to the purchase of inventories in foreign currency.

Inventory pledged as security

No inventory in the current or prior year is pledged as security over any borrowings.

2.3 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost comprises expenditure that is directly attributable to the acquisition of the item and subsequent costs incurred to replace parts that are eligible for capitalisation. Depreciation is calculated on a straight-line basis over the estimated useful life of the asset or, in the case of leasehold improvements and leased assets, over the period of the lease or useful life of the asset, whichever is shorter.

Key judgements and estimates

Depreciation methods, residual values and useful lives are reassessed at each reporting date, and adjusted prospectively, if appropriate.

Leased assets

Leases under which the Group assumes substantially all the risks and benefits of ownership are classified as finance leases. Finance leases are recognised at the lower of the leased asset's fair value and the present value of the minimum lease payments. The asset is then depreciated over the shorter of its useful life and the lease term. Where it is reasonably certain that ownership will be obtained at the end of the lease term, the leased asset is depreciated over the expected useful life.

All other leases are operating leases and are expensed on a straight-line basis over the lease term.

Derecognition of property, plant and equipment

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. The difference between disposal proceeds and carrying value is either recognised in other income (gain on disposal) or general and administration expense (loss on disposal).

2.3 Property, plant and equipment (continued)

USD million	Land	Land improve-ments	Buildings	Plant and equipment	Finance leases	Total
Key judgements and estimates						
Depreciation policy	Land - nil Leasehold land - over lease term	Shorter of lease term or less than 30 years	Less than 40 years	Less than 25 years	Shorter of lease term or less than 25 years	
2018						
Cost						
Opening balance	**159.1**	**5.9**	**887.8**	**4,641.2**	**16.8**	**5,710.8**
Additions for the period	**-**	**-**	**26.0**	**317.9**	**0.1**	**344.0**
Disposals during the period	**(8.6)**	**-**	**(89.9)**	**(177.4)**	**(1.6)**	**(277.5)**
Additions through business acquisitions	**2.3**	**-**	**1.9**	**(2.8)**	**-**	**1.4**
Other transfers	**0.5**	**0.1**	**15.5**	**(16.0)**	**(0.1)**	**-**
Effect of movements in foreign exchange rates	**(3.3)**	**(0.1)**	**(8.8)**	**(67.1)**	**0.4**	**(78.9)**
Closing balance	**150.0**	**5.9**	**832.5**	**4,695.8**	**15.6**	**5,699.8**
Accumulated depreciation and impairment						
Opening balance	**(0.9)**	**(2.9)**	**(310.1)**	**(2,621.3)**	**(10.3)**	**(2,945.5)**
Depreciation charge	**(0.3)**	**(0.2)**	**(38.0)**	**(281.0)**	**(1.3)**	**(320.8)**
Disposals during the period	**-**	**-**	**59.0**	**165.4**	**1.6**	**226.0**
Impairment loss	**-**	**-**	**-**	**(4.5)**	**-**	**(4.5)**
Reversal of impairment loss	**-**	**-**	**-**	**0.1**	**-**	**0.1**
Effect of movements in foreign exchange rates	**(0.2)**	**(0.1)**	**3.9**	**40.2**	**(0.6)**	**43.2**
Closing balance	**(1.4)**	**(3.2)**	**(285.2)**	**(2,701.1)**	**(10.6)**	**(3,001.5)**
Carrying value 30 June 2018	**148.6**	**2.7**	**547.3**	**1,994.7**	**5.0**	**2,698.3**
2017						
Cost						
Opening balance	151.7	7.4	807.9	4,498.2	15.4	5,480.6
Additions for the period	0.1	-	51.9	325.9	0.5	378.4
Disposals during the period	(16.3)	(2.7)	(49.0)	(192.4)	(1.2)	(261.6)
Additions through business acquisitions	9.6	-	21.3	29.6	-	60.5
Other transfers	12.7	1.2	46.0	(61.4)	1.5	-
Effect of movements in foreign exchange rates	1.3	-	9.7	41.3	0.6	52.9
Closing balance	159.1	5.9	887.8	4,641.2	16.8	5,710.8
Accumulated depreciation and impairment						
Opening balance	(0.7)	(4.0)	(285.4)	(2,490.0)	(9.7)	(2,789.7)
Depreciation charge	(0.1)	(0.3)	(45.4)	(275.2)	(1.6)	(322.6)
Disposals during the period	-	1.5	30.7	186.6	1.2	220.2
Impairment loss	(0.1)	(0.1)	(7.5)	(13.2)	-	(20.9)
Reversal of impairment loss	-	-	-	0.1	-	0.1
Other transfers	-	-	1.7	(1.7)	-	-
Effect of movements in foreign exchange rates	-	-	(4.2)	(27.9)	(0.2)	(32.3)
Closing balance	(0.9)	(2.9)	(310.1)	(2,621.3)	(10.3)	(2,945.5)
Carrying value 30 June 2017	158.2	3.0	577.7	2,019.9	6.5	2,765.3

2.3 Property, plant and equipment (continued)

Non-current assets pledged as security

At 30 June 2018, property, plant and equipment with a carrying value of USD 43.0 million were provided as security for certain interest-bearing borrowings (2017: USD 35.2 million and a further USD 2.9 million relating to the Group's Brazil excise and income tax claim). Refer to note 3.2 for more information on non-current assets pledged as security by the Group.

2.4 Intangible assets

The Group's intangible assets comprise goodwill and other intangible assets. Goodwill is considered to have an indefinite useful economic life. It is therefore not being amortised and is carried at cost less any accumulated impairment losses. All other intangibles are carried at cost less any accumulated amortisation and impairment losses.

A summary of the major classes of other intangible assets is as follows:

- customer relationships obtained through business acquisitions;
- computer software, developed internally or acquired externally; and
- product development to the extent that the capitalised costs relate to a specific asset that will generate a probable future economic benefit. Research activities undertaken with the prospect of gaining more general scientific or technical knowledge are expensed as incurred.

Key judgements and estimates

Intangible assets require the following management judgements and estimates:

- recoverable value and useful life of an intangible asset (reassessed at each reporting date); and
- determination that a project has progressed from general research to the development phase.

		Other intangible assets				
USD million	Goodwill	Customer relation-ships	Computer software	Product develop-ment	Other	Total
Key judgements and estimates Amortisation policy	Not applicable	10 - 20 years	3 - 10 years	Less than 10 years	Less than 10 years	
2018						
Cost						
Opening balance	2,037.3	333.1	181.3	35.1	65.5	2,652.3
Additions through internal activities	-	-	10.3	-	-	10.3
Additions for the period	-	-	5.6	-	6.1	11.7
Additions through business acquisitions	7.2	(6.6)	-	-	-	0.6
Disposals during the period	-	-	-	(0.4)	-	(0.4)
Other transfers	-	(0.1)	-	-	0.1	-
Effect of movements in foreign exchange rates	(3.8)	(2.1)	(5.9)	(1.3)	(2.8)	(15.9)
Closing balance	2,040.7	324.3	191.3	33.4	68.9	2,658.6
Accumulated amortisation and impairment						
Opening balance	(4.0)	(99.3)	(105.8)	(21.3)	(12.6)	(243.0)
Amortisation charge[(1)]	-	(19.3)	(13.1)	(2.6)	(0.5)	(35.5)
Disposals during the period	-	-	-	0.4	-	0.4
Effect of movements in foreign exchange rates	0.1	0.5	2.2	0.8	3.7	7.3
Closing balance	(3.9)	(118.1)	(116.7)	(22.7)	(9.4)	(270.8)
Carrying value 30 June 2018	2,036.8	206.2	74.6	10.7	59.5	2,387.8

(1) Amortisation expenses are included in general and administration expenses USD 35.1 million (2017: USD 35.7 million), sales and marketing expenses USD 0.3 million (2017: USD 0.2 million) and research costs USD 0.1 million (2017: USD 0.3 million).

2.4 Intangible assets (continued)

USD million	Goodwill	Other intangible assets: Customer relation-ships	Other intangible assets: Computer software	Other intangible assets: Product develop-ment	Other intangible assets: Other	Total
Key judgements and estimates						
Amortisation policy	Not applicable	10 - 20 years	3 - 10 years	Less than 10 years	Less than 10 years	
2017						
Cost						
Opening balance	1,794.3	286.5	162.8	34.3	30.5	2,308.4
Additions through internal activities	-	-	11.3	-	-	11.3
Additions for the period	-	-	8.4	-	0.5	8.9
Additions through business acquisitions	222.7	44.4	-	-	36.3	303.4
Disposals during the period	-	-	(4.1)	-	(0.1)	(4.2)
Other transfers	-	-	0.8	-	(0.8)	-
Effect of movements in foreign exchange rates	20.3	2.2	2.1	0.8	(0.9)	24.5
Closing balance	2,037.3	333.1	181.3	35.1	65.5	2,652.3
Accumulated amortisation and impairment						
Opening balance	(4.0)	(80.6)	(98.4)	(14.6)	(8.7)	(206.3)
Amortisation charge	-	(17.7)	(8.6)	(6.1)	(3.8)	(36.2)
Disposals during the period	-	-	4.0	-	0.1	4.1
Impairment loss	-	-	(1.6)	-	-	(1.6)
Effect of movements in foreign exchange rates	-	(1.0)	(1.2)	(0.6)	(0.2)	(3.0)
Closing balance	(4.0)	(99.3)	(105.8)	(21.3)	(12.6)	(243.0)
Carrying value 30 June 2017	2,033.3	233.8	75.5	13.8	52.9	2,409.3

2.5 Carrying value assessment of property, plant and equipment and intangible assets

The Group tests property, plant and equipment and intangible assets for impairment to ensure they are not carried above their recoverable amounts:

- at least annually for goodwill; and
- where there is an indication that the assets may be impaired (which is assessed at least each reporting date).

These tests are performed by assessing the recoverable amount of each individual asset or, if this is not possible, the recoverable amount of the cash generating unit (CGU) to which the asset belongs. CGUs are the lowest levels at which assets are grouped and generate separately identifiable cash flows. The recoverable amount is the higher of an asset's or a CGU's fair market value less costs of disposal or value in use. The value-in-use calculations are based on discounted cash flows expected to arise from the asset.

Key judgements and estimates

Management is required to make significant estimates and judgements in determining whether the carrying amount of the non-financial assets has any indication of impairment, in particular in relation to:

- the forecasting of future cash flows – these are based on the Group's latest approved internal five-year forecasts and reflect expectations of sales growth, operating costs, margin, capital expenditure and cash flows, based on past experience and management's expectation of future market changes.
- discount rates applied to those cash flows.
- the expected long-term growth rates – cash flows beyond the five-year period are extrapolated using estimated growth rates. The growth rates are based on the long-term performance of each CGU in their respective market and are consistent with the long-term average industry growth rates in which the CGU operates.

Such estimates and judgements are subject to change as a result of changing economic and operational conditions. Actual cash flows may therefore differ from forecasts and could result in changes in the recognition of impairment charges in future periods. Any impairment change is recognised in the income statement if the carrying amount of an asset or a CGU exceeds its recoverable amount.

2.5 Carrying value assessment of property, plant and equipment and intangible assets (continued)

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

	Goodwill allocation		Pre-tax discount rate		Growth rate	
	2018	2017	**2018**	2017	**2018**	2017
CGU	**USD million**	USD million	**%**	%	**%**	%
Rigid Plastics						
Rigid Plastics	**915.3**	907.1	**9.6**	10.6	**1.5**	1.5
Flexibles						
Flexibles Europe, Middle East & Africa	**296.1**	289.0	**7.7**	8.3	**-**	-
Flexibles Americas	**324.4**	328.4	**9.9**	10.5	**2.0**	2.0
Specialty Cartons	**256.7**	254.8	**8.7**	8.3	**-**	-
Flexibles Asia Pacific	**244.3**	254.0	**8.2**	9.0	**3.0**	3.0
Total goodwill	**2,036.8**	2,033.3				

Sensitivity analysis on reasonably possible changes to the discount rates or long-term growth rates did not result in an outcome where impairment would be required.

Recognised impairment

Property, plant and equipment

During the year ended 30 June 2018, the Group recorded impairments totalling USD 4.5 million (2017: USD 20.9 million) within general and administration expense in the income statement. The impairments recognised during the period related to specific items of property, plant and equipment that were identified as surplus to current requirements.

Intangibles

During the year ended 30 June 2018, the Group recorded nil impairments (2017: USD 1.6 million) within general and administration expense in the income statement.

Reversal of impairment

Impairment losses recognised for goodwill are not reversed. Impairment losses recognised in prior periods for assets other than goodwill are assessed at each reporting date for any indications that the impairment loss has decreased or may no longer exist. In such situations, the impairment loss is reversed and the depreciation charge is revised retrospectively to take into account the higher carrying value.

There were no material reversals of impairment in the current or prior year.

2.6 Provisions

Provisions are:

- recognised when the Group has a legal or constructive obligation as a result of a past event, it is probable that cash will be required to settle the obligation and the amount can be reliably estimated.
- measured at the present value of management's best estimate of the cash outflow required to settle the obligation. Any reasonable change in these assumptions is not expected to have a significant impact on the provisions.

Where a provision is non-current and the effect is material, the nominal amount is discounted and the unwind of the discount is recognised as financing cost in the income statement.

Provision	Description	Key judgements and estimates
Employee entitlements	Liabilities for wages and salaries, including non-monetary benefits, and annual leave which are expected to be settled within 12 months of the reporting date. All other short-term employee benefit obligations are presented as payables. Liabilities for long service leave are measured as the present value of estimated future payments for the services provided by employees up to the reporting date.	Expected future wages and salary levels Experience of employee departures Periods of service (long-service leave provisions only)
Insurance and other claims	The Group is self-insured for insurance and other claims. Provisions are recognised based on claims reported and claims expected to be reported in relation to incidents occurring prior to reporting date, based on historical claim rates.	Likelihood of settling customer and insurance claims
Onerous contracts	Onerous contract provisions relate to rental of land and buildings which are not able to be fully used or sublet by the Group, and certain customer and supply contracts procured through business acquisitions. A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable costs of meeting the obligations under the contract. The provision is measured as the lower of the cost of fulfilling the contract and any compensation or penalties arising from the failure to fulfil it and is recognised only in respect of the onerous element of the contract.	Surplus lease space which the Group is not using and contracts the Group has entered into that are now unprofitable
Asset restoration	The asset restoration provision comprises mainly: • make-good provisions included in lease agreements for which the Group has a legal or constructive obligation. • decommissioning costs associated with environmental risks. At a number of sites, there are areas of contamination caused by past practice, many of which relate to operations prior to the Group's ownership. In addition, the Group recognises the environmental risks associated with underground storage tanks. The provision includes costs associated with the clean-up of sites it owns, or contamination that it caused, to enable on-going use of the land as an industrial property and costs associated with the decommissioning, removal or repair of any tanks which may fail integrity tests. The present value of the estimated costs of dismantling and removing the asset and restoring the site is recognised as a provision with a corresponding increase to the related item of property, plant and equipment. At each reporting date, the liability is remeasured in line with changes in discount rates, estimated cash flows and the timing of those cash flows. Any changes in the liability are added to or deducted from the related asset, other than the unwinding of the discount, which is recognised as a financing cost in the income statement.	Future costs associated with dismantling and removing assets and restoring sites to their original condition

2.6 Provisions (continued)

Provision	Description	Key judgements and estimates
Restructuring	Restructuring provisions are recognised when the Group has a detailed formal plan identifying the business or part of the business concerned, the location and approximate number of employees affected, a detailed estimate of the associated costs, and an appropriate timeline, and the restructuring has either commenced or been publicly announced. During the period, Amcor continued to adapt the organisation within developed markets and parts of the provisions made in relation to the Flexibles restructuring initiatives announced in June 2016 were used.	Future costs associated with the restructuring and timeline the restructure will take

The Group's provisions are analysed as follows:

USD million	Employee entitlements	Insurance and other claims	Onerous contracts	Asset restoration	Restruc-turing	Other	Total
Balance at 1 July 2017	**84.9**	**35.1**	**2.9**	**41.0**	**101.9**	**16.5**	**282.3**
Provisions made during the period	34.2	9.1	-	0.1	5.9	1.1	50.4
Payments made during the period	(29.3)	(10.9)	(1.7)	(1.7)	(70.9)	(1.2)	(115.7)
Released during the period	(1.2)	(2.6)	(0.6)	(4.2)	(4.9)	(1.3)	(14.8)
Additions through business acquisitions	-	-	0.4	0.7	-	-	1.1
Unwinding of discount	-	-	-	0.8	0.1	-	0.9
Other transfers	0.1	-	-	-	(0.1)	-	-
Effect of movement in foreign exchange rate	(1.2)	(3.0)	-	(0.1)	2.9	-	(1.4)
Balance at 30 June 2018	**87.5**	**27.7**	**1.0**	**36.6**	**34.9**	**15.1**	**202.8**
Current	**38.4**	**12.4**	**0.9**	**0.4**	**34.9**	**4.7**	**91.7**
Non-current	**49.1**	**15.3**	**0.1**	**36.2**	**-**	**10.4**	**111.1**

Section 3: Group's capital and risks

In this section

The Group is exposed to a number of market and financial risks, and this section outlines these key risks and how they are managed.

Management uses a wide range of metrics to assist in maintaining an efficient capital structure, including but not limited to:
- Leverage ratio: net debt/profit before interest, tax, depreciation and amortisation (PBITDA) pre significant items
- PBITDA interest cover: PBITDA pre significant items/net finance costs

3.1 Capital management

The Group's objective when managing capital (net debt and total equity) is to safeguard its ability to continue as a going concern and maintain optimal returns to shareholders and benefits for other stakeholders. Management aims to maintain an optimal capital and funding structure that ensures the lowest cost of capital available to the Group.

The key objectives include:
- maintaining an investment grade rating and maintaining appropriate financial metrics;
- securing access to diversified sources of debt and equity funding with sufficient undrawn committed facility capacity; and
- optimising the Weighted Average Cost of Capital (WACC) to the Group while providing financial flexibility.

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

The capital management strategy aims to achieve an investment grade rating. The ratings at 30 June 2018 were investment grade BBB/Baa2 (2017: BBB/Baa2). The Group uses a range of financial metrics to monitor the efficiency of its capital structure, including leverage ratio and PBITDA interest cover.

Metrics are maintained within debt covenant restrictions.

3.2 Net debt

The Group borrows money from financial institutions and debt investors in the form of bank overdrafts, bank loans, corporate bonds, unsecured notes and commercial paper. The Group has a mixture of fixed and floating interest rates and uses interest rate swaps to provide further flexibility in managing the interest cost of borrowings.

Interest-bearing liabilities are initially recognised at their fair value, net of transaction costs incurred. Similarly, the foreign currency liabilities are carried at amortised cost, translated at exchange rates as at reporting date. Subsequent to initial recognition, the interest-bearing and foreign currency liabilities are measured at amortised cost with any difference between the net proceeds received and the maturity amount to be paid recognised in the income statement over the period of the borrowings using the effective interest rate method.

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

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

3.2 Net debt (continued)

The following table details the net debt position of the Group:

USD million	2018	2018	2017	2017	Facility details	Facility limit	Maturity	Facility usage 2018	2017
	Current	**Non-current**	Current	Non-current					
Secured borrowings:									
Bank loans	**10.7**	**2.1**	10.5	4.9	Land, plant and buildings				
Other loans	**0.0**	**11.0**	0.3	11.0	Mortgages	**USD 11.0**	May 2021 - USD 8.0 November 2053 - USD 2.7	**11.0**	11.0
Lease liabilities	**2.3**	**4.2**	3.5	6.3	Property, plant and equipment is provided as security for lease liabilities. Refer note 2.3				
Total secured borrowings	**13.0**	**17.3**	14.2	22.2					
Unsecured borrowings:									
Bank overdrafts	**78.7**	**-**	3.8	-					
Bank loans[1]	**6.1**	**804.9**	65.8	1,183.5	- Committed multi-currency facility	**AUD 100.0**	June 2021	**64.1**	69.3
					- Committed syndicated multi-currency facility to support uncommitted commercial paper programs.	**USD 565.4**	July 2020	**-**	138.2
					- Committed global syndicated multi-currency facility.	**USD 775.0**	February 2021	**590.3**	776.8
					- Syndicated facility entered into in April 2014 to support US commercial paper program	**USD 750.0**	April 2019	**-**	160.0
					- Syndicated multi-currency facility entered into in Nov 2016	**EUR 750.0**	November 2022	**150.0**	110.0
					- Other loans			**6.6**	2.5
Commercial paper	**759.5**	**-**	775.7	-	Commercial paper markets borrowing - Uncommitted promissory note facility	**AUD 600.0**	Footnote 4	**397.9**	371.0
					Commercial paper markets borrowing - Uncommitted commercial paper program	**USD 600.0**	Footnote 4	**361.6**	404.7
US dollar notes	**299.4**	**272.8**	100.0	575.9	United States Private Placement borrowing - Senior unsecured notes issued 2009	**USD 575.0**	Bullet maturities between 2018 and 2021	**572.2**	575.9
					United States Private Placement borrowing - Senior unsecured notes issued 2002	**USD 100.0**	December 2017	**-**	100.0
Euro notes	**-**	**115.6**	-	114.4	United States Private Placement borrowing - Senior unsecured notes issued 2010	**EUR 100.0**	September 2020	**115.6**	114.4
Eurobond	**635.0**	**368.4**	-	994.1	Eurobond market borrowings - unsecured notes	**EUR 550.0**	April 2019	**635.0**	627.5
					Eurobond market borrowings - unsecured notes	**EUR 300.0**	March 2023	**368.4**	366.5
144A	**-**	**595.8**	-	595.3	144A / Regulation S - senior unsecured notes issued 2016	**USD 600.0**	April 2026	**595.8**	595.3
	-	**494.9**	-	-	144A / Regulation S - senior unsecured notes issued 2018	**USD 500.0**	May 2028	**494.9**	-
Swiss bond	**-**	**-**	156.6	-	Swiss bond market borrowings - unsecured notes	**CHF 150.0**	April 2018	**-**	156.6
Other loans	**30.3**	**1.3**	8.5	1.0					
Total unsecured borrowings	**1,809.0**	**2,653.7**	1,110.4	3,464.2					
Total interest-bearing liabilities	**1,822.0**	**2,671.0**	1,124.6	3,486.4					
Total current and non-current interest-bearing liabilities		**4,493.0**		4,611.0					
Cash on hand and at bank[2]		**(523.3)**		(447.8)					
Deposits - short term and at call[3]		**(97.5)**		(113.7)					
Total cash and cash equivalents		**(620.8)**		(561.5)					
Net debt		**3,872.2**		4,049.5					

Analysis of changes in consolidated net debt	Lease liabilities	Other borrowings	Cash / cash equivalents	Net debt 2018	Net debt 2017
Opening balance	9.8	4,601.2	(561.5)	**4,049.5**	3,829.4
Cash movements	(3.4)	(44.6)	(86.2)	**(134.2)**	154.9
Business acquisitions	-	-	-	**-**	8.3
Foreign exchange adjustment	0.1	(73.2)	26.9	**(46.2)**	56.7
Other movements	-	3.1	-	**3.1**	0.2
Closing balance	**6.5**	**4,486.5**	**(620.8)**	**3,872.2**	4,049.5

(1) Unsecured bank loans are presented net of borrowing fees.
(2) Deposits for the Group bear floating interest rates based on prevailing market rates of the respective jurisdictions.
(3) Short-term deposits and short-term money market investments.
(4) Commercial paper borrowings are classified as a current interest-bearing liability due to the short-term rollover nature of the borrowings. Two syndicated global multicurrency tranches of USD 565.4 million due in July 2020 along with the USD 750 million Syndicated Facility due in April 2019 act as a liquidity back-stop. Usage of these facilities reduces the available capacity to be drawn under the syndicated multicurrency facility.

3.2 Net debt (continued)

Risks associated with net debt

(i) Liquidity risk

Nature of liquidity risk

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities.

Liquidity risk management

Liquidity risk is managed centrally by Amcor Group Treasury and involves maintaining available funding and ensuring the Group has access to an adequate amount of committed credit facilities. Due to the dynamic nature of the business, Amcor Group Treasury aims to maintain flexibility within the funding structure through the use of bank overdrafts, bank loans, corporate bonds, unsecured notes and commercial paper. The following is used to manage the risk:

- maintaining minimum undrawn committed liquidity of at least USD 200 million (in various currencies) that can be drawn upon at short notice;
- regularly performing a comprehensive analysis of all cash inflows and outflows in relation to operational, investing and financing activities;
- generally using tradeable instruments only in highly liquid markets;
- maintaining a reputable credit profile;
- managing credit risk related to financial assets;
- monitoring duration of long-term debt;
- only investing surplus cash with major financial institutions; and
- to the extent practicable, spreading the maturity dates of long-term debt facilities.

Financing arrangements

Actual and forecasted cash flows of each business segment are regularly monitored to assess the funding requirements of the Group to enable management to ensure that the Group has access to a range of diverse funding sources over various timeframes in order to meet cash flow requirements and to maintain adequate liquidity of the Group.

Committed facilities are those where an agreement is in place with the bank to provide funds on request up to a specified maximum at a specified interest rate and where agreement conditions must be adhered to by the borrower for the facility to remain in place. Uncommitted facilities are those where an agreement is in place with the bank where it agrees in principle to make funding available but is under no obligation to provide funding to the Group. The committed and uncommitted standby arrangements and unused credit facilities of the Group are analysed in the table below.

	2018			2017		
USD million	**Committed**	**Uncom-mitted**	**Total**	Committed	Uncom-mitted	Total
Financing facilities available:						
Bank overdrafts	**-**	**206.0**	**206.0**	-	118.9	118.9
Unsecured bill acceptance facility/standby facility	**1,040.8**	**-**	**1,040.8**	1,060.6	-	1,060.6
Loan facilities and term debt	**4,771.5**	**123.7**	**4,895.2**	4,501.9	103.5	4,605.4
	5,812.3	**329.7**	**6,142.0**	5,562.5	222.4	5,784.9
Facilities utilised:						
Bank overdrafts	**-**	**78.7**	**78.7**	-	3.8	3.8
Unsecured bill acceptance facility/standby facility	**759.6**	**-**	**759.6**	775.7	-	775.7
Loan facilities and term debt	**3,585.8**	**68.9**	**3,654.7**	3,790.3	41.2	3,831.5
	4,345.4	**147.6**	**4,493.0**	4,566.0	45.0	4,611.0
Facilities not utilised:						
Bank overdrafts	**-**	**127.3**	**127.3**	-	115.1	115.1
Unsecured bill acceptance facility/standby facility	**281.2**	**-**	**281.2**	284.9	-	284.9
Loan facilities and term debt	**1,185.7**	**54.8**	**1,240.5**	711.6	62.3	773.9
	1,466.9	**182.1**	**1,649.0**	996.5	177.4	1,173.9

For the purposes of reporting on management's internal liquidity targets to the Board, undrawn committed facility capacity excludes bank overdrafts and other short-term subsidiary loan borrowings.

3.2 Net debt (continued)

Maturity of financial liabilities

The table below analyses the Group's financial liabilities excluding derivative financial instruments into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows, including principal and/or interest, calculated at 30 June. Non-derivative financial liabilities comprise interest-bearing liabilities and trade and other payables. Trade and other payables are recognised at the value of the invoice received from the supplier which is considered to approximate fair value. Trade payables are unsecured and non-interest-bearing.

USD million	1 year or less	1-2 years	2-5 years	More than 5 years	Total
2018					
Non-interest-bearing	**2,606.7**	**-**	**-**	**-**	**2,606.7**
Variable rate	**859.1**	**1.3**	**804.3**	**2.8**	**1,667.5**
Fixed rate	**1,080.6**	**65.2**	**954.6**	**1,271.3**	**3,371.7**
Total non-derivatives	**4,546.4**	**66.5**	**1,758.9**	**1,274.1**	**7,645.9**
2017					
Non-interest-bearing[1]	2,607.9	-	-	-	2,607.9
Variable rate	882.5	947.8	255.0	5.6	2,090.9
Fixed rate	362.0	1,014.8	513.2	1,073.5	2,963.5
Total non-derivatives	3,852.4	1,962.6	768.2	1,079.1	7,662.3

[1] Comparative period has been restated (refer to note 6.6).

(ii) Interest rate risk

Nature of interest rate risk

Interest rate risk is the risk that the Group is impacted by significant changes in interest rates. Borrowings issued at or swapped to floating rates expose the Group to interest rate risk.

Interest rate risk management

Amcor Group Treasury manages the Group's exposure to interest rate risk by maintaining an appropriate mix between fixed and floating rate borrowings, monitoring global interest rates and, where appropriate, hedging floating interest rate exposure or borrowings at fixed interest rates through the use of interest rate swaps and forward interest rate contracts. The Group's policy is to hold up to 75.0% fixed debt. At 30 June 2018, approximately 49% of the Group's debt is fixed rate (2017: 43%).

All of the Group's interest rate swaps are classified as fair value hedges so all movements in the fair values are recorded in the income statement.

Interest rate sensitivity

A sensitivity analysis has been performed to determine the impact on the income statement, based on the exposure to interest rates, for both derivative and non-derivative instruments at the end of the financial year utilising a 100 basis points movement in the floating rate on the relevant interest rate yield curve applicable to the underlying currency the borrowings are denominated in, with all other variables held constant. There is no single currency with an interest rate sensitivity greater than USD 10.0 million. The currency with the largest sensitivity is the Australian dollar which has a movement of USD 8.3 million. The 100 basis points sensitivity analysis has been determined reasonable based on the Group's current credit rating and mix of debt in Australia and foreign countries, relationships with financial institutions, the level of debt that is expected to be renewed as well as a review of the last two year's historical movements and economic forecasters' expectations.

(iii) Credit risk

Nature of credit risk

Credit risk is the risk of loss if a counterparty fails to fulfil its obligation under a financial instrument contract. The Group is exposed to credit risk arising from financing activities including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

3.2 Net debt (continued)

Credit risk management

Credit risk from balances with financial institutions is managed by Amcor Group Treasury in accordance with Board approved policies. The investment of surplus funds is made only with approved counterparties and within credit limits assigned to each counterparty. Financial derivative instruments can only be entered into with high credit quality approved financial institutions with a minimum long-term credit rating of A- or better by Standard & Poor's. The Board has approved the use of these financial institutions, and specific internal guidelines have been established with regard to limits, dealing and settlement procedures. Limits are set to minimise the concentration of risks and therefore mitigate financial loss through potential counterparty failure. The Group has no significant concentration of credit risk in relation to derivatives undertaken in accordance with the Group's hedging and risk management activities.

3.3 Financial risk management

The Group's risk management program seeks to mitigate market risks including foreign exchange volatility, commodity price risk and employee share plan risk and reduce the volatility of the Group's financial performance. All financial risk management is carried out or monitored centrally by Amcor Group Treasury and is undertaken in accordance with treasury risk management policies approved by the Board.

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

Foreign exchange risk – transaction management

There is a risk that the value of a financial commitment, recognised monetary asset or liability or cash flow will fluctuate due to changes in foreign currency rates. Management's policy is to use forward exchange contracts to hedge forecast or actual foreign currency exposures, on transactions in currencies other than the entity's functional currency as follows:

	Transaction greater than USD 500,000[1]	**Capital expenditure** greater than USD 100,000
Contractual certainty:	Must hedge 100%	Must hedge 100% or have a hedge strategy in place
Contractual uncertainty:		
timeframe <6 months	Hedge 75%	
timeframe 7-12 months	Hedge 50%	
timeframe 1-2 years	Hedge 25%	
timeframe >2 years	Nil	

[1] The hedging of transactions smaller than USD 500,000 is at local management's discretion.

Forecast exposure greater than two years from the forecast date must not be hedged unless specifically approved by the Executive Vice President Finance and Chief Financial Officer. Businesses are not permitted to speculate on future currency movements.

Key judgement and estimates

Each individual entity within the Group records its transactions in its relevant functional currency, which is the currency of the economic environment in which the entity primarily generates and expends cash. For all entities within the Group with a functional currency that is not the United States dollar:

- assets and liabilities are translated at the closing exchange rate at the date of that balance sheet; and
- income and expenses are translated at year-to-date average exchange rates.

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

3.3 Financial risk management (continued)

Foreign exchange risk – translation management

The Group has investments in foreign operations whose net assets are exposed to foreign currency translation risk. Currency exposure arising from the net assets of the Group's foreign operations is managed primarily through borrowings denominated in the relevant currency. The following table details how borrowings are used as designated hedges to eliminate the translation risk on net investments in foreign operations.

USD million	USD	EUR	GBP	NZD	HKD
2018					
Net assets, excluding net debt	**1,768.4**	**1,065.9**	**82.2**	**86.1**	**438.4**
Natural hedges	**(1,396.5)**	**352.3**	**190.5**	**26.7**	**-**
Net investment	**371.9**	**1,418.2**	**272.7**	**112.8**	**438.4**
Designated hedge	**180.8**	**1,154.5**	**143.8**	**64.1**	**203.0**
Unhedged net assets	**191.1**	**263.7**	**128.9**	**48.7**	**235.4**
2017					
Net assets, excluding net debt	1,738.4	1,015.5	41.9	88.8	411.9
Natural hedges	(1,458.9)	182.8	227.7	26.1	-
Net investment	279.5	1,198.3	269.6	114.9	411.9
Designated hedge	235.0	1,084.2	142.9	69.3	324.7
Unhedged net assets	44.5	114.1	126.7	45.6	87.2

On consolidation, foreign currency differences arising on external borrowings designated as net investment hedges of a foreign operation are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve, to the extent that the hedge is effective. To the extent that the hedge is ineffective, the foreign currency differences are recognised in the income statement. When a hedged net investment is disposed of, a percentage (calculated as the percentage of funds employed disposed compared to the Group's total funds employed of that relevant currency) of the cumulative amount recognised in equity in relation to the hedged net investment is transferred to the income statement as an adjustment to the profit or loss on disposal.

Exchange rate sensitivity

The following table illustrates the sensitivity of the Group's net assets (after hedging) and financial derivatives movements against observed annual volatility in the relevant foreign currencies, with all other variables held constant, taking into account all underlying exposures and related hedges.
All forward contracts that do not have an underlying exposure already within the balance sheet are designated as cash flow hedges at inception. Subsequent testing of effectiveness ensures that all effective hedge movements flow through the cash flow hedge reserve within equity and have a minimal pre-tax impact on profit.

	Change in foreign exchange rate (annual volatility)		**Impact on equity**	
	2018	2017	**2018**	2017
	%	%	**USD million**	USD million
Australian dollar	**9.2**	9.4	**102.8**	104.3
Euro	**7.5**	7.5	**10.2**	1.5
British pound	**8.1**	8.8	**11.8**	11.5
Swiss franc	**7.3**	7.7	**11.7**	1.7
New Zealand dollar	**9.5**	10.0	**4.3**	3.9

3.3 Financial risk management (continued)

(i) Commodity price risk

The Group is exposed to commodity price risk from several commodities, including aluminium, resin and certain other raw materials. In managing commodity price risk, the Group is ordinarily able to pass on the price risk contractually to customers through rise and fall adjustments. In the case of aluminium, some hedging is undertaken using fixed price swaps on behalf of certain customers. Hedging undertaken is based on customer instructions and all related benefits and costs are passed onto the customer on maturity of the transaction. Movements in commodity hedges are recognised within equity. The cumulative amount of the hedge is recognised in the income statement when the forecast transaction is realised. However, there is no impact on profit as a result of movements in commodity prices where hedges have been put in place as the Group passes the price risk contractually through to customers through rise and fall adjustments in customer contractual arrangements. As the Group ultimately passes on the risk associated with the movements in commodity prices, no sensitivity has been performed.

(ii) Employee share plan risk

The Group's employee share plans require the delivery of shares to employees in the future when rights vest or options are exercised. The Group currently acquires shares on market to deliver shares to employees to satisfy vesting or exercising commitments, this exposes the Group to cash flow risk, that is as the share price increases it costs more to acquire the shares on market.

Management of risk

The Amcor Employee Share Trust (the 'Trust') manages and administers the Group's responsibilities under the employee share plans through acquiring, holding and transferring shares or rights to shares, in the Company to participating employees. The Trust is consolidated as the substance of the relationship is that the Trust is controlled by the Group. All shares held by the Trust are disclosed as treasury shares and deducted from contributed equity. As at 30 June 2018, the Trust held 909,988 (2017: 690,564) of the Company's shares (refer to note 3.5).

To manage the cash flow risk, the Group has entered into forward contracts for the on-market purchase of ordinary shares of the Company. The details are:

	2018			2017		
	Expiry date	**Contract volume**	**Average hedged price AUD**	Expiry date	Contract volume	Average hedged price AUD
Less than one year	**May 2019**	**2,500,000**	**13.80**	October 2018	3,000,000	16.54

The financial liability of the forward contract is measured at the present value of the expenditure required to settle the contract with a corresponding reduction, net of any related income tax effects, recognised in equity.

(iii) Derivative financial instruments

The Group documents, at the inception of the transaction, the type of hedge, the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The documentation also demonstrates, both at hedge inception and on an ongoing basis that the hedge has been and is expected to continue to be highly effective.

3.3 Financial risk management (continued)

The Group uses derivative financial instruments for two types of hedges:

	Fair value hedges	Cash flow hedges
What is it?	A derivative or financial instrument designated as hedging the change in fair value of a recognised asset or liability.	A derivative or financial instrument to hedge the exposure to variability in cash flows attributable to a particular risk associated with an asset, liability or forecast transaction.
Recognition date	At the date the instrument is entered into.	At the date the instrument is entered into.
Measurement	Measured at fair value.	Measured at fair value.
Changes in fair value	The gain or loss relating to the effective portion of interest rate swaps hedging fixed rate borrowings is recognised in the income statement within finance costs, together with loss or gain in the fair value of the hedged fixed rate borrowings attributable to interest rate risk. The gain or loss relating to the ineffective portion is recognised in the income statement within finance income or expenses. If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortised to the income statement over the period to maturity using a recalculated effective interest rate.	Changes in the fair value of derivatives designated as cash flow hedges are recognised directly in other comprehensive income and accumulated in equity in the hedging reserve to the extent that the hedge is highly effective. To the extent that the hedge is ineffective, changes in fair value are recognised immediately in the income statement within other income or other expenses. Amounts accumulated in equity are transferred to the income statement or the balance sheet, for a non-financial asset, at the same time as the hedged item is recognised. The cumulative gain or loss existing in equity is reclassified into profit or loss at the time the forecast transaction impacts profit or loss or when the forecast transaction is no longer expected to occur.

The tables below provide details of the derivative financial assets and liabilities included in the balance sheet:

	2018		2017	
USD million	**Asset**	**Liability**	Asset	Liability
Current				
Fair value through profit and loss:				
Forward exchange contracts	**6.5**	**4.9**	5.6	6.0
Cash flow hedges:				
Commodity contracts	**1.6**	**0.5**	2.5	0.2
Forward exchange contracts	**0.7**	**1.7**	0.6	-
Forward contracts to purchase own equity to meet share plan obligations	**-**	**29.4**	-	38.1
Total current other financial assets/liabilities	**8.8**	**36.5**	8.7	44.3

	2018		2017	
USD million	**Asset**	**Liability**	Asset	Liability
Non-current				
Fair value hedges:				
Interest rate swaps	**22.3**	**1.3**	26.8	-
Total non-current other financial assets/liabilities	**22.3**	**1.3**	26.8	-

3.3 Financial risk management (continued)

The table below analyses the Group's net and gross settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows calculated at 30 June.

USD million	1 year or less	1-2 years	Total
2018			
Derivatives - gross settled			
- Inflow	**557.9**	**10.3**	**568.2**
- Outflow	**(599.0)**	**(12.6)**	**(611.6)**
Net expected cash outflow	**(41.1)**	**(2.3)**	**(43.4)**
2017			
Derivatives - gross settled			
- Inflow	551.8	5.3	557.1
- Outflow	(599.6)	(5.6)	(605.2)
Net expected cash outflow	(47.8)	(0.3)	(48.1)

3.4 Fair value measurement

The fair value of financial assets and financial liabilities must be estimated for recognition, measurement and disclosure purposes.

Key judgements and estimates

Financial asset and liability	Fair value approach
Cash and cash equivalents Short term monetary financial assets and liabilities Trade and other receivables Trade payables	Carrying value approximates fair value due to short term nature of the assets and liabilities.
Other monetary financial assets and liabilities	Based on market prices (if they exist) or discounting the expected future cash flows by the current interest rate for financial assets and liabilities with similar risk profiles.
Unquoted equity investments	Based on underlying net assets, future maintainable earnings and any special circumstances pertaining to the particular investment.
Derivative financial instruments - reflects the estimated amounts which the Group would be required to pay or receive to terminate the contracts or replace them at their current market rates.	Based on internal valuations using standard valuation techniques with current market inputs including interest and forward exchange rates. Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held.

The Group has a number of financial instruments which are not measured at fair value in the balance sheet. For the majority of these instruments, the fair values approximate their carrying amounts. Differences between the carrying amount and fair value were identified for the following instruments at 30 June:

		2018		2017	
USD million	Note	**Carrying value**	**Fair value**	Carrying value	Fair value
Financial liabilities					
US Dollar notes	3.2	**572.2**	**604.2**	675.9	735.8
2016 144A	3.2	**595.8**	**568.3**	595.3	599.6
2018 144A	3.2	**494.9**	**501.6**	-	-
Euro notes	3.2	**115.6**	**128.5**	114.4	132.3
Eurobond	3.2	**1,003.4**	**1,038.9**	994.1	1,053.0
Swiss bond	3.2	**-**	**-**	156.6	159.8

The fair value of the US dollar notes, 144A Senior unsecured notes, Euro notes, the Eurobond, and the Swiss bond reflects the revaluation of these instruments, at prevailing market rates.

3.4 Fair value measurement (continued)

For financial assets and liabilities carried at fair value, the Group uses the following to categorise the method used:

- *level 1* – quoted prices (unadjusted) in active markets for identical assets or liabilities.
- *level 2* – inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as over the counter prices) or indirectly (derived from over the counter prices).
- *level 3* – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value of financial instruments traded in active markets (such as available-for-sale securities) is based on quoted market prices at the end of the reporting period. The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at the end of each reporting period. Quoted market prices or dealer quotes for similar instruments are used to estimate fair value for long-term debt for disclosure purposes. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of forward exchange contracts is determined using forward exchange market rates at the end of the reporting period. These instruments are included in level 2 and comprise derivative financial instruments.
Where a valuation technique for these instruments is based on significant unobservable inputs, such instruments are included in level 3. The Group holds no level 1 or level 3 instruments at 30 June 2018 (2017: nil). The derivative financial instruments in note 3.3 were recognised at fair value using a level 2 valuation method.

3.5 Contributed equity

Ordinary shares

Ordinary shares issued are classified as equity and are fully paid, have no par value and carry one vote per share and the right to dividends. Incremental costs directly attributable to the issue of new shares or the exercise of options are recognised as a deduction from equity, net of any related income tax benefit.

Treasury shares

Treasury shares are shares in the Company that are held by the Amcor Employee Share Trust for the purpose of issuing shares to employees under the Group's employee share plans. Treasury shares are recognised at cost and deducted from equity, net of any income tax effects. When the treasury shares are subsequently sold, or re-issued any consideration received, net of any directly attributable costs and income tax effects, is recognised as an increase in equity.

Repurchase of share capital

Where the Group purchases the Company's own equity instruments, as the result of a share buy-back, those instruments are deducted from equity and the associated shares are cancelled. The amount of the consideration paid, including directly attributable costs, is recognised as a deduction from contributed equity, net of any related income tax effects.

	2018		2017	
	No. '000	**USD million**	No. '000	USD million
Ordinary shares				
Balance at beginning of period	**1,158,141**	**1,425.0**	1,158,141	1,466.6
Exercise of options	**3,961**	**33.4**	5,153	28.2
Exercise of performance shares / rights	**413**	**1.2**	1,729	3.5
Exercise of share rights	**1,388**	**13.0**	1,385	17.0
Exercise under the Senior Executive Retention Share Plan	**219**	**1.8**	356	1.3
Forward contract settled/(entered into) to satisfy exercise of options and rights under employee share plans	**-**	**12.5**	-	5.5
Treasury shares used to satisfy exercise of options and rights under employee share plans	**(5,981)**	**(75.5)**	(8,623)	(97.2)
Balance at end of period	**1,158,141**	**1,411.4**	1,158,141	1,425.0
Treasury shares				
Balance at beginning of period	**(691)**	**(8.1)**	(2,391)	(21.5)
Acquisition of shares by the Amcor Employee Share Trust	**(3,200)**	**(39.1)**	(3,323)	(40.2)
Forward contract settled	**(3,000)**	**(39.0)**	(3,600)	(43.6)
Employee share plan issue	**5,981**	**75.5**	8,623	97.2
Balance at end of period	**(910)**	**(10.7)**	(691)	(8.1)
Total contributed equity	**1,157,231**	**1,400.7**	1,157,450	1,416.9

3.6 Reserves

Cash flow hedge reserve

The hedging reserve records the portion of the gain or loss on a hedging instrument in a cash flow hedge that is determined to be an effective hedge relationship.

Share-based payments reserve

The share-based payments reserve is used to recognise the fair value of options and rights recognised as an expense.

Demerger reserve

This reserve arose on the demerger of the AAPD group (now known as Orora). It represents the difference between the fair value of the AAPD shares (being the distribution liability arising on demerger), the amount allocated as a capital reduction and any transfers to other reserves.

Exchange fluctuation reserve (EFR)

Exchange differences arising on translation of foreign controlled operations are recognised in the exchange fluctuation reserve.

USD million	Cash flow hedge reserve	Share-based payments reserve	Demerger reserve	Exchange fluctuation reserve	Total reserves
Balance at 1 July 2017	**(6.6)**	**53.1**	**(652.1)**	**(276.1)**	**(881.7)**
Reclassification to profit or loss	**(3.5)**	**-**	**-**	**-**	**(3.5)**
Reclassified to non-financial assets	**0.1**	**-**	**-**	**-**	**0.1**
Effective portion of changes in fair value	**0.8**	**-**	**-**	**-**	**0.8**
Currency translation differences	**-**	**-**	**-**	**(26.3)**	**(26.3)**
Deferred tax	**0.6**	**-**	**-**	**7.2**	**7.8**
Tax effect on forward contracts entered into to purchase own equity to meet share plan obligations	**-**	**(1.4)**	**-**	**-**	**(1.4)**
Settlement of performance rights	**-**	**(21.3)**	**-**	**-**	**(21.3)**
Share-based payments expense	**-**	**18.4**	**-**	**-**	**18.4**
Balance at 30 June 2018	**(8.6)**	**48.8**	**(652.1)**	**(295.2)**	**(907.1)**
Balance at 1 July 2016	(13.1)	54.2	(652.1)	(189.2)	(800.2)
Reclassification to profit or loss	(0.1)	-	-	-	(0.1)
Reclassified to non-financial assets	0.6	-	-	-	0.6
Effective portion of changes in fair value	6.9	-	-	-	6.9
Currency translation differences	-	-	-	(73.4)	(73.4)
Deferred tax	(0.9)	-	-	(13.5)	(14.4)
Tax effect on forward contracts entered into to purchase own equity to meet share plan obligations	-	(1.4)	-	-	(1.4)
Settlement of performance rights	-	(26.2)	-	-	(26.2)
Share-based payments expense	-	26.5	-	-	26.5
Balance at 30 June 2017	(6.6)	53.1	(652.1)	(276.1)	(881.7)

Section 4: Business portfolio

In this section

Building on 1.3, this section provides further insight into the business portfolio of the Group, including the value-creating acquisition opportunities which the Group has secured to improve industry structures and strengthen its leadership positions in chosen market segments.

4.1 Businesses acquired

In the year ended 30 June 2018, the Group has not acquired any new businesses. The purchase accounting for the blow molding operations of Sonoco Products Company, Discma AG, Hebei Qite Packaging Co. Ltd and Plasticos Team S.A.S. has been completed during the period. Adjustments made to previous acquisitions did not result in material changes to goodwill.

4.2 Equity-accounted investments

Key judgements and estimates
Amcor has one significant associate, AMVIG Holdings Limited (AMVIG), over which it has significant influence, but not control or joint control, to govern the financial and operating policies of AMVIG.

The Group's investment in its associates and joint ventures (investees) is initially recorded at cost and subsequently accounted for using the equity method. The carrying amount of the investment is adjusted to recognise changes in the Group's interest in the net assets of the investees. Dividends received from the investees are recognised as a reduction in the carrying amount of the investment. Goodwill relating to the investees is included in the carrying amount of the investment and is not tested for impairment individually.

The Group's share of the results of the investees is reported in the income statement and its share of movements in other comprehensive income is recognised in other comprehensive income. Changes in the Group's share of the net assets of the investees, due to dilution caused by an issue of equity by the investees, are recognised in the income statement as a gain or loss.

Investments in investees are reviewed for impairment at least annually or whenever events or circumstances indicate that the carrying amount may not be recoverable. The impairment review compares the net carrying value with the recoverable amount, where the recoverable amount is the higher of the value in use calculated as the present value of the Group's share of the associate's future cash flows and its fair value less costs of disposal.

The associates and joint ventures of the Group are listed below:

Name of entity	Nature of relationship	Principal activity	Country of incorporation	Ordinary share ownership interest (%)		Carrying amount USD million	
				2018	2017	**2018**	2017
AMVIG Holdings Limited	Associate	Tobacco packaging	Cayman Islands	**47.6**	47.6	**438.4**	411.9
Individually immaterial equity-accounted investments						**0.1**	-
Total equity-accounted investments						**438.5**	411.9

Transactions with equity-accounted investments

During the 12 months to 30 June 2018, the Group received dividends of USD 8.5 million from associates (2017: USD 6.5 million).

4.2 Equity-accounted investments (continued)

Reconciliation to carrying value of AMVIG

USD million	**2018**	2017
Group's share of net assets	**246.1**	213.6
Notional goodwill	**201.2**	199.6
Effects of movement in foreign exchange rates and other adjustments	**(8.9)**	(1.3)
Carrying amount at the end of the financial year	**438.4**	411.9

Key judgements and estimates

The Amcor carrying value of its equity investment in AMVIG when expressed in Hong Kong dollars per share is greater than the Hong Kong dollar per share quoted for AMVIG on the Hong Kong Stock Exchange at 30 June 2018. The Group's view is that AMVIG's quoted share price does not accurately reflect the fundamental value of the business.

Accordingly, in order to assess the carrying value of the investment in AMVIG the Group has assessed the recoverable amount with reference to the higher of fair value less costs of disposal and value in use. The value-in-use calculation requires the use of assumptions and includes cash flow projections for five years using management's best estimates based on historical publicly available information from AMVIG. The value-in-use calculation included a pre-tax discount rate of 9.0% (2017: 9.1%) and a perpetual growth rate of 4% (2017: 4%).

The Group also performed a sensitivity analysis on the impact of changes in the key assumptions underpinning the value-in-use model. Based on the value-in-use assessment, including the sensitivity analysis over key assumptions, the Group believes that the recoverable amount of the investment in AMVIG exceeds the Group's carrying value of the investment at 30 June 2018.

Summarised financial information for AMVIG Holdings Limited

The balance date for AMVIG is 31 December which is different to that of the Group due to the listing requirements of this entity on the Hong Kong Stock Exchange. In determining the Group's share of profits of AMVIG for the financial year ended 30 June 2018, the Group has used the latest publicly available financial information, being the audited results for the year ended 31 December 2017 plus management's best estimate for the six months ended 30 June 2018. The Group's share of net assets is based on the latest publicly available set of financial statements dated 31 December 2017 (2017: 31 December 2016).

The following tables provide summarised financial information for 100% of AMVIG from their latest available annual report.

USD million	**2018**	2017
Summarised statement of comprehensive income		
Revenues	**312.9**	328.6
Profit after tax	**51.5**	29.5
Other comprehensive income	**35.7**	(26.4)
Total comprehensive income	**87.2**	3.1
Summarised statement of financial position		
Current assets	**339.5**	362.4
Non-current assets	**480.9**	443.6
Total assets	**820.4**	806.0
Current liabilities	**112.4**	189.6
Non-current liabilities	**190.9**	167.7
Total liabilities	**303.3**	357.3
Net assets reported by AMVIG	**517.1**	448.7

4.3 Subsidiaries

The consolidated financial statements include Amcor Limited (parent entity) and the following significant wholly owned subsidiaries, unless stated otherwise, in the table below. Subsidiaries are fully consolidated from the date of acquisition, being the date on which Amcor obtains control, and continue to be consolidated until the date that such control ceases. Control exists where the Group has the power to govern the financial and operating policies of the entity in order to obtain benefits from its activities.

Controlled entity	Country of incorporation
Vinisa Fueguina S.R.L.	Argentina
Amcor Flexibles (Australia) Pty Ltd	Australia
Amcor Flexibles Transpac BVBA	Belgium
Amcor Rigid Plastics do Brasil Ltda	Brazil
Amcor Packaging Canada Inc	Canada
Alusa Chile S.A.	Chile
Jiangyin Propack Packing Co Ltd	China
Propack Huizhou Ltd	China
Amcor Flexibles Denmark ApS	Denmark
Amcor Flexibles Capsules France SAS	France
Amcor Flexibles Packaging France SAS	France
Amcor Flexibles Sarrebourg SAS	France
Amcor Flexibles Selestat SAS	France
Amcor Flexibles Singen GmbH	Germany
Tscheulin-Rothal GmbH (98.76%)	Germany
Amcor Flexibles Italia S.r.l.	Italy
Amcor Flexibles Zutphen BV	Netherlands
Amcor Flexibles (New Zealand) Ltd	New Zealand
Peruplast S.A.	Peru
Amcor Flexibles Reflex Sp z.o.o	Poland
Amcor Specialty Cartons Polska Spolka z.o.o.	Poland
Amcor Flexibles Portugal Lda	Portugal
Amcor Flexibles Novgorod LLC	Russia
Amcor Specialty Cartons Novgorod LLC	Russia
Amcor Specialty Cartons St. Petersburg LLC	Russia
Amcor Fibre Packaging Asia Pte Ltd	Singapore
Amcor Flexibles South Africa (Pty) Ltd	South Africa
Amcor Flexibles Espana SL	Spain
Amcor Flexibles Burgdorf GmbH	Switzerland
Amcor Flexibles Kreuzlingen AG	Switzerland
Amcor Flexibles Rorschach AG	Switzerland
Amcor Group GmbH	Switzerland
Amcor Flexibles Bangkok Public Company Ltd (99.42%)	Thailand
Amcor Specialty Cartons Baski Sanayi Ticaret AS	Turkey
AFP (Europe) Ltd	United Kingdom
Amcor Flexibles UK Ltd	United Kingdom
Amcor Packaging UK Ltd	United Kingdom
Amcor Flexibles Inc	United States of America
Amcor Packaging Investments USA Inc	United States of America
Amcor Rigid Plastics USA, LLC	United States of America
Amcor Specialty Cartons Americas LLC	United States of America
Bericap SC LLC (50.00%)	United States of America
Encon, Inc (49.00%)	United States of America

Section 5: Employee remuneration

In this section

This section provides financial insight into employee remuneration arrangements.

This section should be read in conjunction with the remuneration report as set out in the Directors' report, which contains detailed information regarding the setting of remuneration for Key Management Personnel. Employee expenses and employee provisions are shown in note 1.4 and note 2.6 respectively.

5.1 Share-based payments

The Company provides benefits to employees (including the CEO and Senior Executives) of the Group in the form of share-based payments, whereby employees render services in exchange for options or rights over shares. Share-based payments can either be equity- or cash-settled. The expense arising from these transactions is shown in note 1.4.

The Group operates a number of share-based payment plans. A description of each type of share-based payment arrangement that existed at any time during the period is provided below. The fair value of options and rights granted under equity-settled share-based arrangements are measured at grant date and spread over the vesting period via a charge to employee benefit expense in the income statement and a corresponding increase in the share-based payments reserve in equity. The fair value of options takes into account market performance conditions, but excludes the impact of any non-market vesting conditions (for example; internal financial targets). Non-market vesting conditions are included in the assumptions about the number of options that are expected to be vested.

Upon exercise of the options or rights, the relevant amount in the share-based payments reserve is transferred to contributed equity.

Cash-settled share-based payments

The Board may nominate certain employees as eligible to participate in the Senior Executive Retention Plan (SERPP). These employees then receive entitlements that reflect the performance of Amcor Limited shares. These entitlements may be converted into a cash payment after the three-year restriction period has expired. As at 30 June 2018, 456,013 SERPP entitlements (30 June 2017: 50,000) are outstanding with an average fair value of USD 10.59 each (30 June 2017: USD 12.44).

Also, cash-settled share-based payment plans are in place where the Group is unable to issue shares or options. Liabilities for cash-settled share-based payment arrangements are as follows:

USD million	**2018**	2017
Total carrying amount of liabilities for cash-settled arrangements	**4.1**	3.4

These liabilities also include former equity awards that were converted to cash-settled arrangements.

Equity-settled share-based payments

A description of plans is contained in the table on the next page. The only additional equity plan not listed in the table is the Retention Share / Payment Plan. Under this plan, the Board nominates certain Senior Executives as eligible to receive fully-paid ordinary shares in part satisfaction of their remuneration for the relevant financial year. The number of shares issued is at the discretion of the Board. The restrictions on these shares do not allow the employee to dispose of the shares for a period of up to five years (or otherwise as determined by the Board), unless the employee ceases employment later than three years after the shares were issued. Any right or interest in the shares will be forfeited if the employee voluntarily ceases employment within three years from the date the shares were issued or if the employee is dismissed during the restriction period, for cause or poor performance. The shares subject to the Retention Share/Payment Plan carry full dividend entitlements and voting rights. The weighted average fair value is calculated using the market value at the date the shares were issued.

Details of the total movement in shares issued under the Retention Share/Payment Plan during the current and comparative period are as follows:

	2018		2017	
Weighted average	**No.**	**Fair value AUD**	No.	Fair value AUD
Restricted shares at beginning of financial period	**271,541**	**13.89**	585,281	13.49
Issued during the period	**555,712**	**15.64**	66,858	15.08
Restriction lifted	**(218,969)**	**13.61**	(355,598)	13.50
Cancelled	**(28,572)**	**15.18**	(25,000)	13.31
Restricted shares at end of financial period	**579,712**	**15.61**	271,541	13.89

5.1 Share-based payments (continued)

	Long Term Incentive		Short Term Incentive Deferred Equity
	Options	*Performance Rights or Performance Shares*	*Share Rights*
Overview	Give the co-worker the right to acquire a share at a future point in time upon meeting specified vesting conditions described below and require payment of an exercise price. They are granted at no consideration and carry no dividend entitlement or voting rights until they vest and are exercised to ordinary shares on a one-for-one basis.	Give the co-worker the right to acquire a share at a future point in time upon meeting specified vesting conditions described below with no exercise price payable. They are granted at no consideration and carry no dividend entitlement or voting rights until they vest and are exercised to ordinary shares on a one-for-one basis.	Give the co-worker the right to acquire a share at a future point in time upon meeting specified vesting conditions described below with no exercise price payable. They are granted at no consideration and carry no dividend entitlement or voting rights until they vest into ordinary shares on a one-for-one basis.
Vesting conditions	Subject to an EPS test, a Return on Average Funds Employed (RoAFE) test, a Share Price Condition, a relative Total Shareholder Return (TSR), and the employee remaining in employment of the Company.	Subject to an EPS test, a Return on Average Funds Employed (RoAFE) test, a relative Total Shareholder Return (TSR) test and the employee remaining in employment of the Company.	Subject to the employee remaining in employment of the Company.
Vesting period	3 years	3 years	2 years
Vested awards	Vested Options will remain exercisable until the expiry date. On expiry, any vested but unexercised Options will lapse.	Vested Performance Rights or Performance Shares will remain exercisable until the expiry date. On expiry, any vested but unexercised Performance Rights or Performance Shares will lapse.	Shares are issued upon vesting.
Unvested awards	Unvested awards are forfeited if the co-worker voluntarily ceases employment or is dismissed for poor performance.	Unvested awards are forfeited if the co-worker voluntarily ceases employment or is dismissed for poor performance.	Unvested awards are forfeited if the co-worker voluntarily ceases employment or is dismissed for poor performance.

5.1 Share-based payments (continued)

	Options		Performance Shares / Rights	Share Rights
Weighted average	No.	Exercise price AUD	No.	No.
2018				
Outstanding at 1 July	**14,515,836**	**11.88**	**3,197,699**	**2,940,615**
Granted	**5,840,900**	**15.87**	**1,147,600**	**1,185,575**
Exercised	**(3,961,123)**	**9.05**	**(372,744)**	**(1,387,740)**
Lapsed/cancelled	**(1,965,508)**	**14.44**	**(1,134,029)**	**(244,660)**
Outstanding at 30 June	**14,430,105**	**13.92**	**2,838,526**	**2,493,790**
Exercisable at 30 June	**659,600**	**8.17**	**27,580**	**-**
2017				
Outstanding at 1 July	13,992,748	8.26	3,538,340	2,813,808
Granted	6,418,200	15.09	1,075,600	1,727,548
Exercised	(5,153,121)	6.05	(1,102,853)	(1,385,001)
Lapsed/cancelled	(741,991)	12.01	(313,388)	(215,740)
Outstanding at 30 June	14,515,836	11.88	3,197,699	2,940,615
Exercisable at 30 June	572,400	5.96	27,000	-

The weighted average share price as at the date of exercise for Options was AUD 15.78 (2017: AUD 15.59), AUD 15.92 (2017: AUD 15.45) for Performance Shares / Rights and AUD 16.17 (2017: AUD 16.00) as at the date of exercise for the Share Rights. During the year, the remaining 40,000 CEO Special Equity Awards were exercised at a weighted average share price of AUD 15.42 (2017: 626,400 at AUD 14.90).

Options outstanding at the end of the year have the following exercise prices:

Grant date	Exercise price AUD	2018 No.	2017 No.
5 August to 22 September 2010	5.17	**-**	6,100
9 December 2011 to 12 June 2012	5.81	**110,400**	246,100
30 November 2012	6.09	**114,300**	320,200
20 November 2013 to 9 May 2014	9.31	**434,900**	3,924,288
24 November 2014 to 11 May 2015	10.28	**3,470,642**	3,891,848
4 October 2016 to 1 June 2017	15.30	**4,869,663**	6,127,300
13 November 2017 to 6 April 2018	15.87	**5,430,200**	-
Outstanding at 30 June		**14,430,105**	14,515,836
Weighted average remaining contractual life of options outstanding at 30 June		**5.9 years**	4.4 years

Fair value of options and rights granted

The average fair value of the options granted on 13 November 2017 and 6 April 2018 was AUD 1.45. Performance rights and shares granted on the same dates had an average fair value of AUD 8.63.

Key judgements and estimates

The fair value of options and performance rights is measured using the Black-Scholes methodology to produce a Monte Carlo simulation which allows incorporation of performance hurdles. The following assumptions are used in the calculation:

	2018	2017
Expected dividend yield assuming no change in dividend payout (%)	**3.70**	4.00
Expected price volatility of the Company's shares based on historical data (%)	**21.00**	21.00
Share price at grant date (AUD)	**14.98**	15.30
Weighted average exercise price (AUD)	**15.87**	15.09
Risk-free interest rate (%)	**2.06**	1.47
Expected life of option based on historical data (years)	**4.00**	4.00

The number of options that are expected to vest based on the non-market conditions is revised at each reporting date and the impact, if any, is recognised in the income statement.

5.2 Retirement benefit obligations

The Group contributes to a number of defined contribution funds on behalf of employees and the Group's legal or constructive obligation is limited to these contributions. Contributions payable by the Group are recognised as an expense in the income statement as incurred. The expense is not material for further disclosures.

The Group also maintains a number of defined benefit schemes. These include statutory and mandated benefit provision in some countries as well as voluntary plans (generally closed to new joiners). The plans can either be funded or unfunded. Where funded, the Group and, in some countries, the employees make cash contributions into the pension fund. In the case of unfunded plans, the Group is responsible for benefit payments as they fall due. Plan funding requirements are generally determined by local regulation and/or best practice and differ between countries – the local statutory funding positions are not necessarily consistent with the funded status disclosed in the statement of financial position. For any funded plans in deficit (as measured under local country guidelines), the Group agrees with the trustees and plan fiduciaries to undertake suitable funding programmes to provide additional contributions over time in accordance with local country requirements.

During the year, the Group maintained 15 statutory and mandated defined benefit arrangements and 49 voluntary defined benefit plans. The principal defined benefit plans are structured as follows:

Country	Number of funded plans	Number of unfunded plans	Comment
United Kingdom	1	-	Closed to new entrants and future accruals.
Switzerland	1	-	Open to new entrants.
France (other Europe)[(1)]	3	1	One plan is closed to new entrants, two plans are partially indemnified by Rio Tinto Ltd.
Germany (other Europe)[(1)]	4	12	10 plans are closed to new entrants, six are partially indemnified by Rio Tinto Ltd.
Canada (North America)	4	1	Closed to new entrants and future accruals.
United States of America (North America)	1	2	Unfunded retirement plan is closed to new entrants and is not accruing future benefits.

[(1)] Rio Tinto Limited assumes responsibility for its former employees' retirement entitlements as at 1 February 2010 when the Group acquired Alcan Packaging from Rio Tinto Limited.

Movements in defined benefit obligation and fair value of plan assets

The movement in defined benefit obligation and fair value of plan assets is due to the following:

Items	Description	Recognised in
Current service cost	The cost to the Group of future benefits resulting from employee service in the current period.	Operating costs in the income statement.
Past service cost	Refers to the cost or credit as a result of changes in the benefits offered to members (plan amendments), a reduction in the number of employees (curtailments) covered by the plan or transactions entered into by the Group to eliminate all further legal or constructive obligations for some or all of the benefits provided by the schemes (settlements). Settlement gains or losses can arise from the transfer of member benefits into alternative pension arrangements, fully insuring benefits or on business disposals.	Operating costs in the income statement.
Interest (expense)/income	Interest expense is the unwinding of the discount on the present value of the obligation. Interest income on plan assets is based on the value of the scheme assets at the beginning of the year multiplied by the same rate as the discount rate applied to the obligation.	Net finance costs in the income statement.
Experience (gains)/losses	In order to value the Group's defined benefit obligation at the end of the period, it is necessary to apply certain assumptions in relation to demographic and financial trends. Actuarial gains or losses arise when there is a difference between previous estimates and actual experience, or a change in assumptions.	Other comprehensive income.
Re-measurement return on plan assets	Arise from differences between actual and the expected final asset values.	Other comprehensive income.
Contributions	The Group's contributions and cash contributions by the scheme participants are paid into the schemes to be managed and invested.	Statement of financial position.
Benefits paid	Any benefits paid out by the scheme will lower the obligations of those plans.	Statement of financial position.

5.2 Retirement benefit obligations (continued)

The defined benefit obligations and the plan assets' fair values have moved as follows:

	2018			2017		
USD million	Defined benefit obligation	Fair value of plan assets	Net defined benefit liability/(asset)	Defined benefit obligation	Fair value of plan assets	Net defined benefit liability/(asset)
Balance at 1 July	1,319.3	(988.1)	331.2	1,551.7	(1,120.1)	431.6
Current service cost	16.4	-	16.4	18.0	-	18.0
Past service cost - plan amendments	-	-	-	0.1	-	0.1
Past service cost - curtailments / settlements	(20.8)	10.8	(10.0)	(239.6)	209.5	(30.1)
Interest expense/(income)	26.6	(20.1)	6.5	26.4	(19.5)	6.9
Total amount recognised in the income statement	22.2	(9.3)	12.9	(195.1)	190.0	(5.1)
Re-measurements:						
- loss/(gain) from change in demographic assumptions	(23.4)	-	(23.4)	(1.0)	-	(1.0)
- loss/(gain) from change in financial assumptions	(73.1)	-	(73.1)	41.1	-	41.1
- experience loss/(gain)	7.3	-	7.3	(21.0)	-	(21.0)
- return on plan assets, excluding amounts included in interest expense/(income)	-	23.3	23.3	-	(54.1)	(54.1)
Restrictions on assets recognised	-	(1.1)	(1.1)	-	0.7	0.7
Total amount recognised in other comprehensive income	(89.2)	22.2	(67.0)	19.1	(53.4)	(34.3)
Contributions:						
- paid by the employer	-	(36.5)	(36.5)	-	(67.8)	(67.8)
- paid by participants	6.4	(6.4)	-	6.5	(6.5)	-
Benefits paid	(72.5)	72.5	-	(58.1)	58.1	-
Business acquisitions	-	-	-	3.2	-	3.2
Effect of movements in exchange rates	(4.0)	4.8	0.8	(8.0)	11.6	3.6
Total other	(70.1)	34.4	(35.7)	(56.4)	(4.6)	(61.0)
Balance at 30 June	1,182.2	(940.8)	241.4	1,319.3	(988.1)	331.2
Non-current asset			(50.8)			(24.5)
Non-current liability			292.2			355.7
Restrictions on asset recognised		-			(1.1)	
Fair value of plan assets		(940.8)			(989.2)	
Present value of unfunded defined benefit obligation	163.5			165.1		
Present value of funded defined benefit obligation	1,018.7			1,154.2		
Liabilities for defined benefit obligations	1,182.2			1,319.3		
Actives	455.7			492.2		
Vested terminees	358.2			430.4		
Retirees	368.3			396.7		
Balance as at 30 June	1,182.2	(940.8)	241.4	1,319.3	(988.1)	331.2

5.2 Retirement benefit obligations (continued)

The plan assets and liabilities by country are as follows:

	2018			2017		
USD million	**Defined benefit obligation**	**Fair value of plan assets**	**Net defined benefit liability/(asset)**	Defined benefit obligation	Fair value of plan assets	Net defined benefit liability/(asset)
UK	**452.5**	**(472.7)**	**(20.2)**	552.6	(520.4)	32.2
Switzerland	**280.1**	**(235.8)**	**44.3**	303.8	(241.8)	62.0
Other Europe	**297.6**	**(137.6)**	**160.0**	304.5	(137.0)	167.5
North America	**139.6**	**(91.4)**	**48.2**	147.0	(87.3)	59.7
Latin America	**4.3**	**-**	**4.3**	3.0	-	3.0
Asia	**8.1**	**(3.3)**	**4.8**	8.4	(1.6)	6.8
Balance as at 30 June	**1,182.2**	**(940.8)**	**241.4**	1,319.3	(988.1)	331.2

Categories of plan assets

The funded pension plans hold assets across a number of different classes, these being equities, bonds, real estate, cash and other investments. These assets are managed by each Plan's Trustees, although the Trustees are required to consult with the Group on changes to their investment policy.

The fair value of the major categories of plan assets is as follows:

	2018			2017		
USD million	**Quoted**	**Unquoted**	**Total**	Quoted	Unquoted	Total
Equity instruments	**137.8**	**-**	**137.8**	261.2	-	261.2
Government bonds	**88.6**	**-**	**88.6**	284.0	-	284.0
Corporate bonds	**55.4**	**-**	**55.4**	152.4	-	152.4
Real estate	**55.0**	**-**	**55.0**	52.7	-	52.7
Cash and cash-equivalents	**5.5**	**-**	**5.5**	6.7	-	6.7
Indemnified assets	**-**	**180.7**	**180.7**	-	0.6	0.6
Other	**313.1**	**104.7**	**417.8**	126.0	104.5	230.5
Total plan assets as at 30 June	**655.4**	**285.4**	**940.8**	883.0	105.1	988.1

Key judgements and estimates

The main assumptions used in the valuation of retirement benefit assets and obligations include discount rate, rate of inflation, expected return on plan assets, future salary increases and medical cost trend rates (in the case of the post-retirement health plans). The Group takes independent actuarial advice in determining these assumptions. A change in assumptions or the application of different assumptions could have a significant effect on the income statement, other comprehensive income and statement of financial position.

The table below shows the significant actuarial assumptions (expressed as weighted averages) used for the purposes of reporting under AASB 119 *Employee Benefits* for the Group's defined benefit plans are as follows:

	2018	2017
Discount rate	**2.32%**	2.04%
Rate of inflation	**2.26%**	2.35%
Longevity at age 65 for current pensioners	**Years**	Years
Males	**19.3 to 24.6**	19.3 to 24.6
Females	**22.0 to 28.0**	22.0 to 28.0

5.2 Retirement benefit obligations (continued)

The following sensitivity analysis gives an estimate of the potential impacts of changes in the significant actuarial assumptions on the defined benefit obligation (DBO) as at year end:

		Impact on DBO	
USD million		**2018**	2017
Discount rate	+ 0.25%	**(47.1)**	(55.8)
	- 0.25%	**50.0**	59.1
Inflation rate	+ 0.25%	**26.1**	35.0
	- 0.25%	**(24.5)**	(34.1)
Future mortality	+ 1 year	**37.1**	43.3
	- 1 year	**(37.2)**	(43.1)

The sensitivity to inflation rate includes the impact from movements in all inflation-linked assumptions such as salary and pension increases.

Duration and amount of future cash flows

The table below gives an indication of the average duration of the defined benefit obligations as well as the expected Group's contributions to the plan for the next year:

	2018	2017
Weighted average duration of defined benefit obligation, years	**17.0**	17.9
Contributions next period, USD million	**32.3**	37.3

5.3 Key Management Personnel

Key Management Personnel compensation

Key Management Personnel (KMP) compensation is set out below. Detailed remuneration disclosures are provided in the audited Remuneration Report section in the Directors' Report.

USD thousand	**2018**	2017
Short-term employee benefits	**11,203**	13,190
Post employment benefits	**710**	757
Share-based payments expense	**5,432**	4,480
Total compensation to KMPs	**17,344**	18,427

Individual Directors' and Executives' compensation disclosures

Apart from the information disclosed in this note, no Director has entered into a material contract with the consolidated entity since the end of the previous financial year and there were no material contracts involving Directors' interests at year end.

No individual KMP or related party holds a loan with the consolidated entity. No impairment losses have been recognised in relation to any loans made to KMP and no loans were advanced during the current year. Other than those items discussed above, together with the detailed disclosures in the audited Remuneration report section in the Directors' report, there have been no other transactions between KMP and the Company.

Section 6: Other disclosures

In this section

This section includes additional financial information that is required by the accounting standards and the *Corporations Act 2001*.

6.1 Auditors' remuneration

USD thousand	**2018**	2017
Audit and other assurance services - PwC		
Auditors of the Company - PwC Australia		
Audit and review of financial reports	**368**	404
Other assurance services	**140**	-
Network firms of PwC Australia		
Audit and review of financial reports	**2,328**	2,207
Other regulatory audit services	**4,208**	3,808
Other assurance services	**4**	3
Total audit and other assurance services - PwC	**7,048**	6,422
Other services - PwC		
Auditors of the Company - PwC Australia		
Taxation services, transaction related taxation advice and due diligence	**76**	692
Other advisory services	**40**	-
Network firms of PwC Australia		
Taxation services, transaction related taxation advice and due diligence	**767**	1,127
Other advisory services	**34**	120
Total other services - PwC	**917**	1,939
Non-PwC audit firms		
Other regulatory services	**137**	267
Taxation services and transaction related taxation advice	**43**	269
Total auditors' remuneration	**8,145**	8,897

6.2 Commitments and contingencies

Commitments

USD million	**2018**	2017	Description
Operating lease commitments			The Group has operating leases for motor vehicles, plant, equipment and property. The leases have varying terms, escalation clauses and renewal rights. Not included in these commitments are contingent rental payments which may arise from consumer price index (CPI) links or in the event that defined production capacities of certain leased assets are exceeded.
Lease commitments contracted but not provided for are payable as follows:			
within one year	**93.2**	87.7	
between one and five years	**238.6**	221.6	
after more than five years	**226.6**	169.4	
Total operating lease commitments	**558.4**	478.7	
Capital commitments			
Property, plant and equipment commitments	**42.3**	87.1	Capital commitments for the purchase of property, plant and equipment.

Contingencies

USD million	**2018**	2017
Contingent liabilities	**53.0**	48.0

6.2 Commitments and contingencies (continued)

Key judgements and estimates

The Group operates in many territories around the globe under different direct and indirect tax regimes. From time to time the Group receives assessments for additional tax from revenue authorities which, having consulted with experts including external counsel, it believes are unfounded. Nonetheless, at any point in time matters will be under discussion and review with revenue authorities for which a theoretical exposure may exist.

Specifically, the Brazil operations have received a series of excise and income tax claims from the local tax authorities which are being challenged via a court process. In the opinion of outside counsel these claims have a remote likelihood of being upheld, however as these cases progress through the court system in Brazil, Amcor is required to pledge assets, provide letters of credit and/or deposit cash with the courts to continue to defend the cases. The company will continue to provide such pledges in the future as the matters are being vigorously defended by Amcor. At this stage, it is not possible to accurately determine the exact exposure. The disclosed contingent liabilities reflect an estimate of the amount or range of expense that could result from an unfavourable outcome in respect of these or any additional assessments that may be issued in the future as penalties and interest may be applied should the entity be unsuccessful in defending the cases. Management continues to monitor with the support of external counsel and all means are being examined in order to minimise any exposure.

The Directors are of the opinion that provisions are not required in respect of these matters, as it is either not probable that a future sacrifice of economic benefits will be required or the amount is not capable of reliable measurement.

6.3 Amcor Limited – parent entity

The financial information for the Company has been prepared on the same basis as the consolidated financial statements, except as set out below:

Investments in subsidiaries - carried at cost less, where applicable, accumulated impairment losses.

Summary financial information

USD million[1]	Amcor Limited 2018	Amcor Limited 2017
Total current assets	**4,277.2**	4,638.2
Total assets	**10,712.1**	11,149.9
Total current liabilities	**6,676.0**	6,235.5
Total liabilities	**7,725.5**	8,149.6
Net assets	**2,986.6**	3,000.3
Equity		
Contributed equity	**1,411.4**	1,425.0
Reserves:		
Share-based payments reserve	**48.6**	53.1
Demerger reserve of Australasia and Packaging Distribution business	**(652.1)**	(652.1)
Exchange fluctuation reserve	**1,453.7**	1,278.7
Retained earnings/(accumulated losses)	**725.0**	895.6
Total equity	**2,986.6**	3,000.3
Profit for the financial period[2]	**345.0**	1,809.8
Total comprehensive income[2]	**519.9**	1,682.5
Financial guarantees		
Bank term loans of controlled entities (a)	**nil**	nil
Contingent liabilities of Amcor Limited		
Contingent liabilities arising in respect of guarantees (b)	**266.0**	224.6

[1] Amcor Limited's functional currency is Australian dollars. Retained earnings at 30 June 2018 are AUD 1,602.5 million (2017: AUD 1,974.5 million).

[2] Year-on-year decrease is driven by lower dividends received from other Amcor entities.

6.3 Amcor Limited – parent entity (continued)

(a) Financial guarantees

As at 30 June 2018 and 2017, there were no bank overdrafts, finance leases or drawn components of bank loans of subsidiaries where the Company provides a guarantee.

The Company has entered into a Deed of Cross Guarantee with certain subsidiaries. Refer to note 6.4 for more details.

(b) Contingent liabilities of Amcor Limited

The contingent liabilities comprise guarantees given by Amcor Limited in respect of property leases and other financial obligations in wholly-owned subsidiaries including letters of credit to support the ongoing defence of tax cases in Brazil.

Tax consolidation

Amcor Limited and its wholly-owned Australian resident entities have formed a tax-consolidated group and are therefore taxed as a single entity. The head entity within the tax-consolidated group is Amcor Limited.

Members of the tax-consolidated group recognise their own current tax expense/income and deferred tax assets and liabilities as if each entity in the tax consolidated group continues to be a 'stand-alone taxpayer' in its own right.

In addition to its current and deferred tax balances, Amcor Limited also recognises the current tax liabilities (or assets), and the deferred tax assets arising from unused tax losses and unused tax credits assumed from members of the tax-consolidated group.

Members of the tax-consolidated group have entered into a tax funding agreement which requires each member of the tax-consolidated group to pay a tax equivalent amount to or from the parent in accordance with their notional current tax liability or current tax asset. The funding amounts are recognised as intercompany receivables or payables.

Assets or liabilities arising under tax funding agreements with members of the tax-consolidated group are recognised as current amounts receivable or payable from the other members of the tax-consolidated group.

Any difference between the amounts assumed by Amcor Limited and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly owned tax consolidated entities.

6.4 Deed of Cross Guarantee

The parent entity, Amcor Limited, and subsidiaries listed below are subject to a Deed of Cross Guarantee (Deed) under which each company guarantees the debts of the others:

Amcor Packaging (Asia) Pty Ltd
Amcor Services Pty Ltd
Amcor Investments Pty Ltd
Amcor Finance Australia Pty Ltd
Packsys Pty Ltd
Amcor Flexibles (Dandenong) Pty Ltd
Amcor European Holdings Pty Ltd
Amcor Holdings (Australia) Pty Ltd
Techni-Chem Australia Pty Ltd
Amcor Flexibles Group Pty Ltd
Amcor Flexibles (Australia) Pty Ltd
Packsys Holdings (Aus) Pty Ltd
Amcor Flexibles (Port Melbourne) Pty Ltd

By entering into the Deed, the wholly owned subsidiaries have been relieved from the requirement to prepare a financial report and directors' report under ASIC Corporations (Wholly-owned Companies) Instrument 2016/785.

In the year ended 30 June 2018, Amcor Finance (NZ) Ltd has been removed from the Deed as the entity ceased to exist.

6.4 Deed of Cross Guarantee (continued)

Financial statements for the Amcor Limited Deed of Cross Guarantee

The functional currency of the Deed of Cross Guarantee is Australian dollars. The consolidated income statement, statement of comprehensive income and statement of financial position of the entities under the Deed for the year ended and as at 30 June are set out below:

Income statement

USD million	2018	2017
Sales revenue	**355.8**	357.0
Cost of sales	**(307.8)**	(301.6)
Gross profit	**48.0**	55.4
Other income[1]	**767.5**	2,686.6
Operating expenses	**(20.2)**	(15.7)
Profit from operations	**795.3**	2,726.3
Financial income	**37.2**	42.2
Financial expenses	**(104.8)**	(96.9)
Profit before related income tax expense	**727.7**	2,671.6
Income tax benefit/(expense)	**(2.6)**	(9.4)
Profit for the financial period	**725.1**	2,662.2

[1] Year-on-year decrease is driven by dividends received from other Amcor entities.

Statement of comprehensive income

USD million	2018	2017
Profit for the financial period	**725.1**	2,662.2
Other comprehensive income/(loss)		
Items that may be reclassified subsequently to profit or loss:		
Cash flow hedges		
Changes in fair value of cash flow hedges	**0.2**	(0.1)
Tax on cash flow hedges	**(0.1)**	-
Exchange differences on translating foreign operations		
Exchange differences on translation of foreign operations	**(29.7)**	(53.7)
Tax on exchange differences on translating foreign operations	**9.4**	(26.4)
Other comprehensive income/(loss) for the financial period, net of tax	**(20.2)**	(80.2)
Total comprehensive income for the financial period	**704.9**	2,582.0

Summarised income statement and accumulated losses

USD million	2018	2017
Profit for the financial period	**725.1**	2,662.2
Retained earnings/(accumulated losses)	**2,128.0**	(53.5)
Accumulated profits before distribution	**2,853.1**	2,608.7
Dividends recognised during the financial period	**(515.5)**	(480.7)
Accumulated losses at the end of the financial period	**2,337.6**	2,128.0

6.4 Deed of Cross Guarantee (continued)

Statement of financial position

USD million	**2018**	2017
Current assets		
Cash and cash equivalents	**53.1**	21.8
Trade and other receivables	**1,149.7**	1,459.0
Inventories	**70.9**	65.7
Other financial assets	**1.0**	0.2
Other current assets	**2.4**	1.0
Total current assets	**1,277.1**	1,547.7
Non-current assets		
Other financial assets	**22.3**	24.3
Property, plant and equipment	**86.5**	83.6
Deferred tax assets	**65.8**	61.5
Intangible assets	**132.9**	135.7
Other non-current assets	**6,110.3**	5,989.4
Total non-current assets	**6,417.8**	6,294.5
Total assets	**7,694.9**	7,842.2
Current liabilities		
Trade and other payables	**125.7**	136.2
Interest-bearing liabilities	**2,257.5**	1,659.3
Other financial liabilities	**28.8**	39.2
Current tax liabilities	**7.7**	7.3
Provisions	**18.3**	28.8
Total current liabilities	**2,438.0**	1,870.8
Non-current liabilities		
Interest-bearing liabilities	**1,020.9**	1,906.7
Provisions	**3.3**	3.4
Total non-current liabilities	**1,024.2**	1,910.1
Total liabilities	**3,462.2**	3,780.9
Net assets	**4,232.7**	4,061.3
Equity		
Contributed equity	**1,411.4**	1,425.0
Reserves	**483.7**	508.3
Retained earnings/(accumulated losses)	**2,337.6**	2,128.0
Total equity	**4,232.7**	4,061.3

6.5 Subsequent events

Bemis acquisition

On 6 August 2018, Amcor Limited and Bemis Company, Inc. announced that their respective Boards of Directors unanimously approved a definitive agreement under which Amcor will acquire Bemis in an all-share combination.

The transaction will be effected at a fixed exchange ratio of 5.1 Amcor shares for each Bemis share, resulting in Amcor and Bemis shareholders owning approximately 71% and 29% of the combined company respectively. This is equal to a transaction price of USD 57.75 per Bemis share based on Amcor's closing share price of AUD 15.28 on 3 August 2018 and represents a premium of 25% to Bemis' closing price of USD 46.31 per share on 2 August 2018.

Closing of the transaction is conditional upon the receipt of regulatory approvals, approval by both Amcor and Bemis shareholders, and satisfaction of other customary conditions. Subject to the satisfaction of the conditions to closing, the transaction is targeted to close in the first quarter of calendar year 2019.

Rigid Plastics restructuring initiatives

On 21 August 2018, the company announced a restructuring program in the Rigids Plastics business. Total after-tax costs are expected to be between USD 50 million and USD 60 million (pre-tax USD 60 million and USD 70 million). The majority of these costs will be incurred in the 2019 financial year, and will be excluded from underlying earnings.

6.6 Basis of preparation and compliance

Basis of preparation

Throughout the financial report, *the Company* refers to Amcor Limited and *the Group* includes its subsidiaries. The Company is domiciled and incorporated in Australia and the Group is a for-profit entity for the purpose of preparing the financial statements. The consolidated financial statements were approved by the Board of Directors on 21 August 2018.

The financial report:

- is a general purpose financial report;
- has been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards (AASBs) including Australian Accounting Interpretations, adopted by the Australian Accounting Standards Board (AASB) and International Financial Reporting Standards (IFRS) and Interpretations as issued by the International Accounting Standards Board;
- has been prepared on a going concern basis using historical cost conventions except for the following items in the statement of financial position measured at fair value:
  - available-for-sale financial assets;
  - derivative financial instruments;
  - non-derivative financial instruments at fair value through profit or loss;
  - liabilities for cash-settled share-based payment arrangements; and
  - defined contribution plan assets, refer to note 5.2 for more details;
- is presented in United States Dollars with all values rounded to the nearest 100,000 or, where the amount is USD 50,000 or less, zero, unless otherwise stated, in accordance with the ASIC Corporations (Rounding in Financial/Directors' reports) Instrument 2016/191 dated 24 March 2016;
- presents reclassified comparative information where required for consistency with the current year's presentation;
- adopts all new and amended AASBs and Interpretations issued by the AASB that are relevant to the operations of the Group and effective for reporting periods beginning on or after 1 July 2017;
- does not early adopt any AASBs and Interpretations that have been issued or amended but are not yet effective with the exception of those mentioned below; and
- has all intercompany balances, income and expenses, unrealised gains and losses and dividends resulting from intercompany transactions eliminated in full.

Financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies.

Adjustment of prior period comparatives

During the period, Management has identified the need for a net after-tax adjustment of USD 21.8 million related to an unsupported debit balance in the accrual accounting for resin purchases related to periods prior to 1 July 2016. The following line items have been restated in the Statement of financial position for the comparative period:

USD million	**2017 as reported**	Adjustment	**2017 restated**
Trade and other payables	**2,578.3**	29.6	**2,607.9**
Current tax liabilities	**94.3**	(7.8)	**86.5**
Retained earnings	**286.7**	(21.8)	**264.9**

The Statement of changes in equity has been restated accordingly showing the above impact as a reduction in the 1 July 2016 opening retained earnings balance.

New and amended accounting standards and interpretations adopted from 1 July 2017

The Group has applied AASB 2016-2 Disclosure Initiative: *Amendments to AASB 107* for the first time in the annual reporting commencing 1 July 2017. This amendment requires the disclosure of an additional reconciliation of liabilities arising from financing activities (refer to note 3.1) without impacting the Group's statement of financial position or results.

6.6 Basis of preparation and compliance (continued)

New and amended standards and interpretations issued but not yet effective

Certain new accounting standards and interpretations have been published that are non-mandatory for the year ended 30 June 2018.

AASB 9: Financial Instruments

Application date by Amcor: Financial year starting on 1 July 2018

AASB 9 is introducing a new approach for the classification and measurement of financial assets based on cash flow characteristics and the business model used for the management of the financial instruments. Further, an expected credit loss model is introduced whereby losses must be recognised as they are expected and not only when they are incurred. The third component relates to hedge accounting where more flexibility and better alignment with companies' risk management practices is provided.

Certain of the Group's financial assets may from time to time, be sold, and in such circumstances would be classified as fair value through OCI. However, most of the Group's financial assets are held to collect contractual cash flows and are therefore held at amortised cost. This is in line with the Group's Shareholder Value Creation Model and Management's intention to return any surplus cash, to the extent it is not reinvested in the business, to shareholders through dividends or repurchase of shares rather than to temporarily invest it in any financial investments. The only financial assets currently held by the Group that are carried at fair value through profit and loss ("FVTPL") are derivatives (forward exchange contracts, commodity contracts and interest rate swaps) used for hedging purposes (refer to note 3.3 for details on derivative financial assets included in the statement of financial position). To the extent cash flow or net investment hedges are effective, fair value movements on the corresponding instruments are taken through other comprehensive income (OCI). Neither measurement nor presentation in the statement of financial position will be impacted by the new Standard for these financial instruments. In the absence of any other significant financial assets with different characteristics, the impacts on Amcor's accounts from applying the revised classification and measurement model of AASB 9 will not be material.

Management has performed an assessment of potential credit losses that would have to be recognised in accordance with AASB 9's expected loss model if the Standard was already applicable as at 30 June 2018. For this purpose, both quantitative information from historic credit losses as well as qualitative information on different customer/debtor profiles and geographies have been collected from all businesses as part of the 30 June 2018 year-end close process. Based on this additional information, Management has determined that the application of the new expected loss model would have resulted in an additional impairment provision of less than USD 5.0 million which confirms the previously communicated expectation of the adoption impact being immaterial. This impact will be recognised retrospectively in retained earnings upon first time adoption in FY19.

The Group has reviewed its current hedging strategies (in regards to foreign exchange risk, interest rate risk and commodity risk) and concluded that the current practice can continue to be applied under AASB 9. There is therefore no impact to the Group other than having to slightly adapt some internal processes to continue being able to demonstrate effectiveness under AASB 9 and to be prepared for the potential expansion of the current hedging strategies if and when needed.

Based on the above, Management concluded that the application of AASB 9 will not have any material impact on the Group's financial results. This is in line with what was previously communicated.

AASB 15: Revenue from Contracts with Customers

Application date by Amcor: Financial year starting on 1 July 2018

The core of AASB 15 is that revenue is recognised when control of the goods or services passes to customers at an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services.

The Group has reviewed an extensive sample of contracts with customers across all its businesses and the various types of arrangements to identify potential changes in timing of revenue recognition, measurement of the amount of revenue and disclosures under the new AASB 15 vs the current Standard (AASB 118). The following points were noted as part of this assessment:

- Whilst Amcor and its customers often enter umbrella arrangements that can cover several years and different regions or products, it is only the individual purchase orders that then trigger an actual performance obligation for Amcor. For accounting, the individual purchase orders are therefore seen as the actual contracts with customers whereas the terms and conditions of the overarching umbrella arrangements are still considered when determining the adequate accounting treatment.
- Amcor is providing packaging materials to its customers based on contracts that may contain several elements but for the vast majority of contracts, these elements represent only one single performance obligation for which revenue will be recognised at the point in time when the customer obtains control over the packaging goods. This is not materially different from revenue recognition under current Standards and Management is not expecting any impact from applying AASB 15 on these arrangements. The number of arrangements where multiple performance obligations are covered in one single contract is limited and the aggregated impact from applying the new AASB 15 on these exceptional situations is therefore considered immaterial to the Group.
- There are arrangements where, in agreement with the customer, Amcor produces goods well in advance of delivery. Typically, control over these goods will remain with Amcor until shipment or when the customer takes physical

possession of the goods and the right to payment arises only at the point in time when control over the goods is transferred to the customer. This is not materially different from revenue recognition under the current accounting Standards. There are exceptions to this (e.g. bill-and-hold arrangements) but these are limited and accounting for bill-and-hold arrangements is again not materially different under AASB 15 compared to the current Standards.

- The Group also has service (e.g. design services) and licensing arrangements in place where revenue is recognised over time. These revenue streams make up less than 0.1% of the Group's total revenue. The impact of AASB 15 on these arrangements is therefore immaterial to the Group but Management is observing as to if and when the impact may become material.
- Amcor's pricing structure is usually such that the customers receive volume-dependent rebates. Already under current accounting Standards, Amcor discloses its revenue net of such expected rebates and will continue to do so under AASB 15 with the impact being immaterial.
- Under AASB 15, disclosure requirements for revenue have been extended and the Group is required to disclose material contract assets and liabilities. These include customer receivables where the right to payment is dependent on the completion of further performance obligations (contract assets) and deferred revenue where the customers have paid Amcor before the related performance obligations were satisfied (contract liabilities). Whilst not material, the Group is already recognising these assets and liabilities in its statement of financial position under the current Standards. However, systems and processes have now been updated to separately identify and disclose contract assets and contract liabilities as required by AASB 15.

Following the above assessment, the Group has updated its accounting policy manual, rolled it out across the Group together with changes to systems and processes and trained its accounting staff across the globe in time to adequately report revenue from customer contracts from 1 July 2018 onwards.

Based on the above, Management has concluded that the application of AASB 15 will not have any material impact on the Group's revenue recognition. This is in line with what was previously communicated.

The Group will adopt the modified transitional approach to implementation where any transitional adjustment is recognised in retained earnings at 1 July 2018 without adjustment of comparatives and the new Standard will only be applied to contracts that remain in force at that date. However, it is not expected that material adjustments will be made.

AASB 16: Leases

Application date by Amcor: Financial year starting on 1 July 2019

Essentially, the new Standard requires all lease arrangements ("right of use assets") to be recognised on the balance sheet. The structure of the income statement will change as the previous lease expense will be replaced by a depreciation charge on the right of use assets and the interest expense on the corresponding lease liability. The related cash flows will be divided into a repayment of the lease liability and interest portion, thus changing the structure of the cash flows.

A preliminary impact assessment of AASB 16 has been performed in the financial year ended 30 June 2018. As part of this exercise, Management reviewed the details of the Group's approximately 3,000 lease contracts for individual items exceeding the low asset value threshold of USD 5,000. This assessment showed that more than 90% of the value of leased assets is represented by the Group's approximate 160 property leases whereas the remaining lease contracts related to IT, vehicle and equipment leases contribute less than 10% to the overall value. On the basis of this assessment, Amcor is now collaborating with external partners to implement the tools needed to track lease details and enable adequate accounting under AASB 16 and to be prepared for implementation using the modified retrospective approach where the cumulative impact of application is recognised as at 1 July 2019 without restating comparative figures.

Under AASB 16 the present value of the Group's operating lease commitments as defined under the old Standard, excluding low value leases and short-term (under 12 months) leases, will be shown as right of use assets and lease liabilities on the balance sheet. The actual impact from applying AASB 16 will depend on the structure of the Group's portfolio of leased assets in FY20 as well as on the discount rates applicable at that time. It is therefore difficult to estimate the discounted value of lease commitments to be taken up in the balance sheet. Information on the undiscounted amount of the Group's current operating lease commitments under AASB 117, the current leasing Standard, is disclosed in note 6.2.

The structure of balance sheet, income statement and cash flow of the Group will significantly change as a result of the adoption of this new Standard. Management continues to monitor developments around the Group's lease arrangements under both current and future lease accounting Standards.

There are no other Standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

Director's Declaration

1. In the opinion of the Directors of Amcor Limited ('the Company'):

   (a) the financial statements and notes, and remuneration disclosures that are detailed within the Remuneration report in the Directors' report, are in accordance with the *Corporations Act 2001,* including:

      i. complying with Australian Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and

      ii. giving a true and fair view of the consolidated entity's financial position as at 30 June 2018 and of its performance for the financial year ended on that date; and

   (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

   Note 6.6 confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

2. At the date of this declaration, there are reasonable grounds to believe that, for the purposes of ASIC Corporations (Wholly-owned Companies) Instrument 2016/785, the Company and the consolidated entities identified in note 6.4 will be able to meet any liabilities to which they are or may become subject by virtue of the Deed of Cross Guarantee between the Company and those consolidated entities.

3. The Directors have been given the declarations required by Section 295A of the *Corporations Act 2001* from the Chief Executive Officer and the Chief Financial Officer for the financial year ended 30 June 2018.

Signed in accordance with a resolution of the Directors, dated at Melbourne Victoria, this 21 day of August 2018.

Graeme Liebelt
Chairman