amcor

Annual Report 2016

Contents

Annual General Meeting

The Annual General Meeting of Amcor Limited will be held at the Park Hyatt, 1 Parliament Square, Melbourne at 10.30am (Melbourne time), Thursday 20 October 2016.

Formal notice of the meeting is sent to each shareholder.

Julie McPherson
Company Secretary
Amcor Limited

About this report

Amcor's Full Year Financial Report can be viewed on, or downloaded from, Amcor's website www.amcor.com.

With sustainability playing a key role in Amcor's business plan, all publications are available online. You can help save paper by downloading the electronic version of Amcor's publications.

If you previously requested a printed report but no longer require it in printed form, please advise Link Market Services in writing of changes to your report mailing preferences, or update your details online at www.linkmarketservices.com.au. Contact details for Link Market Services are provided in the back of this report.

In this report, 'the year', '2015/16' and '2016' refer to the financial year ended 30 June 2016. '2014/15' and '2015' refer to the financial year ended 30 June 2015.

All references to dollars are references to US dollars unless otherwise stated.

The Financial Report was authorised for issue by the directors on 25 August 2016. The Directors have the power to amend and reissue the Financial Report.

Note regarding non-IFRS financial information

Within this report, Amcor has included certain non-IFRS financial information. This information is presented to assist in making appropriate comparisons with prior periods and to assess the operating performance of the business. Amcor uses these measures to assess the performance of the business and believes that the information is useful to investors.

The following non-IFRS measures have not been audited but have been extracted from Amcor's audited financial statements:

- Profit before interest and tax before significant items (PBIT);
- Profit before interest, tax, depreciation and amortisation before significant items (PBITDA);
- Significant items;
- Profit after tax before significant items (PAT);
- Average funds employed (AFE).

Where relevant, references have been made to underlying earnings. Underlying earnings are defined and reconciled on page 16.

Performance measures such as earnings per share, operating margins and return on average funds employed (RoAFE) have been calculated using the non-IFRS measures listed above.

Amcor Limited
ABN 62 000 017 372

Message from **the Chairman**

Dear Shareholder,

The 2015/16 financial year has been another successful period for your Company with continued constant currency earnings growth and higher returns. These improvements have enabled the Company to continue increasing the dividend paid to shareholders, with the annual dividend declared of 41.0 US cents per share, being 2.5% higher than last year. The dividend will be paid in Australian dollars and shareholders will therefore receive 55.3 Australian cents per share, which is 4.3% higher than last year.

Highlights for the year

Underlying profit after tax for the year was US$671.1 million. On a constant currency basis this represented a 7.5% increase. There was ongoing improvement in the sales margin from 11.0% to 11.2% and returns, measured as profit before interest and tax (PBIT) over average funds employed, increased to a record 21.6%.

The result reflects the resilience and defensiveness of a broad and diversified portfolio of businesses. Earnings growth was balanced across emerging and developed markets, as well as across business segments. There was also a mix of growth from organic sources and from acquisitions. Innovation is a critical deliverable for all customers and with a continued focus on improving research and development capabilities, product mix improved during the year providing further support for earnings growth.

The operating performance of both businesses was strong during the year. The Flexibles business achieved earnings of €681.2 million, up 7.2% on a constant currency basis. There was a continued improvement in the sales margin from 12.3% to 12.5%, and returns increased to 25.8%.

The Rigid Plastics business achieved earnings of US$352.5 million, an increase of 9.7%. Returns exceeded 23% for the first time.

Free cash flow was very strong at US$311.2 million. Amcor has a robust balance sheet and an excellent debt profile. Leverage, measured as net debt to profit before interest, tax and depreciation (PBITDA) was 2.6 times and interest cover measured as PBITDA to net interest remained at 8.4 times.

During the year eight acquisitions were either announced or completed. Six of these were in the Flexible Packaging segment and two in the Rigid Plastics segment, and each present an opportunity to grow as well as improve the product offering for customers. The Company has also been actively investing in additional capacity through the construction of greenfield plants. New plants were commissioned in Indonesia and the Philippines during the year and one further plant remains under construction in the United States.

The business strategy and operating model remain unchanged. The objective is to continue to grow earnings and maintain a high level of returns over the long term. This will be achieved through creating a strong differentiated offering for customers, growing in emerging markets and undertaking value-creating acquisitions. In turn, this will continue to drive strong returns for all stakeholders.

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The business strategy and operating model remain unchanged. The objective is to continue to grow earnings and maintain a high level of returns over the long term.

Your Company has established a strong track record of value creation, and your Board remains confident that all the building blocks are in place for sustained growth and continued improvement in shareholder returns. On behalf of your Board, I would like to thank Amcor’s stakeholders including customers, shareholders, co-workers and suppliers for their continued support over the past twelve months.

Graeme Liebelt
Chairman

Our Global
Management Team

Ron Delia
Managing Director and
Chief Executive Officer

Michael Casamento
Executive Vice President, Finance
and Chief Financial Officer

Steve Keogh
Executive Vice President,
Human Resources

Tom Cochran
President,
Amcor Flexibles Americas

Jerzy Czubak
President,
Amcor Tobacco Packaging

Peter Konieczny
President, Amcor Flexibles Europe,
Middle East & Africa

Michael Schmitt
President, Amcor Rigid Plastics

Ian Wilson
Executive Vice President,
Strategy and Development

Roelof Westerbeek
President, Amcor Flexibles
Asia Pacific

Message from the **Managing Director and Chief Executive Officer**

2016 was another strong year for Amcor. Despite a challenging economic environment, the Company has delivered outstanding growth in earnings and value for shareholders.

Very importantly, growth was balanced from several perspectives. Both the Flexibles and Rigid Plastics business achieved higher results than the same period last year, there was solid growth in both emerging and developed markets and a good mix of growth from organic sources and acquisitions. Once again, this demonstrates the defensiveness and resilience of our portfolio of businesses.

During the year we made good progress against a set of strategic priorities that have been laid out over the last 12 months. These priorities acknowledge that Amcor is in a very strong position today, but there is always more we can do to capture value, particularly with regard to generating our own growth, adapting the organisation and developing our people.

Amcor operates more than 195 plants in 43 countries and our marketplaces are dynamic and constantly evolving. This creates many new opportunities for growth through continued investment in our global asset base and through an increasing focus on our customers.

During the year we continued to invest in growth through acquisitions. This remains a key driver of how we create value for shareholders. Our activity accelerated this year with at least one acquisition completed in each of our five business groups, across four continents. In addition, we are investing in dedicated greenfield facilities in three countries to support the growth of our customers.

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I am proud to be part of Amcor and I am proud of the business that has been created over many years. There are many more opportunities ahead to build on this strong foundation and to deliver value for all of our stakeholders.

Customers are always at the heart of our thinking and our partnership approach to working collaboratively builds trust and strengthens our value proposition. Their needs are constantly evolving and it is critical we are responsive and agile in adapting our own organisation, to ensure we remain best positioned to meet those needs. This year, we have been proactive in making changes to the operating footprint and organisation structure. In doing so, we will also unlock further growth opportunities by creating a stronger product offering across multiple jurisdictions, at lower cost.

Amcor has more than 31,000 employees who bring valuable experience, new ideas and new opportunities to the business. Over many years we have focused on building a talent pool that puts the right people in the right positions to deliver against our objectives. People are the key enabler to everything we achieve and this year we had our highest ever engagement scores. It is imperative we build on this positive momentum and encourage our employees to be bold and creative in their thinking as well as disciplined and focused in their execution.

I am proud to be part of Amcor and I am proud of the business that has been created over many years. These are exciting times for the Company and there are many more opportunities ahead to build on this strong foundation and to deliver value for all of our stakeholders.

Ron Delia

Ron Delia
MD and CEO

Amcor at a glance

Sales
US$9.5 billion

Sites
195+

Employees
31,000+

Countries
43

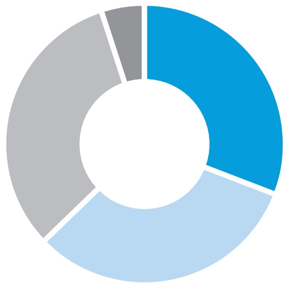
The world of Amcor

Focused Portfolio

Sales by business group (%)

Global Footprint

Sales by region (%)



Flexibles

Flexibles is one of the world's largest suppliers of flexible packaging and folding carton packaging. Effective 1 July 2015, Flexibles has four operating divisions, each manufacturing flexible and film packaging for their respective industries: Flexibles Europe, Middle East and Africa, Flexibles Americas, Flexibles Asia Pacific and Tobacco Packaging.

Overview 2016

Sales (€ million)	5,466
Number of plants	137
Countries	38
Employees	25,100

Sales by region (%)

End markets

The business supplies a wide range of products to the food, beverage, healthcare and tobacco packaging end markets. This includes fresh foods such as meat, fish, bread, produce and dairy, processed foods such as confectionery, snack foods, coffee and ready meals, as well as folding cartons, high value-added resin and aluminium-based packaging for industrial, hospital, pharmaceutical, home and personal care and wine end markets.

Growth drivers

- Global footprint
- Emerging markets growth
- Strategic marketing
- Advantaged cost positions
- Product innovation

Rigid Plastics

Rigid Plastics is one of the world's largest producers of polyethylene terephthalate (PET) packaging as well as containers using other plastic resins.

Overview 2016

Sales (US$ million)	3,357
Number of plants	61
Countries	12
Employees	6,300

Sales by region (%)

End markets

The business produces a wide range of packaging for consumer products, including carbonated soft drinks, water, juices, sports drinks, spirits, wine and beer, sauces, dressings, spreads, pharmaceuticals and plastic closures for beverage applications.

Growth drivers

- Manufacturing and quality excellence
- Innovation leadership
- Further expansion of Diversified Products business unit
- Emerging markets growth
- Continued focus on new techniques and materials

Operating and Financial Review
Our strategy and business model

Amcor is a global packaging company with more than 195 sites in 43 countries. The business is focused on flexible and rigid plastic packaging and 95% of sales are into the food, beverage, healthcare and tobacco packaging industries. Although these markets are not immune from broader economic conditions, they are substantially more resilient than many sectors in the economy.

The businesses convert raw materials, predominately polymers, aluminium foil and fibre, into finished packaging products. The cost of these raw materials is generally passed on to customers via contractual arrangements.

Amcor's strategy and business model has a number of key elements and has evolved over many years. The business portfolio has undergone substantial changes during that time, however, the strategy has remained consistent:

- focus the portfolio on those businesses where Amcor can create a leadership position and a differentiated customer value proposition;
- develop core capabilities across the Company that are required for sustainable success in the packaging sector and embed them within a proprietary operating model, 'The Amcor Way'; and
- pursue opportunities to improve industry structures and strengthen Amcor's leadership positions in its chosen market segments.

Over time, pursuing this strategy has enabled Amcor to become increasingly global and more relevant to customers.

Business portfolio and structure

Amcor's origins are in the paper packaging business. Paper-based packaging remained a significant component of the business until as little as 16 years ago. Through a number of acquisitions and divestments over many years, Amcor today has emerged as a global leader focused on flexible and rigid plastics packaging with global leadership positions in:

- rigid plastics packaging;
- flexibles food packaging;
- flexibles healthcare packaging; and
- tobacco packaging.

Shareholder value creation model

Amcor's objective is to deliver increases in shareholder value of more than 10% per annum, by delivering against the key elements of the strategy and business model. Given the defensive nature of Amcor's end markets, the volatility in value created from year to year should be relatively low, measured on a constant currency basis.

A key component in achieving this objective is appropriately allocating the strong cash generated across a combination of dividends, organic growth opportunities, acquisitions and capital management.

There is a clear orientation towards growing the business, however, the Company maintains a disciplined approach to evaluating investment opportunities.

Disciplined growth will be achieved by focusing on opportunities that lead to true differentiation, and enable Amcor to build a more integrated business that is increasingly global and relevant to customers. The areas of focus are:

- building innovation excellence;
- expanding in high-growth markets where Amcor's participation is relatively low; and
- undertaking value-creating acquisitions.

Building innovation excellence

Amcor believes that as a market leader, it is capable of developing a differentiated product offering through a relentless pursuit of excellence in innovation.

The Company already has a strong focus on innovation with dedicated centres of excellence for all key market segments, and established leadership positions in terms of technology and talent.

Going forward, Amcor's objective with regard to innovation is to build on the strong existing base and ensure customers universally perceive the Company as the innovation leader for the industry.

Expanding in high-growth markets where Amcor's participation is relatively low

Relative to the size of the overall market, Amcor's participation is relatively low in some markets that are considered highly attractive. As a result, these markets provide significant growth opportunities.

Emerging markets

The Company has an extensive footprint in emerging markets, with 86 plants and more than 13,000 co-workers in 27 countries across Asia, including China and India, South and Central America, Eastern Europe and Russia. Approximately 32% of total revenue for Amcor was derived from emerging markets during the year ended 30 June 2016.

Since 2000, Amcor's sales revenue into these markets has grown at a compound rate of 17% p.a. through a combination of organic expansion and acquisitions.

The operations in emerging markets have consistently delivered strong earnings and returns. Success has been built on a strategy of supporting customers as they grow, combined with strong local management teams. This success provides the confidence to continue to grow in these regions.

The objective is not to replicate the entire product portfolio in each emerging market. Instead, for each country, specific participation strategies have been developed to focus on attractive market segments.

As per capita income in these economies increases, the demand for packaged goods grows at a faster rate than GDP, albeit from a lower base. This growth is predominately driven by the desire of the emerging middle class to purchase more packaged goods and services. It is anticipated this trend will continue for a number of years.

Many large multinational customers are investing significant proportions of their capital budgets in growing their positions in these regions. Given Amcor's strong global relationships and ability to deliver a value proposition aligned with their priorities, the business is well placed to deliver continued growth in these markets.

Flexibles Americas

Flexible packaging demand in the Americas region represents approximately 25% of global demand. However Amcor's market share in the Americas is less than 5%.

Amcor's strong relationships with many large multinational customers present in these markets provides the ability to accelerate growth by delivering a value proposition aligned with their needs.

In addition, these marketplaces remain relatively fragmented and therefore provide an opportunity for Amcor to participate in improving the industry structure via acquisitions.

Non-beverage rigid plastic containers

The Diversified Products business produces specialty containers from multiple materials for a variety of end markets including pharmaceutical, healthcare, food, alcoholic beverage, personal care and homecare.

The ability to offer a broad range of products, materials and production technologies is an important enabler for success in the marketplace. Over many years Amcor's Diversified Products business has developed several capabilities in-house and also acquired specialised technologies which broaden the product offering for customers, expand the addressable market, and provide further differentiation.

Looking forward, there are many opportunities to grow organically as well as to acquire complementary technologies and capabilities which unlock further growth in key segments.

Value-creating acquisitions

Amcor will continue to be focused on pursuing further value-creating acquisitions. A pipeline of opportunities has been developed and prioritised against strategic attractiveness.

Acquisitions will focus on four areas:

- expanding the footprint in emerging markets;
- improving industry structure, primarily in developed markets;
- adding new technologies to capture additional value; or
- synergistic bolt-ons that lower operating costs or accelerate growth in regions where Amcor's market share is low.

In the last year key acquisitions have been:

Nampak

In July 2015, Nampak Flexibles, the market leader in flexible packaging in South Africa with sales of ZAR 1.1 billion (US$94 million) was acquired for ZAR 250 million (US$22 million). This acquisition provides a platform for growth in the African region. Nampak services many of Amcor's existing global customers and creates the opportunity to leverage product innovation and design capabilities into this market.

Souza Cruz

In September 2015, the BRL 96 million (US$30 million) acquisition of Souza Cruz's internal tobacco packaging operations in Brazil was completed. This acquisition is aligned with Amcor's strategic objective of growing our business in Latin America and represents an excellent opportunity to support important global customers in that region.

Deluxe Packages

In December 2015, the US$45 million acquisition of Deluxe Packages was completed. The business operates one well invested manufacturing plant with attractive technologies and capabilities in Yuba City, California. Revenues of approximately US$42 million are generated from the supply of high performance flexible packaging products

Operating and Financial Review
Our strategy and business model (continued)

to customers in the fresh food and snack food segments. This acquisition will enhance growth in priority segments by strengthening Amcor's customer value proposition with a combined east and west coast footprint in the United States.

Alusa

In June 2016, Amcor acquired Alusa, the largest flexible packaging business in South America. The purchase price of US$435 million represented 8.5 times PBITDA. The business has four plants and a broad range of capabilities including film extrusion, flexographic and gravure printing and lamination. It is the largest flexible packaging manufacturer and supplier in Chile and Peru, and a leading participant in Colombia and Argentina, with one plant in each of these four countries. Alusa generates sales of approximately US$375 million from the supply of flexible packaging for food, personal care and pet food applications.

Inclusive of synergy benefits of approximately US$25 million and growth in the underlying markets, PBIT is expected to be approximately US$65 million at the end of year three. The return on cash invested is expected to have reached approximately 15% at that time, taking into account costs to be incurred to realise synergies and working capital benefits. Given the unique and scalable position this provides in the South American region, further growth opportunities underpinned by a strong customer value proposition provide a pathway for returns to reach 20% by the end of year five.

Encon

In October 2015, the US$55 million acquisition of Encon, a privately owned preform manufacturing business in the United States, was completed. The business generates revenues of approximately US$110 million servicing Amcor's existing and new customers. Given the high degree of manufacturing overlap, the acquisition will deliver considerable operating synergies and generate strong returns.

Plastic Moulders

In May 2016, Amcor announced the CAD 38 million (US$30 million) acquisition of Plastic Moulders Limited, a rigid plastics business that manufactures containers and closures for the food and home / personal care markets in North America. This acquisition provides specialised precision injection moulding capabilities which enable Amcor to broaden our product offering for the benefit of current and future customers. The business operates a single plant in Toronto and has sales of approximately CAD 35 million.

Dividends

The dividend for 2015/16 was 41.0 US cents per share, which was a payout ratio of 71% on earnings per share of 57.7 US cents. Based on the share price of A$13.72 on 1 July 2015, and an exchange rate of 0.77, this represents a dividend yield of 4.0%. It is the Board's intention that the dividend should increase at approximately the same rate as growth in earnings per share expressed in US dollar terms.

Capital management

On 20 October 2015, Amcor completed the US$500 million on-market share buy-back announced on 17 February 2015.

48.5 million shares were bought back at an average price of A$13.74. This represents 4.0% of the total number of shares on issue at the time the buy-back was announced.

The buy-back resulted in a 3.3% reduction in the weighted average number of shares used to calculate earnings per share for the year ended 30 June 2016.

Summary

Amcor has had a consistent strategy and clear business model for more than a decade. The company has built the core competencies required for success in the packaging industry and embedded them in the Company through a proprietary operating model, 'The Amcor Way'.

It has also focused the portfolio on those market segments where it has been able to establish leadership positions. In part this has been achieved through substantial acquisitions at attractive prices. These acquisitions have transformed the Company into a true global leader.

Over the past ten years there have been significant improvements in the financial performance of the Company through higher margins and returns, as well as a substantial increase in the operating cash flow. This cash flow provides the opportunity for the Company to deliver further consistent growth in shareholder value.

Looking forward, by focusing on opportunities that lead to true differentiation and continually enhance the customer value proposition, the Company will become more global, more integrated and more relevant to customers. In turn, this will continue to drive strong returns for shareholders.

Operating and Financial Review
Review of Operations
Flexibles

Earnings

million	US$ 2016	US$ 2015	Change (%)	€ 2016	€ 2015	Change (%)	Constant currency change (%)
Sales revenue	**6,066**	6,295	(3.6)	**5,466**	5,232	4.5	4.7
PBIT[(1)]	**755.9**	772.7	(2.2)	**681.2**	642.9	6.0	7.2
Operating margin (%)	**12.5**	12.3		**12.5**	12.3		
Average funds employed	**2,934**	3,080		**2,643**	2,560		
PBIT/AFE (%)	**25.8**	25.1		**25.8**	25.1		
USD:Euro average exchange rate	**0.90**	0.83					

(1) Represents underlying PBIT. This is defined and reconciled on page 16.

Cash flow

million	US$ 2016	US$ 2015	Change (%)	€ 2016	€ 2015	Change (%)
PBITDA	**965.1**	986.4		**869.7**	820.5	
Capital expenditure	**(215.2)**	(165.8)		**(193.9)**	(137.8)	
Movement in working capital	**92.1**	(26.2)		**83.0**	(21.7)	
Other	**0.2**	57.0		**0.1**	46.9	
Operating cash flow	**842.2**	851.4	(1.1)	**758.9**	707.9	7.2

The Flexibles segment had a solid year, with constant currency PBIT up 7.2%. This was equally balanced between acquisition benefits and organic growth.

Demand from emerging markets was solid and cost performance was excellent across all business groups. Demand in developed markets remained subdued. Specifically in the tobacco packaging business, organic growth remained strong through the year as customers built inventories ahead of regulatory changes taking effect in May 2016.

Operating margins expanded 20 basis points to 12.5%. This includes the negative impact from acquired businesses, which partly offset organic margin expansion. Returns, measured as PBIT over average funds employed, increased to 25.8%.

Flexibles restructuring

On 9 June 2016, Amcor announced initiatives to optimise the cost base and drive earnings growth in the Flexibles segment. The initiatives are designed to accelerate the pace of adapting the organisation within developed markets through:

- footprint optimisation to better align capacity with demand, increase utilisation and improve the cost base; and
- streamlining the organisation and reducing complexity, particularly in Europe, to enable greater customer focus and speed to market.

Since that time, Amcor has announced four plant closures, one plant restructure and an organisation restructure.

PBIT benefits of US$40 to US$50 million (PAT benefit of US$30 to US$40 million) are expected to be generated within three years. This represents a return of approximately 35% on cash costs of between US$120 and US$150 million. Total costs to be expensed (cash and non-cash) are expected to be between US$150 and US$180 million after tax (pre-tax US$170 to US$200 million), and are excluded from underlying earnings. Refer to page 16 for a reconciliation of statutory PBIT to underlying PBIT.

Operating and Financial Review
Review of Operations Flexibles (continued)

Flexibles Europe, Middle East and Africa

The Flexibles Europe, Middle East and Africa business sells into the defensive end market segments of food and healthcare. The major end markets served, making up approximately 95% of sales, are pharmaceutical, snacks and confectionery, cheese and yoghurt, fresh produce, beverage and pet food as well as wine and spirit closures.

The business delivered modest sales growth in constant currency terms. Growth in Eastern Europe was solid, while demand in Western Europe remained stable. By end market, volumes were higher in the cheese and single-serve coffee segments. Pet food and confectionery, particularly in Eastern Europe, and wine capsules continued to experience strong growth. This was offset by weakness in the liquid beverage and multi-serve coffee segments.

Margins continued to improve compared with the prior year and earnings growth was higher than sales growth. The overall business remained focused on a number of initiatives to reduce operating costs, improve product mix and enhance the customer value proposition. Through a focus on innovation and simplification there are many opportunities to deliver value adding improvements in packaging formats to customers. In addition, Amcor's scale in the European region is unique, and this has enabled the business to improve cost performance over time. There remains a deep opportunity set in both of these areas.

Businesses acquired during the year

On 1 July 2015 the ZAR 250 million (US$22 million) acquisition of Nampak Flexibles was completed. The business, renamed Amcor Flexibles South Africa, is the market leader in South Africa and generates revenue of approximately ZAR 1.1 billion (US$94 million) from the sale of flexible packaging for the beverage, food and home care end markets. The business services many of Amcor's existing global customers and provides a platform for growth in the Sub-Saharan African region. The integration has proceeded well and the business had a strong first year.

Flexibles Americas

The Flexibles Americas business became a stand-alone business group in July 2015, with an expectation the business could accelerate growth in both North and South America. Over a relatively short period of time, sales in the region have almost doubled to nearly US$1 billion, including annualised sales from the recently acquired Alusa and Deluxe Packages businesses. With those acquisitions, combined with the legacy business, the Flexibles Americas business has quickly established a strong and unique platform for continued growth in a region that accounts for approximately 25% of global flexible packaging consumption.

In constant currency terms, earnings were in line with last year. This mainly reflects some weakness in the medical segment in North America, offset by strong cost improvement and operating efficiencies. The contribution from acquisitions during the period was marginal, as acquired earnings and synergy benefits were offset by integration costs.

Businesses acquired during the year

The US$45 million acquisition of Deluxe Packages was completed on 31 December 2015. The business operates one well invested manufacturing plant with attractive technologies, capabilities and highly skilled co-workers in Yuba City, California. Revenues of approximately US$42 million are generated from the supply of high performance flexible packaging products to customers in the fresh food and snack food segments. This acquisition enhances growth in priority segments by strengthening Amcor's customer value proposition with a combined east and west coast footprint.

The US$435 million acquisition of Alusa, the largest flexible packaging business in South America, was completed on 1 June 2016. The business has four plants – one in each of Chile, Peru, Argentina and Colombia – and a broad range of capabilities including film extrusion, flexographic and gravure printing and lamination. Sales of approximately US$375 million per annum are generated from the supply of flexible packaging for food, personal care and pet food applications. A large number of Amcor's multinational customers operate in South America, and this acquisition significantly improves our ability to support their needs and to grow with them in these markets.

The integration of both businesses remains in line with expectations.

Flexibles Asia Pacific

The Flexibles Asia Pacific business has 38 plants in eight countries throughout the region. The business had a good year against a backdrop of subdued economic conditions in many of its key markets. Sales and earnings were higher than the previous year in constant currency terms.

In China, the business benefited from prior period acquisitions, with the Jiangsu Shenda and Zhongshan TianCai businesses delivering strong earnings growth. Performance stabilised in the June 2016 half year, with sales in line with the June 2015 half year after a challenging period for organic growth in the December 2015 half year. This reflects good growth in the southern and western regions which offset lower sales in the North of China.

Collectively the businesses in Thailand, Singapore, India and Indonesia achieved strong earnings growth during the year, reflecting benefits from the acquisitions of Bella Prima Packaging (Indonesia) and Packaging India Private Limited and organic growth.

Commissioning of a new flexibles packaging plant in the Philippines commenced in July 2016. This greenfield plant is dedicated to a large multinational customer in the fast moving food and beverage segment and provides an excellent opportunity to further expand the business in the Philippines and improve the customer value proposition in the high growth South-East Asian region. Volumes are expected to progressively ramp up through the next financial year.

Earnings in the developed markets of Australia and New Zealand were in line with last year in constant currency terms. In Australia, the market remained stable and the business achieved higher volumes offset by unfavourable product mix. Lower volumes in New Zealand, particularly in the dairy segment, were offset by improved mix and strong cost performance.

Businesses acquired during the year

On 13 July 2015, the INR 1,650 million (US$26 million) acquisition of Packaging India Private Limited (PIPL) was completed. PIPL generates sales of approximately INR 2,500 million (US$40 million) from three plants located in the north and south of India and produces flexible packaging predominately for the food and personal care markets. This acquisition provides an opportunity for the business to further expand its customer base and value proposition in the high growth Indian market.

On 26 April 2016 the acquisition of BPI China was completed. This acquisition strengthens Amcor's leadership position in southern China with the addition of state-of-the-art blown film and flexographic printing capabilities.

Tobacco Packaging

The Tobacco Packaging business had a particularly strong year, with earnings higher than the same period last year.

As the only manufacturer with a global footprint, the business is very well positioned to support customers as they focus on premiumisation of brands, growth in emerging markets and cost improvement initiatives. By providing exceptional service and unique product innovation capabilities, the business has been able to continually improve product mix by securing additional volumes for higher value-add cartons across multiple regions. These efforts continued to drive earnings growth in the current year.

Volumes across Europe were significantly higher compared with last year. In Eastern Europe, demand remained robust, reflecting volume gains and strong industry volumes in key markets. In Western Europe, demand increased across European Union member states as customers built inventories ahead of the second Tobacco Packaging Directive coming into effect in May 2016. Volumes remained at higher levels until customer destocking began towards the end of the financial year. It is expected this destocking will continue through the December 2016 half year.

In the Americas, earnings were lower than last year, reflecting lower volumes in North America and higher operating costs in South America.

In Asia, the business delivered good earnings growth driven by market share gains and improved product mix. The business benefited from new volumes secured from a multinational customer in the Philippines market in the June 2015 half year. A new greenfield plant in Indonesia started up during the year. The new plant supplies both existing and new customers and better positions the business to capture growth in the region.

Businesses acquired during the year

On 1 September 2015, the BRL 96 million (US$30 million) acquisition of Souza Cruz's internal tobacco packaging operations in Brazil was completed. Souza Cruz is owned by British American Tobacco plc and is the market leader in the Brazilian cigarette market. This investment is supported by a long-term supply agreement between Amcor and Souza Cruz. The integration of this business has proceeded as expected.

Operating and Financial Review
Review of Operations
Flexibles
(continued)

Outlook

In constant currency terms, the Flexibles segment is expected to deliver particularly strong PBIT growth in the 2016/17 year, compared with PBIT of €681.2 million achieved in the 2015/16 year. This outlook takes into account:

- modest organic growth across the Flexibles segment, inclusive of an unfavourable customer destocking impact within the tobacco packaging business in the first half;
- an additional 11 months of acquired earnings from the Alusa business. For the full year synergy benefits will be offset by integration costs.
  - synergy benefits and integration costs are expected to be a net expense of approximately US$5 to US$10 million in the first half of the year; and
  - synergy benefits and integration costs are expected to be a net benefit of approximately US$5 to US$10 million in the second half of the year.
- in addition to Alusa, the business is expected to generate modest growth from other recently acquired businesses net of integration costs; and
- restructuring benefits of approximately €9 to €13 million (US$10 to US$15 million) are expected to be delivered in the second half of the year.

Given the timing of restructuring benefits, the timing of integration costs and synergy benefits related to the Alusa acquisition and the timing of inventory movements in the Tobacco Packaging business, overall growth is expected to be significantly weighted towards the second half of the year. PBIT growth in the first half is expected to be moderate compared with PBIT of €321.0 million achieved in the first half of the 2015/16 year.

Operating and Financial Review
Review of Operations
Rigid Plastics

Earnings

US$ million	2016	2015	Change (%)
Sales revenue	3,357	3,317	1.2
PBIT(1)	352.5	321.3	9.7
Operating margin (%)	10.5	9.7	
Average funds employed	1,512	1,582	(4.4)
PBIT/AFE (%)	23.3	20.3	

(1) Represents underlying PBIT. This is defined and reconciled on page 16.

Cash flow

US$ million	2016	2015
PBITDA(2)	487.8	454.4
Capital expenditure	(125.0)	(134.2)
Movement in working capital	(65.2)	(31.9)
Other	3.4	24.5
Operating cash flow	301.0	312.8

(2) Includes share of net profit of equity accounted investments.

The Rigid Plastics business had an outstanding year with PBIT of US$352.5 million, 9.7% higher than the prior period. All business units performed well during the year and delivered earnings which were higher than the same period last year. Growth in underlying markets and new business wins underpinned higher volumes and management of operating costs through the year was excellent. This was partly offset by unfavourable sales mix.

Returns, measured as PBIT over average funds employed, increased from 20.3% to 23.3%.

Sales revenue for the business remained in line with the previous year at US$3,357 million. This was negatively impacted by approximately US$190 million as the business passed through lower average PET resin costs to customers during the year.

North America Beverage

The North American Beverage business had a solid year, achieving higher earnings than the same period last year. This reflects strong organic growth and cost performance, partly offset by unfavourable product mix.

Excluding the acquired Encon business, total organic volume growth was 7.6% compared to last year, with custom container volumes increasing by 6.2%, and combined preform and cold fill container volumes increasing by 8.5%. The business benefited from market share gains largely secured during the 2015 financial year and was able to capture additional spot volumes mostly during the first half. Across all beverage categories the PET container format continued to grow at above category rates, driven by the long term consumer trend towards resealable packages and smaller pack sizes. The business was also successful in increasing share with regional customers following investments in the 'Upstart' manufacturing platform, designed to target smaller run volumes.

Construction of a new onsite facility in Paris, Texas commenced during the year. This facility will be dedicated to a large existing customer who participates in the fast moving food and beverage segments across the United States. This is an excellent example of an opportunity to strengthen the value proposition for a key customer, and existing volumes will be transferred into the new facility towards the end of the 2016 calendar year.

Businesses acquired during the year

On 28 October 2015, the US$55 million acquisition of Encon, a privately owned preform manufacturing business in the United States, was completed. The business operates from four manufacturing sites, producing the majority of preforms from one large scale plant located in Dayton, Ohio. The business generates revenues of approximately US$110 million servicing both existing and new customers. Given the manufacturing overlap, the acquisition will deliver considerable operating synergies and generate strong returns once fully integrated. The integration effort has proceeded

Operating and Financial Review
Review of Operations
Rigid Plastics (continued)

well. Closure of the plant in Dayton, Ohio was announced in July 2016 and volume transfers are underway.

North America Diversified Products

The Diversified Products business produces specialty containers from multiple materials for a variety of end markets, including pharmaceutical, healthcare, food, alcoholic beverage, personal care and homecare.

The ability to offer a broad range of products, materials and production technologies is an important enabler for success in the marketplace. Over many years Amcor's Diversified Products business has developed several capabilities in-house and also acquired specialised technologies which broaden the product offering for customers, expand the addressable market and provide further differentiation.

Looking forward, there are many opportunities to grow organically as well as to acquire complementary technologies and capabilities which unlock further growth in key segments.

The business had a good year and delivered higher earnings compared with last year. This reflects volume growth in attractive markets, favourable product mix and improvements in operating costs.

Businesses acquired during the year

On 12 May 2016, the CAD 38 million (US$30 million) acquisition of Plastic Moulders Limited was completed. Plastic Moulders is a rigid plastics business that manufactures containers and closures for the food, home and personal care markets in North America. The business operates a single plant in Toronto and has sales of approximately CAD 35 million. Plastic Moulders provides specialised manufacturing capabilities, including precision injection moulding and in-mould labelling. These capabilities broaden the existing product offering for the benefit of current and future customers.

Latin America

Excluding Venezuela, the Latin American operations performed well and earnings were higher than the same period last year. This reflects the benefit of higher volumes and excellent cost management. Economic conditions have continued to be challenging in several countries within the region where rapid inflation and currency depreciation has resulted in higher costs. However, the business continued its long standing track record of recovering these cost increases in the marketplace.

Volumes were 2.6% higher than last year, which includes a 19% reduction in volumes in Venezuela. This was driven by market growth in several countries and new business wins, particularly in Brazil and Mexico. Difficult economic conditions resulted in moderate volume declines in Argentina.

As announced on 9 June 2016, economic conditions in Venezuela deteriorated during the period and impacted the business environment, including the ability to convert local currency to the US dollars required for importing raw materials. As a result, a number of measures were taken to eliminate Amcor's financial exposure to Venezuela. As outlined in the June announcement:

- there was no impact on PBIT during the 2016 financial year. However, compared with 2016, PBIT in the 2017 financial year will be negatively impacted by approximately US$40 million (unfavourable PAT impact of US$20 million); and
- this resulted in a one-off charge of US$348.9 million (US$384.7 million pre-tax) at 30 June 2016 which has been excluded from underlying earnings. After taking this one-off charge there is no material financial exposure on the Amcor balance sheet related to Venezuela.

Bericap

The Bericap North America joint venture is managed and reported within the Rigid Plastics segment. This business produces plastic closures for beverage, food, personal and home care containers and has plants in Ontario, Canada, and in California and South Carolina in the United States.

The business had a strong year, achieving higher earnings compared with the same period last year. This mainly reflects higher volumes driven in part by new business wins.

Outlook

The outlook for the Rigid Plastics segment in the 2016/17 year, compared with PBIT of US$352.5 million achieved in the 2015/16 year, takes into account:

- the decision announced on 9 June 2016 to eliminate Amcor's financial exposure to Venezuela. As a result, PBIT for the year ended 30 June 2017 will be negatively impacted by approximately US$40 million. Of this amount, approximately US$25 million will negatively impact the December 2016 half year;
- continued growth in Latin America excluding Venezuela, notwithstanding the challenging conditions in some countries;
- solid volume growth in North America, at rates lower than those achieved in the 2015/16 year given timing of market share gains; and
- benefits from the Encon and Plastic Moulders acquisitions.

Operating and Financial Review
Financial review

Consolidated Income Statement – underlying earnings unless otherwise indicated[1]

Profit after Tax (PAT) of US$671.1 million was in line with prior year and up 7.5% on a constant currency basis. This reflects growth of profit before interest and tax (PBIT) in both the Rigid Plastics segment of 9.7% and the Flexibles segment in Euros of 6.0%. During the year Amcor closed the acquisition of Alusa, the largest flexible packaging business in South America plus a number of other acquisitions in both the Rigid Plastics and the Flexible Packaging segment in the USA, Canada, Brazil, South Africa, India and China.

Throughout the financial review, certain non-IFRS financial information is included. Refer to the page inside the front cover for further details.

US$ million	**2016**	2015
Sales revenue	**9,421.3**	9,611.8
PBITDA	**1,409.3**	1,408.6
- Depreciation and amortisation	**(354.0)**	(355.3)
PBIT	**1,055.3**	1,053.3
- Net finance costs	**(166.8)**	(169.2)
Profit before related income tax expense and significant items	**888.5**	884.1
- Income tax expense	**(187.9)**	(185.4)
- Non-controlling interest	**(29.5)**	(27.6)
PAT	**671.1**	671.1
Adjustments to underlying PAT[1]	**(427.0)**	9.2
Statutory profit attributable to owners of Amcor	**244.1**	680.3

(1) Refer to page 16 for reconciliation of statutory PBIT to underlying PBIT.

Operating and Financial Review
Financial review (continued)

Approximately 35-40% of Amcor's earnings are generated in US dollars. Approximately 25-30% of earnings are generated in Euros with the remaining 30%-40% generated in currencies other than USD and Euros. The impact of translating Euro and other non-US dollar earnings into US dollars for reporting purposes will vary depending on the movement of those currencies from period to period.

On a constant currency basis using 2015 exchange rates, sales revenue would have been higher by US$547.8 million (3.7%) at US$9,969.1 million and PAT by US$50.5 million (7.5%) at US$721.6 million.

Net financing costs of US$166.8 million were marginally lower than the prior year, mainly reflecting the favourable impact of currency movements against the US dollar. This was partly offset by additional interest on higher average debt balances.

Income tax expense remained flat at US$187.9 million compared to US$185.4 million in 2015, which reflects an effective tax rate of 21.1% compared to 21.0% the year before.

Statutory PAT was US$244.1 million compared to US$680.3 million in prior year. The decrease of US$436.2 million or 64.1% is mainly driven by the following two adjustments:

- elimination of exposure in Venezuela US$348.9 million net of tax; and
- restructuring within the Flexibles segment US$78.1 million net of tax.

Segmental reconciliation of statutory PBIT to underlying PBIT

	2016					2015				
Segment information US$ million	**Sales revenue**	**Statutory PBIT**	**Adjust-ments**	**Underlying PBIT**	**Underlying RoAFE%**	Sales revenue	Statutory PBIT	Adjust-ments	Underlying PBIT	Underlying ROAFE%
Flexibles	**6,065.9**	**661.0**	**(94.9)**	**755.9**	**25.8**	6,294.6	784.5	11.8	772.7	25.1
Rigid Plastics	**3,357.3**	**(32.2)**	**(384.7)**	**352.5**	**23.3**	3,317.2	321.3	-	321.3	20.3
Investments / Other / Intersegment	**(1.9)**	**(53.1)**	**-**	**(53.1)**		-	(40.7)	-	(40.7)	
TOTAL	**9,421.3**	**575.7**	**(479.6)**	**1,055.3**	**21.6**	9,611.8	1,065.1	11.8	1,053.3	20.3

Details of adjustments

	Flexibles (€ million)		Flexibles (US$ million)		Rigid Plastics (US$ million)		Investments / Other (US$ million)		Consolidated (US$ million)	
Income statement	**2016**	2015	**2016**	2015	**2016**	2015	**2016**	2015	**2016**	2015
Sale of surplus land in Turkey(1)	**-**	9.2	**-**	11.8	**-**	-	**-**	-	**-**	11.8
Flexibles restructuring	**(85.5)**	-	**(94.9)**	-	**-**	-	**-**	-	**(94.9)**	-
Change of accounting treatment Venezuela	**-**	-	**-**	-	**(384.7)**	-	**-**	-	**(384.7)**	-
Total PBIT adjustments	**(85.5)**	9.2	**(94.9)**	11.8	**(384.7)**	-	**-**	-	**(479.6)**	11.8
Tax on adjustments	**15.1**	(2.0)	**16.8**	(2.6)	**35.8**	-	**-**	-	**52.6**	(2.6)
Total PAT adjustments	**(70.4)**	7.2	**(78.1)**	9.2	**(348.9)**	-	**-**	-	**(427.0)**	9.2

(1) This item has not been presented as an adjustment in Amcor's annual financial report. However, management believe it is useful to present underlying earnings exclusive of this item in order to facilitate comparability. This item was disclosed in Amcor's earnings announcements for the year ended 30 June 2015 and the half year ended 31 December 2015.

Consolidated Balance Sheet

US$ million	2016	2015
Current assets	3,193.1	3,413.0
Property, plant and equipment	2,690.9	2,566.7
Intangible assets	2,102.1	1,845.3
Investments and other assets	696.0	722.1
Total assets	8,682.1	8,547.1
Current interest-bearing liabilities	916.7	1,012.7
Non-current interest-bearing liabilities	3,428.4	2,572.6
Creditors and provisions	3,491.5	3,374.8
Shareholders' equity	845.5	1,587.0
Total liabilities and equity	8,682.1	8,547.1

Total assets increased by US$135.0 million. This increase mainly relates to US$835.9 million from business acquisitions largely offset by the negative impact from the strengthening of the US dollar against many of the currencies in which assets are held.

Total interest-bearing liabilities increased by US$759.8 million from US$3,585.3 million to US$4,345.1 million. Net debt was US$3,829.4 million compared to US$2,880.4 million in 2015. This increase reflects additional drawdowns to fund acquisitions completed in the June 2016 half year and a reduction in cash on hand mainly driven by foreign exchange impacts.

The next sizeable refinancing is in December 2016 with a US$275 million United States Private Placement borrowing due to mature. On 20 October 2015, Amcor completed a US$500 million on-market share buy-back announced on 17 February 2015. 48.5 million shares were bought back at an average price of A$13.74. This represents 4.0% of the total number of shares on issue at the time the buy-back was announced.

Operating and Financial Review
Financial review (continued)

Consolidated Cash Flow

US$ million	2016	2015
Profit before depreciation, amortisation, interest, related income tax expense and significant items	**1,409.3**	1,408.6
Interest received/(Interest paid)	**(153.4)**	(165.8)
Income tax paid	**(170.3)**	(154.7)
Base capital expenditure	**(348.9)**	(323.0)
Movement in working capital	**37.2**	(46.0)
Other	**17.6**	59.3
Operating cash flow	**791.5**	778.4
Dividends and other equity distributions	**(480.3)**	(480.1)
Free cash flow	**311.2**	298.3
Divestments	**1.5**	0.8
Venezuela adjustment(2)	**(184.2)**	-
Acquisitions	**(498.1)**	(98.4)
Proceeds from share issues	**39.5**	45.9
Payments for shares bought back	**(349.1)**	(420.7)
Proceeds/(return) of capital contribution from/(to) non-controlling interests	**-**	(1.5)
Foreign exchange rate changes and hedges	**(170.5)**	(21.1)
Increase in net debt(1)	**(849.7)**	(196.7)

Operating cash flow for the year was US$791.5 million, up US$13.1 million from US$778.4 million. The increase is mainly due to positive contribution from working capital movements off-set by foreign exchange impact on PBITDA.

Dividends per share have increased by 4.3% to A$ cents 55.3 (US$ cents 41.0, up 2.5%) per share.

Cash outflows relating to acquisitions totalled US$498.1 million for the year and are primarily related to the acquisitions of Alusa in Latin America, Deluxe Packages and Encon in the USA, Plastic Moulders in Canada, Souza Cruz in Brazil, Nampak Flexibles in South Africa and payments for a number of smaller acquisitions including deferred payments associated with prior period acquisitions.

Payments for shares bought back relate to the remaining 40% of shares bought to complete the on-market US$500 million share buy-back and settlement of forward contracts and shares purchased to satisfy employee incentive plans.

The cash impact on net debt of US$849.7 million is mainly attributable to draw downs to fund acquisitions, the on-market share buy-back and foreign exchange impact on cash on hand.

(1) The movement in net debt is reconciled to the net increase in cash held calculation according to IFRS and extracted from the financial statements as follows:

US$ million	2016	2015
Proceeds from borrowings	**(5,701.2)**	(6,084.0)
Repayment of borrowings	**5,036.2**	5,698.7
Net (decrease)/increase in cash held	**(24.5)**	193.7
Effects of exchange rate changes on cash and cash equivalents	**(159.6)**	(1.4)
Other items	**(0.6)**	(3.7)
Cash increase in net debt	**(849.7)**	(196.7)

(2) Related to cash balance at 30 June 2016, see page 90 for more details.

Operating and Financial Review
Sustainability

This past year, several milestones were reached on the path towards global sustainability. The United Nations issued their comprehensive Sustainable Development Goals for 2030 and the United Nations Climate Change Conference in Paris resulted in a groundbreaking commitment by 195 countries to limit global warming to under 2°C.

At Amcor, social responsibility, with sustainability at its heart, has been one of our long-standing core values; we are excited by the international developments of 2015/16. As a packaging leader, we are committed to producing responsible packaging and limiting the environmental impact of our operations and our products. Responsible packaging protects our customers' product, extends product shelf life and reduces waste throughout the supply chain.

We take pride in our work with some of the largest global consumer product companies to create innovative packaging solutions that meet the needs of consumers while also reducing our customers' environmental footprint. We are constantly looking for ways to reduce the weight and material use of our packaging, streamline our own production processes to use resources efficiently and support recycling infrastructure.

Additionally, with over 195 sites in 43 countries, we are cognisant of the impact we have on the communities in which we operate. We have internal programs to provide our co-workers with an engaging and safe workplace, and we partner with organisations that share our passion for responsible packaging and reducing environmental impact.

We are proud of the work we do for the environment and our community, and we are committed to challenging ourselves to do even more.

Our approach to sustainability

As a leading packaging company our primary focus in our sustainability program is on improving the environmental impact of our activities and our products. However, in order to ensure an approach which responds to the needs of all stakeholders we base our sustainability program on five domains: Environment, Marketplace, Community, Workplace and Economy. We have established specific plans and actions that address each of these five areas.

We identify sustainability opportunities and risks in these five domains by working closely with our stakeholders, including co-workers, customers, suppliers, industry groups, investors and non-governmental organisations. We apply an Enterprise Risk Management (ERM) framework to identify, assess, prioritise and manage our sustainability opportunities and risks. We aim to be fully transparent in reporting our activities in these areas to allow for benchmarking against international standards and our corporate peers.

Details of Amcor's sustainability activities and performance are included in our Sustainability Review and in our GRI report based on the Global Reporting Initiative (GRI) sustainability framework. Both reports are featured on our website at www.amcor.com/sustainability. We also invite all stakeholders to share feedback via our online inquiry tool: www.amcor.com/contact_us.

Environment

We are highly conscious of the environmental impact of our business and are committed to continuously reduce it, partnering with customers to produce more sustainable solutions and with other organisations to pursue solutions for packaging end-of-life.

Through our internal program, EnviroAction, we monitor greenhouse gas emissions, waste sent to landfill and water use at all of our sites. Our targets have been updated every five years, and our second round of targets came to a close in 2015/16.

We are proud to have met or surpassed our 2015/16 targets, and will release final figures in our Sustainability Review.

EnviroAction targets for 2015/16

Greenhouse gas (GHG) emissions

- 10% reduction in GHG emissions intensity by 2015/16 from 2010/11
- 60% reduction in GHG emissions intensity by 2030 from 2005/06

Waste to landfill

- 50% reduction in waste to landfill intensity by 2015/16 from 2010/11
- Zero waste to landfill is the long-term objective

Water use

- Water management plans for every site

Our intensity metric is calculated by dividing emissions or waste sent to landfill by gross profit. We chose this method to account for the increased emissions that come with business growth. Next year, in order to reduce fluctuations due to currency conversions, we will begin reporting emissions intensity per total packaging produced rather than gross profit.

Operating and Financial Review
Sustainability (continued)

Upcoming targets

At Amcor, we persistently challenge ourselves to improve our environmental performance. As we reach the end of our second round of targets, we have established our next set of goals for 2016/17 to 2018/19. These targets build on our previous targets and push us to make further important reductions in greenhouse gas emissions, waste to landfill and water use.

EnviroAction targets for 2018/19

Greenhouse gas (GHG) emissions

- 6% reduction in GHG emissions intensity by 2018/19 from 2016/17
- 60% reduction in GHG emissions intensity by 2030 from 2005/06

Waste to landfill

- 10% reduction in waste to landfill intensity by 2018/19 from 2016/17
- Increase in zero waste sites
- Zero waste to landfill is the long-term objective

Water use

- Water management plans for every site

Product innovation and lifecycle assessment

We consider the environmental impacts of our packaging solutions across their entire lifecycle and apply our extensive knowledge to develop innovative and sustainable packaging solutions for our customers. We work with our customers to identify and develop lower impact solutions through methods such as material reduction and use of post-consumer recycled resins.

Our lifecycle assessment tool, ASSET, helps our customers identify solutions that reduce their environmental impact to meet their sustainability goals while delivering the packaging solution they need. ASSET, which is certified by The Carbon Trust, calculates the environmental footprint of our packaging solutions across their full life cycle, including energy use, water use and greenhouse gas emissions. By relying on data, our customers can confidently choose packaging with improved environmental outcomes.

Packaging end-of-life

Responsible packaging makes a valuable contribution to sustainability by protecting the products that consumers need, minimising product spoilage or breakage, preserving the resources invested in the product and ensuring that the product reaches the consumer fit and safe for its intended purpose.

We are committed to playing a part in finding solutions for plastic recovery and recycling. We actively partner with industry associations, not-for-profit groups and governments to investigate and encourage end-of-life options for packaging.

This May, Amcor joined the Ellen MacArthur Foundation's New Plastic Economy Initiative as a core partner. The initiative is a three-year effort dedicated to designing a plastics value chain based on circular economy principles. The goal is to transform the current economy where we take, make and dispose plastic into a new system where plastics are designed to be used over and over again. Amcor was among 40 leading companies including global consumer goods companies, retailers, plastic producers and packaging manufacturers, and businesses involved in collection, sorting and reprocessing who participated at the inaugural workshop on 25 May in London.

Additionally, we joined the Ocean Conservancy's Trash Free Seas Alliance in 2015, working towards solutions to eliminate ocean trash with partners such as Nestlé Waters, Procter & Gamble, the World Wildlife Fund, and Coca-Cola. Over the next two years, the Alliance will begin a development pilot project in Asia to reduce waste leakage to the ocean.

We also participate in the Recycling Partnership, the Reflex Consortium, and REDCycle. In addition, we are active members in industry bodies including Aluminium Stewardship Initiative, the European Organization for Packaging and the Environment, Flexible Packaging Association, SAVE FOOD Initiative and the Sustainable Packaging Coalition.

Incidents

In 2015/16, there were no material non-compliances with environmental laws or regulations across the Amcor group.

Marketplace

We look at our sustainability efforts throughout the entire value chain, including evaluating our own suppliers' environmental and social performance. Responsible and ethical sourcing and procurement is of high importance to us, and we work closely with our suppliers to creating a transparent and sustainable supply chain.

All suppliers must commit to our Supplier Code of Conduct, which includes principles for business integrity, labour standards, occupational health and the environment. We also encourage suppliers to join EcoVadis assessments, a platform that evaluates social, ethical and environmental performance. In turn, we share our own results from our SEDEX and EcoVadis assessments with customers. We belong to AIM-PROGRESS as well, a forum of consumer goods manufacturers and suppliers that promotes responsible sourcing practices and sustainable production systems.

As a packaging leader, we try to leverage our expertise to encourage responsible packaging solutions throughout the industry. We promote responsible packaging through presenting at conferences and seminars around the world, contributing to government and not-for-profit policy formulation on topics such as recycling, waste reduction, and use and disposal of packaging. We also take part in industry forums and groups related to packaging sustainability.

Community

With operations spanning the globe, we strive to make an impact in the communities in which our co-workers, customers and consumers live and work.

A keystone of our effort is the Amcor Community Program. Amcor contributes funding on local, national and global initiatives that work towards the following objectives:

1. increase access to food and essential products,
2. reduce the environmental impacts of packaging, and
3. educate people about how responsible packaging contributes to a more sustainable future.

The Amcor Community Program forms strategic partnerships with organisations that share Amcor's passion for responsible packaging and helping people in need. Community grants are also available to Amcor co-workers to support initiatives in their local communities that align with the program's objectives. We have committed to invest five million US dollars over five years to the Amcor Community Program; to date, we have committed US$1.9 million.

We are proud of the work that we have accomplished this year. Below are just a few examples of what we have achieved:

- Amcor continues its involvement with the Recycling Partnership, an industry-funded program to improve residential recycling rates in the US. Amcor, along with other participating companies such as Alcoa, Coca-Cola and Sonoco Products, contribute financial assistance that combines with public funding to support community recycling efforts. In 2015, funds were used to implement curbside cart programs in East Lansing, MI; Greenville, SC; Santa Fe, NM; Emmet Co, MI; and Athens, OH. Additional cities have been identified for 2016.
- In 2015, we signed a multi-year agreement with the World Food Programme (WFP) to provide financial support and packaging expertise to help improve the shelf life and safety of WFP food. This includes advising WFP on packaging solutions, conducting joint projects to develop new packaging, and reducing environmental problems from packaging waste, including collection and recovery.
- In our fifteenth year of an ongoing partnership with the Earthwatch Institute, fifteen Amcor co-workers participated in a research expedition to Australia's Great Barrier Reef. Amcor co-workers observed, collected, and documented marine debris to help researchers identify where the debris originates from. This work contributed to developing waste management strategies to prevent waste from reaching the beaches and ocean.

Operating and Financial Review
Sustainability (continued)

Workplace

We are committed to cultivating a workplace that is safe, rewarding and motivating to support our co-workers in reaching their full potential.

Safety

The safety of our co-workers is of utmost importance to us, and we have identified the following areas as areas of focus to maintain a safe workplace:

1. eliminating serious injuries by focusing on the management of critical risk areas;
2. developing criteria to determine which operating sites may require specific focus to improve safety;
3. strengthening processes and sharing what we have learned about fire prevention; and
4. sharing best practices across all business groups in order to achieve 'No Injuries'.

As part of our safety culture, all of our manufacturing sites must demonstrate compliance with our global standards for safety, environmental management and security. We conduct internal audits annually and external audits every three years, at a minimum. Upon receiving findings from our external audits, our professional safety leaders track and monitor actions for continuous improvement.

Amcor's business groups are required to provide monthly reports to our Board on safety performance and compliance with Amcor standards and local legislation.

Safety performance

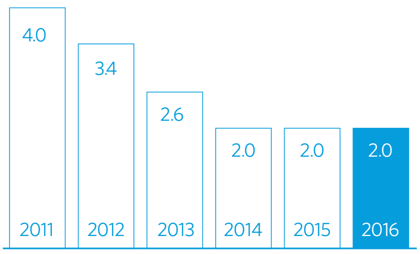
We monitor and track our performance using two industry standard criteria – Lost Time Injury Frequency Rate (LTIFR) and Recordable Case Frequency Rate (RCFR).

Amcor's LTIFR is measured by calculating the number of injuries resulting in at least one full work day lost per million hours worked. In 2015/16, the LTIFR was 0.56, corresponding to 41 cases across our global business. This compares to 0.58 in 2014/15, corresponding to 38 cases.

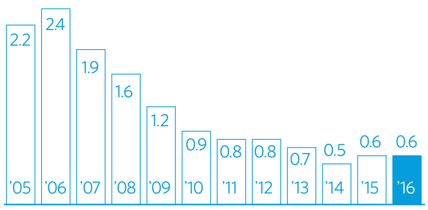
Amcor's RCFR is measured by calculating the number of medical treatment cases and lost time injuries per million hours worked. In 2015/16, the RCFR was 2.0 corresponding to 147 injuries across our global business. This compares to 2014/15, where the RCFR was also 2.0, corresponding to 134 injuries.

During 2015/16 a fatal accident occurred at our plant in Froges, France. A contractor suffered a fatal injury while performing maintenance work at the site. Following the incident, and as part of normal practice, Amcor continues to review its procedures and implement improvements to reduce the risks of similar incidents in the future.

Recordable case frequency rate
Number of recordable cases per million hours worked



Lost time injury frequency rate
Number of full work days lost per million hours worked



2012 and earlier data includes the demerged Orora business. 2015 onwards includes acquired businesses from the first day of ownership.

Talent management

Amcor co-workers are core to the Company's success, and we know that providing an engaging environment is key to a productive workplace. We conduct global engagement surveys of all co-workers every two years, and implement action plans to make improvements based on survey feedback. We also invest in our co-workers' ongoing development and have programs that recognise and celebrate their successes.

We also value maintaining a diverse and equal opportunity workplace. We have a Talent through Diversity policy and metrics established by our Board of Directors that help us advance gender diversity.

More details can be found in our Corporate Governance statement at www.amcor.com/CorporateSite/media/Annual-reports/Corporate-Governance-Statement.pdf.

Recognition

As a leader in responsible packaging, Amcor has continually been recognised for our sustainability performance on global and regional sustainability indices. Amcor is included in the Dow Jones Sustainability World Index, the CDP Climate Disclosure Leadership Index for Australia, the MSCI Global Sustainability Index series, the Ethibel Excellence Investment Register and the FTSE4Good Index.

We received a gold rating in the 2015 Corporate Social Responsibility assessment conducted by EcoVadis, a global platform for the evaluation of corporate social and environmental practices.

Additionally, we are proud to have received industry recognition in the past year for our innovative packaging solutions. They include a Diamond and Gold award from the annual DuPont Awards for Packaging Innovation, four Worldstar awards from the World Packaging Organization and three awards from the European Aluminium Foil Association. The winning products received these accolades based on technical innovation and sustainability in areas such as shelf life extension, material reduction and environmental footprint reduction.

Looking ahead

As we embark on a new year, we look forward to further strengthening Amcor's performance in environmental, social and economic sustainability.

This upcoming year is particularly exciting as 2016/17 marks the beginning of a new set of three-year environmental targets for Amcor. While we are proud that we outperformed our previous set of targets, we know there is more work to do. These new goals commit us to making further reductions in our greenhouse gas emissions, waste to landfill and water usage.

We also are eager to continue collaborating with organisations such as the Ellen MacArthur Foundation and the Ocean Conservancy to address end-of-life issues for plastic packaging. With these groups, we hope to make progress on increasing packaging recovery and reducing plastic packaging waste in our oceans.

At Amcor, we are committed to technological advancement and resource efficiency. We look forward to progressing on our sustainability journey, serving as a leader in the industry and working towards transformational change.

Operating and Financial Review
Principal risks

Risk identification, assessment and management is an integral part of the Group's annual strategic planning and budgeting processes from which the principal risks and uncertainties are derived. Set out below are the principal risks and uncertainties that could have a material impact on the Company and its ability to achieve its stated objectives. Additional risks not currently known or detailed below may also adversely affect future performance. Further information on Amcor's risk management framework can be found in the corporate governance statement on www.amcor.com.

Risk	Description and potential consequences	Treatment strategies employed by Amcor
General market risk	Macroeconomic conditions, or economic conditions specifically impacting the value chain or industries on which Amcor is dependent, could materially deteriorate and have a negative impact on Amcor's financial performance.	Amcor seeks to mitigate the severity of the impact that a deterioration in economic conditions in a single country, region or market may have by: • operating businesses that have a broad spread of geographic locations, raw material inputs and customers servicing a number of end markets; • developing and deploying an operating model which focuses on continually improving the value proposition to customers, creating a high-performance culture, remaining disciplined in the use of cash, managing costs and improving plant efficiencies; and • proactively managing key risks across the Group through Amcor's Enterprise Risk Management (ERM) program.
Financial risks	Amcor faces risks relating to the cost and availability of funds to meet its business needs, movements in interest rates and foreign exchange rates. In particular, a large proportion of Amcor's businesses report in Euros, creating potential exposures to earnings and net asset values from volatility in the exchange rate of the Euro against the US dollar.	Amcor's Group Treasury undertakes financial risk management policies approved by the Board. Appropriate commercial terms are negotiated or derivative financial instruments used, such as foreign exchange contracts and interest rate swaps to hedge these risk exposures. In addition, Amcor endeavours to proportionally draw down debt in currencies that aligns with the proportion of assets in those same currencies, thereby creating a natural hedge. A detailed discussion of financial risks is included in note 3.3 of the Financial Report.
Customer risks	Amcor has strong relationships with key customers for the supply of packaging products and associated packaging-related services. These relationships are fundamental to Amcor's success, and the loss of key customers may have a negative impact on Amcor's financial performance.	Amcor seeks to manage this risk by delivering a superior value proposition to customers by leveraging its operating model. Key to the success of this strategy is a continued drive on customer focus (delivery in full, on time and in specification), low cost and innovation.
Competitor risks	Amcor operates in a highly competitive market, with varying degrees of barriers to entry, industry structures and competitor motivational patterns. The actions of established or potential competitors may have a negative impact on Amcor's financial performance.	Amcor is ideally placed to leverage its global insight, footprint and scale to deliver new ideas and value propositions to customers and, in doing so, gain competitive advantage. In particular, Amcor recognises innovation as a source of competitive advantage.

Risk	Description and potential consequences	Treatment strategies employed by Amcor
Mergers and acquisitions (M&A) risks	Amcor's growth opportunities are dependent in part on disciplined selection of suitable acquisition targets in the right geographic regions with the right participation strategy. Failure to be disciplined in selection, effective at integration or focused on capturing value could impact operations and have adverse consequences for the achievement of expected financial benefits.	Amcor's Strategic Development Group works with the businesses to identify suitable targets aligned to Amcor's strategy. Amcor implements an M&A framework that instils rigour in target selection, approval, due diligence, integration preparation/planning and post-merger value capture. In support of the framework, Amcor has developed an integration toolkit which shares best practice and provides the businesses with a methodology to manage post-merger integration execution and culture risk.
Talent retention and attraction	The operating and financial performance of Amcor is largely dependent on its ability to retain and attract talent in particular key personnel. Any loss of key personnel could adversely impact Amcor's operating and financial performance.	Amcor's human resource policies are designed to ensure that: • access to the widest possible pool of talent is available through Amcor's diversity in the workforce strategy; • Amcor provides co-workers with mobility and development opportunities through its leadership framework; • Amcor delivers a high performance culture by setting challenging objectives and rewarding high-performing individuals; • remuneration is competitive in the relevant employment markets to support the attraction, motivation and retention of talent; and • remuneration is aligned with business outcomes that deliver value to shareholders.
Country risks	Amcor operates in over 40 countries, across a broad range of legal, regulatory or political systems, some of which are subject to rapid change and civil unrest. The profitability of those operations, and their ability to maintain and repatriate funds to Amcor, may be adversely impacted by changes in the fiscal or regulatory regimes, currency devaluation, difficulties in interpreting or complying with the local laws of those countries, and reversal of current political, judicial or administrative policies.	Amcor continually monitors changes or proposed changes in regulatory regimes that may impact on Amcor's operations. Where possible, Amcor elects to appoint local management teams, who bring an in-depth understanding of the local operating environment and strong customer relationships. Amcor also implements training on compliance matters globally, and regular review of country risks is performed by business leaders through Amcor's ERM program.

Operating and Financial Review
Principal risks (continued)

Risk	Description and potential consequences	Treatment strategies employed by Amcor
Supply chain risk	Disruption to Amcor's supply chain caused by an interruption to the availability of key components or raw materials, or by technology failure, may adversely impact the price of raw materials, sales volumes, and/or customer relations, resulting in unexpected costs.	Amcor's approach to supply chain risk management is multi-faceted and includes: • ensuring customer contracts provide for regular and timely pass-through of movements in input costs of raw materials; • supplier due diligence and risk management; and • implementing a multi-sourcing strategy for the supply of raw materials.
Business interruption and key site risk	Amcor operates from more than 190 locations globally. Circumstances may arise which preclude key sites from operating, including natural disaster, fire incidents, technology failure or industrial disruption. Where this occurs Amcor's financial performance may be negatively impacted.	Amcor undertakes business continuity planning and disaster preparedness for high-value or strategically important sites. In addition, Amcor management undertakes continuous identification, review and management of property risks, as well as independent loss-prevention audits.
Change in consumer preferences	Changes in consumer preferences may result in some of Amcor's existing product range becoming obsolete, or new products not meeting sales and/or margin expectations.	Amcor seeks to manage this risk by working closely with its customers and suppliers to propose solutions that address evolving consumer preferences. Amcor is continuing to build on its innovation capability to achieve the objective of being an innovation leader for the packaging industry.
Compliance and control risks	The risk of inadequate internal processes, awareness or an internal control failure potentially resulting in both financial loss and reputational damage to the business. Examples of risks that could arise, include: • fraud, bribery or insider trading by co-workers due to a lack of integrity or awareness; • failure to comply with laws (such as antitrust, competition laws and sanction regimes) and regulations. The Company's considerable global reach and diverse activities mean that a wide range of jurisdiction-specific laws apply; and • cyber-attack and/or information loss. The Company relies on information technology and control systems to support its business. The Company may experience threats to the confidentiality, integrity and availability of key information systems.	'The Amcor Way' operating model and Corporate Code of Conduct and Ethics provide a framework for all policies across the Group. To manage compliance and control risk, Amcor implements group-wide policies and procedures such as a Share Trading Policy, Sanctions Policy and a Competition Compliance Program, which are communicated periodically to Amcor co-workers. To maintain awareness of these policies, annual compliance training is mandatory for applicable co-workers. Amcor has a global Fraud Prevention Policy. This policy clearly outlines the principals and standards to be adopted in order to minimise the risk of fraud. Amcor's Fraud Prevention Program is supported by detailed investigation procedures and a global Whistleblower service provider. While no material cyber-attacks or confidentiality breaches have been discovered, the increasing sophistication and evolving nature of the cyber threat has highlighted the need for the Company to build on its existing Information Security capability through a targeted improvement program.

Risk	Description and potential consequences	Treatment strategies employed by Amcor
Tax risks	Amcor operates in over 40 countries, each with unique and dynamic tax environments. The tax affairs of operations in each country may be adversely impacted by changes in the fiscal or regulatory regimes, differences in interpretation of the local tax laws of those countries, and changes to current political, judicial or administrative policies relating to tax.	Amcor's tax affairs are managed in accordance with a tax risk framework that is agreed with, reviewed and reported against by the Audit and Compliance Committee on a regular basis. This framework ensures that: • tax risks across the company are identified, monitored and managed utilising the ERM methodology; • tax risks are prioritised so that appropriate attention and action can be taken on key risks; • an active approach to tax risk management is pursued (including an open and co-operative approach with revenue authorities); and • informed judgement is exercised to establish the required level of provisioning for financial statement purposes.
Product safety and integrity risk	As one of the world's largest packaging companies with over 95% of sales into food, beverage, healthcare and tobacco packaging industries, a product safety or integrity incident could have severe adverse consequences should it occur.	Amcor is committed to being a responsible and safe packaging company. Amcor is committed to being a partner our customers can rely on and Customer Focus is core to 'The Amcor Way'. Product safety is supported by a unique infrastructure that includes: • dedicated product safety and compliance personnel responsible for the implementation of processes and controls; • continuous focus on quality; • supplier due diligence and risk assessment; and • trained crisis management teams.

G R (Graeme) Liebelt
(BEc (Hons), FAICD, FTSE)

Independent Non-Executive Director and Chairman

Skills and experience

Mr Liebelt was Managing Director and Chief Executive Officer of Orica Limited, a position he held for six and a half years. During his 22 years with the ICI Australia/Orica group he held a number of senior positions, including Managing Director of DuluxGroup Limited, Chairman of Incitec Ltd, Director of Incitec Pivot Ltd and Chief Executive of Orica Mining Services. He was an Executive Director of the Orica Group from 1997 until March 2012.

Mr Liebelt is also a Director of Australia and New Zealand Banking Group Limited, Australian Foundation Investment Company Ltd, DuluxGroup Limited and Carey Baptist Grammar School. He is a Fellow of the Australian Academy of Technological Sciences and Engineering and a Fellow of the Australian Institute of Company Directors.

Directorships of listed entities within the past three years:

- Director of Australia and New Zealand Banking Group Limited (since July 2013)
- Director of Australian Foundation Investment Company Ltd (since June 2012)
- Director of DuluxGroup Limited (since June 2016)

Board Committee membership

- Member of the Audit and Compliance Committee
- Member of the Human Resources Committee
- Chairman of the Nomination Committee
- Chairman of the Executive Committee

Term of office

- Director since April 2012
- Non-Executive Chairman since December 2013

Dr A (Armin) Meyer
(Dr. sc. techn. Dipl. El. Ing. ETH)

Independent Non-Executive Director and Deputy Chairman

Skills and experience

Dr Meyer has broad international corporate experience and is based in Switzerland.

Until 2009, Dr Meyer was the Chairman of the Board of Ciba Ltd, a position he had held since 2000. He was also Chief Executive Officer of that company between 2001 and 2007. From 1995 until 2000, Dr Meyer was Executive Vice President of ABB Ltd and a member of that group's executive committee. Until April 2013, Dr Meyer was a Director of Zurich Financial Services, a global insurance company and was, until the end of 2011, a member of the executive committee and the foundation Board of the International Institute for Management Development, IMD, in Lausanne, Switzerland. In June 2014, Dr Meyer was appointed a Director of Bracell Limited, a specialty cellulose producer listed on the Hong Kong Stock Exchange.

Dr Meyer is a qualified electrical engineer with a PhD from the Swiss Federal Institute of Technology.

Directorships of listed entities within the past three years:

- Director of Bracell Limited (formerly Sateri Holdings Ltd) (since June 2014)

Board Committee membership

- Chairman of the Human Resources Committee
- Member of the Nomination Committee
- Member of the Executive Committee

Term of office

- Director since April 2010
- Deputy Chairman since December 2013

R S (Ron) Delia
(MBA, BSc)

Managing Director and Chief Executive Officer

Skills and experience

Mr Delia joined Amcor in 2005. He was appointed to his current role in April 2015 and is based in Zurich. His former positions at Amcor have been: Executive Vice President Finance and Chief Financial Officer, Amcor Ltd (2011–2015) based in Melbourne; Vice President and General Manager, Amcor Rigid Plastics Latin America (2008–2011) based in Miami; Executive Vice President Corporate Operations, Amcor Ltd (2005–2008) based in Melbourne and Brussels. Prior to joining Amcor, Mr Delia was an Associate Principal, McKinsey & Company based in New York and also held senior commercial roles in American National Can Co., based in New Jersey.

Board Committee membership

- Member of the Executive Committee

Term of office

- Appointed Managing Director and Chief Executive Officer April 2015

The Board of Directors **and Company Secretary**

P V (Paul) Brasher
BEc (Hons), FCA

Independent Non-Executive Director

Skills and experience

Mr Brasher brings to the Board his local and global experience as a senior executive and director, particularly in the areas of strategy, finance, audit and risk management and public company governance.

Mr Brasher is Chairman of Incitec Pivot Limited and Deputy Chairman of Essendon Football Club. Mr Brasher is a former Non-Executive Director of Perpetual Limited (2009–2015) and was Chairman of that company's Audit, Risk and Compliance Committee and a member of the People and Remuneration Committee and Nomination Committee. From 1982 to 2009, Mr Brasher was a partner of PricewaterhouseCoopers (and its predecessor firm, Price Waterhouse), one of the world's major chartered accounting and professional services firms, including four years as the Chairman of the Global Board of PricewaterhouseCoopers.

Mr Brasher's former roles include Chairman of the Reach Foundation, Chairman of the National Gallery of Victoria's Business Council, member of the Committee for Melbourne, board member of Asialink, a trustee of the Victorian Arts Centre Trust and member of the Committee for Economic Development of Australia.

Directorships of listed entities within the past three years:

- Chairman, Incitec Pivot Limited (since June 2012) and Director (since September 2010)
- Director of Perpetual Limited (2009–2015)

Board Committee membership

- Chairman of the Audit and Compliance Committee
- Member of the Executive Committee

Term of office

- Director since January 2014

E (Eva) Cheng
BA (Hons), MBA

Independent Non-Executive Director

Skills and experience

Mrs Cheng is a former Executive Vice President of Amway Corporation responsible for Greater China and Southeast Asia (2005–2011). She led Amway's market launch in China in 1991 and held its Executive Chairman position for 20 years. Mrs Cheng has extensive knowledge of fast moving consumer goods and has received numerous accolades for her business talent. In 2008 and 2009, she was twice named in the 'World's 100 Most Powerful Women' by Forbes Magazine.

Mrs Cheng is currently a Director of Trinity Limited (since November 2011), Nestlé S.A. (since April 2013) and Haier Electronics Group Company Limited (since June 2013). She is also an Executive Director of Our Hong Kong Foundation (since January 2015).

Mrs Cheng previously held positions with Amway (Malaysia) Holdings Berhad (June 2005 – June 2014), Esprit Holdings Ltd (December 2012 – June 2014) and The Link Management Limited (February 2014 – January 2015).

Directorships of listed entities within the past three years:

- Director of Trinity Limited (since November 2011)
- Director of Nestlé S.A. (since April 2013)
- Director of Haier Electronics Group Company Limited (since June 2013)
- Director of The Link Management Limited (February 2014 – January 2015)
- Director of Amway (Malaysia) Holdings Berhad (June 2005 – June 2014)
- Director of Esprit Holdings Limited (December 2012 – June 2014)

Term of office

- Director since June 2014

K J (Karen) Guerra
(BSc)

Independent Non-Executive Director

Skills and experience

Mrs Guerra has held senior executive positions in Europe, including President and Director General of Colgate Palmolive France and Chairman and Managing Director of Colgate Palmolive UK Ltd. Mrs Guerra is currently a Director of Davide Campari-Milano S.p.A and Electrocomponents PLC. Mrs Guerra was formerly a Non-Executive Director of Inchcape plc, Samlerhuset BV and Swedish Match AB.

Mrs Guerra holds a degree in Management Sciences from the University of Manchester and is based in Switzerland.

Directorships of listed entities within the past three years:

- Director of Electrocomponents PLC (since January 2013)
- Director of Davide Campari-Milano S.p.A (since April 2010)
- Director of Swedish Match AB (April 2008 – April 2015)

Board Committee membership

- Member of the Human Resources Committee
- Member of the Nomination Committee

Term of office

- Director since April 2010

J L (Jeremy) Sutcliffe

(LLB (Hons), OAMP, MAICD)

Independent Non-Executive Director

Skills and experience

Mr Sutcliffe has broad international corporate experience as CEO of two ASX Top 100 companies and has extensive experience of businesses operating in North America and Europe with diverse trading relationships in Asia. A qualified lawyer in Australia and the UK, Mr Sutcliffe previously held positions with Baker & McKenzie Solicitors, London and Sydney (1982–1986) and Sims Metal Management Limited and associated companies (1987–2009, including as Group CEO 2002–2008) and Interim Managing Director and CEO of CSR Limited (April 2010 – December 2010).

Mr Sutcliffe is a Director and member of the Australian Rugby League Commission Limited and a member of the Advisory Board of Veolia Environmental Services Australia Pty Ltd.

Directorships of listed entities within the past three years:

- Director of Orora Limited (since December 2013)
- Chairman, CSR Limited (since July 2011) and Director (since December 2008)

Board Committee membership

- Member of the Human Resources Committee

Term of office

- Director since October 2009

J G (John) Thorn

(FCA, FAICD)

Independent Non-Executive Director

Skills and experience

Mr Thorn is a chartered accountant and experienced non-executive director and brings expertise to the board in the areas of accounting, financial services, mergers & acquisitions, business advisory, risk management and general management. He has 38 years of professional experience with PricewaterhouseCoopers (PwC), where he was a Partner from 1982 to 2003 advising major international and Australian companies. He served on PwC's Board, was the Managing Partner of its Assurance and Business Advisory practice and was the National Managing Partner of PwC until 2003. Mr Thorn has experience in Asia, having lived and worked in Singapore and Indonesia. His board committee experience includes audit committees (Chairman), human resources committees, IT committees, nomination committees and risk committees.

Directorships of listed entities within the past three years:

- Director of Salmat Limited (since September 2003)
- Director of National Australia Bank Limited (October 2003 – December 2014)

Board Committee membership

- Member of the Audit and Compliance Committee (Chairman February 2005 – February 2015)
- Member of the Executive Committee
- Member of the Nomination Committee

Term of office

- Director since December 2004

J F (Julie) McPherson

(Dip Law SAB, M AppFin, LLM)

Company Secretary and Group General Counsel

Skills and experience

As both an investment banker and lawyer, Mrs McPherson has broad experience in corporate governance, law, finance and commerce. She was admitted as a solicitor in NSW and Victoria and admitted to practice in the High Court of Australia.

Prior to joining Amcor, Mrs McPherson held executive, legal and commercial positions, including Company Secretary and General Counsel at Goodman Fielder Ltd, Deputy Managing Director of Dresdner Kleinwort Benson and Partner, Corrs Chambers Westgarth.

Other directorships and offices (current and recent):

- Chairman of the Amcor Superannuation Fund (November 2008 – October 2011)
- Member of the Federal Government's Takeovers Panel (March 2011 – March 2014)
- Member of the Law Committee of AICD (since 2006)

Term of office

- Company Secretary since April 2005

The Board of Directors **and Company Secretary (continued)**

Directors' **Report**

Your Directors present their report together with the financial report of Amcor Limited, being the Company and its controlled entities, for the year ended 30 June 2016 and the independent audit report thereon.

Contents of Directors' Report

Directors' Report
Statutory Matters

Board of Directors

The following persons were Directors of Amcor Limited at any time during the financial year and up to the date of this report:

G R (Graeme) Liebelt

A (Armin) Meyer

R S (Ron) Delia

P V (Paul) Brasher

E (Eva) Cheng

K J (Karen) Guerra

J L (Jeremy) Sutcliffe

J G (John) Thorn

The qualifications, experience, special responsibilities of Directors, and other directorships held by them during the previous three years, are set out on pages 28 to 30 of this report.

Company Secretaries

J F (Julie) McPherson was the Company Secretary of Amcor Limited during the whole of the financial year and up to the date of this report. Her qualifications and experience are set out on page 30 of this report.

Ms Rebecca Farrell, BA LLB (Hons), was appointed as an additional Company Secretary in December 2013. Ms Farrell also holds the position as Vice President and General Counsel, Corporate. Prior to joining Amcor, Ms Farrell was the Group Company Secretary for the Westpac Group.

Officers

The names and roles of other Officers of the Company during the year are disclosed in Table 10 in section 3 of the Remuneration Report on page 46 of this report.

Table 1: Directors' meetings held between 1 July 2015 and 30 June 2016

	Board		Executive Committee		Audit & Compliance Committee		Human Resources Committee		Nomination Committee(1)	
Scheduled meetings	10		2		4		4		-	
Unscheduled meetings	-		-		-		1		-	
	A	B	A	B	A	B	A	B	A	B
P V Brasher	10	10	2	2	4	4	-	-	-	-
E Cheng	10	10	-	-	-	-	-	-	-	-
R S Delia	10	10	2	2	4(2)	-	5(2)	-	-	-
K J Guerra	10	10	-	-	-	-	5	5	-	-
G Liebelt	10	10	2	2	4	4	5	5	-	-
A Meyer	10	10	2	2	-	-	5	5	-	-
J L Sutcliffe	10	10	-	-	-	-	5	5	-	-
J G Thorn	10	10	2	2	4	4	-	-	-	-

(1) All Nomination Committee matters were dealt with by the full Board during the financial year.
(2) Indicates that a Director is not a member of a specific committee and attended by invitation.
A Number of meetings attended.
B Number of meetings held during the time the Director held office or was a member of the committee during the year.

Principal activities

The general activities of the consolidated entity (comprising Amcor Limited and its controlled entities) are set out on pages 6 to 14 of this report. There were no significant changes in the nature of the principal activities of the consolidated entity during the year under review.

Operating and Financial Review

An operating and financial review of the consolidated entity during the financial year and the results of these operations are contained on pages 6 to 27 of this report.

State of affairs

Significant changes in the state of affairs of the consolidated entity that occurred during the financial year ended 30 June 2016:

- On 25 September 2015, Mr Michael Casamento was appointed as Chief Financial Officer (CFO) of Amcor Limited. Prior to his appointment, Mr Casamento had been Amcor's Acting CFO since January 2015 when it was announced that Mr Ron Delia, the Company's previous CFO, would be appointed as Managing Director and Chief Executive Officer.
- On 14 March 2016, Mr Roelof Westerbeek was appointed President of Amcor Flexibles Asia Pacific, replacing Mr Ralf Wunderlich who resigned after six years in the role.
- On 18 April 2016, Amcor entered into an agreement to acquire Alusa, the largest flexible packaging business in South America, for US$435.0 million. The Alusa business includes Alusa (Chile), Peruplast (Peru), Aluflex (Argentina) and Flexa (Colombia). The acquisition successfully completed on 1 June 2016.
- Throughout the year, Amcor announced a number of other acquisitions. Please refer to pages 7 to 8 for further details.

Dividends

Dividends paid or determined to be paid by the Company to members during the financial year are set out in Note 1.2 to the Financial Statements.

Events subsequent to the end of the financial year

The Board is not aware of any matters or circumstances that have arisen since the end of the financial year that have significantly affected, or may significantly affect, the consolidated entity's operations, results or state of affairs in future financial years.

Likely developments

The Operating and Financial Review on pages 6 to 27 of this report contains information on Amcor's business strategies and prospects for future financial years and refers to likely developments in Amcor's operations and the expected results of these operations in future financial years. Detail that could give rise to likely material detriment to Amcor, for example, information that is commercially sensitive, confidential or could give a third party a commercial advantage, has not been included. Information on likely developments in Amcor's business strategies, prospects and operations for future financial years and the expected results of those operations has not been included in this report where the Directors believe it would be likely to result in unreasonable prejudice to Amcor.

Environmental performance and reporting

Commentary regarding the Company's performance on environmental regulations is outlined in the Review of Operations – Sustainability section on pages 19 to 23. The Company also publishes a Sustainability Report annually which is available at www.amcor.com/sustainability.

The Company currently participates in the European Union's Emissions Trading Scheme, the 'Climate Change Agreements' program in the UK, the 'Covenants' program in Belgium and the Swiss Emissions Trading Scheme. Amcor also pays carbon taxes in any countries where they are applicable.

The Australian business of the Company is subject to the reporting requirements of the *National Greenhouse and Energy Reporting Act 2007*, which requires the Australian business to report its annual greenhouse gas emissions and energy use.

There were no material breaches of environmental regulations and specific requirements of site environmental licences identified across all of the consolidated entity's operations in the 2015/16 financial year.

Directors' Report
Statutory Matters (continued)

Table 2: Directors' interests

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

Name	Balance at date of 2015 Annual Report	Received during the year on the exercise of rights and options	Other changes during the year	Balance as at the date of this report
Directors of Amcor Limited				
G R Liebelt	33,490	-	20,000	53,490
A Meyer	40,000	-	10,000	50,000
R S Delia	150,000	553,262	(203,262)	500,000
P V Brasher	4,000	-	6,000	10,000
E Cheng	1,037	-	42	1,079
K J Guerra	27,050	-	19,671	46,721
J L Sutcliffe	55,390	-	4,991	60,381
J G Thorn	25,994	-	-	25,994

Table 3: Unissued shares under option

Unissued ordinary shares of Amcor Limited under option at the date of this report are:

Date options granted	Expiry date	Exercise price of options(A$)(1)	Number under option
5/08/2010	29/09/2016(2)	5.17	55,000
9/12/2011	30/11/2017	5.81	194,800
9/12/2011	30/11/2018	5.81	728,421
30/11/2012	31/10/2019	6.09	4,747,300
20/11/2013	30/10/2020	9.31	4,037,727
9/05/2014	30/10/2020	9.31	71,800
24/11/2014	29/10/2021	10.28	4,140,000
11/05/2015	29/10/2021	10.28	17,700
Total			**13,992,748**

(1) The exercise prices of certain options were amended as a result of the demerger of the Orora business. The method of adjustment was disclosed in the demerger booklet and approved by shareholders. New exercise price = exercise price pre-demerger - A$1.22 (Orora five-day VWAP).

(2) Shareholder approval was granted at the 2011 AGM to extend the expiry date from 30 June 2016. The actual expiry date is 28 days after the release of full year results.

Shares issued on exercise of options

There were no ordinary shares of Amcor Limited issued during the year ended 30 June 2016 on the exercise of options granted.

Indemnification and insurance of officers

The Company has agreements with each of the Directors of the Company in office at the date of this report, all former Directors and certain present and former officers of the Company, indemnifying these officers against any liability to any person other than the Company or a related body corporate that may arise from their acting as officers of the Company notwithstanding that they may have ceased to hold office. There is an exception where the liability arises out of conduct involving a lack of good faith or is otherwise prohibited by law.

The Directors have not included details of the nature of the liabilities covered or the amount of the premium paid in respect of the Directors' and officers' liability and legal expenses and insurance contracts, as such disclosure is prohibited under the terms of the contracts.

Non-audit services

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

- All non-audit services were subject to the corporate governance procedures adopted by the Company and have been reviewed by the Audit and Compliance Committee to ensure they do not impact upon the impartiality and objectivity of the auditor. In particular, all non-audit services are approved in accordance with the non-audit services delegations and approvals framework and reported to the Audit and Compliance Committee at each meeting.
- The non-audit services provided do not undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as an advocate for the Company or jointly sharing risks and rewards. A copy of the auditor's independence declaration as required under Section 307C of the *Corporations Act 2001* is included in the Directors' Report on page 50.

Details of the amounts paid to PwC and its related practices for audit and non-audit services provided during the year are set out in Note 6.1 to the Financial Statements on page 117.

The non-audit services provided by PwC mostly relate to taxation advice and compliance services. The Company's considerable global reach is such that it is critical that the Company can obtain external tax advice across a number of relevant jurisdictions. In many cases it is both efficient and effective to source such advice from a single service provider. Further, PwC has been providing tax advice since the year 2000. This pre-dates their appointment as the Company's auditor and, consequently, their historical knowledge is of material value to the Company.

In each of the above cases, the engagement of PwC was made on its merits (based on service level, knowledge and expertise, cost as well as geographical spread) and after careful consideration of the factors noted above.

Rounding off

The Company is of a kind referred to in Instrument 2016/191 dated 24 March 2016 issued by the Australian Securities and Investments Commission. In accordance with that Instrument, amounts in the Financial Statements and the Directors' Report have been rounded off to the nearest $100,000 or, where the amount is $50,000 or less, to zero, unless specifically stated.

Loans to Directors and senior executives

Information on loans to Directors and senior executives, including amounts, interest rates and repayment terms, is set out in Note 5.3 to the Financial Statements.

Corporate Governance Statement

The Board is committed to achieving and demonstrating the highest standards of corporate governance. The Board continues to refine and improve the governance framework and practices in place to ensure they meet the interests of shareholders.

The Company complies with the Australian Securities Exchange Corporate Governance Council's Corporate Governance Principles and Recommendations 3rd Edition ('the ASX Principles'). Amcor's Corporate Governance Statement, which summarises the Company's corporate governance practices and incorporates the disclosures required by the ASX Principles, can be viewed at www.amcor.com/corpgovstatement.

Declaration

This Directors' Report is made in accordance with a resolution of the Directors, dated at Melbourne, in the State of Victoria, on 25 August 2016.

Graeme Liebelt
Chairman

Directors' Report
Remuneration Report

Dear Shareholder,

Amcor has continued to deliver excellent results in 2016. One of the exciting aspects of the past year has been the continuing development in the talent and leadership of Amcor. Ron Delia was appointed CEO in April 2015 and a number of other senior leadership changes during the year has demonstrated that Amcor enjoys a strong depth of talent. Talent management continues to be a priority at Amcor as we seek to grow the company and meet and exceed the expectations of our shareholders.

A competitive remuneration program is essential to the attraction, retention and motivation of talented executives and is integral to the Company's talent management strategy. In Amcor's case – operating in 43 countries, with a leadership group made up of many nationalities working in various locations around the world – our programs must stand up to competition from the best companies anywhere in the world. Our programs must also be aligned to the interests of our shareholders and reward executives for delivering value.

The leaders of Amcor continue to drive 'The Amcor Way' – our operating model which has now been in place for a number of years and which focuses on the following priorities:

- Safety
- Customer Focus
- Talent
- Cost
- Capital Discipline

The rigorous application of 'The Amcor Way' continues to support strong operational performance across all of Amcor's businesses. The use of 'The Amcor Way', a disciplined growth strategy and the application of Amcor's Shareholder Value Creation Model has been linked to a carefully designed remuneration strategy including incentive plans and performance metrics that align the leadership of the Company to the interests of shareholders.

I am pleased to present this Remuneration Report to you on behalf of the Board.

Graeme Liebelt
Chairman

Introduction and summary of contents

The Directors of Amcor Limited ('Amcor' or the 'Company') present the Remuneration Report prepared in accordance with the *Corporations Act 2001* and the *Corporations Regulations 2001*. All numbers in this report are expressed in US dollars unless stated otherwise.

Key Management Personnel

For the purpose of this report, Key Management Personnel (KMP) are members of the leadership team who have the authority and responsibility for planning, directing and controlling the activities of the consolidated entity of Amcor either directly or indirectly. They include all Directors of the Board (executive and non-executive).

The use of the term Senior Executives in this report is a reference to direct reports of the CEO who are also KMP.

Structure of this report

Amcor's 2016 Remuneration Report is divided into the following sections:

1. Overview of Amcor's Executive Remuneration arrangements
2. Company Performance – A Key Driver of Remuneration
3. Details of CEO and Senior Executive Remuneration for the financial year ended 30 June 2016
4. CEO and Senior Executive Service Agreements
5. Non-Executive Directors' Remuneration
6. Director and Senior Executive remuneration disclosures

1. Overview of Amcor's Executive Remuneration arrangements

Remuneration strategy

At Amcor, remuneration for the CEO and Senior Executives is determined by reviewing what is generally paid for similar roles in both Australia and other selected overseas markets. This is not a simple matter given that Amcor is an international company made up of a diverse group of Senior Executives working in a range of different countries predominantly outside of Australia. Furthermore, their responsibilities extend beyond their own geographic location. This requires Amcor to attract and retain a CEO and Senior Executives who are global leaders with the experience and ability to perform in this environment.

This creates a challenge in our remuneration market benchmarking, in particular against the Australian market. When considering market benchmarks from other Australian companies with a similar market capitalisation, Amcor almost always has a larger share of its revenues sourced from abroad and has a higher number of executives who are based in other countries. This has obvious remuneration and talent implications.

Therefore, although it is important to understand and consider general market practice in Australia, reference to selected overseas markets is more relevant in determining competitive pay structures for Amcor executives.

Remuneration principles

The principles of Amcor's executive remuneration strategy, frameworks and programs are designed to:

- align remuneration to business strategy and outcomes that deliver value to shareholders;
- drive a high performance culture by setting challenging objectives and rewarding high performing individuals; and
- ensure remuneration is competitive in the relevant employment market place to support the attraction, motivation and retention of executive talent.

Overview of remuneration arrangements

We remunerate the CEO and Senior Executives using a combination of fixed and variable plans, with a greater emphasis on variable performance-based plans. Performance metrics are carefully selected to ensure alignment with business imperatives and the delivery of shareholder value.

Directors' Report
Remuneration Report (continued)

Table 1: Overview of remuneration arrangements for the CEO and Senior Executives

		% of total	
		CEO	Senior Executives
Fixed[1]		**35%**	**45%**
Variable or 'at risk'			
Short Term Incentive (STI) Cash		**24%**	**19%**
Purpose	Reward the achievement of annual business objectives		
Term	1 year		
Instrument	Cash		
Performance conditions[2]	• 5% Safety (reduction in recordable case frequency rate from previous year) • 55–75% Financial (Earnings per share (EPS), Profit before interest and tax (PBIT), Cash Flow, Working Capital, Return on Average Funds Employed (RoAFE)) • 20–40% Priority project goals linked to strategic initiatives		
Why these were chosen	To incentivise continuous safety improvement; successful and sustainable financial business outcomes; and annual objectives that drive long-term business success and sustainability		
Short Term Incentive (STI) Deferred Equity		**12%**	**9%**
Purpose	Defer a portion of the STI to build equity ownership; align management incentives with shareholder value creation; and act as a retention incentive		
Term	2 years (following payment of cash STI)		
Instrument	Share Rights		
Performance conditions	Time restricted and continuation of employment (subject to forfeiture in the event of voluntary termination or termination for cause)		
Why these were chosen	To provide a mid-term retention incentive based on impact on business performance		
Long Term Incentive (LTI)[3]		**29%**	**27%**
Purpose	Reward the achievement of long-term sustainable business outcomes and value creation for shareholders		
Term	3 years		
Instrument	Options and Performance Rights (Performance Shares are awarded to US participants in place of Performance Rights)		
Performance conditions[2]	• Half the vesting outcome is based on annual growth of earnings per share (EPS) with a minimum RoAFE condition • Half the vesting outcome is based on relative Total Shareholder return (TSR) • Time restricted and continuation of employment (subject to forfeiture in the event of voluntary termination or termination for cause)		
Why these were chosen	The combination of EPS with a RoAFE condition ensures that management is rewarded for achieving profitable growth while sustaining strong returns. The use of relative TSR provides a shareholder perspective of the Company's relative performance against comparable companies both in Australia and internationally.		
Retention Share/Payment Plan[4]		**-**	**-**
Purpose	Used on a limited basis at recruitment to replace existing entitlements from previous employers or as retention awards to selected executives		
Term	Up to 5 years		
Instrument	Shares or cash		
Performance conditions	Time restricted and continuation of employment (subject to forfeiture in the event of voluntary termination or termination for cause)		
Why these were chosen	To provide a retention incentive when required		

(1) Consists of base salary, retirement and other benefits. Retirement benefits are delivered under defined contribution funds for all new executives. These and other benefits are set by reference to regulatory and salary market requirements in the relevant employing jurisdictions.
(2) Performance conditions are assessed using both quantitative and qualitative assessments. All financial performance conditions are determined on an after significant items basis. The Board may apply discretion to exclude significant items for the purposes of determining outcomes under financial performance conditions. The outcomes for the CEO and Senior Executives are reviewed and approved by the Human Resources Committee. This approach provides appropriate oversight and a rigorous review of the outcomes.
(3) The CEO and Senior Executives will be provided the first grant under this new 3-year plan (revised and approved by shareholders in 2015) late in 2016. No grant was made during the 2016 financial year. This ensured there was no overlap with the vesting of existing 4-year awards that have scheduled vesting dates through to 2018. Senior Executives and other selected executives who are in a position to influence the outcome of the performance hurdles will also be invited to participate.
(4) During the year to 30 June 2016, no awards were made to the CEO or Senior Executives.

Table 2: Equity related remuneration policies

Hedging of securities	Minimum Shareholding Policy	Share Trading Policy	Clawback Policy
The CEO and Senior Executives are prohibited from engaging in hedging arrangements over unvested securities issued under any employee share plan. This extends to vested securities over which the Minimum Shareholding Policy applies. (Note: no Non-Executive Directors participate in our employee share plans).	To strengthen alignment of the interests of the CEO and Senior Executives with value creation for shareholders, the CEO and Senior Executives must build and maintain a minimum shareholding of Amcor shares. The CEO is required to build and maintain a shareholding equivalent to 100% of base salary; Senior Executives are required to build and maintain a shareholding equivalent to 50% of base salary.	The Board has implemented blackout periods during which the Directors, CEO, Senior Executives and co-workers are prohibited from trading in Amcor shares. Further detail is provided in the Corporate Governance Statement available on the Amcor website. The Share Trading Policy reminds all co-workers of the insider trading prohibition under the Corporations Act.	Allows the Board to cancel awards in the event of fraud, dishonesty, breach of obligations, financial misstatements, or if awards were made on the basis of a misrepresentation or an omission, or on the basis of facts or circumstances that were later proven to be untrue or inaccurate.

Remuneration governance

The Human Resources Committee

The Human Resources Committee is responsible for determining and agreeing with the Board a framework for the remuneration of the CEO and Senior Executives. This is to ensure that the CEO and Senior Executives are motivated to pursue the long-term growth and success of the Company and that there is a clear relationship between performance and remuneration. The Committee is also responsible for reviewing talent management processes and programs to ensure that Amcor's leaders are of world class quality and that succession depth for key leadership roles is sufficient to deliver sustainable business success.

Where appropriate, the Human Resources Committee seeks advice from independent remuneration consultants in determining appropriate Senior Executive remuneration. The Committee sought input from independent remuneration consultants in 2015 to assist in the review of a number of executive remuneration matters. In 2016, the Committee did not seek any further input from any independent remuneration consultants.

Directors' Report
Remuneration Report (continued)

2. Company Performance – A Key Driver of Remuneration

The following section provides an overview of Amcor's performance against key metrics and its link to remuneration outcomes.

Short Term Incentive (STI)

Details of the range of potential STI cash payments, the proportion to be received at 'target' performance, actual payments made and the amounts forfeited by the CEO and Senior Executives in respect of the 2016 financial year are shown in Table 4. The actual outcomes are based on the performance of the CEO and Senior Executives against a selected range of safety, financial and priority project goals both on an Amcor and business group level. Table 3 below also includes a more detailed analysis of the targets and respective outcome for the CEO. The scorecards for other Senior Executives are also primarily financial based and consist of business unit specific financial targets. Given commercial sensitivities around these targets, the details of actual targets and outcomes have not been disclosed.

The outcomes under the STI align with solid earnings, an increase in the dividend, and strong performance against the Shareholder Value Creation Model.

Table 3: STI performance outcomes

Name	Safety (weighting = 5%)	Financials (weighting = 65%)	Priority Project Goals (weighting = 30%)
Executive Director			
R Delia	**Target not met** Amcor's recordable case frequency rate remained flat at 2.0. Although this represents a world class standard, it did not meet the year-on-year improvement target.	**Target met and exceeded** Amcor's underlying financial performance for the year exceeded targets across several measures. EPS for the year was US 57.7 cents (up 11.3% on a constant currency basis); cash flow was US$791 million; returns were 21.6%.	**Target partly met** Included initiatives on strategy, growth and organisation development. These goals were successfully executed for the most part resulting in part achievement of the target.

Table 4: STI cash and deferred equity awards

Name	STI % Range (as % of TFR/ base salary)	STI % at target	STI Payment (US$)	Paid in Year (as % of maximum STI)	Forfeited in Year (as % of maximum STI)	Deferred Equity Awarded (US$)	Deferred Equity Awarded (No. Rights)(1)
Executive Director							
R Delia(2)	0% to 120% of Base Salary	80%	1,598,046	92%	8%	799,023	73,984
Senior Executives							
M Casamento(3)	0% to 100% of Base Salary	50%	589,615	94%	6%	294,808	27,536
P Konieczny(4)	0% to 100% of Base Salary	50%	878,530	98%	2%	439,265	40,910
M Schmitt	0% to 100% of Base Salary	50%	960,990	100%	0%	480,495	44,490
I G Wilson	0% to 100% of Base Salary	50%	896,898	96%	4%	448,449	38,295

(1) The cash and deferred equity awarded are usually paid and granted during the month of September following the determination of the STI. Equity allocations were determined based on the volume weighted average price (VWAP) of Amcor Limited shares for the five trading days prior to 30 June 2016 (A$14.50 per share). Where bonuses are determined in currencies other than Australian dollars, the average foreign exchange rate for the same five day period was applied to determine the Australian dollar equivalent.

(2) In accordance with ASX Listing Rule 10.14, the Company sought and received approval from shareholders for the issue of deferred equity Share Rights to Mr Delia.

(3) Mr Casamento was appointed as Executive Vice President Finance and Chief Financial Officer on 25 September 2015 and is part of the Key Management Personnel (KMP) from that date. For a period prior to his appointment, Mr Casamento acted in this same role.

(4) Mr Konieczny was appointed as President, Amcor Flexibles Europe, Middle East & Africa on 1 July 2015 and is part of the KMP from that date.

Directors' Report
Remuneration Report (continued)

Long Term Incentive (LTI)

The following table illustrates Amcor's performance against the key metrics that exist in the LTI plans awarded to the CEO and Senior Executives. Amcor's relative TSR performance against a group of comparable companies determines the level of Performance Rights that vest; while RoAFE performance determines the level of Options that vest, although an improvement in share price is also required before any rewards are delivered. This ensures there is a strong correlation between rewards for management and shareholder returns. The following table shows the performance outcomes for the LTI plans that vested during the year. Vesting levels are due to the considerable improvement in the financial performance of the company and returns to shareholders. The new LTI that will be granted later in calendar 2016 will now also include an EPS metric to ensure that there is an ongoing focus on profitable growth.

Table 5: LTI plans assessed for vesting during the year

Performance Rights

Relative TSR performance (percentile ranking)

			Performance at vesting	
Grant year	min	max	ASX comparator group	International comparator group
2013	50	75	79	64

Options

Underlying RoAFE (%) & share price increase

			Performance at vesting	
Grant year	min	max	RoAFE	Share price increase since grant
2013	15.7	18.2	21.6	Yes

Table 6: Shareholder return information over the past five financial years

	2012	2013	2014	2015	**2016**
Net profit before significant items after tax (US$ million)	655.1	691.0	677.8[1]	680.3	**671.1**
Basic EPS before significant items (US cents)	54.0	57.3	56.2[1]	56.6	**57.7**
Dividend paid (US$ million)	441.5	485.1	448.1	472.4	**466.7**
Dividends per share (US cents)	39.4	38.7	39.2[2]	40.0	**41.0**
Opening share price at 1 July (A$)	7.20	7.09	10.14	10.43	**13.72**
			(1.22)[3]		
Change in share price (A$)	(0.11)	3.05	1.51	3.29	**1.21**
Closing share price at 30 June (A$)	7.09	10.14	10.43	13.72	**14.93**
Total Shareholder Return (TSR) % pa[4]	3.6	48.7	19.4	36.6	**12.8**
On-market share buy-back (US$ million)	152.4	-	-	295.6	**204.1**

(1) Represents results for continuing operations only (i.e. excluding Orora).

(2) Includes a 3.0 cent dividend paid by Orora immediately following the Demerger and assumes that the shareholder retained the Orora share and received the dividend.

(3) An adjustment was made to the Amcor share price in the 2014 column of this table to reflect the value received by shareholders (in the form of Orora shares) following the Demerger. This approach intends to provide a more accurate representation of Amcor's share price performance and TSR during this period. The adjustment was based on the VWAP of Orora shares on first five days of listing on ASX.

(4) Total Shareholder Return (TSR) is calculated as the change in share price for the year, plus dividends announced for the year, divided by opening share price.

3. Details of CEO and Senior Executive Remuneration for the financial year ended 30 June 2016

Table 7 details awards granted that are still in progress or those that were tested during 2016 which impact the remuneration received by the CEO and Senior Executives for the year ended 30 June 2016.

Table 7: Grants of Options and Rights affecting remuneration

Grant Year	Grant Type	Instrument	Vesting condition(s)	Performance/ Vesting Period	Status
2013[1]	Long Term Incentive	Options and Performance Rights	• Return on average funds employed • Relative TSR performance to comparator group • Share price increase • Continuous service	31 October 2016	Testing completed. This resulted in 100% of Options and 89% of Performance Rights vesting.
2014[2]	Short Term Incentive Deferred Equity	Share Rights	• Continuous service	1 September 2015	Vested in full
	Long Term Incentive	Options and Performance Rights	• Return on average funds employed • Relative TSR performance to comparator group • Share price increase • Continuous service	31 October 2017	In progress
2015[3]	Short Term Incentive Deferred Equity	Share Rights	• Continuous service	1 September 2016	In progress
	Long Term Incentive	Options and Performance Rights	• Return on average funds employed • Relative TSR performance to comparator group • Share price increase • Continuous service	31 October 2018	In progress
2016[4]	Short Term Incentive Deferred Equity	Share Rights	• Continuous service	1 September 2017	In progress

(1) The Long Term Incentive Award was granted on 30 November 2012.
(2) The Short Term Incentive Deferred Equity Award was granted on 2 September 2013, whilst the Long Term Incentive Award was granted on 20 November 2013.
(3) The Short Term Incentive Deferred Equity Award was granted on 1 September 2014, whilst the Long Term Incentive Award was granted on 24 November 2014.
(4) The Short Term Incentive Deferred Equity Award was granted on 1 September 2015.

Refer to Section 5 of the Financial Statements for further information regarding the terms and conditions of the awards.

Directors' Report
Remuneration Report (continued)

Table 8: Details of awards granted, vested and exercised

The following table illustrates the movements in Options, Performance Rights, and Share Rights granted to the CEO and Senior Executives during the period, including details of Ordinary Shares provided in the Company as a result of the exercise of those Options, Performance Rights and Share Rights:

	Number					
Name	**Opening Balance**	**Granted during the year[(1),(2)]**	**Exercised during the year[(3)]**	**Lapsed/ cancelled during the year**	**Closing Balance[(4)]**	**Vested during the year**
Executive Director						
R Delia						
Short Term Incentive Deferred Equity Awards						
– Share Rights	68,104	38,576	40,914	-	65,766	40,914
Long Term Incentive Awards:						
– Options	1,832,700	-	828,300	-	1,004,400	828,300
– Performance Rights	317,000	-	39,285	9,215	268,500	39,285
Senior Executives						
M Casamento[(5)]						
Short Term Incentive Deferred Equity Awards						
– Share Rights	1,870	8,342	-	-	10,212	-
Long Term Incentive Awards:						
– Options	40,800	-	-	-	40,800	-
– Performance Rights	11,000	-	-	-	11,000	-
P Konieczny[(6)]						
Short Term Incentive Deferred Equity Awards						
– Share Rights	45,686	27,899	26,952	-	46,633	26,952
Long Term Incentive Awards:						
– Options	1,599,000	-	669,800	-	929,200	669,800
– Performance Rights	288,200	-	31,833	7,467	248,900	31,833
M Schmitt						
Short Term Incentive Deferred Equity Awards						
– Share Rights	60,762	39,493	37,605	-	62,650	37,605
Long Term Incentive Awards:						
– Options	1,761,400	-	747,600	-	1,013,800	747,600
– Performance Rights	315,700	-	35,478	8,322	271,900	35,478
I G Wilson						
Short Term Incentive Deferred Equity Awards						
– Share Rights	86,906	44,834	50,825	-	80,915	50,825
Long Term Incentive Awards:						
– Options	1,284,200	-	520,600	-	763,600	520,600
– Performance Rights	234,800	-	24,786	5,814	204,200	24,786

(1) The Short Term Incentive Deferred Equity Awards were granted on 1 September 2015 and have a fair value of US$11.67 and will expire on 1 September 2017. No exercise price is applicable to Share Rights granted. No awards granted during the period vested during the period.
(2) The value of Short Term Incentive Deferred Equity Awards granted during the period to the CEO and Senior Executives are as follows: R Delia $351,304 ; M Casamento $75,969; P Konieczny $254,070; M Schmitt $359,655 and I G Wilson $408,294. The awards are exercisable on 1 September 2017.
(3) The value of awards exercised during the period by the CEO and each Senior Executive are as follows: R Delia $5,412,490; P Konieczny $4,314,678; M Schmitt $5,084,435 and I G Wilson $3,591,870. These values represent awards that were exercised from a combination of different grants made in prior years.
(4) The total fair value of these grants is R Delia $2,757,069; M Casamento $219,094; P Konieczny $2,469,995; M Schmitt $2,864,566 and I G Wilson $2,370,732. The minimum possible total value of the grants is nil if the applicable performance/vesting conditions are not met.
(5) Mr Casamento was appointed as Executive Vice President Finance and Chief Financial Officer on 25 September 2015 and is part of the Key Management Personnel (KMP) from that date. For a period prior to his appointment, Mr Casamento acted in this same role.
(6) Mr Konieczny was appointed as President, Amcor Flexibles Europe, Middle East & Africa on 1 July 2015 and is part of the KMP from that date.

There are no additional Options or Rights over Amcor shares held by a close member of the family of the CEO or Senior Executives, or an entity over which the CEO or Senior Executives has either directly or indirectly control, joint control or significant influence during the period.

Table 9: Ordinary Shareholding

The following table details the number of Ordinary Shares in Amcor Limited held by the CEO and Senior Executives on 30 June 2016, either directly, indirectly or beneficially, including those held by a close member of the family of the CEO or Senior Executives, or an entity over which the CEO or Senior Executives or a close family member of the CEO or Senior Executives, has either direct or indirect control, joint control or significant influence, and the movement in such during the period:

	Number				
		Movements during the period			
Name	**Balance at 1 July 2015**	**Granted/Received on exercise[1]**	**Purchased**	**Sold**	**Balance at 30 June 2016**
Executive Director					
R Delia	**150,000**	553,262	-	203,262	**500,000**
Senior Executives					
M Casamento[2]	**-**	-	4,076	-	**4,076**
P Konieczny[3]	**201,799**	430,110	-	465,000	**166,909**
M Schmitt	**123,688**	73,083	-	130,818	**65,953**
I G Wilson	**142,479**	596,211	-	587,805	**150,885**

(1) No shares were granted during the period.
(2) Mr Casamento was appointed as Executive Vice President Finance and Chief Financial Officer on 25 September 2015 and is part of the Key Management Personnel (KMP) from that date. For a period prior to his appointment, Mr Casamento acted in this same role.
(3) Mr Konieczny was appointed as President, Amcor Flexibles Europe, Middle East & Africa on 1 July 2015 and is part of the KMP from that date.

Directors' Report
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Table 10: Remuneration of CEO and Senior Executives

Table 10 shows the nature and amount of each component of remuneration received by the CEO and Senior Executives during the year ended 30 June 2016.

US$			Short-Term Employee Benefits				Other Long-Term	Post-Employment		Share-Based Payments[1]		
Name	Position		Base Salary	Non- Monetary Benefits	Relocation Expenses	Bonus	Long Service Leave	Superannuation Benefits	Other	Cash Settled	Equity Settled	Total Employee Compensation
Executive Director												
R Delia[2]	Managing Director and Chief Executive Officer	**2016**	**1,466,110**	**180,691**	**664,546**	**1,598,046**	**-**	**344,102**	**512,882**	**-**	**1,078,211**	**5,844,588**
		2015	867,634	158,900	61,248	878,000	17,512	149,433	-	-	1,215,120	3,347,847
Other Key Management Personnel												
M Casamento[3]	Executive Vice President, Finance and Chief Financial Officer	**2016**	**726,088**	**116,048**	**255,494**	**589,615**	**-**	**22,616**	**-**	**-**	**161,394**	**1,871,255**
P Konieczny[4]	President, Amcor Flexibles Europe, Middle East and Africa	**2016**	**893,841**	**100,106**	**268,301**	**878,530**	**-**	**186,055**	**-**	**-**	**834,963**	**3,161,796**
M Schmitt	President, Amcor Rigid Plastics	**2016**	**953,454**	**56,057**	**-**	**960,990**	**-**	**175,526**	**-**	**-**	**994,375**	**3,140,402**
		2015	841,604	57,908	-	849,420	-	124,587	-	-	1,045,581	2,919,100
I G Wilson	Executive Vice President, Strategy and Development	**2016**	**927,206**	**169,671**	**-**	**896,898**	**-**	**-**	**-**	**-**	**841,141**	**2,834,916**
		2015	979,882	151,965	10,975	964,013	-	-	-	-	988,099	3,094,934
Retired Directors and Key Management Personnel[5]		2015	2,496,026	441,778	320,318	4,646,893	43,543	594,667	1,232,548	8,332,351	5,497,411	23,605,535
Total		**2016**	**4,966,699**	**622,573**	**1,188,341**	**4,924,079**	**-**	**728,299**	**512,882**	**-**	**3,910,084**	**16,852,957**
		2015	5,185,146	810,551	392,541	7,338,326	61,055	868,687	1,232,548	8,332,351	8,746,211	32,967,416

(1) In addition to the equity granted under the Short Term Incentive Deferred Equity for the year ended 30 June 2016, the amounts disclosed as share-based payments above include both Short Term Incentive Deferred Equity and Long Term Incentive Awards for the years ending 30 June 2015, 2014, and 2013. Details of these awards can be found in past Annual Reports.

(2) Mr Delia was appointed as CEO on 17 April 2015 – the disclosure therefore reflects the first full year as CEO. Mr Delia also relocated to Switzerland earlier in the year - the relocation expenses are a combination of (i) the costs of that relocation, (ii) ongoing expatriate type benefits related to that relocation, and (iii) the tax that the Company is required to pay in order to provide those benefits. Mr Delia is required to cover all other personal tax obligations based on the requirements determined by his home country (the United States) with any additional tax (by virtue of his presence in other countries as required by the Company) covered by the Company. These additional payments are presented in the "Other" column of the table.

(3) Mr Casamento was appointed as Executive Vice President Finance and Chief Financial Officer on 25 September 2015 and is part of the Key Management Personnel (KMP) from that date. For a period prior to his appointment, Mr Casamento acted in this same role.

(4) Mr Konieczny was appointed as President, Amcor Flexibles Europe, Middle East & Africa on 1 July 2015 and is part of the KMP from that date.

(5) Former Key Management Personnel are not included individually in the above table.

4. CEO and Senior Executive Service Agreements

Remuneration and other terms of employment for the CEO and Senior Executives are formalised in service agreements. Specific information relating to the terms of the service agreements of the CEO and Senior Executives is set out in the table below:

Table 11: Summary of specific terms of Executive Service Agreements

Name	Term	Notice period	Redundancy/termination payment
R Delia	Open	12 months	Greater of amount payable required by law and payment in lieu of notice (12 months' base salary).
M Casamento(1)	Open	12 months	Greater of amount payable required by law and payment in lieu of notice (12 months' base salary).
P Konieczny(2)	Open	12 months	Greater of amount payable required by law and payment in lieu of notice (12 months' base salary).
M Schmitt	Open	12 months	Greater of amount payable required by law and payment in lieu of notice (12 months' base salary).
I G Wilson	Open	12 months	Greater of amount payable required by law and payment in lieu of notice (12 months' base salary).

(1) Mr Casamento was appointed as Executive Vice President Finance and Chief Financial Officer on 25 September 2015 and is part of the Key Management Personnel (KMP) from that date. For a period prior to his appointment, Mr Casamento acted in this same role.

(2) Mr Konieczny was appointed as President, Amcor Flexibles Europe, Middle East & Africa on 1 July 2015 and is part of the KMP from that date.

Directors' Report
Remuneration Report (continued)

5. Non-Executive Directors' Remuneration

Fee Policy

The Non-Executive Director fee policy enables the Company to attract and retain high quality Directors with relevant experience.

At the same time, the cost to the Company is managed in relation to the maximum aggregate fee limit. The current aggregate fee limit of A$3,000,000 was approved by shareholders at the 2011 Annual General Meeting. Although the following table presents fees in US dollars the underlying contractual arrangements are in Australian dollars and are used as the basis for compliance with the fee limit.

Non-Executive Directors receive a fixed 'base' fee for their role as Board members, plus additional fees for members and chairs of sub-committees. The Chairman does not receive additional fees for his involvement with Board sub-committees.

The fee policy is reviewed periodically by the Human Resources Committee.

Performance-based remuneration and minimum shareholding

In order to maintain independence and impartiality, Non-Executive Directors do not receive performance-based remuneration and are not granted equity instruments by the Company as part of their compensation. They are however required, under the Company's Constitution, to hold or be the beneficial owner of a minimum of 1,000 shares in the Company during their period of office.

Table 12: Details of Non-Executive Directors' remuneration

US$ Non-Executive Directors		Salary and Fees	Non Monetary Benefits	Post-Employment Superannuation Benefits	Total Compensation
G R Liebelt	**2016**	**434,319**	**2,141**	**14,055**	**450,515**
	2015	490,003	16,473	15,715	522,191
A Meyer	**2016**	**223,022**	**2,875**	**724**	**226,621**
	2015	234,885	3,311	1,005	239,201
P V Brasher	**2016**	**183,290**	**2,152**	**14,055**	**199,497**
	2015	190,706	3,219	15,715	209,640
E Cheng	**2016**	**164,753**	**2,495**	**5,440**	**172,688**
	2015	180,111	3,438	5,916	189,465
K J Guerra	**2016**	**174,441**	**2,894**	**479**	**177,814**
	2015	186,779	3,304	518	190,601
J L Sutcliffe	**2016**	**160,960**	**2,149**	**14,055**	**177,164**
	2015	178,921	3,014	15,715	197,650
J G Thorn	**2016**	**164,682**	**2,137**	**9,396**	**176,215**
	2015	196,089	4,205	15,715	216,009
Total	**2016**	**1,505,467**	**16,843**	**58,204**	**1,580,514**
	2015	1,657,494	36,964	70,299	1,764,757

Table 13: Details of Non-Executive Directors' Ordinary Shareholding

The following table details the number of Ordinary Shares in Amcor Limited held by each Non-Executive Director on 30 June 2016, either directly, indirectly or beneficially, including those held by a close member of the family of the Non-Executive Director, or an entity over which the Non-Executive Director or a close family member of the Non-Executive Director, has either direct or indirect control, joint control or significant influence, and the movement in such during the period:

	Number			
		Movements during the period		
Name	**Balance at 1 July 2015**	**Purchased**	**Sold**	**Balance at 30 June 2016**
Non-Executive Directors				
G R Liebelt	33,490	20,000	-	53,490
A Meyer	40,000	10,000	-	50,000
P V Brasher	4,000	6,000	-	10,000
E Cheng	1,037	42	-	1,079
K J Guerra	27,050	19,671	-	46,721
J Sutcliffe	55,390	4,991	-	60,381
J G Thorn	25,994	-	-	25,994

6. Director and Senior Executive remuneration disclosures

No individual KMP or close member of the family of the KMP, or an entity over which the KMP has either direct or indirect control, joint control or significant influence has held a loan with the consolidated entity nor any of its subsidiaries during the financial year ended 30 June 2016.

From time to time, KMP (and close members of the family of the KMP, or an entity over which the KMP has either direct or indirect control, joint control or significant influence) may enter into transactions with the Company and its controlled entities. These transactions occur within normal customer or supplier relationships on terms and conditions that are no more favourable than those it is reasonable to expect the Company would have adopted on similar transactions with an unrelated person on an arm's length basis.

Other than those items discussed above, there have been no other transactions between KMP and the Company.

Auditor's Independence Declaration

pwc

As lead auditor for the audit of Amcor Limited for the year ended 30 June 2016, I declare that to the best of my knowledge and belief, there have been:

1. no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. no contraventions of any applicable code of professional conduct in relation to the audit.

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

John Yeoman
Partner
PricewaterhouseCoopers

Melbourne
25 August 2016

PricewaterhouseCoopers, ABN 52 780 433 757
Freshwater Place, 2 Southbank Boulevard, SOUTHBANK VIC 3006, GPO Box 1331, MELBOURNE VIC 3001
T: 61 3 8603 1000, F: 61 3 8603 1999, www.pwc.com.au

Financial **Report**

Financial **Report**

Introduction

This is the financial report of Amcor Ltd (the Company) and its subsidiaries (together referred to as 'the Group') and including the Group's interest in associates and jointly controlled entities.

About this report

Note disclosures are split into 6 distinct sections to enable a better understanding of how the Group has performed.

We have included an introduction at the start of each section to explain its purpose and content. Accounting policies and critical accounting judgements applied to the preparation of the financial statements are shown where the related accounting balance or financial statement matter is discussed. To assist in identifying critical accounting judgements, we have highlighted them with the following symbol:

Information is only being included in the financial report to the extent it has been considered material and relevant to the understanding of the financial statements. A disclosure is considered material and relevant if, for example:

- the dollar amount is significant in size (quantitative factor)
- the dollar amount is significant by nature (qualitative factor)
- the Group's results cannot be understood without the specific disclosure (qualitative factor)
- it is critical to allow a user to understand the impact of significant changes in the Group's business during the period such as business acquisitions (qualitative factor)
- it relates to an aspect of the Group's operations that is important to its future performance.

Contents

Financial Report
Income statement for the financial year ended 30 June 2016

USD million	Note	2016	2015
Revenue from sale of goods	1.4	**9,421.3**	9,611.8
Cost of sales		**(7,426.5)**	(7,679.6)
Gross profit		**1,994.8**	1,932.2
Other income	1.4	**92.2**	136.9
Sales and marketing expenses		**(210.1)**	(214.7)
General and administration expenses		**(1,251.1)**	(747.1)
Research costs		**(67.4)**	(62.9)
Share of net profit of equity accounted investments		**17.3**	20.7
Profit from operations		**575.7**	1,065.1
Finance income	1.4	**34.4**	27.3
Finance expenses	1.4	**(201.2)**	(196.5)
Net finance costs		**(166.8)**	(169.2)
Profit before related income tax expense		**408.9**	895.9
Income tax expense	1.5	**(135.3)**	(188.0)
Profit for the financial period		**273.6**	707.9
Profit attributable to:			
Owners of Amcor Limited		**244.1**	680.3
Non-controlling interest		**29.5**	27.6
		273.6	707.9

		US Cents	US Cents
Earnings per share for profit attributable to the ordinary equity holders of Amcor Limited			
Basic earnings per share	1.1	**21.0**	56.6
Diluted earnings per share	1.1	**20.7**	55.5

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

Financial Report
Statement of comprehensive income for the financial year ended 30 June 2016

USD million	Note	2016	2015
Profit for the financial period		**273.6**	707.9
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	**(13.6)**	4.4
Tax on cash flow hedges	3.6	**0.1**	(0.6)
Share based payments			
Net transfer of Share Based Payment Reserve to accruals for cash settlement	3.6	**(1.2)**	-
Exchange differences on translating foreign operations			
Exchange differences on translation of foreign operations		**(130.7)**	(75.5)
Net investment hedge of foreign operations		**5.4**	(170.4)
Share of equity accounted investees exchange fluctuation reserve		**(14.0)**	(6.4)
Tax on exchange differences on translating foreign operations	3.6	**(25.3)**	(6.2)
Items that will not be reclassified to profit or loss:			
Retained earnings			
Actuarial losses on defined benefit plans	5.2	**(101.9)**	(155.1)
Tax on actuarial losses on defined benefit plans		**11.8**	31.2
Other comprehensive income/(loss) for the financial period, net of tax		**(269.4)**	(378.6)
Total comprehensive income for the financial period		**4.2**	329.3
Total comprehensive income attributable to:			
Owners of Amcor Limited		**23.4**	306.3
Non-controlling interest		**(19.2)**	23.0
		4.2	329.3

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

Financial Report
Statement of financial position for the financial year ended 30 June 2016

USD million	Note	2016	2015
Current assets			
Cash and cash equivalents	3.2	**515.7**	704.9
Trade and other receivables	2.1	**1,411.6**	1,468.5
Inventories	2.2	**1,244.4**	1,213.9
Other financial assets	3.3	**12.4**	12.2
Other current assets		**9.0**	13.5
Total current assets		**3,193.1**	3,413.0
Non-current assets			
Equity accounted investments	4.3	**446.5**	458.2
Other financial assets	3.3	**44.3**	25.7
Property, plant and equipment	2.3	**2,690.9**	2,566.7
Deferred tax assets	1.5	**47.5**	77.9
Intangible assets	2.4	**2,102.1**	1,845.3
Retirement benefit assets	5.2	**14.8**	20.8
Other non-current assets		**142.9**	139.5
Total non-current assets		**5,489.0**	5,134.1
Total assets		**8,682.1**	8,547.1
Current liabilities			
Trade and other payables		**2,418.4**	2,345.7
Interest-bearing liabilities	3.2	**916.7**	1,012.7
Other financial liabilities	3.3	**53.7**	102.1
Current tax liabilities		**77.1**	118.4
Provisions	2.6	**179.3**	95.5
Total current liabilities		**3,645.2**	3,674.4
Non-current liabilities			
Interest-bearing liabilities	3.2	**3,428.4**	2,572.6
Deferred tax liabilities	1.5	**211.6**	230.0
Provisions	2.6	**95.4**	85.8
Retirement benefit obligations	5.2	**446.4**	386.2
Other non-current liabilities		**9.6**	11.1
Total non-current liabilities		**4,191.4**	3,285.7
Total liabilities		**7,836.6**	6,960.1
NET ASSETS		**845.5**	1,587.0
Equity			
Contributed equity	3.5	**1,445.1**	1,680.6
Reserves	3.6	**(800.2)**	(666.5)
Retained earnings		**139.0**	452.1
Total equity attributable to the owners of Amcor Limited		**783.9**	1,466.2
Non-controlling interest		**61.6**	120.8
TOTAL EQUITY		**845.5**	1,587.0

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

Financial Report
Statement of changes in equity for the financial year ended 30 June 2016

		Attributable to owners of Amcor Limited					
USD million	Note	Contributed equity	Reserves	Retained earnings	Total	Non-controlling interest	Total equity
Balance at 1 July 2015	3.5, 3.6	**1,680.6**	**(666.5)**	**452.1**	**1,466.2**	**120.8**	**1,587.0**
Profit for the financial period		**-**	**-**	**244.1**	**244.1**	**29.5**	**273.6**
Total other comprehensive income/(loss)		**-**	**(130.7)**	**(90.1)**	**(220.8)**	**(48.6)**	**(269.4)**
Total comprehensive income for the financial period		**-**	**(130.7)**	**154.0**	**23.3**	**(19.1)**	**4.2**
Transactions with owners in their capacity as owners:							
Contributions of equity, net of transaction costs and related tax		**34.8**	**-**	**-**	**34.8**	**-**	**34.8**
Purchase of treasury shares	3.5	**(53.2)**	**-**	**-**	**(53.2)**	**-**	**(53.2)**
Dividends paid	1.2	**-**	**-**	**(466.7)**	**(466.7)**	**(13.6)**	**(480.3)**
Forward contracts to purchase own equity to meet share plan obligations and related tax		**(41.4)**	**-**	**-**	**(41.4)**	**-**	**(41.4)**
Share buy-back		**(204.1)**	**-**	**-**	**(204.1)**	**-**	**(204.1)**
Settlement of options and performance rights	3.6	**28.4**	**(27.2)**	**-**	**1.2**	**-**	**1.2**
Share-based payments expense	3.6	**-**	**24.2**	**-**	**24.2**	**-**	**24.2**
Change in non-controlling interest		**-**	**-**	**(0.4)**	**(0.4)**	**(26.5)**	**(26.9)**
Balance at 30 June 2016	3.5, 3.6	**1,445.1**	**(800.2)**	**139.0**	**783.9**	**61.6**	**845.5**
Balance at 1 July 2014	3.5, 3.6	2,072.0	(414.3)	370.4	2,028.1	111.0	2,139.1
Profit for the financial period		-	-	680.3	680.3	27.6	707.9
Total other comprehensive income/(loss)		-	(250.1)	(123.9)	(374.0)	(4.6)	(378.6)
Total comprehensive income/(loss) for the financial period		-	(250.1)	556.4	306.3	23.0	329.3
Transactions with owners in their capacity as owners:							
Contributions of equity, net of transaction costs and related tax		44.2	-	-	44.2	-	44.2
Shares purchased on-market to satisfy exercise of options and rights under share-based payment plans		(14.0)	-	-	(14.0)	-	(14.0)
Purchase of treasury shares	3.5	(77.7)	-	-	(77.7)	-	(77.7)
Dividends paid	1.2	-	-	(472.3)	(472.3)	(7.8)	(480.1)
Forwards contract to purchase own equity to meet share plan and related tax		(78.7)	-	-	(78.7)	-	(78.7)
Share buy-back		(295.6)	-	-	(295.6)	-	(295.6)
Settlement of options and performance rights	3.6	30.4	(30.4)	-	-	-	-
Share-based payments expense	3.6	-	28.3	-	28.3	-	28.3
Non-controlling interest buy-out		-	-	(2.4)	(2.4)	(5.4)	(7.8)
Balance at 30 June 2015	3.5, 3.6	1,680.6	(666.5)	452.1	1,466.2	120.8	1,587.0

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

Financial Report
Cash flow statement for the financial year ended 30 June 2016

USD million	Note	2016	2015
Cash flows from operating activities			
Profit for the financial period		**273.6**	707.9
Depreciation, amortisation and net impairment losses		**390.1**	376.8
Non-cash retirement benefit (gain)/expense		**12.1**	6.8
Net finance costs		**166.8**	169.2
Net gain on disposal of non-current assets	1.4	**(0.7)**	(29.4)
Share of net profits of equity accounted investments		**(17.3)**	(20.7)
Net foreign exchange (gain)/loss		**(10.0)**	1.0
Share-based payments expense	1.4	**24.2**	28.3
Other sundry items		**(43.8)**	(20.1)
Elimination of Venezuela exposure	1.4	**384.7**	-
Income tax expense	1.5	**135.3**	188.0
Operating cash flows before changes in working capital and provisions		**1,315.0**	1,407.8
- (Increase)/Decrease in trade and other receivables		**(106.7)**	(86.0)
- (Increase)/Decrease in inventories		**(65.6)**	(17.4)
- Decrease/(Increase) in other operating assets		**4.0**	1.8
- Increase/(Decrease) in trade and other payables		**211.1**	43.6
- (Decrease)/Increase in provisions		**84.5**	(22.4)
- (Decrease)/Increase in employee benefits and other operating liabilities		**(38.8)**	(36.4)
		1,403.5	1,291.0
Dividends received		**19.6**	31.8
Interest received		**30.5**	22.5
Interest expense		**(183.9)**	(188.3)
Income tax paid		**(170.3)**	(154.7)
Net cash flows from operating activities		**1,099.4**	1,002.3
Cash flows from investing activities			
Granting/(Repayment) of loans to associated companies and other persons		**2.3**	1.8
Payments for acquisition of controlled entities, businesses and associates, net of cash acquired		**(498.1)**	(98.4)
Payments for property, plant and equipment and intangible assets		**(348.9)**	(323.0)
Proceeds on disposal of associates, controlled entities and businesses		**1.5**	0.8
Elimination of Venezuela exposure (cash impact)	3.3	**(184.2)**	-
Proceeds on disposal of property, plant and equipment		**30.4**	83.5
Net cash flows from investing activities		**(997.0)**	(335.3)

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

USD million	Note	2016	2015
Cash flows from financing activities			
Proceeds from share issues		**39.5**	45.9
Shares purchased on-market and settlement of forward contracts		**(295.9)**	(343.0)
Payments for treasury shares	3.5	**(53.2)**	(77.7)
Proceeds on capital contribution from non-controlling interest		**-**	(1.5)
Proceeds from borrowings		**5,701.2**	6,084.0
Repayment of borrowings		**(5,036.2)**	(5,698.7)
Principal lease repayments		**(2.0)**	(2.2)
Dividends and other equity distributions paid		**(480.3)**	(480.1)
Net cash flows from financing activities		**(126.9)**	(473.3)
Net increase / (decrease) in cash held		**(24.5)**	193.7
Cash and cash equivalents at the beginning of the financial period		**697.5**	505.2
Effects of exchange rate changes on cash and cash equivalents		**(159.6)**	(1.4)
Cash and cash equivalents at the end of the financial period[(1)]		**513.4**	697.5

(1) Refer 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. 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	2016	2015
Cash and cash equivalents	3.2	**515.7**	704.9
Bank overdrafts	3.2	**(2.3)**	(7.4)
Cash and cash equivalents at the end of the financial period		**513.4**	697.5

Bank overdrafts are repayable on demand and form an integral part of the Group's cash management, they are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

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

Financial Report
Notes to the Financial Statements
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 21.0, down 62.9%[(1)]
- Annual dividend of US cents 41.0 per share, up 2.5%
- Profit after tax attributable to the owners of Amcor Limited of USD 244.1 million, down 64.1%[(1)]

(1) After significant items (refer note 1.4)

1.1 Earnings per share

	2016	2015
EPS for profit attributable to the ordinary equity holders of Amcor Limited	**US Cents**	US Cents
Basic EPS	**21.0**	56.6
Diluted EPS	**20.7**	55.5
Profit attributable to the ordinary equity holders of Amcor Limited (USD million)	**244.1**	680.3
Weighted average number of ordinary shares for basic EPS (shares, million)	**1,162.2**	1,202.6
Weighted average number of ordinary shares and potential ordinary shares for diluted EPS (shares, million)	**1,177.3**	1,225.1

Calculation methodology

Basic EPS is profit for the year attributable to ordinary equity holders of the Company, divided by the weighted average number of ordinary shares on issue during the year, excluding ordinary shares purchased by the Company and held as treasury shares (refer note 3.5).

Diluted EPS is calculated on the same basis as Basic EPS except that it reflects the impact of any potential commitments the Group has to issue shares in the future. In 2016, the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares in relation to employee options and performance rights is 15.1 million shares (2015: 22.5 million shares).

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of authorisation of these financial statements that would impact on the above EPS calculations.

1.2 Dividends

	2016			2015		
USD million	**US Cents per Share**	**Total amount**	**Date of payment**	**US Cents per Share**	**Total amount**	**Date of payment**
Interim	19.0	220.2	22 March 2016	19.0	225.2	26 March 2015
Final[(1),(2)]	22.0	254.8	29 September 2016	21.0	246.5	30 September 2015
Total	**41.0**	**475.0**		40.0	471.7	

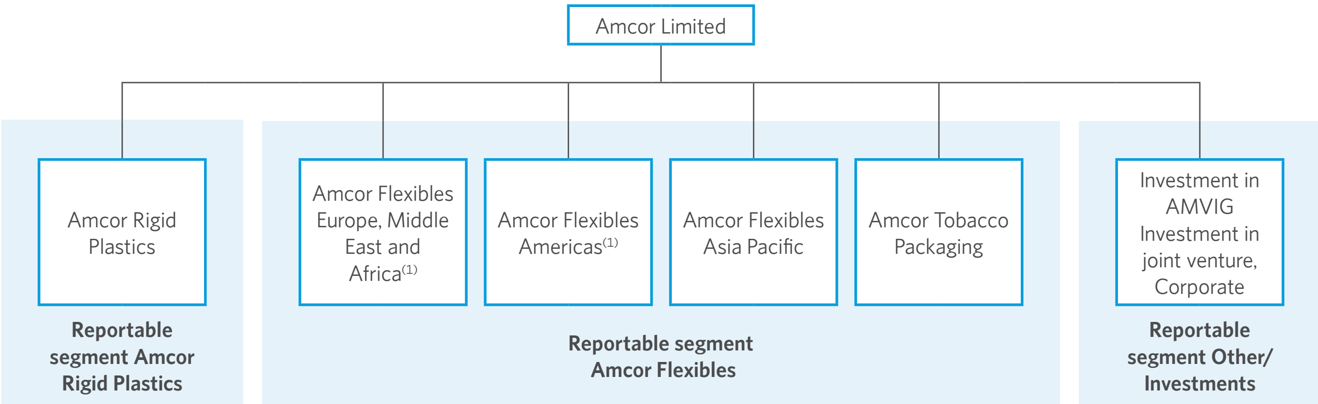
(1) Estimated final dividend payable, subject to variations in number of shares up to record date. This dividend has not been recognised as a liability as at 30 June 2016 and will be recognised in subsequent consolidated financial statements.
(2) Estimated final 2015 dividend amount was USD 247.7million, the difference to the actual amount is mainly foreign exchange related.

Franking credits and Conduit Foreign Income Account

There are insufficient franking credits available for distribution from the franking account. For the dividend payable on 29 September 2016, 100% of the dividend to non-residents is sourced from the parent entity's Conduit Foreign Income Account (2015: 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:



(1) On 1 July 2015, Amcor Flexibles Europe and America was split in two separate Business Groups, Amcor Flexibles Europe, Middle East and Africa and Amcor Flexibles Americas.

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, pet food packaging, champagne and wine closures. • The Amcor Flexibles Americas business produces flexible packaging for customers in the medical and pharmaceutical, fresh produce and snack food segments. • Amcor Tobacco Packaging which manufactures flexible packaging for specialty folding cartons for tobacco packaging 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) and the joint venture Discma AG (Discma). AMVIG is principally involved in the manufacture of tobacco packaging while Discma's operations primarily relate to the development and licensing of packaging product innovations. 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. Group financing (including finance income and costs) and income tax are managed on a group basis and are not allocated to operating segments.

Financial Report
Notes to the Financial Statements
Section 1: Key Performance Metrics (continued)

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 2016 and 2015:

	Amcor Rigid Plastics		Amcor Flexibles		Other/Investments		Total Consolidated	
USD million	**2016**	2015	**2016**	2015	**2016**	2015	**2016**	2015
Reportable segment revenue								
Revenue from sale of goods (refer income statement)	**3,357.3**	3,317.2	**6,064.0**	6,294.6	**-**	-	**9,421.3**	9,611.8
Inter-segment revenue	**-**	-	**1.9**	-	**-**	-	**1.9**	-
Total reportable segment revenue	**3,357.3**	3,317.2	**6,065.9**	6,294.6	**-**	-	**9,423.2**	9,611.8
Reportable segment profit/(loss)								
Profit/(loss) before depreciation, amortisation, interest, related income tax expense and significant items	**487.8**	454.4	**964.9**	998.2	**(43.4)**	(32.2)	**1,409.3**	1,420.4
Depreciation and amortisation	**(135.3)**	(133.1)	**(209.0)**	(213.7)	**(9.7)**	(8.5)	**(354.0)**	(355.3)
Profit/(loss) before interest, related income tax expense and significant items	**352.5**	321.3	**755.9**	784.5	**(53.1)**	(40.7)	**1,055.3**	1,065.1
Significant items before related income tax expense (cf. note 1.4)	**(384.7)**	-	**(94.9)**	-	**-**	-	**(479.6)**	-
Profit/(loss) before interest and related income tax expense	**(32.2)**	321.3	**661.0**	784.5	**(53.1)**	(40.7)	**575.7**	1,065.1
Share of net profits of equity accounted investments	**-**	-	**-**	-	**17.3**	20.7	**17.3**	20.7
Other								
Net impairment losses on property, plant and equipment and other non-current assets	**(16.2)**	(15.4)	**(2.5)**	(2.4)	**-**	-	**(18.7)**	(17.8)
Acquisition of property, plant and equipment and intangibles	**125.0**	134.2	**215.2**	165.8	**8.7**	23.0	**348.9**	323.0
Receivables	**318.4**	388.4	**1,053.9**	969.8	**49.4**	55.2	**1,421.7**	1,413.4
Inventory	**402.9**	451.5	**841.5**	762.4	**-**	-	**1,244.4**	1,213.9
Payables	**(767.9)**	(864.6)	**(1,448.7)**	(1,312.5)	**(105.7)**	(105.6)	**(2,322.3)**	(2,282.7)
Management working capital	**(46.6)**	(24.7)	**446.7**	419.7	**(56.3)**	(50.4)	**343.8**	344.6
Average funds employed	**1,512.1**	1,581.9	**2,933.5**	3,080.3	**448.8**	527.1	**4,894.4**	5,189.3
Equity accounted investments	**-**	-	**-**	-	**446.5**	458.2	**446.5**	458.2

Product segment revenue

USD million	2016	2015
Containers, preforms and closures	**3,357.3**	3,317.2
Films and other flexible products	**4,697.9**	4,945.3
Specialty flexible folding cartons	**1,366.1**	1,349.3
Consolidated sales revenue	**9,421.3**	9,611.8

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 net revenue.

Geographic segments

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

USD million	2016	2015
Western Europe	**2,793.1**	3,092.1
North America	**3,000.2**	3,078.9
Emerging Markets	**3,172.1**	2,907.5
Australia and New Zealand	**455.9**	533.3
Consolidated sales revenue	**9,421.3**	9,611.8

Revenues in Australia (Amcor's country of domicile) amounted to USD 333.4 million in 2016 (2015: USD 383.7 million).

Revenues in the United States and included within the North America geographical segment amounted to USD 2,865.5 million in 2016 (2015: USD 2,869.9 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	2016	2015
Western Europe	**1,464.1**	1,684.1
North America	**1,731.8**	1,519.6
Emerging Markets	**1,905.3**	1,544.1
Australia and New Zealand	**280.6**	261.3
Consolidated non-current assets(1)	**5,381.8**	5,009.1

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

Non-current assets in Australia amounted to USD 180.4 million (2015: USD 187.4 million). Non-current assets in the United States in 2016: USD 1,589.6 million (2015: USD 1,440.2 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.

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Section 1: Key Performance Metrics (continued)

1.3 Segment performance (continued)

Reconciliation of segment information to consolidated results

Segment receivables

USD million	2016	2015
Working capital receivables		
Total reportable segment working capital receivables	**1,421.7**	1,413.4
Financial instruments included for management reporting purposes	**(11.6)**	(12.2)
Other receivables excluded for management reporting purposes	**1.5**	67.3
Consolidated trade and other receivables (cf. note 2.1)	**1,411.6**	1,468.5

Segment payables

USD million	2016	2015
Working capital payables		
Total reportable segment working capital payables	**(2,322.3)**	(2,282.7)
Financial instruments included for management reporting purposes	**9.9**	5.1
Capital creditors and other payables excluded for management reporting purposes	**(106.0)**	(68.1)
Consolidated trade and other payables	**(2,418.4)**	(2,345.7)

Segment acquisition of property, plant and equipment and intangible assets

USD million	2016	2015
Acquisition of property, plant and equipment and intangibles		
Total consolidated reportable segment	**348.9**	323.0
Movement in capital creditors	**(5.0)**	17.7
Other non-cash adjustments	**19.3**	0.6
Consolidated acquisition of property, plant and equipment and intangibles[(1)]	**363.2**	341.3

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

1.4 Income and expenses

Income

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. Income for the year is shown in the table below:

USD million	**2016**	2015
Revenue from sale of goods	**9,421.3**	9,611.8
Other income:		
Net gain on disposal of property, plant and equipment	**0.7**	29.4
Net foreign exchange gains	**5.9**	0.5
Curtailment gains and settlements	**8.6**	11.9
Rebates, incentives and claims	**9.7**	9.9
Other(1)	**67.3**	85.2
Total other income	**92.2**	136.9
Finance income(2)	**34.4**	27.3
Total revenue	**9,547.9**	9,776.0

(1) Other is mainly made up of dividend income, bargain purchase on acquisition of business and refunds.
(2) Finance income comprises interest income on funds invested and related to defined benefit plans.

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Section 1: Key Performance Metrics (continued)

1.4 Income and expenses (continued)

Expenses

Profit before related income tax includes the following specific expenses:

USD million	2016	2015
Employee benefits expenses		
Wages and salaries	**1,802.7**	1,777.7
Workers' compensation and other on-costs	**172.2**	151.0
Retirement benefit funds	**15.9**	14.9
Superannuation costs - accumulation funds	**39.8**	36.1
Share-based payments expense	**24.2**	28.3
Other employment benefits expense	**14.9**	7.9
Total employee benefits expense	**2,069.7**	2,015.9
Depreciation and amortisation	**354.0**	355.2
Finance expenses		
Interest and borrowing costs	**192.2**	186.4
Other	**9.0**	10.1
Total finance expenses	**201.2**	196.5
Rental expense relating to operating leases		
Minimum lease payments	**95.3**	93.3
Contingent rentals	**5.7**	4.7
Total rental expense relating to operating leases	**101.0**	98.0
Ongoing restructuring costs	**10.2**	38.5
Significant items		
One off charge to eliminate exposure in Venezuela (cf. note 3.3)	**384.7**	-
Flexibles Restructuring program	**94.9**	-
Significant items before related income tax expense(1)	**479.6**	-
Tax benefit on significant items (cf. note 1.5)	**(52.6)**	-
Total significant items	**427.0**	-

(1) Included in general and administration expenses

Finance expenses

Finance expenses comprise mainly of 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 profit or loss 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

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

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.

Current tax

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

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

Deferred tax

Deferred tax is recognised for all taxable temporary differences and is calculated based on the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for temporary differences relating to:

- initial recognition of goodwill;
- initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit; and
- investments in subsidiaries, associates and jointly controlled entities where the Group is able to control the timing of the reversal of the temporary difference and it is probable that they will not reverse in the foreseeable future.

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

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

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

Key judgements and estimates

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

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Section 1: Key Performance Metrics (continued)

1.5 Taxation (continued)

Income tax expense for the year

USD million	2016	2015
Current tax (expense)/benefit		
Current period	**(203.8)**	(206.7)
Adjustments to current tax expense relating to prior periods	**21.0**	14.6
Tax losses, tax credits and temporary differences not recognised for book in prior years now recouped	**6.8**	11.1
Total current tax (expense)/benefit	**(176.0)**	(181.0)
Deferred tax (expense)/benefit		
Origination and reversal of temporary differences	**57.0**	(10.9)
Adjustments to deferred tax expense relating to prior period	**(13.0)**	-
Tax losses and credits derecognised	**(5.1)**	-
Change in applicable tax rates	**1.8**	3.9
Total deferred tax (expense)/benefit	**40.7**	(7.0)
Total income tax (expense)/benefit	**(135.3)**	(188.0)

Numerical reconciliation of income tax expense to prima facie tax payable

USD million	2016	2015
Profit before related income tax expense	**408.9**	895.9
Tax at the Australian tax rate of 30% (2015: 30%)	**(122.7)**	(268.8)
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:		
Net operating items non-deductible/non-assessable for tax	**(11.2)**	24.1
Significant items non-deductible/non-assessable for tax	**(91.3)**	-
Capital structures	**23.3**	18.9
Previously unrecognised tax losses, tax credits and temporary differences now used to reduce income tax expense	**6.8**	11.1
Tax losses and credits derecognised	**(5.1)**	-
Effect of local tax rate change	**1.8**	3.9
	(198.4)	(210.8)
Over/(under) provision in prior period	**8.0**	(7.2)
Foreign tax rate differential	**55.1**	30.0
Total income tax expense	**(135.3)**	(188.0)

Tax on items recognised directly in equity

For the year ended 30 June 2016, USD 3.6 million tax benefit (2015: USD 2.5 million expense) were credited/(charged) directly to equity as a transaction with owners in their capacity as owners (refer note 3.6 Reserves).

Tax on significant items

The current year tax expense includes a tax benefit of USD 35.8 million relating to the elimination of the Venezuela exposure and USD 16.8 million to the Flexibles Restructuring program.

Deferred tax assets and liabilities reconciliation

Deferred tax relates to the following:

USD million	Statement of financial position 2016	Statement of financial position 2015	Income statement 2016	Income statement 2015
Property, plant and equipment	**(241.6)**	(229.8)	**6.7**	(0.8)
Impairment of trade receivables	**1.6**	(1.4)	**2.7**	(4.2)
Intangibles	**(158.5)**	(156.5)	**(1.8)**	1.9
Valuation of inventories	**8.0**	8.0	**3.2**	5.0
Employee benefits	**96.5**	84.8	**2.7**	1.0
Provisions	**61.5**	30.5	**30.8**	(13.7)
Financial instruments at fair value and net investment hedges	**13.6**	(3.8)	**9.5**	(23.6)
Tax losses carried forward	**32.8**	74.6	**(29.5)**	16.3
Accruals and other items	**22.0**	41.5	**16.4**	11.1
Deferred tax (expense)/benefit			**40.7**	(7.0)
Net deferred tax assets/(liabilities)	**(164.1)**	(152.1)		
Presented in the statement of financial position as follows:				
Deferred tax assets	**47.5**	77.9		
Deferred tax liabilities	**(211.6)**	(230.0)		
Net deferred tax assets/(liabilities)	**(164.1)**	(152.1)		

Unrecognised deferred tax assets

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

USD million	2016	2015
Unused tax losses for which no deferred tax asset has been recognised(1)	**884.5**	896.5
Potential tax benefits on unused tax losses at applicable rates of tax	**260.5**	257.6
Unrecognised tax credits	**25.8**	23.4
Deductible temporary differences not recognised	**74.2**	75.9
Total unrecognised deferred tax assets	**360.5**	356.9

(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

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

Unremitted earnings of the Group's international operations are considered to be reinvested indefinitely and relate to the ongoing operations. Upon distribution of any earnings in the form of dividends or otherwise, the Group may be subject to withholding taxes payable to various foreign countries; however, such amounts are not considered to be significant. As the Group controls when the deferred tax liability will be incurred and is satisfied that it will not be incurred in the foreseeable future, the deferred tax liability has not been recognised.

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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 with the current year tax expense.

2.1 Trade and other receivables

Trade and other receivables are initially recognised at the value of the invoice issued to the customer and subsequently at the amount considered recoverable from the customer (amortised cost using the effective interest rate method).

Trade and other receivables as at 30 June comprise:

	Not Impaired		Impaired		Total	
USD million	**2016**	2015	**2016**	2015	**2016**	2015
Not past due	**1,082.0**	1,090.0	**1.1**	0.9	**1,083.1**	1,090.9
Past due 0-30 days	**62.5**	71.8	**3.5**	0.4	**66.0**	72.2
Past due 31-120 days	**19.7**	24.8	**5.2**	1.0	**24.9**	25.8
More than 121 days	**7.3**	3.0	**14.5**	15.9	**21.8**	18.9
Trade receivables	**1,171.5**	1,189.6	**24.3**	18.2	**1,195.8**	1,207.8

Less provision for impairment losses	**(15.5)**	(14.7)
Total trade receivables	**1,180.3**	1,193.1
Prepayments	**72.3**	82.8
Other receivables	**159.0**	192.6
Total trade and other receivables	**1,411.6**	1,468.5

Management has assessed that a portion of the impaired receivables as at 30 June is expected to be recovered.

Credit risk – customer contracts

Nature of credit risk

The risk of financial loss to Amcor if a customer does not pay in full the amounts owing to Amcor under its customer contract.

Credit risk management

Customer-related credit risk is managed by each business group 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 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. The Group undertakes transactions with a large number of customers and counterparties in various countries with policies in place to ensure that sales are made to customers with appropriate credit history.

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 it is considered unlikely that the full amount of a customer invoice will be paid, a provision is raised for the amount that is doubtful. An impairment provision is recognised when there is objective evidence that the Group will be unable to collect amounts due and is recognised in the income statement 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	2016	2015	Costs included to bring each product to its present location and condition(1)
Raw materials and stores	**599.1**	533.4	Purchase cost on a first-in first-out or weighted average basis
Work in progress	**146.1**	166.4	Direct materials and labour and a proportion of manufacturing overheads incurred in the normal course of business
Finished goods	**499.2**	514.1	
Total inventories	**1,244.4**	1,213.9	

(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. Upon initial recognition, the leased asset is measured at an amount equal to the lower of the fair value of the leased asset and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is depreciated over the shorter of the asset's useful life and the lease term, unless it is reasonably certain that ownership will be obtained by the end of the lease term where it is depreciated over the period of the expected use which is the useful life of the asset.

All other leases are operating leases and are expensed to the income statement 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. Gains and losses on disposals are determined by comparing disposal proceeds with the carrying amount of the disposed asset and are recognised within other income in the income statement in the period the disposal occurs.

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Section 2: Operating assets and liabilities (continued)

2.3 Property, plant and equipment (continued)

Property, plant and equipment is analysed as follows:

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 3% - 5%	2.5% - 7%	4% - 33%	Shorter of lease term or 4% - 20%	
2016						
Cost						
Opening balance	**153.5**	**7.5**	**794.7**	**4,257.0**	**15.1**	**5,227.8**
Additions for the period	**3.1**	**0.1**	**16.4**	**323.2**	**0.8**	**343.6**
Disposals during the period	**(3.7)**	**-**	**(11.5)**	**(128.4)**	**(0.2)**	**(143.8)**
Additions through business acquisitions	**4.2**	**-**	**18.0**	**240.7**	**-**	**262.9**
Other transfers	**-**	**0.1**	**16.1**	**(16.2)**	**-**	**-**
Effect of movements in foreign exchange rates	**(5.4)**	**(0.3)**	**(25.8)**	**(178.1)**	**(0.3)**	**(209.9)**
Closing balance	**151.7**	**7.4**	**807.9**	**4,498.2**	**15.4**	**5,480.6**
Accumulated depreciation and impairment						
Opening balance	**(0.7)**	**(4.0)**	**(262.6)**	**(2,384.9)**	**(8.9)**	**(2,661.1)**
Depreciation charge	**(0.1)**	**(0.3)**	**(37.0)**	**(283.0)**	**(1.1)**	**(321.5)**
Disposals during the period	**0.1**	**-**	**9.3**	**102.9**	**0.1**	**112.5**
Impairment loss	**-**	**-**	**(3.6)**	**(21.9)**	**-**	**(25.5)**
Reversal of impairment loss	**-**	**-**	**-**	**0.1**	**-**	**0.1**
Effect of movements in foreign exchange rates	**-**	**0.3**	**8.5**	**96.8**	**0.2**	**105.8**
Closing balance	**(0.7)**	**(4.0)**	**(285.4)**	**(2,490.0)**	**(9.7)**	**(2,789.7)**
Carrying value 30 June 2016	**151.0**	**3.4**	**522.5**	**2,008.2**	**5.7**	**2,690.9**
2015						
Cost						
Opening balance	178.4	8.5	914.2	4,621.2	18.2	5,740.5
Additions for the period	2.4	-	27.2	285.3	-	314.9
Disposals during the period	(12.8)	-	(60.6)	(124.0)	-	(197.4)
Additions through business acquisitions	5.2	-	4.8	10.1	-	20.1
Other transfers	-	0.2	8.2	(8.4)	-	-
Effect of movements in foreign exchange rates	(19.7)	(1.2)	(99.1)	(527.2)	(3.1)	(650.3)
Closing balance	153.5	7.5	794.7	4,257.0	15.1	5,227.8
Accumulated depreciation and impairment						
Opening balance	(0.6)	(4.1)	(274.7)	(2,531.3)	(9.7)	(2,820.4)
Depreciation charge	(0.1)	(0.4)	(50.7)	(274.4)	(1.1)	(326.7)
Disposals during the period	-	-	30.6	119.4	-	150.0
Impairment loss	-	-	(1.0)	(16.8)	-	(17.8)
Effect of movements in foreign exchange rates	0.1	0.5	33.2	318.2	1.9	353.8
Closing balance	(0.7)	(4.0)	(262.6)	(2,384.9)	(8.9)	(2,661.1)
Carrying value 30 June 2015	152.8	3.5	532.1	1,872.1	6.2	2,566.7

Non-current assets pledged as security

At 30 June 2016, property, plant and equipment with a carrying value of USD 46.3 million (2015: USD 6.2 million) were provided as security for certain interest-bearing borrowings. The increase compared to 30 June 2015 mainly relates to acquired assets. Refer to note 3.2 for more information on non-current assets pledged as security by the Group.

In addition, property with a carrying value of USD 3.0 million has been pledged as security with regards to the Group's Brazil excise and income tax claims (2015: USD 3.3 million).

2.4 Intangible assets

The Group's intangible assets comprise goodwill and other intangible assets.

Goodwill represents the excess amount the Group has paid in acquiring a business over the fair value of the assets and liabilities acquired. Goodwill is carried at cost less any accumulated impairment losses and is considered as having an indefinite useful economic life. It is allocated to the cash generating unit of which the acquisition forms a part. Goodwill is not amortised and is reviewed for impairment at least annually or when there is an indication of impairment.

Other intangible assets which are separately identifiable and can be sold separately comprise acquired and internally developed assets. A summary of the major classes of other intangible assets is as follows:

- Customer relationships obtained through acquiring businesses are measured at fair value at the date of acquisition. This asset is subsequently carried at cost less accumulated amortisation and impairment losses.
- Computer software, developed internally or acquired externally, is initially measured at cost and includes development expenditure. Subsequently, these assets are carried at cost less accumulated amortisation and impairment losses.
- Product development which includes innovation expenditure is recognised at cost if the product is technically and commercially feasible, future economic benefits are probable and the Group intends to and has adequate resources available to complete the development. Subsequently, these assets are carried at cost less accumulated amortisation and impairment losses. Expenditure on product research activities is recognised in the income statement in the period in which the expenditure is incurred.

Key judgements and estimates

Assessments of the recoverable value of an intangible asset, the useful economic life of an asset or that an asset has an indefinite life require management judgement and are reassessed at each reporting date.

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Section 2: Operating assets and liabilities (continued)

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	
2016						
Cost						
Opening balance	1,560.1	255.1	161.4	24.6	20.5	2,021.7
Additions through internal activities	-	-	19.3	-	-	19.3
Additions for the period	-	-	-	-	0.3	0.3
Additions through business acquisitions	249.0	31.0	-	-	9.6	289.6
Disposals during the period	-	-	(0.5)	-	-	(0.5)
Other transfers	-	-	(11.0)	11.0	-	-
Effect of movements in foreign exchange rates	(14.8)	0.4	(6.4)	(1.3)	0.1	(22.0)
Closing balance	1,794.3	286.5	162.8	34.3	30.5	2,308.4
Accumulated amortisation and impairment						
Opening balance	(4.1)	(65.7)	(89.5)	(8.8)	(8.3)	(176.4)
Amortisation charge(1)	-	(15.1)	(10.7)	(6.2)	(0.5)	(32.5)
Disposals during the period	-	-	0.5	-	-	0.5
Impairment loss	-	-	(2.5)	-	-	(2.5)
Effect of movements in foreign exchange rates	0.1	0.2	3.8	0.4	0.1	4.6
Closing balance	(4.0)	(80.6)	(98.4)	(14.6)	(8.7)	(206.3)
Carrying value 30 June 2016	1,790.3	205.9	64.4	19.7	21.8	2,102.1

(1) Amortisation expenses are included in general and administration expenses USD 32.2 million (2015: USD 28.1 million), sales and marketing expenses USD 0.2 million (2015: USD 0.2 million) and research costs USD 0.3 million (2015: USD 0.2 million).

USD million	Goodwill	Other intangible assets: 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	
2015						
Cost						
Opening balance	1,695.7	276.5	153.0	26.3	14.0	2,165.5
Additions through internal activities	-	-	25.6	-	-	25.6
Additions for the period	-	-	0.8	-	-	0.8
Additions through business acquisitions	40.7	5.2	-	-	9.5	55.4
Disposals during the period	-	-	(4.2)	-	-	(4.2)
Other transfers	-	-	0.2	(0.2)	-	-
Effect of movements in foreign exchange rates	(176.3)	(26.6)	(14.0)	(1.5)	(3.0)	(221.4)
Closing balance	1,560.1	255.1	161.4	24.6	20.5	2,021.7
Accumulated amortisation and impairment						
Opening balance	(4.8)	(58.2)	(91.6)	(5.5)	(9.1)	(169.2)
Amortisation charge(1)	-	(13.6)	(10.0)	(4.2)	(0.7)	(28.5)
Disposals during the period	-	-	3.9	-	-	3.9
Impairment loss	-	-	(0.2)	-	-	(0.2)
Other transfers	-	-	(0.2)	0.2	-	-
Effect of movements in foreign exchange rates	0.7	6.1	8.6	0.7	1.5	17.6
Closing balance	(4.1)	(65.7)	(89.5)	(8.8)	(8.3)	(176.4)
Carrying value 30 June 2015	1,556.0	189.4	71.9	15.8	12.2	1,845.3

(1) Amortisation expenses are included in general and administration expenses USD 32.2 million (2015: USD 28.1 million), sales and marketing expenses USD 0.2 million (2015: USD 0.2 million) and research costs USD 0.3 million (2015: USD 0.2 million).

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Section 2: Operating assets and liabilities (continued)

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 at 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, then 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 or a CGU's fair value less costs of disposal and 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 - pre-tax discount rates used are the weighted average cost of capital determined by current market inputs and adjusted for the risks specific to the asset or CGU.
- 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.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

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	
	2016	2015	**2016**	2015	**2016**	2015
CGU	**USD million**	USD million	**%**	%	**%**	%
Rigid Plastics						
Rigid Plastics	**714.8**	669.5	**12.9**	12.9	**1.5**	1.5
Flexibles						
Flexibles Europe, Middle East & Africa	**280.1**	283.3	**7.7**	7.6	**0.0**	0.0
Flexibles Americas	**301.8**	116.3	**11.0**	7.6	**2.0**	0.0
Tobacco Packaging	**247.5**	251.0	**7.7**	7.6	**0.0**	0.0
Flexibles Asia Pacific	**246.0**	235.9	**9.7**	9.2	**3.0**	3.0
	1,790.2	1,556.0				

Sensitivity analysis on reasonably possible changes to the discount rates or 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 2016, the Group recorded impairments totalling USD 25.5 million (2015: USD 17.8 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 2016, the Group recorded impairments totalling USD 2.5 million (2015: USD 0.2 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 other assets are assessed at each reporting date for any indications that the impairment loss has decreased or may no longer exist. The impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount of the asset and is reversed only to the extent that the carrying amount of the asset does not exceed the carrying amount that would have been determined, net of amortisation or depreciation, had no impairment loss been recognised.

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

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Section 2: Operating assets and liabilities (continued)

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 at reporting date. Any reasonable change in these assumptions is not expected to have a significant impact on the provisions.

The present value of a provision is determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as a 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 with 12 months of the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. 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. Liabilities which are not expected to be settled within 12 months are discounted at the reporting date using market yields of high quality corporate bonds or government bonds for countries where there is no deep market for corporate bonds. The rates used reflect the terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.	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 comprise 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

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. Payments falling due greater than 12 months after the reporting date are discounted to present value. During the period Amcor continued to adapt the organisation within developed markets. This will result in the restructuring or closure of several plants in developed markets and streamlining the organisation, particularly for the Flexibles segment in Europe, to enable greater customer focus and speed to market. The provisions made during the period mainly relate to these restructuring initiatives as announced in June 2016.	Future costs associated with the restructuring and time line the restructure will take

Provisions as at 30 June are analysed as follows:

USD million	Employee entitlements	Insurance and other claims	Onerous contracts	Asset restoration	Restructuring	Other	Total
Balance at 1 July 2015	**62.4**	**42.6**	**4.8**	**36.3**	**32.7**	**2.5**	**181.3**
Provisions made during the period	29.0	31.8	0.6	0.1	95.1	6.9	163.5
Payments made during the period	(23.0)	(18.6)	(2.5)	(0.8)	(21.4)	(0.7)	(67.0)
Released during the period	(0.6)	(3.8)	-	0.2	(8.7)	(0.1)	(13.0)
Additions through business acquisitions	9.1	-	0.8	4.2	-	2.5	16.6
Unwinding of discount	-	-	-	0.2	0.2	-	0.4
Effect of movement in foreign exchange rate	(1.2)	(1.9)	(0.4)	(1.0)	(2.6)	-	(7.1)
Balance at 30 June 2016	**75.7**	**50.1**	**3.3**	**39.2**	**95.3**	**11.1**	**274.7**
Current	**40.0**	**33.2**	**2.4**	**0.2**	**95.3**	**8.2**	**179.3**
Non-current	**35.7**	**16.9**	**0.9**	**39.0**	**-**	**2.9**	**95.4**

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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.

The Company announced a USD 500 million on market share buy-back on 17 February 2015 and purchases commenced on 16 March 2015. USD 295.6 million and 27.0 million shares were purchased to 30 June 2015, out of which USD 18.1 million and 1.7 million shares were not cancelled at year end as they settled after year end. By the time the share buy-back was completed on 22 October 2015, a total of 48.5 million shares were purchased and cancelled at a cost of USD 499.7 million.

Management uses the following metrics to assist in maintaining an efficient capital structure:

- Leverage Ratio: net debt/profit before interest, tax, depreciation and amortisation (PBITDA) pre significant items
- PBITDA interest cover: PBITDA pre significant items / interest expense

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 2016 were investment grade BBB/Baa2 (2015: BBB/Baa2). The Group uses a range of financial metrics to monitor the efficiency of its capital structure, including leverage ratio (net debt/ PBITDA) and PBITDA interest cover.

At 30 June the Group's position in relation to these metrics was:

Metric	**Policy Range**	**2016** (1)	2015 (1)
Leverage ratio (times)	2.25 to 2.75	**2.6**	2.0
PBITDA interest cover (times)	>6.0	**8.4**	8.4

(1) Adjusted on a 12 month pro forma basis for acquisitions completed during the year

Metrics are maintained in excess of any debt covenant restrictions. At 30 June 2016, the reported Leverage ratio is 2.6 times which sits within the current Management target range of 2.25 to 2.75 times. This ratio is impacted by a number of factors including the sources and uses of cash flows generated by the Group and foreign exchange rates when expressed in US dollars.

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 ruling 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.

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Section 3: Group's capital and risks (continued)

3.2 Net debt (continued)

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

USD million	2016 Current	2016 Non-current	2015 Current	2015 Non-current
Secured borrowings:				
Bank loans	-	-	9.6	-
Other loans	**0.8**	**11.0**	-	11.0
Lease liabilities	**3.7**	**9.9**	0.9	5.5
Total secured borrowings	**4.5**	**20.9**	10.5	16.5
Unsecured borrowings:				
Bank overdrafts	**2.3**	-	7.4	-
Bank loans	**25.0**	**879.9**	100.7	333.1
Commercial paper	**587.6**	-	837.0	-
US dollar notes	**274.9**	**682.4**	-	953.7
Euro notes	-	**111.1**	56.2	112.3
Eurobond	-	**975.3**	-	971.5
144A	-	**596.2**	-	-
Swiss bond	-	**152.6**	-	161.5
Other loans	**22.4**	**10.0**	0.9	24.0
Total unsecured borrowings	**912.2**	**3,407.5**	1,002.2	2,556.1
Total interest-bearing liabilities	**916.7**	**3,428.4**	1,012.7	2,572.6
Total Current and Non-current interest-bearing liabilities		**4,345.1**		3,585.3
Cash on hand and at Bank[(1)]		**(420.5)**		(596.3)
Deposits - Short term and at call[(2)]		**(95.2)**		(108.6)
Total cash and cash equivalents		**(515.7)**		(704.9)
Net Debt		**3,829.4**		2,880.4

(1) Deposits for the Group bear floating interest rates based on prevailing market rates of the respective jurisdictions.
(2) Short-term deposit and short-term money market investments.

Facility Details	Facility Limit		Facility Usage 2016	2015
Land, plant and buildings				
Mortgages	USD 11.0	May 2021 - USD 8.0 million Nov 2053 - USD 2.7 million	**11.0**	11.0
Property, plant and equipment is provided as security for lease liabilities. Refer note 2.3				
Bank Loans				
- committed multi-currency facility	AUD 100.0	January 2016	**-**	65.1
- committed multi-currency facility	AUD 100.0	June 2018	**67.6**	25.0
- committed syndicated multi-currency facility to support uncommitted commercial paper programs.	USD 565.4	July 2020(3)	**48.3**	-
- committed global syndicated multi-currency facility.	USD 776.6	October 2018	**493.8**	310.7
- Syndicated facility entered into in April 2014 to support US commercial paper program	USD 750.0	April 2019(3)	**255.0**	-
- Other loans			**40.2**	33.0
Commercial paper markets borrowing - Uncommitted promissory note facility	AUD 600.0		**332.7**	237.2
Commercial paper markets borrowing - Uncommitted commercial paper program	USD 600.0		**254.9**	599.8
United States Private Placement borrowing - Senior unsecured notes issued 2002	USD 100.0	Maturity in December 2017	**99.9**	99.9
United States Private Placement borrowing - Senior unsecured notes issued 2009	USD 850.0	Bullet maturities between 2016 and 2021	**857.4**	853.8
United States Private Placement borrowing - Senior unsecured notes issued 2010	EUR 50.0	1 September 2015	**-**	56.2
	EUR 100.0	1 September 2020	**111.1**	112.3
Eurobond market borrowings - unsecured notes	EUR 550.0	April 2019	**608.7**	614.9
Eurobond market borrowings - unsecured notes	EUR 300.0	March 2023	**366.6**	356.6
144A / Regulation S - Senior unsecured notes issued 2016	USD 600.0	April 2026	**596.2**	-
Swiss bond market borrowings - unsecured notes	CHF 150.0	April 2018	**152.6**	161.5

(3) 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 to the commercial paper should there be any difficulty in rolling over the commercial paper. Usage of these facilities reduces the available capacity to be drawn under the syndicated multi-currency facility.

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Section 3: Group's capital and risks (continued)

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 300 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.

USD million	2016 Committed	2016 Uncom-mitted	2016 Total	2015 Committed	2015 Uncom-mitted	2015 Total
Financing facilities available:						
Bank overdrafts	-	128.8	128.8	-	113.8	113.8
Unsecured bill acceptance facility/standby facility	1,196.3	-	1,196.3	1,175.0	-	1,175.0
Loan facilities and term debt	3,762.6	153.8	3,916.4	3,035.4	95.2	3,130.6
	4,958.9	282.6	5,241.5	4,210.4	209.0	4,419.4
Facilities utilised:						
Bank overdrafts	-	2.3	2.3	-	7.4	7.4
Unsecured bill acceptance facility/standby facility	587.6	-	587.6	837.0	-	837.0
Loan facilities and term debt	3,657.3	97.9	3,755.2	2,667.4	73.5	2,740.9
	4,244.9	100.2	4,345.1	3,504.4	80.9	3,585.3
Facilities not utilised:						
Bank overdrafts	-	126.5	126.5	-	106.4	106.4
Unsecured bill acceptance facility/standby facility	608.7	-	608.7	338.0	-	338.0
Loan facilities and term debt	105.3	55.9	161.2	368.0	21.7	389.7
	714.0	182.4	896.4	706.0	128.1	834.1

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.

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. The carrying value of trade payables 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
2016					
Non-interest-bearing	2,418.4	-	-	-	2,418.4
Variable rate	903.0	91.0	568.4	10.1	1,572.5
Fixed rate	389.6	356.4	1,208.5	1,375.9	3,330.4
Total non-derivatives	3,711.0	447.4	1,776.9	1,386.0	7,321.3
2015					
Non-interest-bearing	2,345.7	-	-	-	2,345.7
Variable rate	1,283.0	314.7	50.6	15.6	1,663.9
Fixed rate	101.8	157.6	1,509.4	913.5	2,682.3
Total non-derivatives	3,730.5	472.3	1,560.0	929.1	6,691.9

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Section 3: Group's capital and risks (continued)

3.2 Net debt (continued)

(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 2016 approximately 48.0% of the Group's debt is fixed rate. (2015:43.0%).

All of the Group's interest rate swaps are classified as fair value through profit or loss so any movements in the fair value are recorded in the income statement rather than equity.

Interest rate sensitivity

A sensitivity analysis has been performed regarding 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 in which the borrowings are denominated, with all other variables held constant. No individual currency has an impact to the post-tax profit greater than USD 10 million increase/decrease, with the most significant exposure to the United States dollar which has a movement of USD 8.9 million (2015: USD 9.8 million). 100 basis points 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 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.

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.

(i) Foreign exchange risk

Key judgements and estimates

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:

	Transactions >USD500,000	**Transactions <USD500,000**	**Capital Expenditure >USD100,000**
Policy where contractual certainty	Must hedge 100%	Local management discretion	Must hedge 100% or have a hedge strategy in place

Where contractual uncertainty exists, the proportion of exposure hedged is dependent upon the timeframe of the forecasted transaction as follows:

Forecast period	**< 6 Months**	**7 to 12 Months**	**1-2 Years**	**>2 years**
Percentage Hedged	75%	50%	25%	Nil

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.

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3.3 Financial risk management (continued)

Exposure

The following table details the maturity of receipts/payments of forward currency contracts (US dollar equivalents) outstanding at balance date for the material currency exposures of the Group:

	Contract amounts			
	2016		2015	
USD million	Months 0 - 12	Years 1-2	Months 0 - 12	Years 1-2
Buy CHF Sell EUR	45.6	-	82.0	-
Buy GBP Sell USD	5.9	2.1	144.7	1.7
Buy USD Sell AUD	95.9	-	218.7	-
Buy USD Sell NZD	11.8	-	7.9	-
Buy MXN Sell USD	4.8	-	6.7	-
Buy NZD Sell AUD	0.3	-	18.1	-
Buy AUD Sell SGD	1.0	-	48.5	-
Buy CHF Sell USD	16.5	-	6.8	-
Buy USD Sell CHF	12.0	1.1	10.6	-
Buy PLN Sell USD	95.4	-	10.5	-
Buy AUD Sell CHF	86.4	-	0.4	-
Buy EUR Sell CHF	60.2	-	-	-
Buy CAD Sell EUR	56.3	-	79.0	-
Buy CAD Sell USD	138.9	5.7	54.9	5.8
Buy AUD Sell USD	186.1	-	-	-
Buy EUR Sell AUD	173.9	0.1	416.7	-
Buy EUR Sell GBP	28.9	3.3	25.4	-
Buy GBP Sell EUR	213.3	6.4	98.7	-
Buy EUR Sell USD	205.9	1.9	39.5	0.7
Buy USD Sell EUR	426.6	-	0.5	-

During the 12 months to 30 June 2016, the Group transferred a USD 3.1 million loss (2015: USD 1.3 million loss) in cost of sales from equity to operating profit while nothing was added to the measurement of non-financial assets (2015: USD 0.1 million loss).

Key judgements 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 United States dollars:

- 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.

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 the denomination of the net assets and net debt (US dollar equivalents) at the end of the financial period:

USD million	USD	EUR	GBP	CHF	NZD	HKD	AUD	Other	Total
2016									
Designated hedges	**-**	**1,100.7**	**98.6**	**152.6**	**67.6**	**377.3**	**-**	**-**	**1,796.8**
Natural hedges	**1,517.0**	**(287.6)**	**(81.8)**	**(100.1)**	**(24.8)**	**-**	**1,067.7**	**(57.8)**	**2,032.6**
Net debt	**1,517.0**	**813.1**	**16.8**	**52.5**	**42.8**	**377.3**	**1,067.7**	**(57.8)**	**3,829.4**
Net assets, excluding net debt	**1,604.6**	**988.9**	**24.0**	**87.1**	**95.6**	**427.7**	**259.0**	**1,187.9**	**4,674.8**
Net assets	**87.6**	**175.8**	**7.2**	**34.6**	**52.8**	**50.4**	**(808.7)**	**1,245.7**	**845.4**
2015									
Designated hedges	375.0	1,180.4	115.6	162.2	65.1	331.4	-	-	2,229.7
Natural hedges	710.0	(65.2)	(26.8)	(24.9)	(8.2)	-	521.4	(455.6)	650.7
Net debt	1,085.0	1,115.2	88.8	137.3	56.9	331.4	521.4	(455.6)	2,880.4
Net assets, excluding net debt	1,252.1	1,216.0	104.8	139.0	95.7	437.4	250.1	972.3	4,467.4
Net assets	167.1	100.8	16.0	1.7	38.8	106.0	(271.3)	1,427.9	1,587.0

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3.3 Financial risk management (continued)

Foreign exchange risk – Venezuela

As disclosed in the Group financial statements for the year ended 30 June 2015 and the half year ended 31 December 2015, the Venezuelan economic and political environment has been volatile, challenging and deteriorating. Venezuela is a hyperinflationary economy with exchange control regulations.

Since 31 December 2015 the Venezuelan economic environment has deteriorated further and this has adversely impacted the business environment, including increased variability in access to the various exchange rate mechanisms.

On 17 February 2016, the Venezuelan government announced a simplification of the exchange control mechanisms, replacing the previous "three tiered" exchange rate mechanism with "two tiers" effective 10 March 2016:

- CENCOEX Official Rate devaluated from previously 6.3 VEF/USD and is now fixed at 10 VEF/USD. This rate is referred to as DIPRO.
- SICAD Rate (previously valued at 13.5 VEF/USD) is eliminated.
- SIMADI Rate is replaced by a new "floating" system known as DICOM. As at 30 June 2016 this rate was at 640 VEF/USD.

These evolving exchange control regulations have resulted in increasing and permanent restrictions on foreign currency conversion. This has resulted in a more than temporary lack of exchangeability between the Venezuelan Bolivar and US Dollar. Accordingly the Group has been increasingly restricted in its ability to import the key raw material resin as well as spare parts and to settle obligations denominated in US dollars, including trade payables and intergroup balances. In addition, there have been increasing regulatory restrictions, for example in relation to sales margin control and Government imposed labour rates.

As a result of the above circumstances the Group has been restricted in its ability to fully implement business decisions and operate its Venezuelan operations. This has been most evident in the months leading up to the 30 June 2016 year end when production has been impacted by an inability to source resin and obtain currency exchange approvals on a regular basis.

Accordingly, effective 30 June 2016, the Group saw a need to address the current exposure in relation to the operations in Venezuela with a number of measures that resulted in an overall one-time after tax charge of USD 348.9 million recorded in the Group's income statement as part of the general and administration expense off-set by related tax benefits recorded in income tax expense. There is no material residual financial exposure on the Amcor balance sheet related to Venezuela.

The Group will continue to account for its operations in Venezuela as an associate, but given the impact of the above and the effect of the exchange rate mechanism the results are expected to be negligible. As at 30 June 2016 the residual investment value in the Group accounts is nil.

Key judgements and estimates

With the measures taken the Group believes that the financial exposure related to Venezuela has been effectively eliminated. However, Amcor remains committed to its operations in Venezuela and will continue to monitor developments closely both from an operational and accounting related stand point.

Hedge of net investment in foreign operation

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 debt 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. Any translation impacts from the net assets of foreign subsidiaries, has been ignored.

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**	
	2016	2015	**2016**	2015
	%	%	**USD million**	USD million
Euro	**9.8**	10.8	**12.0**	43.4
British pound	**12.8**	7.9	**22.9**	18.7
Swiss franc	**9.4**	11.2	**5.9**	8.4
New Zealand dollar	**13.3**	12.0	**5.4**	5.8

(ii) Commodity price risk

The Group is exposed to commodity price risk from a number of 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 entity 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.

(iii) 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, i.e. 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 2016, the Trust held 2,390,937 (2015: 3,433,629) 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:

	2016			2015		
	Expiry date	**Contract volume**	**Average hedged price AUD**	Expiry date	Contract volume	Average hedged price AUD
Less than one year	**May 2017**	**3,600,000**	**16.01**	May 2016	7,400,000	13.91

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.

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3.3 Financial risk management (continued)

(iv) 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.

The Group has two types of hedges:

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 gains or losses on both the derivative or financial instrument and hedged asset or liability attributable to the hedged risk are recognised in the income statement immediately. 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 other income or other expenses. If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortised to the income statement over the period to maturity using a recalculated effective interest rate.	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. When a hedging instrument expires or is sold, terminated or exercised, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the underlying forecast transaction occurs. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

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

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

USD million	2016 Asset	2016 Liability	2015 Asset	2015 Liability
Current				
Derivative financial instruments - fair value through profit and loss:				
Forward exchange contracts	**10.7**	**8.6**	11.9	4.8
Commodity contracts	**0.8**	**-**	-	0.2
Derivative financial instruments - cash flow hedges:				
Forward exchange contracts	**0.9**	**2.1**	0.3	-
Forward contracts to purchase own equity to meet share plan obligations	**-**	**43.0**	-	97.1
Total current other financial assets/liabilities	**12.4**	**53.7**	12.2	102.1

USD million	2016 Asset	2016 Liability	2015 Asset	2015 Liability
Non-current				
Derivative financial instruments - fair value through profit and loss:				
Hedge contracts for cash settled Employee Share Plan Options	**-**	**-**	0.2	-
Interest rate swaps	**44.3**	**-**	25.5	-
Total non-current other financial assets/liabilities	**44.3**	**-**	25.7	-

The table below analyses the Group's net and gross settled derivative financial instruments 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
2016			
Derivatives			
Gross settled			
- Inflow	**2,026.5**	**21.8**	**2,048.3**
- Outflow	**(2,025.4)**	**(22.2)**	**(2,047.6)**
Total financial assets/(liabilities)	**1.1**	**(0.4)**	**0.7**
2015			
Derivatives			
Gross settled			
- Inflow	1,293.2	21.4	1,314.6
- Outflow	(1,271.4)	(25.6)	(1,297.0)
Total financial assets/(liabilities)	21.8	(4.2)	17.6

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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:

		2016		2015	
USD million	Note	Total carrying value	Total fair value	Total carrying value	Total fair value
Financial liabilities					
US Dollar notes	3.2	**957.3**	**1,058.5**	953.7	1,077.0
144A	3.2	**596.2**	**618.0**	-	-
Euro notes	3.2	**111.1**	**134.7**	168.5	172.7
Eurobond	3.2	**975.3**	**1,048.0**	971.5	1,063.7
Swiss bond	3.2	**152.6**	**157.6**	161.5	170.5
		2,792.5	**3,016.8**	2,255.2	2,483.9

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. The US dollar notes mature between December 2016 and December 2021, the 144A Senior unsecured notes mature in April 2026, the Euro notes mature between September 2016 and September 2020, while the Eurobonds mature between April 2019 and March 2023, and the Swiss bond in April 2018.

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 (i.e. as over the counter prices) or indirectly (i.e. 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 2016 (2015: nil).

The derivative financial instruments in note 3.3 were recognised at fair value using 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. Any difference between the carrying amount and the consideration, if re-issued, is recognised in retained earnings.

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.

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3.5 Contributed equity (continued)

	2016		2015	
	No. '000	USD million	No. '000	USD million
Ordinary shares				
Balance at beginning of period	**1,181,415**	**1,716.9**	1,206,685	2,086.1
Exercise of options under the Long Term Incentive Plan	**9,512**	**48.2**	10,786	60.4
Exercise of performance rights under the Long Term Incentive Plan	**487**	**1.8**	716	2.1
Exercise of performance rights under the Equity Management Incentive Plan	**1,731**	**13.1**	2,033	11.9
Exercise under the Senior Executive Retention Share Plan	**15**	**0.1**	-	0.2
Forward contract settled to satisfy exercise of options and rights under Employee Share Plans	**-**	**(41.4)**	-	(78.7)
Treasury shares used to satisfy exercise of options and rights under Employee Share Plans	**(11,745)**	**(49.9)**	(13,535)	(87.6)
Share buy-back(1)	**(23,274)**	**(222.2)**	(25,270)	(277.5)
Balance at end of period	**1,158,141**	**1,466.6**	1,181,415	1,716.9
Treasury shares				
Balance at beginning of period	**(3,433)**	**(36.3)**	(1,507)	(14.1)
Acquisition of shares by the Amcor Employee Share Trust	**(5,027)**	**(53.2)**	(7,036)	(77.7)
Forward contract settled	**(7,400)**	**-**	(5,300)	-
Employee Share Plan issue	**11,745**	**49.9**	13,535	87.6
Shares purchased on-market to satisfy the exercise of options and rights under Employee Share Plans	**-**	**-**	(1,400)	(14.0)
Share buy-back, shares not cancelled at 30 June 2015(1)	**1,725**	**18.1**	(1,725)	(18.1)
Balance at end of period	**(2,391)**	**(21.5)**	(3,433)	(36.3)
Total contributed equity	**1,155,750**	**1,445.1**	1,177,982	1,680.6

(1) The Company announced a USD 500 million on market share buy-back on 17th February 2015 and purchases commenced on 16th March 2015. USD 295.6 million and 27.0 million shares were purchased to 30 June 2015, out of which USD 18.1 million and 1.7 million shares were not cancelled at year end as they settled after year end. By the time the share buy-back was completed on 22nd October 2015, a total of 48.5 million shares were purchased and cancelled at a cost of USD 499.7 million.

3.6 Reserves

Amcor has the following 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 EFR.

USD million	Cash flow hedge reserve	Share-based payments reserve	Demerger reserve	Exchange fluctuation reserve	Total reserves
Balance at 1 July 2015	**0.4**	**58.4**	**(652.1)**	**(73.2)**	**(666.5)**
Reclassification to profit or loss (cf. note 3.3)	**3.1**	**-**	**-**	**147.9**	**151.0**
Effective portion of changes in fair value	**(16.7)**	**-**	**-**	**-**	**(16.7)**
Transfer to accruals for deferred cash settlement	**-**	**(1.2)**	**-**	**-**	**(1.2)**
Currency translation differences	**-**	**-**	**-**	**(238.6)**	**(238.6)**
Deferred tax	**0.1**	**-**	**-**	**(25.3)**	**(25.2)**
Tax effect on forward contracts entered into to purchase own equity to meet share plan obligations	**-**	**(3.6)**	**-**	**-**	**(3.6)**
Settlement of performance rights	**-**	**(23.6)**	**-**	**-**	**(23.6)**
Share-based payments expense	**-**	**24.2**	**-**	**-**	**24.2**
Balance at 30 June 2016	**(13.1)**	**54.2**	**(652.1)**	**(189.2)**	**(800.2)**
Balance at 1 July 2014	(3.4)	60.5	(652.1)	180.7	(414.3)
Reclassification to profit or loss	1.3	-	-	-	1.3
Reclassified to non-financial assets	0.1	-	-	-	0.1
Effective portion of changes in fair value	3.0	-	-	-	3.0
Currency translation differences	-	-	-	(247.7)	(247.7)
Deferred tax	(0.6)	-	-	(6.2)	(6.8)
Tax effect on forward contracts entered into to purchase own equity to meet share plan obligations	-	2.5	-	-	2.5
Settlement of performance rights	-	(32.9)	-	-	(32.9)
Share-based payments expense	-	28.3	-	-	28.3
Balance at 30 June 2015	0.4	58.4	(652.1)	(73.2)	(666.5)

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Section 4: Business portfolio

In this section

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. With the acquisition of Alusa and further businesses across all segments and geographies, the Group could grow its footprint in developed as well as in emerging markets.

Further financial information regarding the Group's business portfolio and reportable segments is set out in Section 1.3.

4.1 Businesses acquired

Business combinations are accounted for using the acquisition method. Identifiable assets, liabilities and contingent liabilities acquired are measured at fair value at the acquisition date.

The fair value of the consideration transferred comprises the initial cash paid to the sellers and an estimate for any future payments the Group may be liable to pay, based on future performance of the business. This latter amount is classified as contingent consideration and can be either classified as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss. Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange.

The excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the fair value of the net identifiable assets acquired is goodwill. When the excess is negative, the difference is recognised directly in profit or loss as a bargain purchase. Acquisition related costs are expensed as incurred.

On the acquisition of a subsidiary, or of an interest in an associate or joint venture, fair values are attributed to the net assets including identifiable intangible assets and contingent liabilities acquired.

The non-controlling interests on the date of acquisition can be measured at either fair value or at the non-controlling shareholders' proportion of the net fair value of the identifiable assets assumed. This choice is made separately for each acquisition. Transactions with non-controlling interests are recorded directly in retained earnings.

The fair value of net assets acquired and cash consideration paid in respect of acquisitions during the year were as follows with the more substantial acquisitions discussed below:

USD million	Alusa 2016	Other 2016	**Total 2016**	2015
Cash and cash equivalents	9.3	5.1	**14.4**	-
Trade and other receivables	108.4	41.6	**150.0**	12.3
Inventories	58.5	44.2	**102.7**	8.9
Property, plant and equipment	183.0	79.9	**262.9**	15.4
Deferred tax assets	3.8	8.1	**11.9**	1.6
Intangible assets	9.6	29.7	**39.3**	14.7
Other non-current assets	2.7	3.0	**5.7**	3.7
Trade and other payables	(66.5)	(38.4)	**(104.9)**	(13.0)
Current interest-bearing liabilities	(66.6)	(5.4)	**(72.0)**	(4.8)
Current tax liabilities	(0.9)	0.8	**(0.1)**	(2.8)
Current provisions	(4.2)	(2.2)	**(6.4)**	(0.1)
Deferred tax liabilities	(21.5)	(13.3)	**(34.8)**	(1.9)
Non-current provisions	(5.9)	(4.3)	**(10.2)**	(0.2)
Retirement benefit obligations	-	(0.1)	**(0.1)**	-
Non-current interest-bearing liabilities	(36.9)	-	**(36.9)**	-
Fair value of net identifiable assets acquired	172.8	148.7	**321.5**	33.8
Add goodwill	153.8	95.2	**249.0**	37.3
Bargain purchase recognised in other income	-	(16.0)	**(16.0)**	(4.4)
Fair value of net assets acquired	326.6	227.9	**554.5**	66.7
Purchase consideration				
Cash paid	326.6	201.1	**527.7**	53.5
Deferred consideration	-	26.8	**26.8**	13.2
Total purchase consideration	326.6	227.9	**554.5**	66.7
Cash flows on acquisition				
Cash consideration	326.6	180.6	**507.2**	53.5
Prior year deferred consideration - paid current year	-	5.4	**5.4**	-
Less: cash acquired	(9.3)	(5.2)	**(14.5)**	-
Outflow of cash	317.3	180.8	**498.1**	53.5

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Section 4: Business portfolio (continued)

4.1 Businesses acquired (continued)

Significant acquisition during the period:

Alusa

On 1 June 2016 the Group acquired 100% of Alusa, the largest flexible packaging business in South America. Alusa has four plants and a broad range of capabilities including film extrusion, flexographic and gravure printing and lamination. It is the largest flexible packaging manufacturer and supplier in Chile and Peru, and a leading participant in Colombia and Argentina, with one plant in each of these four countries. The acquired business has strong, long standing relationships with large multinational and regional customers and generates sales of approximately USD 375 million from the supply of flexible packaging for food, personal care and pet food applications.

The purchase price amounted to USD 326.6 million and was paid upon closing. The previously announced purchase price of USD 435 million representing the price for a debt-free / cash-free acquisition was subsequently adjusted mainly to reflect the impact of external debt acquired by the Group as part of Alusa's net assets. As a result of this transaction the Group recognised USD 172.8 million of acquired net assets resulting in a preliminary goodwill of USD 153.8 million. The goodwill on acquisition is primarily attributable to expected synergies available to the consolidated entity upon the integration of the businesses into the Group, as well as benefits derived from the acquired workforce and other intangible assets that cannot be separately recognised. A detailed purchase price allocation will be performed over the twelve months following acquisition date. Alusa's net contribution after transaction costs is immaterial to the Group's results for the year ended 30 June 2016.

Further notable acquisitions made during the financial year ended 30 June 2016 are as follows:

Plastic Moulders Limited

On 12 May 2016 the Group acquired 100% of Plastic Moulders Limited, a rigid plastics business that manufactures containers and closures for the food and home / personal care markets in North America for USD 34.8 million (CAD 44.6 million). The business operates a single plant in Toronto and has sales of approximately USD 26.4 million (CAD 35.0 million). Plastic Moulders has established relationships with a number of large multinational customers and brings new technologies including precision injection moulding and in-mould labelling. The acquisition will generate considerable synergies in terms of procurement, manufacturing costs and overhead. Preliminary goodwill recorded is USD 22.2 million (CAD 28.5 million).

Nampak Flexibles

On 1 July 2015 the Group acquired Nampak Flexibles, the market leader in flexible packaging in South Africa. Nampak Flexibles has three plants with extrusion, lamination and conversion capabilities and generates sales of approximately USD 94.0 million (ZAR 1.1 billion) per annum. The business services leading multi-national and domestic customers in the beverage, food and home care end markets. The acquisition price was USD 22.7 million (ZAR 280.0 million). Acquired net assets after completion of purchase price allocation amount to USD 35.4 million (ZAR 480.2 million) resulting in a bargain purchase with a USD 12.7 million (ZAR 200.2 million) of gain that has been included in other income. Amcor believes the bargain purchase has arisen due to Nampak exiting a non-core business in the country.

Souza Cruz tobacco packaging operations

On 1 September 2015 the Group acquired 100% of the tobacco packaging operations of Souza Cruz located in Cachoeirinha, Rio Grande do Sul in Brazil for USD 30.1 million (BRL 98.1 million). Souza Cruz is majority owned by British American Tobacco plc (BAT) and is the market leader in the Brazilian cigarette market. The investment is supported by a long term supply contract between Amcor and Souza Cruz. The purchase price includes USD 23.6 million (BRL 74.8 million) paid on closing with the balance of USD 6.5 million (BRL 23.3 million) being deferred consideration including some earn-out arrangements. Preliminary purchase price adjustments have been recorded at 30 June 2016 and a bargain purchase of USD 3.2 million (BRL 20.9 million) has been recorded in other income. Amcor believes the bargain purchase has arisen due to Souza Cruz exiting a non-core business in the country.

Encon

On 28 October 2015 the Group acquired the United States preform manufacturing business of the privately owned Encon. The consideration payable was USD 54.2 million, of which USD 40.4 million was paid on the acquisition date and USD 13.8 million is subject to earn-out arrangements, payable over 5 years. With operations in four manufacturing sites, Encon generates revenues of approximately USD 110.0 million per annum servicing both Amcor's existing customers and new customers within the beverage, food and household segments. Preliminary balance sheet numbers have been included at 30 June 2016 and goodwill of USD 23.9 million has been recorded.

Deluxe Packages

On 31 December 2015 the Group acquired Deluxe Packages, a privately owned flexibles packaging business for USD 46.9 million which included USD 1.3 million of cash within the business. Deluxe operates one manufacturing plant in Yuba City, California. The business generates revenues of approximately USD 42.0 million per annum providing high-performance flexible packaging products to customers in the fresh food and snack segments. Preliminary balance sheet information has been included at 30 June 2016 which results in goodwill of USD 31.7 million being recorded.

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Section 4: Business portfolio (continued)

4.2 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
Amcor Limited (Parent)	Australia
Amcor Flexibles (Australia) Pty Limited	Australia
Vinisa Fueguina S.R.L.	Argentina
Amcor Flexibles Transpac BVBA	Belgium
Amcor Rigid Plastics do Brasil Ltda	Brazil
Amcor Packaging Canada Inc	Canada
Jiangyin Propack Packing Co Ltd	China
Propack Huizhou Limited	China
Amcor Flexibles Denmark ApS	Denmark
Amcor Flexibles Sarrebourg SAS	France
Amcor Flexibles Selestat SAS	France
Amcor Flexibles Capsules France SAS	France
Amcor Flexibles Packaging France SAS	France
Amcor Flexibles Singen GmbH	Germany
Tscheulin-Rothal GmbH (98.76%)	Germany
Amcor Flexibles Italia S.r.l.	Italy
Amcor Packaging Korea Limited	Korea
Amcor Flexibles (New Zealand) Limited	New Zealand
Amcor Flexibles Reflex Sp z.o.o	Poland
Amcor Tobacco Packaging Polska Spolka z.o.o.	Russia
Amcor Tobacco Packaging Novgorod LLC	Russia
Amcor Tobacco Packaging 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 Tobacco Packaging Switzerland GmbH	Switzerland
Amcor Group GmbH	Switzerland
Amcor Flexibles Kreuzlingen AG	Switzerland
Amcor Flexibles Rorschach AG	Switzerland
Amcor Flexibles Bangkok Public Company Limited (99.42%)	Thailand
Amcor Tobacco Packaging Izmir Gravur Baski Sanayi Ticaret AS	Turkey
Amcor Flexibles UK Ltd	United Kingdom
Amcor Packaging UK Ltd	United Kingdom
Amcor Flexibles Inc	United States of America
Amcor Rigid Plastics USA, LLC	United States of America
Amcor Packaging Investments USA Inc	United States of America
Amcor Tobacco Packaging Americas LLC	United States of America

4.3 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	
				2016	2015	**2016**	2015
AMVIG Holdings Limited	Associate	Tobacco packaging	Cayman Islands	**47.6**	47.6	**427.7**	437.4
Aggregate carrying amount of individually immaterial equity accounted investments						**18.8**	20.8
Total equity accounted investments						**446.5**	458.2

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 2016, the Group has used the latest publicly available financial information, being the audited results for the year ended 31 December 2015 plus management's best estimate for the six months ended 30 June 2016. The Group's share of net assets is based on the latest publicly available set of financial statements dated 31 December 2015 (2015: 31 December 2014).

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Section 4: Business portfolio (continued)

4.3 Equity accounted investments (continued)

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

USD million	2016	2015
Summarised statement of comprehensive income		
Revenues	**420.7**	458.5
Profit after tax	**41.5**	52.5
Other comprehensive income	**(30.3)**	(14.5)
Total comprehensive income	**11.2**	38.0
Summarised statement of financial position		
Current assets	**392.3**	520.2
Non-current assets	**476.3**	479.2
Total assets	**868.6**	999.4
Current liabilities	**117.1**	160.4
Non-current liabilities	**268.6**	331.7
Total liabilities	**385.7**	492.1
Net assets reported by AMVIG	**482.9**	507.3

Reconciliation to carrying value of AMVIG

USD million	2016	2015
Group's share of net assets	**229.9**	241.5
Notional goodwill	**204.4**	204.7
Effects of movement in foreign exchange rates and other adjustments	**(6.6)**	(8.8)
Carrying amount at the end of the financial year	**427.7**	437.4

The Amcor carrying value of AMVIG when expressed in Hong Kong dollars per share is greater than the Hong Kong dollar per share quoted for AMVIG on the Hang Seng at 30 June 2016.

Key judgements and estimates

The Group's view is that AMVIG's quoted share price does not accurately reflect the fundamental value of the business. Accordingly, the Group has assessed the recoverable amount measured at the higher of fair value less costs of disposal and value in use. Value in use is calculated from 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 12.9% (2015: 10.8%) and a perpetual growth rate of 5% (2015: 5%). Based on the value in use assessment including 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 2016.

Acquisitions and disposals

In 2016, there were no acquisitions or disposals of AMVIG shares or other changes in the Group's share of AMVIG.

In 2015, AMVIG issued additional shares to one of its Directors, resulting in a dilution of the Group's ownership percentage to 47.6%.

Transactions with equity accounted investments

During the period ended 30 June 2016, the Group did not incur any further research costs (2015: USD 3.7 million) in relation to Discma AG and no further capital was injected (2015: USD 6.3 million) to support ongoing expenses. As at 30 June 2016, all amounts due from the equity accounted investment are settled (2015: USD 1.0 million due from the equity accounted investment).

During the 12 months to 30 June 2016, the Group received dividends of USD 13.2 million from associates (2015: USD 33.1 million).

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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 (refer to pages 36 to 49), 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-settled 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 described 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 (e.g. 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.

Equity-settled share-based payments

Description of plans

A description of plans is contained in the table on page 106. 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:

	Weighted average 2016 fair value		Weighted average 2015 fair value	
	No.	**AUD**	No.	AUD
Restricted shares at beginning of financial period	**15,000**	**7.11**	60,000	7.11
Issued during the period	**585,281**	**13.49**	-	-
Restriction lifted	**(15,000)**	**7.11**	(30,000)	7.11
Cancelled	**-**	**-**	(15,000)	7.11
Restricted shares at end of financial period	**585,281**	**13.49**	15,000	7.11

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Section 5: Employee remuneration (continued)

5.1 Share based payments (continued)

A description of the equity plans in place during the year ended 30 June 2016 is described below:

	Long Term Incentive			Short Term Incentive Deferred Equity
	Options	**Performance Rights or Performance Shares**	**CEO Special Equity Awards**	**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 receive fully paid ordinary shares 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.	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 a Return on Average Funds Employed (RoAFE) test, a Share Price Condition, and the employee remaining in employment of the Company	Subject to a relative Total Shareholder Return (TSR) test and the employee remaining in employment of the Company	Subject to alignment of performance with the Amcor Values as assessed by the Managing Director and Chief Executive Officer and the employee remaining in employment of the Company	Subject to the employee remaining in employment of the Company
Vesting period	4 years	4 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.	Vested awards will remain exercisable until the expiry date. On expiry, any vested but unexercised awards 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.	Unvested awards are forfeited if the co-worker voluntarily ceases employment or is dismissed for poor performance.

The following table shows the movement of the awards under the equity plans:

	Options		Performance Shares/ Rights	CEO Special Equity Award	Share Rights
Weighted average	No.	Exercise price AUD	No.	No.	No.
2016					
Outstanding at beginning of financial period	**24,914,500**	**7.34**	**4,506,200**	**744,700**	**3,065,446**
Granted	**-**	**-**	**-**	**-**	**1,559,470**
Exercised	**(9,512,665)**	**5.83**	**(486,839)**	**-**	**(1,730,688)**
Lapsed/Cancelled(1)	**(1,409,087)**	**8.28**	**(481,021)**	**(78,300)**	**(80,420)**
Outstanding at end of financial period	**13,992,748**	**8.26**	**3,538,340**	**666,400**	**2,813,808**
Exercisable at end of financial period	**978,221**	**5.78**	**34,590**	**-**	**-**
2015					
Outstanding at beginning of financial period	33,569,846	6.19	5,017,200	704,700	3,851,652
Granted	5,870,600	10.28	1,578,400	40,000	1,595,967
Exercised	(10,785,684)	5.10	(715,953)	-	(2,033,304)
Lapsed/Cancelled(2)	(3,740,262)	9.05	(1,373,447)	-	(348,869)
Outstanding at end of financial period	24,914,500	7.34	4,506,200	744,700	3,065,446
Exercisable at end of financial period	589,900	5.73	34,100	-	-

The weighted average share price as at the date of exercise for Options was AUD 13.61 (2015: AUD 11.29) and AUD 13.27 (2015: AUD 11.05) as at the date of exercise for Share Rights.

The exercise price of the Share Rights and Performance Rights are nil.

(1) Includes awards that were modified to SERPs or cash payment upon employees' departure.

(2) Includes awards that were lapsed and converted to cash payment upon departure of certain key executives.

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Section 5: Employee remuneration (continued)

5.1 Share based payments (continued)

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

Grant date	Exercise price AUD	2016 No.	2015 No.
5 Aug to 22 Sep 10	5.17	**55,000**	75,439
9 Dec 11 to 12 Jun 12	5.81	**194,800**	514,461
9 Dec 11 to 12 Jun 12	5.81	**728,421**	9,875,200
30 Nov 12	6.09	**4,747,300**	5,305,500
20 Nov 13	9.31	**4,109,527**	4,548,600
24 Nov 14	10.28	**4,157,700**	4,595,300
Outstanding at end of financial period		**13,992,748**	24,914,500
Weighted average remaining contractual life of options outstanding at end of the period		**2.8 years**	3.9 years

Cash-settled share-based payments

Cash-settled share-based payment plans are in place in countries where the Company is unable to issue shares or options.

Description of plans

Senior Executive Retention Payment Plan

The Board may nominate certain employees as eligible to participate in the Senior Executive Retention Payment Plan (SERPP). Instead of receiving fully-paid ordinary shares, entitlements are issued in part satisfaction of an employee's remuneration for the relevant financial year. The value of each plan entitlement is linked to the performance of Amcor Limited shares (including the value of accrued dividends). Plan entitlements may be converted into a cash payment after the five year restriction period has expired (or otherwise as determined by the Board), provided that the employee has not been dismissed for cause or poor performance during this time. If the employee voluntarily ceases employment within four or five years from the date the plan entitlements were issued, the employee forfeits 40% or 20% of their plan entitlements, respectively.

Details of the entitlements issued under the SERPP during the current and comparative period are as follows:

	2016		2015	
Weighted average	**No.**	**Fair value AUD**	No.	Fair value AUD
Outstanding at beginning of financial period	**39,200**	**7.62**	78,400	7.62
Cancelled	**(39,200)**	**7.62**	(39,200)	7.62
Outstanding at end of financial period	**-**	**-**	39,200	7.62
Exercisable at end of financial period	**-**	**-**	-	-

Liabilities for share-based payments

USD million	2016	2015
Total carrying amount of liabilities for cash settled arrangements	**5.2**	2.2

The carrying amount of liabilities for cash-settled arrangements relate to certain awards of a former key executive which were converted to a cash payment upon his departure to be paid in the future subject to certain post-employment conditions.

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. The Group is progressively moving away from providing voluntary defined benefits because of the increased financial risk and uncertainty associated with these arrangements. The voluntary plans are now, generally, closed to new joiners and current co-workers no-longer accrue service-related benefits. Plans can be either funded, where cash contributions are made by the Group and, in some plans, also by co-workers, are paid into the fund and invested, or unfunded, where no cash contributions are required to be put aside to cover future payments. In the unfunded plans the Group is responsible for meeting benefit payments as they fall due.

During the year, the Group maintained 15 statutory and mandated defined benefit arrangements, which generally provide lump sum payments at retirement or on earlier exit from Amcor's employment. These plans are generally unfunded. The defined benefit plan in Switzerland provides the mandatory benefits which can be paid as a cash lump sum and/or as a pension – this mandatory plan is funded.

The Group maintains 49 voluntary defined benefit plans which provide benefits to plan members and, on their death, to their beneficiaries. With the exception of the plans in Germany, these plans are funded. Plan members' benefits are generally calculated according to a formula linked to the period of membership as an active member of the plan and their earnings. Benefits are paid as a cash lump sum and/or as a pension when they are due. The Group underwrites the investment, mortality and inflation risks associated with meeting these benefit obligations. In the event of poor investment returns in the funded plans the Group needs to address this through a combination of increased level of contribution or, where it is possible, by making adjustments to the plan.

The Group's obligation in respect of defined benefit and other post-retirement plans is calculated separately for each plan and is measured as the present value of the future benefit that co-workers have earned in return for their service in the current and prior periods, less the fair value of any plan assets. The net of the Group's defined benefit asset and liabilities is shown in the statement of financial position. The present value of the defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method, the valuation method required by AASB 119 *Employee Benefits*. Expected future payments are discounted using market yields on national government or investment grade corporate bonds at the reporting date, whose terms to maturity and currency match, as closely as possible, the estimated future cash outflows. When the calculation results in a benefit to the Group, the recognised asset is limited to the present economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan, or on settlement of the plan liabilities. Any minimum funding requirements have also been taken into account when determining the final net defined benefit liability or asset.

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.

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Section 5: Employee remuneration (continued)

5.2 Retirement benefit obligations (continued)

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 (Settlement). 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.

USD million	**2016 Defined benefit obligation**	**2016 Fair value of plan assets**	**2016 Net defined benefit liability/ (asset)**	2015 Defined benefit obligation	2015 Fair value of plan assets	2015 Net defined benefit liability/ (asset)
Balance at 1 July	**1,600.2**	**(1,234.8)**	**365.4**	1,503.6	(1,231.2)	272.4
Included in profit or loss						
Current service cost	**20.7**	**-**	**20.7**	18.7	-	18.7
Past Service Cost - Plan Amendments	**(8.3)**	**-**	**(8.3)**	(11.3)	-	(11.3)
Past service cost - Curtailments / Settlements	**(0.3)**	**-**	**(0.3)**	(0.6)	-	(0.6)
Interest expense/(income)	**35.4**	**(28.6)**	**6.8**	45.2	(38.6)	6.6
Total amount recognised in profit or loss	**47.5**	**(28.6)**	**18.9**	52.0	(38.6)	13.4
Included in other comprehensive income						
Re-measurements:						
– loss/(gain) from change in demographic assumptions	**(9.3)**	**-**	**(9.3)**	7.7	-	7.7
– loss/(gain) from change in financial assumptions	**106.2**	**-**	**106.2**	214.6	-	214.6
– experience loss/(gain)	**(3.5)**	**-**	**(3.5)**	3.1	-	3.1
– return on plan assets, excluding amounts included in interest expense/(income)	**-**	**8.5**	**8.5**	-	(70.3)	(70.3)
Total amount recognised in other comprehensive income	**93.4**	**8.5**	**101.9**	225.4	(70.3)	155.1
Other						
Contributions:						
– paid by the employer	**-**	**(39.3)**	**(39.3)**	-	(38.7)	(38.7)
– paid by participants	**6.4**	**(6.4)**	**-**	6.6	(6.6)	-
Benefits paid	**(63.7)**	**63.7**	**-**	(57.1)	57.1	-
Restrictions on assets recognised	**-**	**(0.1)**	**(0.1)**	-	(0.2)	(0.2)
Effect of movements in exchange rates	**(132.1)**	**116.9**	**(15.2)**	(130.3)	93.7	(36.6)
Total other	**(189.4)**	**134.8**	**(54.6)**	(180.8)	105.3	(75.5)
Balance at 30 June	**1,551.7**	**(1,120.1)**	**431.6**	1,600.2	(1,234.8)	365.4
Non-current asset			**(14.8)**			(20.8)
Non-current liability			**446.4**			386.2

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Section 5: Employee remuneration (continued)

5.2 Retirement benefit obligations (continued)

USD million	2016 Defined benefit obligation	2016 Fair value of plan assets	2016 Net defined benefit liability/(asset)	2015 Defined benefit obligation	2015 Fair value of plan assets	2015 Net defined benefit liability/(asset)
Balance at 30 June	1,551.7	(1,120.1)	431.6	1,600.2	(1,234.8)	365.4
Restrictions on asset recognised		(0.4)	(0.4)		(0.5)	(0.5)
Fair value of plan assets		(1,120.5)	(1,120.5)		(1,235.3)	(1,235.3)
Present value of unfunded defined benefit obligation	159.6		159.6	169.8		169.8
Present value of funded defined benefit obligation	1,392.1		1,392.1	1,430.4		1,430.4
Liabilities for defined benefit obligations	1,551.7		1,551.7	1,600.2		1,600.2
Actives	506.7		506.7	490.3		490.3
Vested Terminees	452.9		452.9	496.5		496.5
Retirees	592.1		592.1	613.4		613.4
	1,551.7	(1,120.1)	431.6	1,600.2	(1,234.8)	365.4
The plan assets and liabilities by country is analysed below:						
UK	586.7	(545.2)	41.5	637.7	(615.7)	22.0
Switzerland	499.1	(351.6)	147.5	495.6	(380.6)	115.0
Other Europe	311.6	(140.0)	171.6	335.8	(148.2)	187.6
North America	146.3	(81.4)	64.9	145.9	(88.4)	57.5
Asia	8.0	(1.9)	6.1	(14.8)	(1.9)	(16.7)
	1,551.7	(1,120.1)	431.6	1,600.2	(1,234.8)	365.4

Principal plans

The characteristics and risks associated with the principal plans of the Group are described below:

United Kingdom	• The previous two plans were merged into one combined funded plan on 1 June 2016 • Closed to new entrants and no longer accruing service-related or salary-related benefits • Benefits increase in line with at least the statutory indexation as required by local legislation • The Company is required to finance any funding shortfall • The Trustee consults with the Company and agrees an affordable and reasonable funding plan for cash injections by the Company • The Trustee is responsible for the plan's assets in terms of investment strategy and asset allocations • At least once every three years, the Statement of Investment Principles (SIP) is reviewed by the Trustee in consultation with the Company • SIPs are kept under review and the Trustee informs, and agrees with, the Company an amended SIP before implementing any changes
Switzerland	• Cash balance funded retirement plan • Contributions based on a fixed percentage of salary are paid by both the Company and the co-worker to build a cash balance in the name of the co-worker • Interest is credited to each co-workers cash balance each year • Interest credits can be positive or nil, negative credits are not permitted. Due to accounting rules this causes the fund to be recorded as a defined benefit fund despite the Company not being responsible for any funding deficit • Funding surpluses belong to the members and are not refundable to the Company • At retirement, co-workers' cash balances are converted at a fixed rate into a retirement annuity or if they leave the Company, transferred to another fund of the co-worker's choice • The Pension Fund Board is responsible for managing funding and ensuring no funding deficit
Other Europe – France	• There are 4 defined benefit plans of which 1 is closed to new entrants • 2 Plans are partially indemnified by Rio Tinto Limited on the same basis as in Germany below • 10 entities in France provide unfunded lump sum benefits at retirement as required under collective employee agreements, these are considered 1 plan for purposes of the above
Other Europe – Germany	• There are 16 defined benefit plans of which 10 are closed to new entrants • A group of 158 employees who are approaching retirement age continue to accrue service-related or salary-related benefits • Legislation requires that the pensions in payment must be reviewed every three years and adjusted based on the increase in the Retail Price Index • 4 plans are funded and 12 plans unfunded • 6 of the unfunded plans are partially indemnified by Rio Tinto Limited which assumes responsibility for its former employees' retirement entitlements as at 1 February 2010 when the Group acquired Alcan Packaging from Rio Tinto Limited • Rio Tinto Limited pays monthly pension instalments to a significant proportion of the plans' retirees via a Contractual Trust Agreement
North America – Canada	• There are 5 defined benefit plans, 4 provide retirement benefits and one provides post-retirement medical benefits • The 4 retirement plans are funded, the post-retirement plan is unfunded. • The retirement plans no longer accrue future benefits and provide indexation in line with inflation and salaries where required under local legislation • Post retirement medical plan is closed to new entrants
North America – United States of America	• There are 2 funded defined benefit plans, a retirement plan and a post-retirement medical plan • The retirement plan is closed to future accrual • The Group has agreed to provide contributions to finance the funding shortfall in line with local funding standards • Following the introduction of significant legislation changes to medical insurance arrangements in the United States in 2014, the Group has terminated the benefit for a majority of plan participants • A small number of retirees are still eligible for the benefit until 31 December 2016 only

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Section 5: Employee remuneration (continued)

5.2 Retirement benefit obligations (continued)

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:

	2016			2015		
USD million	**Quoted**	**Unquoted**	**Total**	Quoted	Unquoted	Total
Equity instruments:	**302.5**	**-**	**302.5**	340.9	-	340.9
North American	42.5	-	42.5	49.0	-	49.0
European	67.0	-	67.0	75.1	-	75.1
Emerging Markets	30.8	-	30.8	29.8	-	29.8
Other(1)	162.2	-	162.2	187.0	-	187.0
Government Bonds - fixed interest	**284.2**	**-**	**284.2**	313.5	-	313.5
North American	12.7	-	12.7	14.3	-	14.3
European	259.4	-	259.4	286.6	-	286.6
Emerging Markets	12.1	-	12.1	12.6	-	12.6
Corporate Bonds	**227.7**	**-**	**227.7**	235.6	-	235.6
North American	10.5	-	10.5	7.4	-	7.4
European	217.2	-	217.2	228.2	-	228.2
Real Estate	**63.3**	**-**	**63.3**	61.0	-	61.0
Cash and Cash-Equivalents	**8.5**	**-**	**8.5**	8.0	-	8.0
Indemnified Assets	**-**	**0.7**	**0.7**	-	0.6	0.6
Other	**129.7**	**103.9**	**233.6**	166.1	109.6	275.7
	1,015.9	**104.6**	**1,120.5**	1,125.1	110.2	1,235.3

(1) Equity instruments allocated in 'Other' consist of instruments held in diversified growth funds.

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:

	2016	2015
Discount rate	**1.88%**	2.32%
Rate of inflation	**2.07%**	2.26%
Longevity at age 65 for current pensioners	**Years**	Years
Males	**19.0 - 24.5**	19.0 - 24.2
Females	**22.6 - 27.7**	22.6 - 27.7

The following sensitivity analysis gives an estimate of the potential impacts on the defined benefit obligation as at year end:

	2016		2015	
	Impact on defined benefit obligation		Impact on defined benefit obligation	
USD million	**Increase in assumption**	**Decrease in assumption**	Increase in assumption	Decrease in assumption
Discount rate (10% movement)	**(52.7)**	**56.0**	(70.3)	76.0
Rate of inflation (10% movement)	**30.3**	**(29.3)**	39.5	(37.6)
Future mortality (1 year movement)	**54.6**	**(54.3)**	56.4	(56.0)

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

Amount and timing of future cash flows

The table below provides information on the timing of future benefit payments, average duration of the defined benefit obligations and expected contributions to the plan for the next annual period:

	Maturity analysis of benefits expected to be paid				
USD million	**1 year or less**	**1-2 years**	**2-5 years**	**More than 5 years**	**Total**
2016	**65.5**	**63.2**	**200.0**	**400.7**	**729.4**
2015	58.3	59.1	194.0	399.4	710.8

	2016	2015
Weighted average duration of defined benefit obligation, years	**17.9**	19.3
Contributions next period, USD million	**43.5**	34.1

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Section 5: Employee remuneration (continued)

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	**2016**	2015
Short term employee benefits	**13,737**	15,421
Long term employee benefits	**-**	61
Post employment benefits	**787**	939
Termination benefits	**-**	1,233
Share-based payments expense	**3,910**	17,079
	18,434	34,733

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 existing at year end.

No individual KMP or related party holds a loan greater than USD 100,000 with the consolidated entity (2015: nil). No impairment losses have been recognised in relation to any loans made to KMP (2015: nil) and no loans were advanced during the current year (2015: nil). Other than those items discussed above, there have been no other transactions between KMP and the Company.

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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	**2016**	2015
Audit and other assurance services		
Auditors of the Company - PwC Australia		
Audit and review of financial reports	**2,114**	2,322
Other assurance services	**233**	79
Network firms of PwC Australia		
Audit and review of financial reports	**585**	640
Other regulatory audit services	**3,500**	3,980
Other assurance services	**4**	320
Non-PwC Audit Firms		
Other regulatory services	**196**	369
Total audit and other assurance services	**6,632**	7,710
Other services		
Auditors of the Company - PwC Australia		
Taxation services, transaction related taxation advice and due diligence	**219**	809
Network firms of PwC Australia		
Taxation services, transaction related taxation advice and due diligence	**1,025**	4,885
Other advisory services	**104**	-
Non-PwC Audit Firms		
Taxation services and transaction related taxation advice	**151**	66
Total other services	**1,499**	5,760
Total auditors' remuneration	**8,131**	13,470

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Section 6: Other disclosures (continued)

6.2 Commitments and contingencies

Commitments

USD million	2016	2015	Description
Operating lease commitments			The Group leases motor vehicles, plant and equipment and property under operating leases. The leases have varying terms, escalation clauses and renewal rights.
Lease expenditure contracted but not provided for or payable:			
Within one year	**79.2**	71.7	Not included in the above commitments are contingent rental payments which may arise as part of the rental increase indexed to the consumer price index (CPI) or in the event that units produced by certain leased assets exceed a predetermined production capacity.
Between one and five years	**204.8**	187.5	
More than five years	**148.2**	149.9	
	432.2	409.1	
Less sub-lease rental income	**(0.1)**	(4.8)	
	432.1	404.3	
Capital commitments			Capital commitments contracted but not provided for in respect of additional cash contributions to the joint venture Discma AG and for the acquisition of property, plant and equipment.
Discma cash contribution	**0.9**	10.4	
Property, plant and equipment:	**38.3**	33.7	
	39.2	44.1	
Other commitments			The Group had other commitments contracted but not provided for in respect of other supplies and services yet to be provided.
Supply and service commitments	**4.6**	4.5	

Contingencies

USD million	2016	2015
Contingent liabilities	**35.5**	40.7

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 is 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.

Financial guarantee contracts - where guarantees in relation to loans or other payables of subsidiaries or associates are provided for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of the investment in the financial statements of the Company.

Share-based payments - when the Company grants options or rights over its shares to employees of subsidiaries, the fair value at grant date is recognised as an increase in the investment in subsidiaries, with a corresponding increase in equity over the vesting period of the grant.

Summary financial information

USD million(1)	Amcor Limited 2016	2015
Total current assets	**5,566.7**	5,792.8
Total assets	**9,568.6**	9,814.9
Total current liabilities	**5,895.8**	6,224.6
Total liabilities	**7,753.7**	7,828.5
Net assets	**1,814.9**	1,986.4
Equity		
Contributed equity	**1,466.6**	1,698.9
Reserves:		
Share-based payments reserve	**54.2**	58.3
Demerger reserve of Australasia and Packaging Distribution business	**(652.1)**	(652.1)
Exchange fluctuation reserve	**1,379.6**	1,354.5
Accumulated losses	**(433.4)**	(473.2)
Total equity	**1,814.9**	1,986.4
Profit for the financial period	**506.5**	468.8
Total comprehensive income	**504.4**	824.3
Financial guarantees		
Bank term loans of controlled entities (a)	**16.9**	4.5
Contingent liabilities		
Contingent liabilities arising in respect of guarantees (b)	**149.4**	163.8

(1) Amcor Limited's functional currency is Australian dollars.

Retained earnings at 30 June 2016 are AUD 136.0 million (2015: AUD 88.6 million). Post year-end further intercompany dividends will be passed to Amcor Limited to cover for the payment of the 2016 final dividend.

(a) Financial guarantees

The Company has guaranteed the bank overdrafts, finance leases and drawn components of bank loans of a number of subsidiaries. Under the terms of the financial guarantee contracts, the Company will make payments to reimburse the lenders upon failure of the guaranteed entity to make payments when due. As at 30 June 2016, the carrying value recognised in respect of these financial guarantees is nil (2015: nil).

The Company has also 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.

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Section 6: Other disclosures (continued)

6.3 Amcor Limited – parent entity (continued)

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 (NZ) 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 Limited
Amcor Flexibles (Australia) Pty Limited
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 class order 98/1418 (as amended) dated 13 August 1998 issued by the Australian Securities and Investment Commission.

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	**2016**	2015
Sales revenue	**353.8**	409.2
Cost of sales	**(303.4)**	(343.3)
Gross profit	**50.4**	65.9
Other income	**601.4**	476.2
Operating expenses	**(4.9)**	(61.9)
Profit from operations	**646.9**	480.2
Financial income	**39.5**	47.3
Financial expenses	**(112.8)**	(129.4)
Net finance costs	**(73.3)**	(82.1)
Profit before related income tax expense	**573.6**	398.1
Income tax benefit/(expense)	**(25.7)**	26.2
Profit for the financial period	**547.9**	424.3

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Section 6: Other disclosures (continued)

6.4 Deed of Cross Guarantee (continued)

Statement of comprehensive income

USD million	2016	2015
Profit for the financial period	**547.9**	424.3
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	**(0.3)**	1.1
Tax on cash flow hedges	**0.1**	(0.2)
Exchange differences on translating foreign operations		
Exchange differences on translation of foreign operations	**64.9**	450.5
Tax on exchange differences on translating foreign operations	**(21.0)**	-
Other comprehensive income/(loss) for the financial period, net of tax	**43.7**	451.4
Total comprehensive income for the financial period	**591.6**	875.7

Summarised income statement and accumulated losses

USD million	2016	2015
Profit for the financial period	**547.9**	424.3
Accumulated losses	**(134.7)**	(86.7)
	413.2	337.6
Dividends recognised during the financial period	**(466.7)**	(472.3)
Accumulated losses at the end of the financial period	**(53.5)**	(134.7)

Statement of financial position

USD million	2016	2015
Current assets		
Cash and cash equivalents	**18.9**	13.6
Trade and other receivables	**948.1**	1,276.2
Inventories	**65.1**	65.8
Other financial assets	**0.2**	5.0
Other current assets	**1.5**	1.3
Total current assets	**1,033.8**	1,361.9
Non-current assets		
Other financial assets	**34.8**	32.3
Property, plant and equipment	**81.3**	84.3
Deferred tax assets	**117.1**	139.1
Intangible assets	**134.2**	136.1
Other non-current assets	**4,408.8**	4,453.9
Total non-current assets	**4,776.2**	4,845.7
Total assets	**5,810.0**	6,207.6
Current liabilities		
Trade and other payables	**116.0**	112.6
Interest-bearing liabilities	**1,749.5**	2,260.6
Other financial liabilities	**45.5**	97.7
Current tax liabilities	**26.1**	2.2
Provisions	**33.0**	40.2
Total current liabilities	**1,970.1**	2,513.3
Non-current liabilities		
Interest-bearing liabilities	**1,833.7**	1,578.0
Provisions	**3.3**	2.0
Other non-current liabilities	**-**	0.1
Total non-current liabilities	**1,837.0**	1,580.1
Total liabilities	**3,807.1**	4,093.4
Net assets	**2,002.9**	2,114.2
Equity		
Contributed equity	**1,466.6**	1,698.9
Reserves	**589.8**	550.0
Accumulated losses	**(53.5)**	(134.7)
Total equity	**2,002.9**	2,114.2

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Section 6: Other disclosures (continued)

6.5 Basis of preparation and compliance

Basis of preparation

Throughout the financial report, the Company refers to Amcor Ltd and the Group includes its subsidiaries. The Company is domiciled 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 25 August 2016.

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 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 2015;
- 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.

New and amended accounting standards and interpretations adopted from 1 July 2015

The Group has applied AASB 2015-1 *Amendments to Australian Accounting Standards* for the first time in the annual reporting period commencing 1 July 2015.

The Group also elected to early adopt the following Standards:

- AASB 132 *Financial Instruments: Presentation – Offsetting and cash-pooling arrangements*
- AASB 2016-1 – *Recognition of Deferred Tax Assets for Unrealised Losses (AASB 112)*
- AASB 2 *Classification and Measurement of Share-based Payment Transactions (AASB 2)*

The adoption of these amendments did not have any significant impact on the Group's results or its accounting policies as these amendments either clarified the existing requirements or required additional note disclosures, which have been incorporated into these financial statements.

6.5 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 2016. The table below outlines an assessment of the impact of these new standards and interpretations relevant for the Group:

Title of Standard	Summary and impact on Group's financial statements	Application date of Standard	Application date for Group for financial year ending
AASB 2014-10 ***Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture***	The amendments require a full gain or loss to be recognised by the investor where non-monetary assets sold or contributed to an associate or joint venture constitute a 'business'. If the assets do not meet the definition of a business, the gain or loss is recognised by the investor to the extent of the other investors' interests. The amendments will only apply if the Group sells or contributes assets to its associate or joint venture.	1 January 2016	30 June 2017
AASB 2016-2 ***Disclosure Initiative: Amendments to AASB 107***	The amendment to AASB 107 introduces additional disclosures that will enable users of financial statements to evaluate changes in liabilities arising from financing activities. The amendment requires disclosure of changes arising from: • cash flows, such as drawdowns and repayments of borrowings, and • non-cash changes, such as acquisitions, disposals and unrealised exchange differences. The Group has decided not to early adopt AASB 2016-2. Once adopted, the Group will disclose additional information on liabilities arising from financing cash flows and non-cash changes during the period.	1 January 2017	30 June 2018
AASB 16 ***Leases***	AASB 16 introduces three main changes: 1. Enhanced guidance on identifying whether a contract contains a lease. 2. A completely new lease accounting model for lessees that requires lessees to recognise all leases on balance sheet, except for short-term leases and leases of low value assets. 3. Enhanced disclosures. The Group has decided not to early adopt AASB 16, this is in line with the requirement to adopt AASB 15 at the same time. Once adopted, the structure of cash flows and the presentation of the balance sheet and income statement will change, with no material impact on overall cash flows and net profits.	1 January 2019	30 June 2020

Financial Report
Notes to the Financial Statements
Section 6: Other disclosures (continued)

Title of Standard	Summary and impact on Group's financial statements	Application date of Standard	Application date for Group for financial year ending
AASB 15 *Revenue from contract with customers*	AASB 15 replaces AASB 111 *Construction Contracts*, AASB 118 *Revenue and related Interpretations*. The core principle of AASB 15 is that revenue is recognised when control of a good or service transfers to a customer at the transaction price. An entity recognises revenue by applying the following steps: Step 1: Identify the contract with a customer Step 2: Identify the performance obligations in the contract Step 3: Determine the transaction price Step 4: Allocate the transaction price to the performance obligations in the contract Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation. The Group has decided not to early adopt AASB 15 as a detailed assessment of the impact, additional disclosures and reporting requirements is still in progress.	1 January 2018	30 June 2019
AASB 9 *Financial Instruments*	AASB 9 replaces AASB 139 and addresses the classification, measurement and derecognition of financial assets and financial liabilities. It also addresses the new hedge accounting requirements, including changes to hedge effectiveness testing, treatment of hedging costs and risk components that can be hedged. AASB 9 introduces a new expected-loss impairment model that will require entities to account for expected credit losses at the time or recognising the asset. The Group does not expect the adoption of the new Standard to have a material impact on its classification and measurement of the financial assets and liabilities, its hedging arrangements or its results on adoption of the new impairment model. The new Standard will result in extended disclosures in the financial statements. The Group has decided not to early adopt AASB 9.	1 January 2018	30 June 2019

Directors' **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 2016 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 6.5 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 the Company and the consolidated entities identified in note 6.4 will be able to meet any obligations or liabilities to which they are or may become subject to by virtue of the Deed of Cross Guarantee between the Company and those consolidated entities pursuant to ASIC Class Order 98/1418.

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 2016.

Signed in accordance with a resolution of the Directors, dated at Melbourne Victoria, this 25th day of August 2016.

Graeme Liebelt
Chairman

Independent auditor's report **to the members of Amcor Limited**

pwc

Report on the financial report

We have audited the accompanying financial report of Amcor Limited (the company), which comprises the statement of financial position as at 30 June 2016, the income statement, statement of comprehensive income, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration for Amcor Limited Group (the consolidated entity). The consolidated entity comprises the company and the entities it controlled at year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In the notes to the financial statements, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the consolidated entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

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

Auditor's opinion

In our opinion:

(a) the financial report of Amcor Limited is in accordance with the *Corporations Act 2001*, including:

   (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of its performance for the year ended on that date; and

   (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001* and Report on the Remuneration Report

(b) the financial report and notes also comply with International Financial Reporting Standards as disclosed in the notes to the financial statements.

Report on the Remuneration Report

We have audited the remuneration report included in the directors' report for the year ended 30 June 2016. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion

In our opinion, the remuneration report of Amcor Limited for the year ended 30 June 2016 complies with section 300A of the *Corporations Act 2001*.

PricewaterhouseCoopers

John Yeoman
Partner

Melbourne
25 August 2016

PricewaterhouseCoopers, ABN 52 780 433 757
Freshwater Place, 2 Southbank Boulevard, SOUTHBANK VIC 3006, GPO Box 1331, MELBOURNE VIC 3001
T: 61 3 8603 1000, F: 61 3 8603 1999, www.pwc.com.au

Statement of **Shareholdings**

Statement pursuant to Australian Securities Exchange official list requirements:

Holders of shares in Amcor

The 20 largest holders of shares in Amcor Ltd as at 8 August 2016:

Rank	Name	Shares Held	% held
1	HSBC Custody Nominees (Australia) Limited	367,674,050	31.75%
2	J P Morgan Nominees Australia Limited	272,629,362	23.54%
3	National Nominees Limited	135,517,647	11.70%
4	Citicorp Nominees Pty Limited	67,398,812	5.82%
5	BNP Paribas Noms Pty Ltd	26,349,186	2.28%
6	Australian Foundation Investment Company Limited	12,300,000	1.06%
7	Citicorp Nominees Pty Limited	9,810,681	0.85%
8	BNP Paribas Nominees Pty Ltd	6,100,444	0.53%
9	Argo Investments Limited	4,918,564	0.42%
10	AMP Life Limited	4,801,469	0.41%
11	RBC Investor Services Australia Nominees Pty Limited	4,159,030	0.36%
12	The Senior Master Of The Supreme Court	2,769,033	0.24%
13	National Nominees Limited	2,378,471	0.21%
14	Custodial Services Limited	2,291,966	0.20%
15	HSBC Custody Nominees (Australia) Limited	2,229,556	0.19%
16	Pacific Custodians Pty Limited	1,764,537	0.15%
17	BNP Paribas Nominees Pty Ltd	1,657,000	0.14%
18	Share Direct Nominees Pty Ltd	1,521,160	0.13%
19	IOOF Investment Management Limited	1,507,640	0.13%
20	HSBC Custody Nominees (Australia) Limited	1,463,922	0.13%
TOTAL		**929,242,530**	**80.24%**

Substantial shareholders

The Capital Group of Companies, Inc. by notice dated 11 May 2016 has a relevant interest in 96,534,739 shares.

Distribution of shareholdings

Distribution of fully-paid ordinary shares as at 8 August 2016:

Size of holding (range)	Number of holders	Number of securities	% Issued capital
100,001 and Over	136	966,844,479	83.48%
10,001 to 100,000	3,017	61,096,710	5.28%
5,001 to 10,000	5,691	39,994,810	3.45%
1,001 to 5,000	32,882	75,701,066	6.54%
1 to 1,000	31,868	14,504,211	1.25%
Total	73,594	1,158,141,276	100.00%
Unmarketable parcels	2,130	25,446	0.00%

Voting rights

Votes of shareholders are governed by Rules 43 to 48 of the Company's Constitution. In broad summary, but without prejudice to the provisions of these rules, on a show of hands every shareholder present in person shall have one vote and upon a poll every shareholder present in person or by proxy or attorney shall have one vote for every fully-paid share held.

Unquoted equity securities

Unquoted equity securities issued pursuant to various Amcor Employee Incentive Plans as at 8 August 2016:

Unquoted equity securities	Number of employees participating	Number of securities
Options over ordinary shares exercisable at various prices	88	13,992,748
Rights	278	4,998,719
Performance shares	30	1,364,100

On market share acquisitions

During the 2015/16 financial year, 12,412,500 Amcor ordinary shares were purchased on market at an average price of A$14.22 per share to satisfy obligations under various Amcor employee incentive plans. Refer to the Remuneration Report, pages 36 to 49, for further details of the Company's employee incentive plans.

Statistical **Summary**

Results shown for all operations before significant items except where indicated
USD million (except where indicated)

For the years ended 30 June	**2016**	2015	2014[1]	2013	2012	2011
Amcor Consolidated Results						
Net sales	**9,421.3**	9,611.8	9,964.5	12,763.2	12,580.7	12,285.7
Operating profit before interest and tax pre significant items	**1,055.3**	1,065.1	1,082.1	1,155.6	1,095.2	993.0
Operating profit before tax pre significant items	**888.5**	895.9	888.9	916.0	882.9	778.1
Net operating profit pre significant items	**671.1**	680.3	677.8	691.0	655.1	564.5
Net operating profit after significant items	**244.1**	680.3	677.8	602.7	425.5	362.5
Earnings per share (cents) pre significant items[2]	**57.7**	56.6	56.2	57.3	54.0	46.1[3]
Earnings per share (cents) after significant items	**21.0**	56.6	56.2	50.0	35.1	29.6[3]
Return on average shareholders' equity pre significant items (% p.a.)	**46.9**	34.7	25.4	19.5	17.9	14.7
Dividend and distribution	**466.7**	472.4	448.1	485.1	441.5	418.4
Dividend per ordinary share (cents)	**41.0**	40.0	39.2	38.7	39.4	35.6
Dividend franking (% p.a)	**-**	-	-	-	-	-
Dividend cover (times)	**1.41**	1.41	1.43	1.48	1.37	1.29
Financial Ratios						
Net tangible asset backing per share ($)	**(1.18)**	(0.39)	(0.05)	0.87	0.97	1.46
Net PBITDA interest cover pre significant items (times)	**8.4**	8.4	7.5	7.3	7.6	7.0
Gearing (net debt/net debt and shareholders' equity) (%)	**81.6**	64.5	58.5	51.7	51.3	46.0
Financial Statistics						
Income from dividends and interest	**34.7**	28.2	28.6	28.4	23.1	19.2
Depreciation and amortisation provided during the year	**354.0**	355.2	375.9	489.1	511.2	505.7
Net finance costs	**166.8**	169.2	193.2	226.1	212.3	214.9
Cash flow from operations	**1,099.4**	1,002.3	1,075.0	1,074.4	1,045.4	778.4
Capital expenditure and acquisitions	**847.0**	421.4	443.7	717.4	994.0	1,050.5
Balance Sheet Data as at 30 June						
Current assets	**3,193.1**	3,413.0	3,326.5	3,891.1	3,742.2	3,905.3
Non-current assets	**5,489.0**	5,134.1	5,807.4	7,624.5	7,633.2	7,754.4
Total assets	**8,682.1**	8,547.1	9,133.9	11,515.6	11,375.4	11,659.7
Current liabilities	**3,645.2**	3,674.4	3,296.0	4,358.6	4,215.2	3,574.5
Non-current liabilities	**4,191.4**	3,285.7	3,698.8	3,723.6	3,760.7	4,083.5
Total liabilities	**7,836.6**	6,960.1	6,994.8	8,082.2	7,975.9	7,658.0
Net assets	**845.5**	1,587.0	2,139.1	3,433.4	3,399.5	4,001.7
Shareholders' equity						
Share capital	**1,445.1**	1,680.6	2,072.0	2,755.5	2,709.9	3,000.2
Reserves	**(800.2)**	(666.5)	(414.3)	253.2	316.7	542.1
Retained profits	**139.0**	452.1	370.4	335.9	282.0	400.8
Shareholders' equity attributable to Amcor Limited	**783.9**	1,466.2	2,028.1	3,344.6	3,308.6	3,943.1
Non controlling interests in controlled entities	**61.6**	120.8	111.0	88.8	90.9	58.6
Total Shareholders' equity	**845.5**	1,587.0	2,139.1	3,433.4	3,399.5	4,001.7

For the years ended 30 June	**2016**	2015	2014[1]	2013	2012	2011
Other data as at 30 June:						
Fully paid shares (000's)	**1,158,141**	1,181,415	1,206,685	1,206,685	1,206,685	1,227,470
Amcor share price						
- year's high (AUD)	**16.66**	14.72	10.83	9.27	6.94	6.62
- year's low (AUD)	**12.06**	10.02	9.00	6.29	5.61	5.63
- close (AUD)	**14.93**	13.72	10.43	9.10	6.37	6.46
Market capitalisation (AUD)	**17,291.1**	16,209.0	12,585.7	10,986.4	7,681.8	7,935.3
Employee numbers	**31,761**	29,788	29,299	35,565	34,981	36,143
Number of shareholders	**73,594**	73,580	69,578	64,400	67,589	70,161

(1) The statistical summary for 2014 consists of the continuing operations of Amcor Limited Group and excludes the Australasia and Packaging Distribution business demerged during the year. The 2014 statistical summary also includes changes to accounting policy for retirement benefit obligations under the revised standard AASB 119 *Employee Benefits*.

(2) Based on net operating profit before significant items divided by the weighted average number of shares on issue.

(3) Share price and market capitalisation has been adjusted to reflect the AAPD demerger.

Investor **Information**

Share registry enquiries

Shareholders who wish to approach the Company on any matter related to their shareholding should contact Amcor's Share Registry in Melbourne.

Contact details are:

Link Market Services Limited

Street Address:
Tower 4,
727 Collins Street
Melbourne VIC 3008

Postal Address:
Locked Bag A14,
Sydney South NSW 1235

Telephone:
+61 1300 302 458
(available from all locations)

Facsimile:
+61 3 9287 0303

Email:
amcor@linkmarketservices.com.au

Website:
www.linkmarketservices.com.au

Online Shareholder Services

Shareholders can access Amcor's Share Registry information via Amcor's website www.amcor.com. This facility provides a 24-hour service to shareholders, enabling access to information such as current holding balances, Tax File Number (TFN) notification, dividend history, choice about receipt of reports, historical price information and graphs of the share price against market indices. This information can be accessed by clicking on 'Investors' in the main menu, scrolling down to select the Shareholder Information tab then selecting Login to Amcor Share Registry Online. You will need your Securityholder Reference Number (SRN) or Holder Identification Number (HIN) and your registered postcode in order to access this information.

Amendments to your shareholder details, such as a change of name or address, or notification of your TFN, direct credit of dividend advice or Dividend Reinvestment Plan preferences, can be submitted directly from this website.

Alternatively, you can complete downloadable forms and forward them to Amcor's Share Registry.

Dividends

The Company normally pays dividends around March and September each year. Shareholders should retain all remittance advices relating to dividend payments for tax purposes.

Dividends are declared in US dollars. The following alternatives are available to shareholders regarding payment of dividends:

1. Shareholders with a registered address in Australia
   Payments to shareholders with a registered address in Australia will be paid directly into a nominated bank, building society or credit union account. Dividends will be paid in Australian dollars and the applicable exchange rate used to convert the dividend is made available at the time the dividend is announced. Payments are electronically credited on the dividend payment date and confirmed by a payment advice sent to the shareholder. To receive a dividend payment, shareholders should ensure that details of a current Australian account are provided to the Amcor Share Registry by the Record Date for the dividend.
2. Shareholders with a registered address outside Australia
   Shareholders with a registered address outside Australia may elect to receive dividend payments by direct credit in any of the following currencies: AUD, USD, GBP, EUR, NZD, SGD, HKD or CHF. Shareholders electing to receive payment by direct credit must provide details for an account in one of the offered currencies and that is held with a bank in the country of the selected currency. Shareholders who have not provided the Amcor Share Registry with bank details by the Record Date for a dividend, will be paid by cheque in Australian dollars.
3. Dividend Reinvestment Plan (DRP).
   The DRP provides shareholders with the opportunity to re-invest their dividends to acquire additional Amcor shares. Shares acquired under the DRP rank equally with existing fully paid ordinary shares and during the year ended 30 June 2016 were provided at no discount at a price equivalent to the arithmetic average of the weighted average market price of Amcor shares sold on the ASX during a period of nine business days after the record date for the relevant dividend. That period begins on the third business day after the record date and ends on the eleventh business day.

Due to legal constraints which apply, security holders who reside in certain countries will not be able to participate in the DRP. A booklet containing full details of the DRP and a DRP election form are available on request from Amcor's Share Registry , or they can be downloaded from Amcor's website in PDF format.

Tax File Numbers

Amcor is required to withhold tax at the rate of 49.0% on any unfranked component of a dividend or interest paid to investors resident in Australia who have not supplied the Company with a tax file number (TFN) or exemption form. Investors are not required by law to provide their TFN and can choose whether or not they wish to do so.

Stock Exchange Listings

Amcor shares are listed on the Australian Securities Exchange. All shares are recorded on the principal share register of Amcor Limited, located in Victoria, Australia.

Amcor Limited's Eurobond Notes issued under Amcor's €2,000,000,000 Euro Medium Term Note Programme are listed on the Singapore Stock Exchange.

Amcor Limited's CHF Notes issued under Amcor's €2,000,000,000 Euro Medium Term Note Programme are listed on the Swiss Stock Exchange.

American Depositary Receipts

Amcor shares are traded in the form of American Depositary Shares (ADSs) evidenced by American Depositary Receipts (ADRs) on the Over-The-Counter market in the US. Each ADS represents four Amcor ordinary shares. Information about ADRs is available from the depositary, JPMorgan Chase Bank and via the internet on ADR.com

Amcor Publications

The Company's Full Year Financial Report has historically been the main source of information for investors. Changes to the law in 2007 mean that the report is now published on the Company's website. The printed Report is mailed in late September only to those shareholders who request a copy.

The Half Year Financial Report reviewing the Company's performance for the six months to 31 December is similarly available in March.

These publications, and many others which may also be of interest, such as the annual Sustainability report, are best sourced from the Company's website.

Corporate **Directory**

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Michael Schmitt
President Amcor Rigid Plastics

Share Registry

Amcor Share Registry
C/- Link Market Services
Locked Bag A14
Sydney South NSW 1235
Australia

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(available from all locations)
Facsimile: +61 3 9287 0303

Email: amcor@linkmarketservices.com.au

American Depositary Receipts Registry

C/- JP Morgan Depositary Receipts
4 New York Plaza
New York, NY 10004
USA

Telephone: 1 866 JPM ADRS

Financial Calendar **2016/17**

Financial year 2015/16 ends	30 June 2016
Announcement of full year results for 2015/16	25 August 2016
Ex-dividend date for final dividend for 2015/16	6 September 2016
Record date for final dividend and DRP for 2015/16	7 September 2016
Final dividend payment date for 2015/16	29 September 2016
Annual General Meeting	20 October 2016
Financial half year 2016/17 ends	31 December 2016
Announcement of interim results for 2016/17	February 2017
Ex-dividend date for interim dividend for 2016/17	Late Feb/Early March 2017
Record date for interim dividend for 2016/17	Late Feb/Early March 2017
Interim dividend payment date for 2016/17	Late March 2017
Financial year 2016/17 ends	30 June 2017

Paper and printing of this annual report

The printing process used digital printing plates to eliminate film and chemicals. Vegetable-based inks were used rather than traditional mineral oils that emit higher volumes of greenhouse gases.

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