



Aspire.  
Focus.  
**Grow.**

Annual Report  
2017



**amcor**



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## Annual General Meeting

The Annual General Meeting of Amcor Limited will be held at the Melbourne Convention and Exhibition Centre, Clarendon Auditorium, 1 Convention Centre Place, South Wharf, Melbourne, VIC 3006 at 10:30am (Melbourne time), Wednesday 1 November 2017.

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](http://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](http://www.linkmarketservices.com.au) Contact details for Link Market Services are provided in the back of this report.

In this report, 'the year', '2016/17' and '2017' refer to the financial year ended 30 June 2017. '2015/16' and '2016' refer to the financial year ended 30 June 2016.

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

The Financial Report was authorised for issue by the Directors on 22 August 2017. 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

Performance measures such as Earnings Per Share, Operating Margins and Return on Average Funds Employed have been calculated using the non-IFRS measures listed above.

# Message From the Chairman



## Dear Shareholder,

Amcor again combined customer focus, innovation, sharp execution and integration of acquired businesses to achieve strong results in 2016/17.

Your company paid an annual dividend of 43.0 US cents per share, 4.9% higher than last year. In Australian dollars, shareholders will receive 55.45 cents per share.

Underlying profit after tax for the year was USD 701.2 million, a 9.6% increase<sup>(1)</sup>. There was further improvement in the sales margin from 11.2% to 12.0%, reflecting Amcor's scale, execution and attention to customer needs. Returns, measured as profit before interest and tax (PBIT) over average funds employed, remained strong at 20.4%.

Earnings growth came from a balanced mix of organic sources and sales from businesses acquired in and before 2016/17. The Flexibles packaging business delivered underlying earnings of EUR 738.8 million, up 8.2% on a constant-currency basis. Our Rigid Plastics business achieved underlying earnings of USD 342.7 million, an increase of 8.6%<sup>1</sup>.

Free cash flow was strong at USD 245.3 million, and our balance sheet and debt profile are solid. Leverage, measured as net debt to profit before interest, tax and depreciation (PBITDA), was 2.7 times, and interest cover measured as PBITDA to net interest was 7.8 times.

The company continued to use its global reach and expertise to set itself apart with customers and from competitors.

Global programs continue to enhance commercial performance and operational efficiency, with capital investment

purposefully directed to the strongest opportunities for growth and returns.

We are constantly evaluating and adding capacity at strategic locations to meet the regional and global needs of customers. Last year, that took the form of three acquisitions, in North America, China and Colombia. We also started operations or announced plans for a total of four new manufacturing sites: flexible packaging plants in the Philippines and India, a plant that makes rigid-plastic containers in the U.S., and a new closures facility in Mexico.

Consumer goods, medical and pharmaceutical, and homecare companies increasingly rely on packaging to meet the rising expectations of their consumers for safe, fresh and quality products. Amcor people are creating packaging that is more functional, appealing and cost effective, and more sustainable for the environment.

Safety is always Amcor's top priority. Achieving 'No Injuries' is our goal, so leaders and their teams vigilantly manage critical risks, strengthen processes, and identify and apply best practices across the company. That approach helps account for our record of significantly improving safety at manufacturing locations that we acquire. For example, lost-time injuries at the four former Alusa flexible-packaging locations have been reduced 80 percent since Amcor purchased them in June 2016.

Amcor's Lost-Time Injury Frequency Rate (LTIFR) for ongoing operations (excluding sites acquired) during 2016/17 was 0.51 per million hours worked, down from 0.56 in 2015/16. The Recordable-Case Frequency Rate (RCFR) was also reduced, from 2.0 in 2015/16 to 1.73 in 2016/17.

Tragically, in July 2017, a contractor suffered a fatal accident while making a delivery at an Amcor production site. We will learn all that we can from this accident, to help prevent any similar incidents across our operations.

Amcor continues to employ the expertise of its people, scale, and products and services, in ways that serve customers, grow the company, and generate superior returns. We are confident that this business strategy will drive consistent benefits for all stakeholders.

On behalf of our Directors, I thank the company's executive leaders, managers and people around the world for their commitment, efforts and performance. Our appreciation extends, also, to all of our shareholders and other stakeholders for their continued confidence and support.

**Graeme Liebelt**  
Chairman

(1) Refer to page 16 for further information

## Senior Executives



**Ron Delia**  
Managing Director and  
Chief Executive Officer



**Michael Casamento**  
Executive Vice President, Finance,  
and Chief Financial Officer



**Tom Cochran**  
President,  
Amcor Flexibles Americas



**Jerzy Czubak**  
President,  
Amcor Tobacco Packaging



**Steve Keogh**  
Executive Vice President,  
Human Resources



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



**Julie McPherson**  
Group General Counsel  
and Company Secretary



**Michael Schmitt**  
President, Amcor Rigid Plastics



**Ian Wilson**  
Executive Vice President,  
Strategy and Development



**Roelof Westerbeek**  
President, Amcor Flexibles  
Asia Pacific



**Tracey Whitehead**  
Senior Vice President,  
Investor Relations



**Michael Zacka**  
Chief Commercial Officer

# Message From the Managing Director and Chief Executive Officer

2017 was another strong year for Amcor in terms of both operating performance and progress against strategic priorities.



Our underlying full year after-tax profit was up nearly 10%<sup>(1)</sup> on a constant-currency basis. Cash flow was robust at more than USD 245 million. Improvements in profitability and cash flow were achieved despite relatively flat year-on-year sales.

This past year was another example of how our strategy is consistently creating superior value for Amcor stakeholders – including a full-year return to shareholders of 13.8%.

The cover of this report conveys three key strategic messages:

- **Aspire** – To regularly win for our customers, our investors, our people and the environment
- **Focus** – On product segments where we have competitive advantages – flexible packaging, rigid plastic containers, specialty folding cartons, and closures, and
- **Grow** – Our capabilities and differentiation, and with them our sales, profits and stakeholder value.

## Safety

Our commitment to safety is the start of everything we do at Amcor. Nothing is more important to us. While our overall safety performance is statistically very good, our goal of ‘No Injuries’ means we can always do better.

This past year we made hand safety a priority. Our team completed hundreds of risk assessments and implemented a range of improvements to machine guarding. We also introduced an Amcor-wide hand-safety awareness campaign. The results were noteworthy: hand injuries declined 44% from the previous year.

Sadly, in July 2017, a contractor suffered fatal injuries while delivering plastic resin to an Amcor location. We conducted our own investigation and worked with local authorities on their inquiry, so that related risks can be better understood

and mitigated. Our hearts remain with the contractor’s family and friends. Amcor first responders were extremely courageous that day, and we are proud of their actions.

## Talent and engagement

Internal development programs and career opportunities are enhancing the capabilities and engagement of our team. At the same time, we are adding talented new people. A notable recent hire was Michael Zacka, who in July 2017 became Amcor’s first Chief Commercial Officer and a member of our Global Management Team. A world-class business leader who has extensive global experience in the packaging and food industries, Michael is helping us accelerate and maintain competitive advantages in innovation, procurement, sales and marketing, and sustainability.

## Cash and capital discipline

Our consistently strong cash flow enables us to reinvest in the business, so we can fulfil customer requirements and generate growth around the world.

Three significant recent investments were the acquisition of Sonoco Products Company’s specialty-containers business in North America; the purchase of Alusa, a flexible-packaging company in South America; and initiatives to improve the efficiency of our global Flexibles operations. Together, those three initiatives added nearly USD 60 million of pre-tax profit in fiscal-year 2017. Over the next three years, they will account for more than USD 100 million in profit growth.

## Sustainability and innovation

Amcor applies its global packaging expertise to three major sustainability partnerships – with the Ellen MacArthur Foundation, the Trash Free Seas Alliance and the United Nations World Food Programme.

We are also improving the environmental profile of our operations. An example is our EnviroAction program, which continues to reduce greenhouse gas emissions, waste going to landfills, and the amount of water we use.

Enhanced sustainability is one outcome of our innovation – which is often done in collaboration with customers, partners and suppliers. Last year, for example, the company earned three DuPont Global Packaging Awards for technological advancement and responsible packaging.

## 2017/18 and beyond

We are proud of our earnings growth and strategic accomplishments in 2016/17, but are driven by today and our future. Amcor’s strategy is producing great outcomes for stakeholders, and our potential is considerable. For 2017/18, we expect further earnings growth and strong cash flow.

Indeed, our winning aspiration – to be the leader in the industry – is stronger than ever. Clear leadership means that:

- our people are safe – engaged – and developing
- our customers are growing and prospering with our support
- our shareholders are getting consistent returns of 10-15 percent per year
- and the environment is increasingly benefiting from what we do.

Our 35,000 Amcor people around the world have my thanks for contributing to our strong 2016/17 – and will help us deliver continued long-term success.

**Ron Delia**  
Managing Director  
and Chief Executive Officer

(1) Refer to page 16 for further information

# Amcor at a Glance

Sales

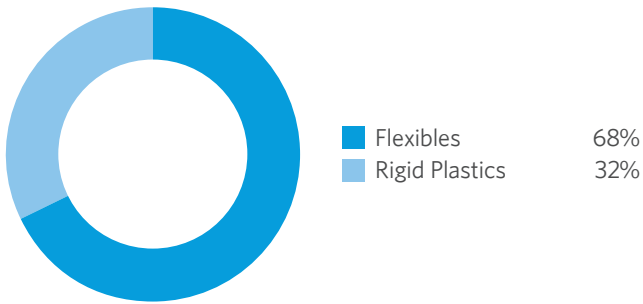
# USD 9.1 billion

Sites

# 200

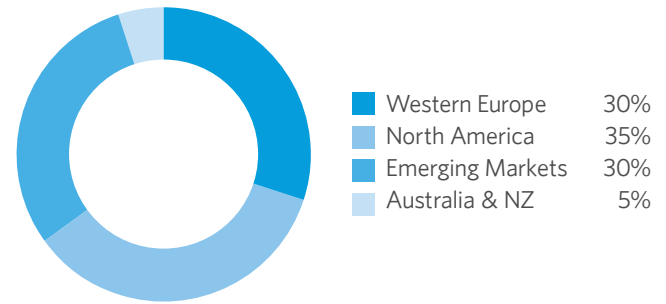
## Focused portfolio

Sales by business group  
%



## Global footprint

Sales by region  
%



## Amcor at a glance



Employees

35,000+

Countries

43

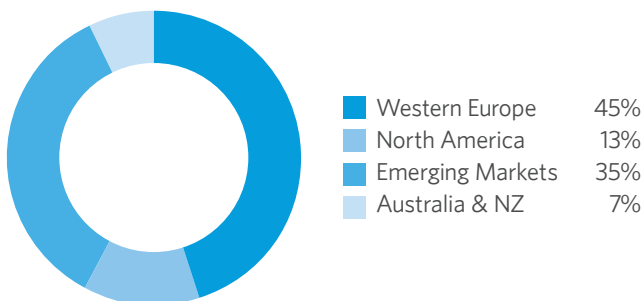
### Flexibles

Ancor's Flexibles packaging business develops and supplies flexible packaging, closures and folding cartons. It has four business units: Flexibles Europe, Middle East and Africa; Flexibles Americas; Flexibles Asia Pacific; and Tobacco Packaging.

#### Overview 2017

Sales (EUR billion)	5.7
Number of plants	131
Countries	38
Employees	27,700+

#### Sales by region %



#### End markets

The business develops and produces packaging products for food, beverage, healthcare and tobacco companies, including for fresh foods such as meat, fish, bread, produce, and dairy; processed foods such as confectionery, snack foods, and coffee; and ready meals. The business also produces packaging for industrial, hospital, pharmaceutical, home and personal care end markets.

#### Growth drivers

- Global footprint
- Focus segments in the Americas and Asia
- Emerging-markets growth
- Strategic marketing
- Advantaged cost positions
- Product innovation

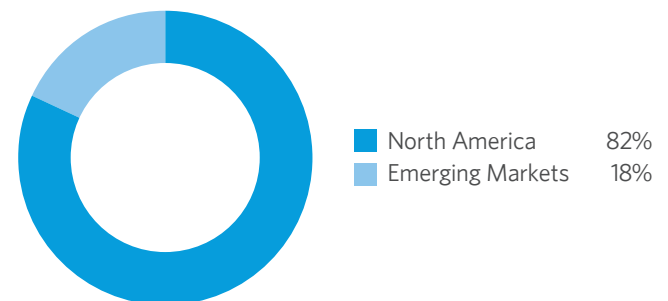
### Rigid Plastics

Ancor's Rigid Plastics business is one of the world's largest suppliers of polyethylene terephthalate (PET) packaging, along with containers and closures using other plastic resins.

#### Overview 2017

Sales (USD billion)	2.9
Number of plants	69
Countries	12
Employees	7,000+

#### Sales by region %



#### End markets

The business is among the world's largest manufacturers of rigid plastic packaging for the food, beverage, spirits, personal care, home care and healthcare industries.

#### Growth drivers

- Manufacturing and quality excellence
- Focus segments in Specialty Containers and Closures
- Innovation leadership
- Extensive and strategically located footprint
- Growing technology portfolio



# Operating and Financial Review

## Our strategy and business model

Amcor is a global packaging company with 200 sites in more than 40 countries. The business develops and produces flexible and rigid plastic packaging, with around 95% of sales made to defensive food, beverage, healthcare, and tobacco packaging end markets.

Amcor converts raw materials – including polymers, aluminium foil and fibre – into packaging products. In most cases, the cost of raw materials is defined in contracts and passed on to customers.

The business has two reporting segments:

**Flexibles Packaging** – Develops and supplies flexible packaging and specialty folding cartons. It has four business units: Flexibles Europe, Middle East and Africa; Flexibles Americas; Flexibles Asia Pacific; and Tobacco Packaging.

**Rigid Plastics** – One of the world's largest suppliers of polyethylene terephthalate (PET) packaging and containers using other plastic resins. It has four business units: North America Beverages, North America Specialty Containers, Latin America, and Bericap Closures.

### Strategy

The company's strategy and business model remain consistent with previous years, with three key elements: a focused portfolio, differentiated capabilities, and a commitment to consistent shareholder value creation.

#### Focused portfolio

We choose to participate in four key product segments: flexibles packaging, specialty cartons, rigid plastic containers, and closures. These product segments share important characteristics:

- a focus on primary packaging for fast-moving consumer goods products
- good industry structure

- attractive relative growth, and
- multiple paths for Amcor to win by having a leadership position, a scale advantage, or other sources of competitive advantage.

#### Differentiated capabilities

The capabilities which we believe are essential to success in the packaging industry are sales and marketing, innovation, procurement, talent, and mergers and acquisitions. Over time, these capabilities have been embedded in 'The Amcor Way' operating model.

#### Shareholder value creation

With our focused portfolio and differentiated capabilities, Amcor generates strong cash flow, then redeploys that cash to generate value each year. Amcor's objective is to deliver total shareholder value of 10–15% per annum. The defensive nature of Amcor's end markets means that year-to-year volatility in value creation should be relatively low, measured on a constant currency basis. A central driver to delivering this value is the appropriate allocation of cash generated by the business, across dividends, growth investments, and capital management.

The annual dividend for 2016/17 was 43.0 US cents per share, which was a payout ratio of 71% on earnings per share of 60.6 US cents. Based on the closing share price of AUD 14.93 on 30 June 2016, and an exchange rate of 0.7872, this represents a dividend yield of 3.7%.

### Growth

There are significant growth opportunities, both organic and through acquisitions across our portfolio, which give us confidence that we will deliver against that value proposition over the long term. There are two types of growth: momentum growth and focus segments growth.

#### Momentum growth

Momentum growth describes growth opportunities available across all of Amcor's businesses. Drivers of momentum growth include strong customer relationships, innovation, broad emerging-markets exposure, and a track record for strategically sound mergers-and-acquisitions activity.

#### Broad emerging markets footprint

At the end of 2016/17, Amcor had 84 plants in 27 countries within emerging markets. In many cases, we have been operating in these countries for more than 20 years and have a deep understanding of the business environment and local culture. These are markets which tend to grow at relatively high rates, and in which Amcor generates attractive margins and returns.

#### Innovative products and services

Amcor deploys its global packaging expertise and knowledge of customer needs and supply chains to produce packaging that is increasingly more functional, appealing, and cost effective for customers and their consumers, and more sustainable for the environment.

At innovation centres around the world, Amcor is designing and making packaging with the right amount of the most appropriate materials; creating and using best practices; minimising waste; and increasing the volume of packaging that can be recycled and reused. We achieve this while remaining focused on producing highly functional packaging.

#### M&A track record

In the last five years, Amcor has completed more than 25 acquisitions. These acquisitions range from small operations which are highly complementary, to larger-scale



businesses which significantly enhance our presence in certain markets, add important capabilities, and improve our product offerings for customers. Our track record of acquiring, integrating and delivering value from acquisitions means we have regular access to additional acquisition opportunities. We can be patient, selective and disciplined with such initiatives, and have the capabilities to make acquisitions successful.

In 2016/17, Amcor completed three acquisitions:

#### *Sonoco Products Company's specialty-containers business*

In November 2016, the specialty-containers business of Sonoco Products Company, a leading manufacturer of specialty rigid plastic containers with annual sales of USD 210 million, was acquired for USD 280 million. The acquisition increased the scale and capabilities of Amcor's specialty container business, and provided access to important new customers. The former Sonoco business has six production sites in the United States and one in Canada.

#### *Hebei Qite Packing*

In January 2017, Qite was acquired for USD 28 million. The North China business generates sales of more than USD 28 million annually from the sale of flexible packaging products to large domestic customers within the dairy and food segments. With the addition of Qite's plant, Amcor has 10 locations in China, providing a strong platform for growth in Asia.

#### *Plasticos Team S.A.S*

In May 2017, Plasticos, a specialty container business, was acquired from a leading food producer in Colombia. With one facility in Guachene, Colombia, and annual sales of USD 13 million, the

acquisition expanded Amcor's specialty container product offerings in Latin America and added new capabilities, including thin-wall injection moulding and in-mould labelling.

#### **Focus segments**

Amcor has four focus segments: flexibles packaging in the Americas and Asia Pacific, specialty rigid-plastic containers, and closures. The four segments are characterised by their attractiveness, opportunities for Amcor to differentiate itself, and the company's current positions being underweight compared to our customers.

These are segments where Amcor can be uniquely positioned and win with our innovation capabilities, global reach and scale, and relationships with customers and suppliers. We are putting extra focus on these segments, and expect to generate strong growth within them.

#### **Summary**

For more than a decade, Amcor has pursued a consistent strategy and made decisions based on a clear business model. The company has identified, sustained and added to the capabilities required for success in the packaging industry, and embedded them through 'The Amcor Way'.

Amcor's portfolio is focused on market segments where the company is able to establish leadership positions, and can provide a unique value proposition. This approach has transformed Amcor into a true global leader with significant growth potential.

The company has continued to achieve sizeable, ongoing improvements in financial performance through higher margins and returns, and a substantial increase in operating cash flow. Disciplined reinvestment of that

cash has delivered consistent growth in shareholder value.

Looking forward, by remaining focused on end markets where Amcor can differentiate and enhance its value proposition to customers, the company expects to continue to grow, and to drive strong returns for shareholders.

# Operating and Financial Review

## Review of operations

### Flexibles

#### Earnings

Million	USD 2017	USD 2016	Change (%)	EUR 2017	EUR 2016	Change (%)	Constant currency change (%)
Sales revenue	6,227	6,066	2.6	5,716	5,466	4.6	4.4
<b>PBIT<sup>(1)</sup></b>	<b>804.7</b>	<b>755.9</b>	<b>6.5</b>	<b>738.8</b>	<b>681.2</b>	<b>8.5</b>	<b>8.2</b>
PBIT margin (%)	12.9	12.5		12.9	12.5		
Average funds employed	3,300	2,934		3,029	2,643		
<b>Return on funds employed (%)</b>	<b>24.4</b>	<b>25.8</b>		<b>24.4</b>	<b>25.8</b>		

(1) Represents underlying PBIT. This is defined and reconciled on page 15.

#### Cash flow

Million	USD 2017	USD 2016	EUR 2017	EUR 2016
PBITDA	1,024.6	965.1	940.6	869.7
Capital expenditure	(219.4)	(215.2)	(201.4)	(193.9)
Movement in working capital	103.6	92.1	95.1	83.0
Flexibles segment restructuring	(95.1)	-	(87.3)	-
Other	49.5	0.2	45.4	0.1
<b>Operating cash flow</b>	<b>863.2</b>	<b>842.2</b>	<b>792.4</b>	<b>758.9</b>
USD:Euro average exchange rate	0.92	0.90		

The Flexibles segment delivered PBIT of EUR 738.8 million, up 8.2% in constant currency terms compared with the prior period. This strong earnings growth reflects benefits from acquisitions and restructuring initiatives along with modest organic growth across the segment.

Operating margins expanded 40 basis points to 12.9%, and returns remained strong at 24.4%.

#### Flexibles segment restructuring

In the context of a protracted low growth environment in developed markets, 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 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 9 June 2016, Amcor has announced eight plant closures and an overhead cost reduction initiative.

Execution and progress under individual closure and restructuring plans has been outstanding and PBIT in the second half of the 2016/17 financial year includes a benefit of USD 15 million (EUR 14 million). This is at the upper end of the range expected for the 2016/17 financial year, outlined at the time of the original announcement.

Total benefits to be generated by the end of the 2018/19 financial year are now expected to be approximately USD 50 to USD 60 million, an increase of USD 10 million or more than 20% compared with original expectations. Total benefits continue to represent a return of 35% on the total cash to be invested of approximately USD 160 million. Total costs (cash and non-cash) expensed in relation to all initiatives have been approximately USD 180 million after tax, and have been excluded from underlying earnings. There are no further expenses expected to impact profit and loss in relation to these restructuring initiatives.

#### Flexibles Europe, Middle East and Africa

The Flexibles Europe, Middle East and Africa business sells into the defensive

food and healthcare end market segments. The major 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 had a strong year of earnings growth. In constant currency terms sales were modestly higher than last year, cost performance in the business was exceptional and product mix continued to improve. Earnings also improved through benefits delivered under the Flexibles restructuring program.

By end market, volumes were higher across a broad range of high value add end markets including the pharmaceutical, medical, pet food, ambient ready meal, dairy and culinary segments. Growth in these segments was offset by weaker volumes in the bakery and snack food segments.

In the wine and spirit closures segment, strong growth continues to be underpinned by a strategically located plant network and innovative product offering.

### Flexibles Americas

The Flexibles Americas business sells into the defensive food and healthcare market segments and has a wide range of organic and acquisition growth opportunities across North and South America. In the last 18 months, combining legacy operations with the acquired Alusa and Deluxe Packages businesses has created a strong platform for continued growth, in a region that accounts for approximately 30% of global flexible packaging consumption.

Earnings for the year were higher than the prior period, reflecting a combination of benefits from recently acquired businesses and organic growth.

Additional earnings of approximately USD 32 million were delivered from the recently acquired Alusa business. This is inclusive of incremental base earnings along with synergy benefits net of integration costs. The integration team has delivered synergy benefits which have exceeded expectations, offsetting the impact of weaker market conditions in South America. Overall the contribution from the Alusa business was in line with expectations for the 2016/17 financial year.

Sales revenue and volumes from the legacy business in North America were higher than the prior year. This was partly offset by investments in capabilities to support future growth in a business that has doubled sales in the last 18 months.

### Recently acquired business

The USD 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. It has a broad range of capabilities including film extrusion, flexographic and gravure printing and lamination and produces 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. This acquisition is expected to add approximately USD 65 million of PBIT to Amcor's Flexibles segment at the end of the third year of ownership (2018/19 financial year).

### Flexibles Asia Pacific

The Flexibles Asia Pacific business has 37 plants in eight countries throughout

the region and sells into the defensive food and healthcare market segments.

Sales revenue and volumes were higher across Asia, operating cost performance was strong in all business units, and there were benefits delivered under the Flexibles restructuring program. However, market conditions remained subdued in Australia and New Zealand and sales were lower in these markets. In addition, the business experienced integration costs of approximately USD 3 million related to the newly acquired business in Hebei, China, and planned start-up costs at the new greenfield plant in the Philippines. In constant currency terms, overall earnings for the business were lower than last year.

The new flexibles packaging plant in the Philippines is now operational and fully staffed and volumes continued to ramp up through the 2016/17 financial year. 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 important South East Asian region.

During the year an agreement was reached with another large multinational customer to build a dedicated greenfield plant in the high-growth Indian market. This is an exciting development and provides an excellent opportunity to improve Amcor's product offering and strengthen the partnership with a key customer. The investment is underpinned by a long-term contract. Construction commenced in the June 2017 half year and the plant is expected to be ready for commercial production in the first half of the 2018 calendar year.



# Operating and Financial Review

## Review of operations

### Flexibles (continued)

#### Recently acquired business

The RMB 185 million (USD 28 million) acquisition of Hebei Qite Packing Co. Ltd was completed on 9 January 2017. Qite has one plant located in Hebei and generates sales of over RMB 180 million from the sale of flexible packaging products to large domestic customers within the dairy and food segments. Once fully integrated the business will have an even stronger platform to grow in the strategically important Northern China region.

#### Tobacco Packaging

As the only manufacturer with a global footprint, the Tobacco Packaging business is very well positioned to support customers with high-value specialty folding cartons as they focus on the premiumisation and differentiation of their brands across a range of end markets and regions. By offering exceptional service and world class product innovation capabilities, the business is able to continue adding value by securing new volumes and improving product mix. This has proven to be a consistent trend over many periods and continued in the current year with exciting new business wins in the 'heat not burn tobacco' and oral care segments.

The business experienced lower sales and earnings compared with the same period last year, mainly driven by lower volumes in Europe and Asia. This was partly offset by strong operating cost performance in all regions and benefits delivered under the Flexibles restructuring program.

In Western Europe, as expected, demand decreased across the European Union (EU) as customers reduced inventories ahead of the implementation of new tobacco packaging regulations (second EU Tobacco Packaging Directive) in May 2017. In Russia, customer demand

weakened in the second half of the year following an increase in excise taxes.

The business in Asia performed well in an environment where customers lost share and markets were weak. The Philippines market in particular was impacted by these trends. The negative impact of lower volumes was partly offset by lower operating costs.

In the Americas, the business delivered strong earnings growth. Sales were in line with the prior year, with earnings growth driven by favourable product mix, strong operating cost performance in both North and South America and benefits delivered under the Flexibles restructuring program.

#### Outlook

In constant currency terms, the Flexibles segment is expected to deliver another year of strong PBIT growth in the 2017/18 financial year, compared with PBIT of EUR 738.8 million achieved in the 2016/17 year. This outlook takes into account:

- incremental restructuring benefits of approximately USD 25 million to USD 30 million (approximately EUR 23 million to EUR 28 million);
- incremental net synergy benefits of USD 10 million to USD 15 million related to the Alusa acquisition. This amount is net of integration costs; and
- modest organic growth across the Flexibles segment.

In the first half of 2017/18, earnings will be impacted by integration costs of approximately USD 5 million related to the Alusa and Hebei Qite businesses, and will also be dependent on raw material cost development, including the timing of recovering higher raw material costs experienced in the fourth quarter of 2016/17.

# Operating and Financial Review

## Review of operations

### Rigid Plastics

#### Earnings

Million	USD 2017	USD 2016	Reported change (%)	Ongoing operations <sup>(1)</sup> change (%)
Sales revenue	<b>2,877</b>	3,357	(14.3)	3.8
<b>PBIT<sup>(2)</sup></b>	<b>342.7</b>	<b>352.5</b>	<b>(2.8)</b>	<b>8.6</b>
PBIT margin (%)	<b>11.9</b>	10.5		
Average funds employed	<b>1,690.0</b>	1,512.1		
<b>Return on funds employed (%)</b>	<b>20.3</b>	<b>23.3</b>		

(1) Refer to page 16 for further information. **Commentary below regarding financial performance for the Rigid Plastics segment refers to underlying earnings for ongoing operations unless otherwise stated.**

(2) Represents underlying PBIT. This is defined and reconciled on page 15.

#### Cash flow

Million	USD 2017	USD 2016
PBITDA	<b>471.7</b>	487.8
Capital expenditure	<b>(157.6)</b>	(125.0)
Movement in working capital	<b>47.1</b>	(65.2)
Other	<b>12.2</b>	3.4
<b>Operating cash flow</b>	<b>373.4</b>	<b>301.0</b>

The Rigid Plastics business delivered PBIT of USD 342.7 million during the year, up 8.6% compared with the prior year. This was a strong result given economic conditions in Latin America remained challenging through the year. Earnings growth reflects higher volumes, favourable sales mix and benefits from recently acquired businesses.

Sales for the period were moderately higher than the prior year, even after being negatively impacted by approximately USD 50 million, as the business passed through lower average PET resin costs to customers during the year.

#### North America Beverage

The North America Beverage business had a strong year. The business achieved higher earnings than the same period last year, reflecting organic volume growth, favourable product mix and strong operating cost performance.

Total organic volume growth was 2.6% compared to last year, with hot fill container volumes increasing by 9%, and combined preform and cold fill container volumes modestly lower than the prior period. Strong growth in the hot fill segment was driven by a combination of market share gains and growth in underlying demand. The business also continued to increase share with regional customers, following investments in the unique 'Upstart' manufacturing platform and a dedicated and focused commercial team, to target the growing number of customers in this segment who require a tailored product and smaller run volumes.

Year-on-year volume growth slowed through the second half with volumes in the June 2017 quarter modestly lower than the June 2016 quarter. This reflects Amcor customers experiencing weaker volumes at the start of the North American summer season.

A new onsite facility, co-located with a key customer in Paris, Texas, was commissioned during the year. This facility is 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 the many opportunities available in the North America Beverage business to strengthen our value proposition for key customers.

#### North America Specialty Containers

The Specialty Containers business produces containers from multiple plastic materials for a variety of end markets, including pharmaceutical, healthcare, food, spirits and wine, personal care and homecare.

The ability to offer a broad range of products, materials and production technologies is an important enabler for success in these markets. Amcor's Specialty Containers 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. In the last 12 months the business has significantly increased annualised sales to more than USD 700 million, inclusive of recent acquisitions. Looking forward, there are many opportunities to grow organically as well as to acquire additional complementary technologies and capabilities which unlock further growth in key sub-segments.

The business delivered higher earnings compared with last year, reflecting benefits from recently acquired businesses and organic growth driven by strong cost performance and favourable product mix. Benefits from recently acquired businesses include

# Operating and Financial Review

## Review of operations

### Rigid Plastics (continued)

approximately USD 12 million from the Sonoco acquisition, which is after deducting approximately USD 4 million of integration costs.

#### Recently acquired business

On 8 November 2016, the USD 280 million acquisition of the Sonoco Products Company's North American rigid plastics blow molding operations was completed. The business has six production sites in the United States and one in Canada, and generates annual sales of approximately USD 210 million. This acquisition significantly enhances Amcor's product offering by adding more extensive extrusion blow molding and injection technologies, expertise in polyethylene, polypropylene and multi-layer containers, as well as additional decorating capabilities. This acquisition is expected to add approximately USD 50 million of PBIT to Amcor's Rigid Plastics segment at the end of the third full year of ownership (2019/20 financial year). Additional growth opportunities underpinned by a broader product offering will further enhance returns on this acquisition beyond that timeframe.

#### Latin America

Economic conditions have continued to be challenging across the Latin American region. With deep long-term experience in these markets, the business is well positioned to anticipate the unfavourable impacts on volumes and costs which arise through economic cycles and to adjust quickly.

Across the region volumes were 6.8% lower than last year. This mainly reflects lower volumes in Brazil, Colombia and Argentina. The businesses in Peru and Mexico continued to deliver good volume growth.

Overall earnings for the year were lower

than the same period last year. The negative impact of lower volumes was partially offset by favourable product mix and strong cost performance.

#### Recently acquired business

On 3 May 2017, Amcor announced the expansion of its specialty container business in Latin America with the acquisition of Plásticos Team S.A.S. (Plásticos Team) from Team Foods Colombia S.A. (Team Foods). Plásticos Team has one stand-alone facility located in Guachene, Colombia and annual sales of approximately USD 13 million, the majority of which comes from the manufacture and supply of preforms, thin wall containers and closures to Team Foods. Sales to Team Foods will continue under an exclusive long-term supply agreement and the acquired business will also continue to supply other customers in the food, beverage and home care segments. This is an excellent example of opportunities that exist to facilitate customers exiting in-house but non-core packaging operations.

#### Bericap

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

The business delivered a solid increase in earnings compared with last year. This reflects favourable product mix with volume gains in hot fill applications and strong operating cost performance. The business continues to leverage strong relationships with customers and a broad range of innovative products.

The Bericap joint venture has commenced the setup of a new manufacturing facility in Cuautitlán, Mexico. This facility

will manufacture closures for existing customers, and contracts for incremental volumes have been secured to underpin the initial investment. This is an exciting opportunity to establish a presence in one of the largest beverage markets in the world and will better position the Bericap joint venture for continued growth. The new facility is expected to be operational in the June 2018 half year.

#### Outlook

The Rigid Plastics segment is expected to deliver solid PBIT growth in the 2017/18 financial year, compared with PBIT of USD 342.7 million achieved in the 2016/17 year. This outlook takes into account:

- modest organic growth in the businesses in North America;
- growth in Latin America, dependent on general economic conditions in the region which are expected to remain challenging; and
- an additional five months of acquired earnings from the Sonoco blow molding business. For the 2017/18 year, synergy benefits are expected to be offset by integration costs.
  - in the first half of the year, the net impact is expected to be an expense of approximately USD 10 million.
  - in the second half of the year, the net impact is expected to be a benefit of approximately USD 10 million.

In the first half of 2017/18, earnings will be impacted by integration costs related to the Sonoco acquisition and will be dependent on beverage volumes in the North American market through the balance of the summer.



# Operating and Financial Review

## Financial review

Profit after tax (PAT) of USD 701.2 million has increased by USD 30.1 million or 4.5% compared to prior year. On a constant currency basis, the profit increased by 6.6%. This reflects constant currency growth in profit before interest and tax (PBIT) in both the Flexibles segment of 8.2% and the Rigid Plastics segment of 8.6%<sup>(1)</sup>. During the year Amcor completed the acquisition of Sonoco's blow molding business, a leading manufacturer of specialty rigid plastic containers, plus other acquisitions in both the Rigid Plastics segment (Colombia) and the Flexible Packaging segment (China).

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

### Consolidated income statement – underlying earnings unless otherwise indicated<sup>(1)</sup>

USD million	2017	2016
<b>Sales revenue</b>	<b>9,101.0</b>	<b>9,421.3</b>
PBITDA	1,447.0	1,409.3
- Depreciation and amortisation	(358.8)	(354.0)
<b>PBIT</b>	<b>1,088.2</b>	<b>1,055.3</b>
- Net finance costs	(187.0)	(166.8)
<b>Profit before related income tax expense and significant items</b>	<b>901.2</b>	<b>888.5</b>
- Income tax expense	(183.0)	(187.9)
- Non-controlling interest	(17.0)	(29.5)
<b>PAT</b>	<b>701.2</b>	<b>671.1</b>
Adjustments to underlying PAT <sup>(1)</sup>	(104.2)	(427.0)
<b>Statutory profit attributable to owners of Amcor</b>	<b>597.0</b>	<b>244.1</b>

(1) Refer to pages 15 and 16 for further information on adjustments.

Approximately 35–40% of Amcor's earnings are effectively 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 prior year's exchange rates, sales revenue would have been higher by USD 131.4 million at USD 9,232.4 million and PAT by USD 14.2 million at USD 715.4 million.

Net financing costs of USD 187.0 million were USD 20.2 million higher than the prior year, mainly reflecting the additional interest driven by the higher acquisition related average debt balances.

Income tax expense decreased slightly to USD 183.0 million compared to USD 187.9 million in 2016, which reflects an effective tax rate of 20.3% compared to 21.1% the year before.

Statutory PAT was USD 597.0 million compared to USD 244.1 million in prior year. The increase of USD 352.9 million reflects an adjustment of USD 348.9 million net of tax to eliminate exposure in Venezuela in the prior year.

# Operating and Financial Review

## Financial review (continued)

### Consolidated balance sheet

USD million	2017	2016
Current assets	3,286.5	3,193.1
Property, plant and equipment	2,765.3	2,690.9
Intangible assets	2,409.3	2,102.1
Investments and other assets	622.2	696.0
<b>Total assets</b>	<b>9,083.3</b>	<b>8,682.1</b>
Current interest-bearing liabilities	1,124.6	916.7
Non-current interest-bearing liabilities	3,486.4	3,428.4
Creditors and provisions	3,580.8	3,491.5
Shareholders' equity	891.5	845.5
<b>Total liabilities and equity</b>	<b>9,083.3</b>	<b>8,682.1</b>

Total assets increased by USD 401.2 million. This increase mainly relates to USD 424.8 million from business acquisitions partially 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 USD 265.9 million from USD 4,345.1 million to USD 4,611.0 million. Net debt was USD 4,049.5 million compared to USD 3,829.4 million in 2016. This increase mainly reflects additional drawdowns to fund acquisitions partially offset by the free cash flow generated during the period.

During the year ended 30 June 2017, the following refinancing was completed:

- US Private Placement notes of USD 275 million matured on 15 December 2016 and were refinanced with a new EUR 750 million syndicated multi-currency revolving credit facility.

### Consolidated cash flow

USD million	2017	2016
Profit before depreciation, amortisation, interest, related income tax expense and significant items	1,447.0	1,409.3
Interest received/(paid)	(176.7)	(153.4)
Income tax paid	(160.2)	(170.3)
Base capital expenditure	(379.2)	(348.9)
Movement in working capital	159.0	37.2
Flexibles segment restructuring	(98.1)	-
Other	(57.4)	17.6
<b>Operating cash flow</b>	<b>734.4</b>	<b>791.5</b>
Dividends and other equity distributions	(489.1)	(480.3)
<b>Free cash flow</b>	<b>245.3</b>	<b>311.2</b>
Divestments	-	1.5
Elimination of Venezuela exposure	-	(184.2)
Acquisitions	(336.2)	(498.1)
Proceeds from share issues	23.6	39.5
Payments for own shares (share based payment / share buy-back)	(83.6)	(349.1)
Proceeds/(return) of capital contribution from/(to) non-controlling interests	(0.6)	-
Foreign exchange rate changes and hedges	(18.9)	(170.5)
<b>Increase in net debt<sup>(1)</sup></b>	<b>(170.4)</b>	<b>(849.7)</b>

(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 shown on page 15

Operating cash flow for the year was USD 734.4 million, compared with USD 791.5 million in the prior year.

Dividends per share have increased by 4.9% to US cents 43.0 (AUD cents 55.45) per share.

Cash outflows relating to acquisitions totalled USD 336.2 million for the year and are primarily related to Sonoco's blow molding business in North America.

#### Reconciliation of net debt to the net increase in cash

USD million	2017	2016
Proceeds from borrowings	(3,959.5)	(5,701.2)
Repayment of borrowings	3,745.1	5,036.2
Net increase in cash held	57.8	(24.5)
Effects of exchange rate changes on cash and cash equivalents	(13.5)	(159.6)
Other items	(0.3)	(0.6)
<b>Cash inflow – decrease/(increase) in net debt</b>	<b>(170.4)</b>	<b>(849.7)</b>

#### Reconciliation of non-IFRS measures

##### Reconciliation of statutory earnings to underlying earnings

USD million	Statutory earnings		Adjustments		Underlying earnings	
	2017	2016	2017	2016	2017	2016
<b>Sales revenue</b>	<b>9,101.0</b>	<b>9,421.3</b>	-	-	<b>9,101.0</b>	<b>9,421.3</b>
PBITDA	1,311.5	929.7	(135.5)	(479.6)	1,447.0	1,409.3
- Depreciation and amortisation	(358.8)	(354.0)	-	-	(358.8)	(354.0)
PBIT	952.7	575.7	(135.5)	(479.6)	1,088.2	1,055.3
- Net finance costs	(187.0)	(166.8)	-	-	(187.0)	(166.8)
<b>Profit before tax</b>	<b>765.7</b>	<b>408.9</b>	<b>(135.5)</b>	<b>(479.6)</b>	<b>901.2</b>	<b>888.5</b>
- Income tax expense	(151.7)	(135.3)	31.3	52.6	(183.0)	(187.9)
- Non-controlling interest	(17.0)	(29.5)	-	-	(17.0)	(29.5)
<b>Profit after tax</b>	<b>597.0</b>	<b>244.1</b>	<b>(104.2)</b>	<b>(427.0)</b>	<b>701.2</b>	<b>671.1</b>

##### Segmental reconciliation of statutory PBIT to underlying PBIT

Segment information USD million	2017					2016				
	Sales revenue	Statutory PBIT	Adjustments PBIT	Underlying PBIT	Underlying ROAFE%	Sales revenue	Statutory PBIT	Adjustment PBIT	Underlying PBIT	Underlying ROAFE%
Flexibles	6,226.5	669.2	(135.5)	804.7	24.4	6,065.9	661.0	(94.9)	755.9	25.8
Rigid Plastics	2,876.7	342.7	-	342.7	20.3	3,357.3	(32.2)	(384.7)	352.5	23.3
Investments/Other/ Intersegment	(2.2)	(59.2)	-	(59.2)	-	(1.9)	(53.1)	-	(53.1)	-
<b>TOTAL</b>	<b>9,101.0</b>	<b>952.7</b>	<b>(135.5)</b>	<b>1,088.2</b>	<b>20.4</b>	<b>9,421.3</b>	<b>575.7</b>	<b>(479.6)</b>	<b>1,055.3</b>	<b>21.6</b>



# Operating and Financial Review

## Financial review (continued)

### Details of adjustments

Income statement	Flexibles EUR million		Flexibles USD million		Rigid Plastics USD million		Investments/ Other USD million		Consolidated USD million	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Flexibles segment restructuring	(124.4)	(85.5)	(135.5)	(94.9)	-	-	-	-	(135.5)	(94.9)
Change of accounting treatment Venezuela	-	-	-	-	-	(384.7)	-	-	-	(384.7)
<b>Total PBIT adjustments</b>	<b>(124.4)</b>	<b>(85.5)</b>	<b>(135.5)</b>	<b>(94.9)</b>	<b>-</b>	<b>(384.7)</b>	<b>-</b>	<b>-</b>	<b>(135.5)</b>	<b>(479.6)</b>
Tax on adjustments	28.8	15.1	31.3	16.8	-	35.8	-	-	31.3	52.6
<b>Total PAT adjustments</b>	<b>(95.6)</b>	<b>(70.4)</b>	<b>(104.2)</b>	<b>(78.1)</b>	<b>-</b>	<b>(348.9)</b>	<b>-</b>	<b>-</b>	<b>(104.2)</b>	<b>(427.0)</b>

(1) Growth in underlying earnings represents growth for ongoing operations. This has been adjusted to reflect the elimination of financial exposure to Amcor's business in Venezuela. As announced to the ASX on 9 June 2016, and detailed in Amcor's 2016 full year earnings release on 25 August 2016, a number of measures were taken at 30 June 2016 to eliminate Amcor's financial exposure to Venezuela, following a deterioration in economic conditions. As outlined in those documents, the full year negative impact for the 2016/17 financial year on PBIT is approximately USD 40 million (unfavourable PAT impact of USD 20 million) compared with 2015/16. The full year negative impact for the 2016/17 financial year on sales is approximately USD 600 million compared with 2015/16. Growth has been adjusted to exclude the Venezuela impact as follows:

	Total Sales USD million			Total PBITDA USD million			Total PBIT USD million		
	FY17	FY16	Change (%)	FY17	FY16	Change (%)	FY17	FY16	Change (%)
Underlying	9,101.0	9,421.3	(3.4)	1,447.0	1,409.3	2.7	1,088.2	1,055.3	3.1
Constant currency	9,232.4	9,421.3	(2.0)	1,468.3	1,409.3	4.2	1,106.2	1,055.3	4.8
<b>Constant currency ongoing operations</b>			<b>4.4</b>			<b>7.2</b>			<b>8.6</b>

	Total PAT USD million			EPS US cents		
	FY17	FY16	Change (%)	FY17	FY16	Change (%)
Underlying	701.2	671.1	4.5	60.6	57.7	5.0
Constant currency	715.4	671.1	6.6	61.8	57.7	7.1
<b>Constant currency ongoing operations</b>			<b>9.6</b>			<b>10.1</b>

	Rigid Plastics Sales USD million			Rigid Plastics PBIT USD million		
	FY17	FY16	Change (%)	FY17	FY16	Change (%)
Underlying	2,877	3,357	(14.3)	342.7	352.5	(2.8)
Constant currency	2,877	3,357	(14.3)	342.7	352.5	(2.8)
<b>Constant currency ongoing operations</b>			<b>3.8</b>			<b>8.6</b>

This information is presented to assist in making appropriate comparisons with prior periods and to assess the operating performance of the ongoing business. Amcor assesses the performance of the business on this basis and believes that the information is useful to investors.

# Operating and Financial Review

## Sustainability

At Amcor, we believe in responsible packaging that is better for people, products, and the world around us. Safety and sustainability guide how we do business. Our ongoing efforts to reduce the weight and material used in our packaging, improve efficiency of our production processes, and support recycling initiatives and infrastructure align with those values and our business goals.

### Sustainability achievement

During the past year we achieved several sustainability milestones that benefitted our stakeholders and our overall industry, while at the same time strengthening our business and creating competitive advantage for Amcor.

Recognition of our innovation and sustainability success in the 2016/17 financial year included:

- two Gold awards and one Silver from the DuPont Awards for Packaging Innovation;
- one Gold Flexible Packaging Association Achievement award;
- one award from the European Aluminium Foil Association for Technical Innovation;
- a gold rating in the 2016 Corporate Social Responsibility assessment conducted by EcoVadis, a global platform for evaluating corporate social and environmental practices;
- being placed in the top 2% of best companies evaluated by EcoVadis, and top 1% of suppliers in the 'Manufacture of Plastics Products' category; and
- a gold-class distinction by RobecoSAM for sustainability performance in its 2017 Sustainability Yearbook.

Additionally, Amcor is regularly recognised for sustainability performance against global and regional indices. The company 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.

In 2016/17, Amcor was materially compliant with all environmental laws and regulations across the 43 countries in which we operate.

### Our approach to sustainability

Working with colleagues, customers, suppliers, industry groups, investors and non-governmental organisations, Amcor identifies, assesses, prioritises, and manages emerging sustainability opportunities and risks in three areas using an enterprise risk-management (ERM) framework.

We describe our global approach to sustainability using three focus areas. They are:

- Our products: innovation and Collaboration – advancing the sustainability of packaging;
- Our operations: care and quality – protecting the environment and reducing the impact of our operations on the world around us; and
- Our capabilities: expertise and reach – leading and contributing to initiatives that address urgent global challenges.

### Our products – innovation and collaboration

#### Product innovation and lifecycle assessment

We use Amcor's lifecycle assessment tool, ASSET, to help our customers find

packaging solutions that reduce their overall environmental impact and meet their sustainability goals. ASSET, which is certified by The Carbon Trust, calculates the environmental footprint of packages across their full life cycle, including energy use, water use and greenhouse gas emissions. It can also compare the effect of any potential change in product weight or material.

#### Supply chain

Amcor employs its expertise to encourage more responsible packaging throughout the industry. We work closely with our suppliers to create a supply chain that is responsible, ethical, transparent and sustainable.

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

### Our operations – care and quality

#### EnviroAction

We measure and aim to reduce the impact of our operations worldwide. We set ambitious targets under Amcor's internal EnviroAction program, the goals of which are to:

Reduce greenhouse gas (GHG) emissions:

- 6% reduction in tonnes of carbon dioxide emitted per production unit over three years through 2018/19; and

# Operating and Financial Review

## Sustainability (continued)

- 60% reduction in GHG emissions intensity by 2030 from 2005/2006.

Reduce waste-to-disposal\*:

- 10% reduction in tonnes of waste to disposal over three years through 2018/19; and
- Zero waste to disposal is our long-term objective.

\* Previously we reported 'waste to landfill'; we now report waste-to-disposal, which includes 'waste to landfill' and waste incinerated without energy recovery.

Conserve water:

- Water management plans in place at all of our sites and continuous improvement in water-use efficiency.

### Safety

Safety is always our top priority. To maintain a safe workplace, we are focused on:

1. eliminating serious injuries by managing critical risk areas;
2. determining which operating sites may require specific attention to improve safety;
3. strengthening processes and knowledge sharing about fire prevention; and
4. adopting best practices across all business groups in order to achieve 'No Injuries'.

Our Global Safety Steering Committee monitors safety performance and actively addresses safety trends in our business. All Amcor manufacturing sites comply with global standards for safety, environmental management and security. We conduct internal audits annually and external audits every three years, at a minimum. With findings from our external audits, our professional safety leaders plan and carry out actions for continuous improvement.

All of our business groups provide monthly reports to the company's Board of Directors on safety performance, and compliance with Amcor standards and local legislation.

This past year we launched Amcor's first global safety campaign, a concerted worldwide effort to increase awareness and lower risks associated with hand safety. All company sites reviewed and updated their procedures, risk assessments, and training related to machinery guidelines. In that time, hand injuries reduced from 80% to 50% of total injuries, and their frequency continues to decline.

In July 2017, just after the end of the fiscal year, we were deeply saddened when a contractor suffered a fatal accident while making a delivery at an Amcor production site. We provided prompt and compassionate support to everyone who was affected by the accident. Additionally, we completed a thorough internal investigation and worked with local authorities as they conducted their own. We will apply everything that we learn to mitigate the risk for accidents like this one in all of Amcor's operations.

### Safety performance

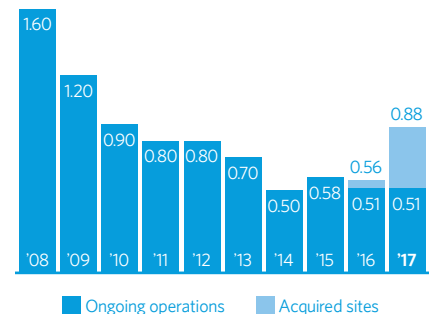
We monitor and track our performance using two industry-standard criteria: Lost-Time Injury Frequency Rate (LTIFR) and Recordable-Case Frequency Rate (RCFR).

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 2016/17, the LTIFR was 0.88, corresponding to 71 cases across our global business. For ongoing operations (not including sites acquired during 2016/17), the LTIFR was 0.51, corresponding to 37 cases. This compares to 0.56 in 2015/16, corresponding to 41 cases.

Amcor's RCFR is measured by calculating the number of medical-treatment cases and lost-time injuries per million hours worked. In 2016/17, the RCFR was 2.41, corresponding to 195 injuries across our global business. For continuing operations (not including sites acquired during 2016/17), the RCFR was 1.73, corresponding to 126 cases. This compares to an RCFR of 2.0, corresponding to 147 injuries, in 2015/16.

### Lost-time injury frequency rate

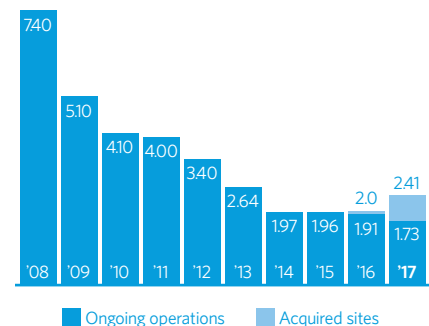
Number of full work days lost per million hours worked – ongoing Amcor operations and acquired sites:



Note: Data for 2012 and earlier include the demerged Orora business; 2015 and onward, they include acquired businesses from the first day of ownership.

### Recordable-case frequency rate

Number of recordable cases per million hours worked – ongoing Amcor operations and acquired sites:





## Our capabilities – expertise and reach

### Amcor sustainability partnerships

With operations spanning the globe, we strive to make positive contributions to the communities in which our team, customers and consumers live and work. Going further, we aim to influence the worldwide industry through collaboration with industry associations, not-for-profit groups, and governments.

Initiatives include those that encourage adoption of improved waste-management infrastructures, end-of-life options for packaging, and overall circular-economy principles. We direct resources toward organisations that, like Amcor itself, are enhancing packaging so that it delivers humanitarian aid to those most in need around the world, and reduces effects on the environment.

In 2016/17 we refocused our previously described Community Partners Program as the Sustainability Partners Program. Of the USD 5 million committed over five years, we had invested nearly USD 3 million by the end of the last fiscal year.

Examples of what we achieved through our Sustainability partnerships during 2016/17 include:

- Amcor is a core partner in the Ellen MacArthur Foundation's (EMF) New Plastics Economy initiative, a three-year effort to design a plastics value chain based on circular-economy principles, where plastics are intended to be used over and over. Amcor people are applying their packaging knowledge to increase the volume of packaging that can be recycled and reused, better protecting people and the environment. During 2016/17, Amcor began working on pioneering projects to develop a global definition for recycle-ready flexible packaging; evaluate chemical

recycling; and map material flows and develop strategies to prevent litter and improve recycling in Asia. Amcor helped to shape and is judging entrants to the EMF's USD 2 million innovation challenge, which was announced in May 2017.

- The company is part of the Ocean Conservancy's Trash Free Seas Alliance to eliminate ocean trash, in conjunction with partners such as Nestlé Waters, Procter & Gamble, the World Wildlife Fund, and Coca-Cola. We encourage and support colleagues who volunteer during the International Coastal Cleanup each September. Through this Alliance, we are driving improved waste management practices worldwide, particularly in Southeast Asia.
- Amcor participates in Materials Recovery for the Future, the Reflex Consortium, and REDCycle to improve recycling opportunities for flexible film packaging. 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.
- Amcor's support of the United Nations World Food Programme (WFP) saw tremendous returns from using technical guidance to evaluate and modify packaging for lipid-based nutrient supplements for children under age five. With Amcor's technical expertise, WFP suppliers reformatted the packaging, substantially reducing cost. These savings for WFP ensure that more children receive food assistance.
- In the 16th year of an ongoing partnership with the Earthwatch Institute, 15 Amcor people participated in a research expedition to Bali, Indonesia. There they observed, collected, and documented marine

debris to help researchers identify its source, and to develop approaches to prevent waste from reaching beaches and oceans. The colleagues are also identifying solutions to help improve recyclability efforts.

At regional levels, Amcor is a core member of two initiatives aimed at driving development of recycling options for flexible packaging: CEFLEX in Europe (also building on the U.K.-focused REFLEX project) and Materials Recovery for the Future (MRFF) in the United States.

Also in the United States, Amcor continues its involvement with the Recycling Partnership, an industry-funded public/private program to improve residential recycling rates. In 2016/17, funds were used to implement curbside cart programs in St. Paul, Minnesota; Outagamie County, Wisconsin; and Athens, Ohio.

### Looking ahead

Amcor is committed to technological advancement and resource efficiency. We know that we must continue to work toward transformational change in our industry, and are excited for the opportunities that lie ahead.

Details of Amcor's sustainability activities and performance are included in our Sustainability Review and in our Global Reporting Initiative (GRI) report – both of which are published at [www.amcor.com/sustainability](http://www.amcor.com/sustainability).

New this year, our emissions intensity is calculated by dividing emissions by total packaging produced. This 'Amcor product' figure is a normalised unit based on the various production units across our business. For more information, please refer to our GRI report that will be available in November 2017.

# Operating and Financial Review

## 2017 Principal risks

Managing business risk to deliver opportunities is a key element of all our business activities and is undertaken with a practical and flexible framework that provides a consistent and sustained approach to risk evaluation.

The Group's risk management system is designed to manage, rather than eliminate the risk of failure to achieve business objectives.

Business risks, which may be strategic, operational, financial, environmental, reputational, are understood and visible and the business context determines in each situation the level of acceptable risk and controls.

### Key features of our system of risk management include:

- Group statements on strategic priorities, purpose, value and ethics;
- clear business objectives and business principles;
- an established risk policy;
- a continuous process for identification and evaluation of significant risks to the achievement of business objectives;
- management processes to mitigate significant risks to an acceptable level;
- continuing monitoring of significant risks and internal and external environmental factors that may change our risk profile;
- a regular review of both the type and amount of external insurance purchased, bearing in mind the availability of cover, its cost and the likelihood and magnitude of the risks involved; and
- a process of regular reporting to the Board through the Audit Committee on the status of the risk framework.

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.

Risk	Description and potential consequences	Treatment strategies employed by Amcor
<b>General market risk</b>	Macroeconomic 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 of a deterioration in economic conditions in a single country, region or market by: <ul style="list-style-type: none"> <li>• operating businesses that have a broad spread of geographic locations, raw material inputs and customers servicing a number of end markets;</li> <li>• 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</li> <li>• proactively managing key risks across the Group through Amcor's Enterprise Risk Management (ERM) program.</li> </ul>
<b>Financial risks</b>	Amcor faces risks relating to the cost and availability of funds to meet its business needs, including commodity or equity price risk, interest rates and foreign exchange rates.	Amcor's Group Treasury function executes 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. A detailed discussion of financial risks is included in note 3.3 financial risk management.

Risk	Description and potential consequences	Treatment strategies employed by Amcor
<b>Customer risks</b>	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 a key customer 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.
<b>Competitor risks</b>	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.
<b>Mergers and acquisitions (M&amp;A) risks</b>	Amcor's growth opportunities are dependent in part on a disciplined selection of suitable acquisition targets in the right geographic regions with the right participation strategy. Inappropriate target selection or poor integration could affect operations and have an adverse impact on the achievement of expected financial benefits.	Amcor's Strategic Development Group works with the businesses to identify suitable targets aligned to Amcor's strategy. The Amcor M&A framework drives target selection, approval, due diligence, integration preparation/planning and post-merger value capture. In support of the framework, Amcor has developed an integration toolkit that shares best practice and provides the businesses with a methodology to manage post-merger integration.
<b>Talent retention and attraction</b>	The operating and financial performance of Amcor is largely dependent on its ability to retain and attract key management talent. A loss of key personnel could adversely impact Amcor's operating and financial performance.	Amcor's human resource policies are designed to: <ul style="list-style-type: none"> <li>• access the widest possible pool of talent available, through Amcor's diversity in the workforce strategy;</li> <li>• provide co-workers with mobility and development opportunities through its leadership framework;</li> <li>• deliver a high performance culture by setting challenging objectives and rewarding high-performing individuals;</li> <li>• remuneration is competitive in the relevant employment markets to support the attraction, motivation and retention of talent; and</li> <li>• remuneration is aligned with business outcomes that deliver value to shareholders.</li> </ul>

# Operating and Financial Review

## 2017 Principal risks (continued)

Risk	Description and potential consequences	Treatment strategies employed by Amcor
<b>Country risks</b>	Amcor operates in over 40 countries, across a broad range of legal, regulatory and political systems, some of which could be 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 or difficulties in interpreting or complying with the local laws of those countries, 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 a regular review of country risks is integrated into Amcor's Business Group ERM program.
<b>Supply chain risk</b>	Disruption to Amcor's supply chain caused by the availability of key components or raw materials may adversely affect the price, sales volumes, and/or customer relations, resulting in unexpected costs.	Amcor's approach to supply chain risk management is multi-faceted and includes: <ul style="list-style-type: none"> <li>• ensuring customer contracts provide for regular and timely pass-through of movements in input costs of raw materials;</li> <li>• supplier due diligence and risk management; and</li> <li>• implementing a multi-sourcing strategy for the supply of raw materials.</li> </ul>
<b>Business interruption and key site risk</b>	Amcor operates from some 200 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 and where appropriate purchases insurance.
<b>Change in consumer preferences</b>	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 works closely with our customers and suppliers to propose solutions that address evolving consumer preferences. Amcor is continuing to build on its innovation capability to ensure it is the innovation leader for the packaging industry.



Risk	Description and potential consequences	Treatment strategies employed by Amcor
<b>Compliance and control risks</b>	<p>The risk of inadequate internal processes, or an internal control failure, potentially resulting in financial loss and reputational damage to the business. Examples of risks that could arise include:</p> <ul style="list-style-type: none"> <li>• fraud, bribery or insider trading by co-workers due to a lack of integrity or awareness;</li> <li>• 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</li> <li>• 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.</li> </ul>	<p>'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.</p> <p>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.</p> <p>The Company continues to build on its existing information security capability via a continuous improvement approach aligned with IT threat assessments and appropriate business continuity plans.</p>
<b>Tax risks</b>	<p>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.</p>	<p>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:</p> <ul style="list-style-type: none"> <li>• tax risks across the company are identified, monitored and managed;</li> <li>• tax risks are prioritised so that appropriate attention and action can be taken on key tax risks;</li> <li>• an active approach to tax risk management is pursued (including an open and co-operative approach with revenue authorities); and</li> <li>• informed judgement is exercised to establish the required level of provisioning for financial statement purposes.</li> </ul>
<b>Product safety and integrity risk</b>	<p>As one of the world's largest packaging companies with around 95% of sales into food, beverage, healthcare and tobacco packaging industries, a product safety or integrity incident could have adverse consequences should it occur.</p>	<p>Amcor is committed to being a responsible and safe packaging company that our customers can rely on and Customer Focus is core to 'The Amcor Way'. Product safety is supported by infrastructure that includes:</p> <ul style="list-style-type: none"> <li>• dedicated product safety and compliance personnel responsible for the implementation of processes and controls;</li> <li>• continuous focus on quality; and</li> <li>• supplier due diligence and risk assessment.</li> </ul>

# The Board of Directors and Company Secretary

## Graeme Liebelt

(BEc (Hons), FAICD, FTSE)

### Independent Non-Executive Director and Chairman

#### Qualifications 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. He is based in Australia.

#### 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

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

#### Term of office

- Director since April 2012
- Chairman since December 2013

## Dr Armin Meyer

(Dr. sc. techn. Dipl. El. Ing. ETH)

### Independent Non-Executive Director and Deputy Chairman

#### Qualifications and experience

From 2000 to 2009, Dr Meyer was the Chairman of the Board of Ciba Ltd. 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. Dr Meyer is a former 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. He is based in Switzerland.

#### Directorships of listed entities within the past three years:

- Director of Bracell Limited (formerly Sateri Holdings Ltd) (June 2014 – October 2016)

#### 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

## Ron Delia

(MBA, BSc)

### Managing Director and Chief Executive Officer

#### Qualifications 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



**Paul Brasher**

(BEC (Hons), FCA)

**Independent Non-Executive Director****Qualifications and experience**

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 (PwC), including four years as the Chairman of the Global Board. In December 2016, Mr Brasher was appointed to the board of not-for-profit organisation, Teach For Australia.

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. He is based in 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

**Eva Cheng**

(BA (Hons), MBA)

**Independent Non-Executive Director****Qualifications and experience**

Mrs Cheng is a former Executive Vice President of Amway Corporation responsible for Greater China and South-East Asia (2005–2011). She led Amway's market launch in China in 1991 and held its Executive Chairman position for 20 years. 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). She is based in Hong Kong.

**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)

**Term of office**

- Director since June 2014

**Karen Guerra**

(BSc)

**Independent Non-Executive Director****Qualifications 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, Electrocomponents PLC and Paysafe 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 Paysafe PLC (since March 2017)
- 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



# The Board of Directors and Company Secretary (continued)

## Nicholas (Tom) Long

(BA, MBA)

### Independent Non-Executive Director

#### Qualifications and experience

Mr Long is the retired Chief Executive Officer of MillerCoors, LLC, America's second largest beer company. Prior to the 2008 merger of Miller and Coors, he was CEO of Miller Brewing Company. During 17 years at The Coca-Cola Company, he held a variety of positions, including in Strategic Marketing Global Brands, President of Coca-Cola's Great Britain & Ireland business and President of the Northwest Europe Division. Before Coca-Cola, he worked for The Interpublic Group at McCann-Erickson Advertising.

Mr Long is a Non-Executive Director and member of the Compensation and Governance Committee of Wolverine World Wide, Inc, a global marketer of branded footwear. He is based in the United States.

#### Directorships of listed entities within the past three years:

- Director of Wolverine World Wide, Inc. (since July 2011)

#### Term of office

- Director since June 2017

## Jeremy Sutcliffe

(LLB (Hons), OAMP, MAICD)

### Independent Non-Executive Director

#### Qualifications and experience

Mr Sutcliffe has been the CEO of two ASX Top 100 companies. He is a qualified lawyer in Australia and the UK and has held positions with Baker & McKenzie Solicitors, London and Sydney (1982–1986), Sims Metal Management Limited and associated companies (1987–2009, including as Group CEO 2002–2008), and with CSR Limited as Interim Managing Director and CEO (April 2010 – December 2010).

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

#### 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

## John Thorn

(FCA, FAICD)

### Independent Non-Executive Director

#### Qualifications and experience

Mr Thorn is a chartered accountant and has broad public company director experience. His expertise includes accounting, financial services, mergers & acquisitions, business advisory, risk management, general management and governance. He was a partner for 21 years with PricewaterhouseCoopers (PwC), advising major international and Australian companies. Mr Thorn served on the firm's Board, was the Managing Partner of PwC's Assurance and Business Advisory practice, and was the National Managing Partner of PwC until 2003. He has experience in Asia, having worked in Singapore and Indonesia. Mr Thorn's board committee experience includes audit, human resources, information technology, nomination and risk. He is based in Australia.

#### 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





## Julie McPherson

(Dip Law SAB, M AppFin, LLM)

### Company Secretary and Group General Counsel

#### Qualifications and experience

Mrs McPherson 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 Goldman Fielder Ltd, Deputy Managing Director of Dresdner Kleinwort Benson and Partner, Corrs Chambers Westgarth. She is based in Australia.

#### 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



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# 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 2017 and the independent audit report thereon.

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# 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

N T (Tom) Long

(appointed effective 15 June 2017)

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 24 to 27 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 27 of this report.

Mr Ryan Hellman, BE (Hons) LLB (Hons), was appointed as an additional Company Secretary with effect from 12 December 2016. Mr Hellman also holds the position of Legal Counsel and is based in Melbourne, Australia. Prior to joining Amcor, Mr Hellman was a Senior Associate within the Corporate/M&A practice group of global law firm, K&L Gates.

Ms Rebecca Farrell resigned as a Company Secretary with effect from 27 January 2017.

### 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 42 of this report.

Table 1: Directors' meetings held between 1 July 2016 and 30 June 2017

	Board		Executive Committee		Audit & Compliance Committee		Human Resources Committee		Nomination Committee <sup>(1)</sup>	
	A	B	A	B	A	B	A	B	A	B
Scheduled meetings	10		2		4		4		-	
Unscheduled meetings	-		2		-		-		-	
P V Brasher	10	10	4	4	4	4	-	-	-	-
E Cheng	10	10	-	-	-	-	-	-	-	-
R S Delia	10	10	4	4	4 <sup>(2)</sup>	-	4 <sup>(2)</sup>	-	-	-
K J Guerra	10	10	-	-	-	-	4	4	-	-
G Liebelt	10	10	4	4	4	4	4	4	-	-
N T Long <sup>(3)</sup>	2	2	-	-	-	-	-	-	-	-
A Meyer	10	10	4	4	-	-	4	4	-	-
J L Sutcliffe	10	10	-	-	-	-	4	4	-	-
J G Thorn	10	10	3	4	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.

(3) Appointed as a Director effective 15 June 2017.

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.

# Directors' Report

## Statutory matters (continued)

### Principal activities

The general activities of the consolidated entity (comprising Amcor Limited and its controlled entities) are set out on pages 6 to 12 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 23 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 2017:

- On 2 September 2016, Amcor entered into an agreement to acquire the North American rigid plastics blow molding operations of Sonoco Products Company for a purchase price of USD 280 million. The acquisition successfully completed on 8 November 2016.
- On 5 April 2017, Amcor announced the appointment of Mr Michael Zacka to the new role of Chief Commercial Officer, reporting to Chief Executive Officer and Managing Director, Mr Ron Delia. The appointment took effect on 1 July 2017.
- Throughout the year, Amcor announced other acquisitions. Please refer to page 7 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 23 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 Operating and Financial Review – Sustainability section on pages 17 to 19. The Company also publishes a Sustainability Review annually which is available at [www.amcor.com/sustainability](http://www.amcor.com/sustainability).

Amcor 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 2016/17 financial year.

## 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 2016 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
<b>Directors of Amcor Limited</b>				
G R Liebelt	53,490	-	10,000	63,490
A Meyer	50,000	-	-	50,000
R S Delia	500,000	387,684	(187,684)	700,000
P V Brasher	10,000	-	5,000	15,000
E Cheng	1,079	-	39	1,118
K J Guerra	46,721	-	-	46,721
N T Long <sup>(1)</sup>	-	-	-	-
J L Sutcliffe	60,381	-	985	61,336
J G Thorn	25,994	-	-	25,994

(1) Appointed as a Director effective 15 June 2017.

## 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 (AUD) <sup>(1)</sup>	Number under option
9/12/2011	30/11/2017	5.81	38,600
9/12/2011	30/11/2018	5.81	213,600
30/11/2012	31/10/2019	6.09	320,200
20/11/2013	30/10/2020	9.31	3,704,713
9/05/2014	30/10/2020	9.31	61,875
24/11/2014	29/10/2021	10.28	3,866,073
11/05/2015	29/10/2021	10.28	17,700
4/10/2016	31/10/2022	15.30	5,791,300
1/06/2017	31/10/2022	15.30	252,600
<b>Total</b>			<b>14,266,661</b>

(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 – AUD 1.22 (Orora five-day VWAP).



## Directors' Report Statutory matters (continued)

### Shares issued on exercise of options

There were no ordinary shares of Amcor Limited issued during the year ended 30 June 2017 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 47.

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 104

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](http://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 22 August 2017.



**Graeme Liebelt**  
Chairman

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# Directors' Report

## Remuneration report

Dear Shareholder,

A competitive remuneration program is essential to attracting, retaining and motivating talented executives, and so is integral to the Company's talent management strategy.

Amcor operates in 43 countries, and has a leadership group made up of many nationalities working in various locations around the world. Our programs must stand up to competition from other leading companies anywhere in the world.

In 2016/17, Amcor continued to develop the leadership capabilities it requires to best serve its customers and other stakeholders, and deliver on its ambitious plans for growth and value creation.

The Board believes that Amcor's remuneration programs continue to be well aligned and incentivise strong operational performance and the creation of value for shareholders. For this reason, there has been no change this year in our approach to remunerating Amcor executives.

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



**Dr Armin Meyer**

Chairman, Human Resources Committee

# Directors' Report

## Remuneration report (continued)

### 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 Group 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 2017 Remuneration report is divided into the following sections:

1. Overview of Amcor's executive remuneration arrangements
2. CEO and Senior Executive performance-based variable incentive plan outcomes
3. CEO and Senior Executive remuneration
4. CEO and Senior Executive service agreements
5. Non-Executive Directors' remuneration
6. Transactions with KMP

## 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 outside of Australia (no Senior Executives listed in this report are based in 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 remuneration data is obtained from Australian companies it needs to be carefully selected to make certain it contains data from companies with a significant presence overseas (like Amcor) and is based on executives with global or regional responsibilities. 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. This approach is important given the obvious remuneration and talent implications.

### 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
- assure 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 assure alignment with business imperatives and the delivery of shareholder value.

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

		% of total	
		CEO	Senior Executives
<b>Fixed<sup>(1)</sup></b>		<b>35%</b>	<b>44%</b>
<b>Variable or 'at risk'</b>			
<b>Short Term Incentive (STI) Cash</b>		<b>24%</b>	<b>18%</b>
Purpose	Reward the achievement of annual business objectives.		
Term	1 year		
Instrument	Cash		
Performance conditions <sup>(2)</sup>	<ul style="list-style-type: none"> <li>• 5% Safety</li> <li>• 55–75% Financial (Earnings per share (EPS), Profit before Interest and Tax (PBIT), Cash Flow, Working Capital, Return on Average Funds Employed (RoAFE))</li> <li>• 20–40% Priority project goals linked to strategic initiatives</li> </ul>		
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.		
<b>Short Term Incentive (STI) Deferred Equity</b>		<b>12%</b>	<b>9%</b>
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.		
<b>Long Term Incentive (LTI)</b>		<b>29%</b>	<b>29%</b>
Purpose	Reward the achievement of long-term sustainable business outcomes and consistent with the company's objective of 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 <sup>(2)</sup>	<ul style="list-style-type: none"> <li>• Half the vesting outcome is determined based on average constant currency EPS growth (5% p.a. = 50% vesting; 8% p.a. = 100% vesting) with a condition that RoAFE is at or above 18%.</li> <li>• Half the vesting outcome is based on relative Total Shareholder Return (TSR) performance against two peer groups; an ASX-based group and international packaging group. (50th percentile = 50% vesting; 75th percentile = 100% vesting).</li> <li>• Time restricted and continuation of employment (subject to forfeiture in the event of voluntary termination or termination for cause).</li> </ul>		
Why these were chosen	The combination of EPS with a RoAFE condition assures that management is rewarded for achieving profitable growth while sustaining strong returns. The use of relative TSR provides a shareholder perspective of the Group's relative performance against comparable companies both in Australia and internationally.		

## Directors' Report

### Remuneration report (continued)

	% of total	
	CEO	Senior Executives
<b>Retention Share/Payment Plan<sup>(3)</sup></b>	-	-
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) During the year to 30 June 2017, 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 assure 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 assure 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. In 2017, the Committee sought input from independent remuneration consultants to assist in a review of executive remuneration market practice and quantum across various international markets including Australia, USA, Switzerland and the United Kingdom. This advice did not form a remuneration recommendation as defined in the Act.



## 2. CEO and Senior Executive performance-based variable incentive plan outcomes

The following section provides an overview of performance-based variable incentive plan outcomes for 2017:

### 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 2017 financial year are shown in Table 4 below. 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 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.

Table 3: STI performance outcomes

Name	Safety (weighting = 5%)	Financials (weighting = 65%)	Priority project goals (weighting = 30%)
<b>Executive Directors</b>			
R S Delia	<b>Target met</b>  Amcor's recordable case frequency rate remained at world class standards.	<b>Target met and exceeded</b>  Amcor's underlying financial performance for the year exceeded targets across several measures. EPS for the year was US 61.8 cents (up 10.1% <sup>(1)</sup> on a constant currency ongoing operations basis); cash flow was USD 734 million; returns were 20.4%.	<b>Target partly met</b>  Included initiatives on strategy, growth and organisation development.  These goals were successfully executed for the most part resulting in part achievement of the target.

(1) Refer to page 16 for further information.

Table 4: STI cash and deferred equity awards

Name	STI % range (as % of TFR/ base salary)	STI % at target	STI payment (USD)	Paid in year (as % of maximum STI)	Forfeited in year (as % of maximum STI)	Deferred equity awarded (USD)	Deferred equity awarded (No. rights) <sup>(1)</sup>
<b>Executive Directors</b>							
R S Delia <sup>(2)</sup>	0% to 120% of base salary	80%	1,233,368	68%	32%	616,684	49,413
<b>Senior Executives</b>							
M Casamento	0% to 100% of base salary	50%	415,490	59%	41%	207,745	17,133
P Konieczny	0% to 100% of base salary	50%	973,997	96%	4%	486,999	40,165
M Schmitt	0% to 100% of base salary	50%	666,975	66%	34%	333,488	26,721
I G Wilson	0% to 100% of base salary	50%	450,851	55%	45%	225,425	18,314

(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 2017 (AUD16.36 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.

# 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. The use of Options assures 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.

**Table 5: LTI plans assessed for vesting during the year (relating to the 4-year performance period ending in 2017)**

Performance Rights					Options				
Relative TSR performance (percentile ranking)					Underlying RoAFE (%) & share price increase				
Grant year	Performance at vesting				Grant year	Performance at vesting			
	min	max	ASX International			min	max	RoAFE	Share price increase since grant
			comparator group	comparator group					
<b>2014</b>	50	75	58	47	<b>2014</b>	15.7	18.2	20.4	Yes

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

	2013	2014	2015	2016	<b>2017</b>
Net profit before significant items after tax (USD million)	691.0	677.8 <sup>(1)</sup>	680.3	671.1	<b>701.2</b>
Basic EPS before significant items (US cents)	57.3	56.2 <sup>(1)</sup>	56.6	57.7	<b>60.6</b>
Dividend paid (USD million)	485.1	448.1	472.4	466.7	<b>480.7</b>
Dividends per share (US cents)	38.7	39.2 <sup>(2)</sup>	40.0	41.0	<b>43.0</b>
Opening share price at 1 July (AUD)	7.09	10.14	10.43	13.72	<b>14.93</b>
		(1.22) <sup>(3)</sup>			
Change in share price (AUD)	3.05	1.51	3.29	1.21	<b>1.28</b>
Closing share price at 30 June (AUD)	10.14	10.43	13.72	14.93	<b>16.21</b>
Total Shareholder Return (TSR) % pa <sup>(4)</sup>	48.7	19.4	36.6	12.8	<b>12.3</b>
On-market share buy-back (USD million)	-	-	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. CEO and Senior Executive remuneration

Table 7 details awards granted that are still in progress or those that were tested during 2017 which impact the remuneration received by the CEO and Senior Executives for the year ended 30 June 2017:

**Table 7: Grants of options and rights affecting remuneration**

Grant year	Grant type	Instrument	Vesting condition(s)	Performance/ Vesting period	Status
2014 <sup>(1)</sup>	Long Term Incentive	Options and Performance Rights	<ul style="list-style-type: none"> <li>Return on average funds employed</li> <li>Relative TSR performance to comparator group</li> <li>Share price increase</li> <li>Continuous service</li> </ul>	31 October 2017	Testing completed. This resulted in 100% of Options and 32% of Performance Rights vesting.
2015 <sup>(2)</sup>	Short Term Incentive Deferred Equity	Share Rights	<ul style="list-style-type: none"> <li>Continuous service</li> </ul>	1 September 2016	Vested in full.
	Long Term Incentive	Options and Performance Rights	<ul style="list-style-type: none"> <li>Return on average funds employed</li> <li>Relative TSR performance to comparator group</li> <li>Share price increase</li> <li>Continuous service</li> </ul>	31 October 2018	In progress.
2016 <sup>(3)</sup>	Short Term Incentive Deferred Equity	Share Rights	<ul style="list-style-type: none"> <li>Continuous service</li> </ul>	1 September 2017	In progress.
2017 <sup>(4)</sup>	Short Term Incentive Deferred Equity	Share Rights	<ul style="list-style-type: none"> <li>Continuous service</li> </ul>	1 September 2018	In progress.
	Long Term Incentive	Options and Performance Rights	<ul style="list-style-type: none"> <li>Earnings per share with a return on average funds employed gateway</li> <li>Relative TSR performance to comparator group</li> <li>Share price increase</li> <li>Continuous service</li> </ul>	31 October 2019	In progress.

(1) The grant of the Long Term Incentive Award occurred on 20 November 2013.

(2) 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.

(3) The Short Term Incentive Deferred Equity Award was granted on 1 September 2015.

(4) The Short Term Incentive Deferred Equity Award was granted on 1 September 2016, whilst the Long Term Incentive Award was granted on 4 October 2016.

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:

Name	Number					
	Opening balance	Granted during the year <sup>(1),(2)</sup>	Exercised during the year <sup>(3)</sup>	Lapsed/cancelled during the year	Closing balance <sup>(4)</sup>	Vested during the year
<b>Executive Directors</b>						
<b>R S Delia</b>						
Short Term Incentive Deferred Equity Awards						
– Share Rights	65,766	73,984	27,190	-	112,560	27,190
Long Term Incentive Awards:						
– Options	1,004,400	639,500	449,500	-	1,194,400	449,500
– Performance Rights	268,500	107,200	103,774	12,826	259,100	103,774
<b>Senior Executives</b>						
<b>M Casamento</b>						
Short Term Incentive Deferred Equity Awards						
– Share Rights	10,212	27,536	1,870	-	35,878	1,870
Long Term Incentive Awards:						
– Options	40,800	150,600	-	-	191,400	-
– Performance Rights	11,000	25,200	-	-	36,200	-
<b>P Konieczny</b>						
Short Term Incentive Deferred Equity Awards						
– Share Rights	46,633	40,910	18,734	-	68,809	18,734
Long Term Incentive Awards:						
– Options	929,200	313,200	384,000	-	858,400	384,000
– Performance Rights	248,900	52,500	88,644	10,956	201,800	88,644
<b>M Schmitt</b>						
Short Term Incentive Deferred Equity Awards						
– Share Rights	62,650	44,490	23,157	-	83,983	23,157
Long Term Incentive Awards:						
– Options	1,013,800	426,200	380,500	-	1,059,500	380,500
– Performance Rights	271,900	71,400	87,843	10,857	244,600	87,843
<b>I G Wilson</b>						
Short Term Incentive Deferred Equity Awards						
– Share Rights	80,915	38,295	36,081	-	83,129	36,081
Long Term Incentive Awards:						
– Options	763,600	180,200	339,000	-	604,800	339,000
– Performance Rights	204,200	30,200	78,320	9,680	146,400	78,320

(1) The Long Term Incentive Awards were granted on 4 October 2016. Options granted had an exercise price of AUD 15.30 on grant, a fair value of USD 1.20 and will expire on 31 October 2022. Performance Shares or Performance Rights granted have a fair value of USD 7.15 and will expire on 31 October 2022. The Short Term Incentive Deferred Equity Awards were granted on 1 September 2016 and have a fair value of USD 9.95 and will expire on 1 September 2018. No exercise price is applicable to Share Rights or Performance Rights granted. No awards granted during the period vested during the period.

(2) The fair value of all awards granted during the period to the CEO and Senior Executives are as follows: R S Delia USD 2,308,032; M Casamento USD 651,320; P Konieczny USD 1,180,345; M Schmitt USD 1,486,398 and I G Wilson USD 836,824. For the Long Term Incentive, awards are only exercisable upon satisfaction of performance conditions after 1 July 2019. For the Short Term Deferred Equity, awards are exercisable on 1 September 2018.

(3) The value of all awards exercised during the period by the CEO and each Senior Executive are as follows: R S Delia USD 4,389,339; M Casamento USD 22,596; P Konieczny USD 4,196,471; M Schmitt USD 3,817,651 and I G Wilson USD 3,994,592. 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 S Delia USD 4,275,858; M Casamento USD 874,221; P Konieczny USD 3,001,734; M Schmitt USD 3,690,152 and I G Wilson USD 2,478,586. The minimum possible total value of the grants is nil if the applicable performance/vesting conditions are not met.

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 2017, 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:

Name	Number				Balance at 30 June 2017
	Balance at 1 July 2016	Movements during the period granted/received on exercise <sup>(1)</sup>	Purchased	Sold	
<b>Executive Directors</b>					
R S Delia	500,000	387,684	-	187,684	<b>700,000</b>
<b>Senior Executives</b>					
M Casamento	4,076	1,870	186	-	<b>6,132</b>
P Konieczny	166,909	345,152	-	-	<b>512,061</b>
M Schmitt	65,953	111,000	-	88,000	<b>88,953</b>
I G Wilson	150,885	453,401	-	340,000	<b>264,286</b>

(1) No shares were granted during the period.



# Directors' Report

## Remuneration report

(continued)

**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 2017. Note that remuneration paid in foreign currency is converted to US dollars for the purposes of presentation in this report. This may result in movements from year to year in line with changes to foreign exchange rates.

USD	Name	Position	Short-term employee benefits			Post-employment			Share-based payments <sup>(1)</sup>		Total employee compensation
			Base salary	Non-monetary benefits	Relocation and expatriate expenses <sup>(2)</sup>	Bonus	Superannuation benefits	Other <sup>(3)</sup>	Equity settled		
	<b>Executive Directors</b>										
	R S Delia <sup>(3)</sup>	Managing Director and Chief Executive Officer	2017	1,496,075	142,199	547,737	1,233,368	300,000	1,054,091	1,272,233	6,045,703
			2016	1,466,110	180,691	664,546	1,598,046	344,102	512,882	1,078,211	5,844,588
	<b>Other Key Management Personnel</b>										
	M Casamento	Executive Vice President, Finance and Chief Financial Officer	2017	701,190	126,005	566,935	415,490	22,616	-	291,125	2,123,361
			2016	726,088	116,048	255,494	589,615	22,616	-	161,394	1,871,255
	P Konieczny	President, Amcor Flexibles Europe, Middle East and Africa	2017	938,411	103,562	124,869	973,997	183,814	-	997,514	3,322,167
			2016	893,841	100,106	268,301	878,530	186,055	-	834,963	3,161,796
	M Schmitt	President, Amcor Rigid Plastics	2017	996,103	63,467	-	666,975	189,767	-	1,130,918	3,047,230
			2016	953,454	56,057	-	960,990	175,526	-	994,375	3,140,402
	I G Wilson	Executive Vice President, Strategy and Development	2017	816,671	146,205	-	450,851	-	-	787,881	2,201,608
			2016	927,206	169,671	-	896,898	-	-	841,141	2,834,916
	<b>Total</b>		2017	4,948,450	581,438	1,239,541	3,740,681	696,167	1,054,091	4,479,670	16,740,068
			2016	4,966,699	622,573	1,188,341	4,924,079	728,299	512,882	3,910,084	16,852,957

(1) In addition to the equity granted under the Short Term Incentive Deferred Equity for the year ended 30 June 2017, 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 2016, 2015, and 2014. Details of these awards can be found in past Annual Reports.

(2) The expenses associated with relocation and expatriate expenses may include a combination of (i) the costs of 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. The tax component of these expenses was as follows: for Mr Delia - USD 311,831 in 2016 and USD 242,903 in 2017; for Mr Casamento - USD 72,457 in 2016 and USD 1,69,688 in 2017; for Mr Konieczny - USD 103,125 in 2016 and USD 47,409 in 2017.

(3) Mr Delia is required to cover all personal tax obligations based on the requirements determined by his home country (the United States) and any additional tax obligations (by virtue of his presence in other countries as required by the Company) are covered by the Company. These tax payments made by the Company generate foreign tax credits which may be recoverable by the Company in the future.

#### 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 current CEO and Senior Executives is set out in the table below:

**Table 11: Summary of specific terms of Senior Executive service agreements**

<b>Name</b>	<b>Term</b>	<b>Notice period</b>	<b>Redundancy/termination payment</b>
R S Delia	Open	12 months	Greater of amount payable required by law and payment in lieu of notice (12 months' base salary).
M Casamento	Open	12 months	Greater of amount payable required by law and payment in lieu of notice (12 months' base salary).
P Konieczny	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).

#### 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 AUD 3,000,000 was approved by shareholders at the 2011 Annual General Meeting. Although the following table presents fees in US dollars (consistent with the remainder of the report), 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 committees. The Chairman does not receive additional fees for his involvement with Board 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.

# Directors' Report

## Remuneration report (continued)

### Non-Executive Directors' remuneration for the 2017 financial year

Table 12: Details of Non-Executive Directors' remuneration

USD				Post-employment	
Non-Executive Directors		Salary and fees	Non-monetary benefits	Superannuation benefits	Total compensation
G R Liebelt	<b>2017</b>	<b>461,616</b>	<b>1,680</b>	<b>14,788</b>	<b>478,084</b>
	2016	434,319	2,141	14,055	450,515
A Meyer	<b>2017</b>	<b>235,945</b>	<b>2,534</b>	<b>396</b>	<b>238,875</b>
	2016	223,022	2,875	724	226,621
P V Brasher	<b>2017</b>	<b>194,838</b>	<b>1,680</b>	<b>14,788</b>	<b>211,306</b>
	2016	183,290	2,152	14,055	199,497
E Cheng	<b>2017</b>	<b>173,454</b>	<b>8,726</b>	<b>4,530</b>	<b>186,710</b>
	2016	164,753	2,495	5,440	172,688
K J Guerra	<b>2017</b>	<b>185,499</b>	<b>2,729</b>	<b>396</b>	<b>188,624</b>
	2016	174,441	2,894	479	177,814
T Long <sup>(1)</sup>	<b>2017</b>	<b>7,462</b>	-	-	<b>7,462</b>
J L Sutcliffe	<b>2017</b>	<b>171,107</b>	<b>1,680</b>	<b>14,788</b>	<b>187,575</b>
	2016	160,960	2,149	14,055	177,164
J G Thorn	<b>2017</b>	<b>175,061</b>	<b>1,680</b>	<b>11,396</b>	<b>188,137</b>
	2016	164,682	2,137	9,396	176,215
<b>Total</b>	<b>2017</b>	<b>1,604,982</b>	<b>20,709</b>	<b>61,082</b>	<b>1,686,773</b>
	2016	1,505,467	16,843	58,204	1,580,514

(1) T Long was appointed a Director on 15 June 2017.

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 2017, 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:

Name	Number			Balance at 30 June 2017
	Balance at 1 July 2016	Movements during the period		
		Purchased	Sold	
<b>Non-Executive Directors</b>				
G R Liebelt	53,490	10,000	-	63,490
A Meyer	50,000	-	-	50,000
P V Brasher	10,000	5,000	-	15,000
E Cheng	1,079	39	-	1,118
K J Guerra	46,721	-	-	46,721
T Long <sup>(1)</sup>	-	-	-	-
J Sutcliffe	60,381	985	-	61,366
J G Thorn	25,994	-	-	25,994

(1) T Long was appointed a Director on 15 June 2017.

## 6. Transactions with KMP

During the year ended 30 June 2017, neither the Company, nor any of its subsidiaries, made, guaranteed or secured a loan to any 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.

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 or its controlled entities.

### Appendix to Remuneration report – details of share-based awards

Details of LTI awards made in 2017 are shown below:

Feature	Description								
Participation	Selected Executives (including CEO and Senior Executives).								
Performance period	Three years to 30 June 2019.								
Vehicle	Options and Performance Rights (Performance Shares are awarded to US participants in place of Performance Rights).								
Performance conditions	Half the vesting outcome is determined based on average constant currency EPS growth with a RoAFE condition and half is based on relative Total Shareholder return (TSR) performance against two peer groups: an ASX-based group and international packaging group.								
Re-tests	None.								
Expiry	The expiry date of the Options and Performance Rights is October 2022.								
TSR peer group	<p>Companies in the S&amp;P/ASX 100 excluding those companies in, or with heavy exposure to, the financial, resources, media, IT, gaming and property trust sectors; plus a select list of international industry peers.</p> <p>The peer group comprises:</p> <p>Adelaide Brighton Limited, Ansell Limited, Boral Limited, Brambles Limited, CIMIC Group Limited, Coca-Cola Amatil Limited, Cochlear Limited, Computershare Limited, CSR Limited, CSL Limited, Downer EDI Limited, Dulux Group Limited, Fletcher Building Limited, Goodman Group, GrainCorp Limited, Incitec Pivot Limited, James Hardie Industries plc, Orora Limited, Primary Health Care Limited, Qantas Airways Limited, Ramsay Health Care Limited, ResMed Inc, Sonic Healthcare Limited, Spark New Zealand Limited, Sydney Airport Holdings Limited, Telstra Corporation Limited, Transurban Group, Treasury Wine Estates Limited, Wesfarmers Limited and Woolworths Limited.</p> <p>International industry peers: Aptar Group Inc, Ball Corp, Bemis Co Inc, Berry Plastics Group Inc, CCL Industries Inc, Crown Holdings Inc, Graphic Packaging, Huhtamaki, International Paper, Mayr-Melnhof Karton, Owens-Illinois Inc, RPC Group Plc, Sealed Air Corp, Silgan Holdings Inc, Sonoco Products Co, Westrock Company and Wipak Ltd.</p> <p>Certain events may occur (for example M&amp;A, public to private transactions) that could affect the structure of either peer group. The Board has, accordingly, retained discretion to determine how those events will be treated at the time they arise. This may result in the alteration of the composition of companies in either peer group from time to time. The Board also retains the discretion to deal with any other material event that affects the relevance of a share in a peer group.</p>								
Vesting schedule for TSR performance	<p>The table below sets out the TSR hurdle, and the calculation of the total vesting outcome based on satisfaction of this hurdle as determined by the Board.</p> <table border="1"> <tbody> <tr> <td>Less than 50th percentile</td> <td>Nil</td> </tr> <tr> <td>50th percentile</td> <td>50%</td> </tr> <tr> <td>Between 50th and 75th percentile</td> <td>Calculated on a straight-line basis</td> </tr> <tr> <td>75th percentile and above</td> <td>100%</td> </tr> </tbody> </table>	Less than 50th percentile	Nil	50th percentile	50%	Between 50th and 75th percentile	Calculated on a straight-line basis	75th percentile and above	100%
Less than 50th percentile	Nil								
50th percentile	50%								
Between 50th and 75th percentile	Calculated on a straight-line basis								
75th percentile and above	100%								

## Directors' Report

### Remuneration report (continued)

Feature	Description										
Vesting schedule for EPS & RoAFE component	<p>The table below sets out the EPS &amp; RoAFE component hurdles, and the calculation of the total vesting outcome based on satisfaction of this hurdle (and the Share Price Condition), as determined by the Board.</p> <table border="1"> <thead> <tr> <th>Average EPS on a constant currency basis over the three years ending 30 June 2019</th> <th>Vesting percentage</th> </tr> </thead> <tbody> <tr> <td>Less than 5%</td> <td>0%</td> </tr> <tr> <td>Equal to 5%</td> <td>50%</td> </tr> <tr> <td>Greater than 5% but less than 8%</td> <td>Calculated on a straight-line basis</td> </tr> <tr> <td>Equal to or greater than 8%</td> <td>100%</td> </tr> </tbody> </table> <p>EPS (after significant items) is determined on a constant currency basis (to avoid windfall gains and losses by virtue of currency movements) and is calculated by dividing the net profit (after significant items) attributable to ordinary shareholders for the relevant reporting period, by the weighted average number of ordinary shares on issue during the reporting period excluding ordinary shares purchased by Amcor and held as treasury shares, adjusted for any bonus issue.</p> <p>The EPS &amp; RoAFE component is also subject to a condition that RoAFE is at or above 18% in the financial year prior to vesting. RoAFE is calculated as the annualised profit before interest, tax and after significant items earned by Amcor during a reporting period, as a percentage of the average funds employed by Amcor during a reporting period.</p> <p>The Board may exercise its discretion to exclude significant items in the calculation of EPS and RoAFE for the purpose of determining vesting outcomes. Such items may be those relating to strategic initiatives or material events that are outside of normal operational activities.</p> <p>The Board will determine the final EPS and RoAFE hurdles to be used for the purposes of determining vesting outcomes, by no later than 30 June 2018. This is to allow the Board flexibility to either adjust the EPS and RoAFE hurdles, or adjust the structure of these hurdles, to assure they remain relevant in the event of material events or strategic initiatives and the relevance of the performance conditions.</p>	Average EPS on a constant currency basis over the three years ending 30 June 2019	Vesting percentage	Less than 5%	0%	Equal to 5%	50%	Greater than 5% but less than 8%	Calculated on a straight-line basis	Equal to or greater than 8%	100%
Average EPS on a constant currency basis over the three years ending 30 June 2019	Vesting percentage										
Less than 5%	0%										
Equal to 5%	50%										
Greater than 5% but less than 8%	Calculated on a straight-line basis										
Equal to or greater than 8%	100%										
Share Price Condition (applicable to Options)	Options will only vest and become exercisable if the price of Amcor shares exceeds the exercise price of the Options (Share Price Condition). Subject to satisfaction of the other performance hurdles, the Share Price Condition will be measured by calculating the volume weighted average price of Amcor shares traded on the ASX during the five trading days prior to 30 June 2019 (the end of the relevant performance period). If the Share Price Condition is not satisfied, it will continue to be tested at the end of each calendar month using the volume weighted average price of Amcor shares traded on the ASX during the five trading days prior to the final day of the relevant calendar month. This will occur until the Options vest or expire in 2022.										
Option exercise price	AUD 15.30 (VWAP of shares over the twenty trading days on which Amcor shares traded on the ASX including and following 1 July 2016).										
Clawback	This award is subject to Amcor's clawback policy – this can result in both vested and unvested awards being subject to the risk of forfeiture 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.										
Participation in future issues	Executives cannot participate in new issues of shares in respect of Options and Performance Rights held under the LTI until the Options and Performance Rights have been validly exercised and the underlying shares registered in their name. However, in the case of certain bonus or rights issues or a reorganisation of the capital of the Company, then subject to the Listing Rules, an appropriate adjustment may be made to the outstanding awards.										



# Auditor's Independence Declaration



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

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (b) no contraventions of any applicable code of professional conduct in relation to the audit.

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

A handwritten signature in black ink, appearing to read 'John Yeoman', written in a cursive style.

**John Yeoman**

Partner  
PricewaterhouseCoopers

Melbourne  
22 August 2017

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# 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 six 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.

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# Financial Report

## Income statement

### for the financial year ended 30 June 2017

USD million	Note	2017	2016
Revenue from sale of goods	1.4	9,101.0	9,421.3
Cost of sales		(7,189.2)	(7,426.5)
<b>Gross profit</b>		<b>1,911.8</b>	1,994.8
Other income	1.4	95.5	92.2
Sales and marketing expenses		(217.7)	(210.1)
General and administration expenses		(781.9)	(1,251.1)
Research costs		(69.1)	(67.4)
Share of net profit of equity accounted investments		14.1	17.3
<b>Profit from operations</b>		<b>952.7</b>	575.7
Finance income	1.4	12.2	34.4
Finance expenses	1.4	(199.2)	(201.2)
<b>Net finance costs</b>		<b>(187.0)</b>	(166.8)
<b>Profit before related income tax expense</b>		<b>765.7</b>	408.9
Income tax expense	1.5	(151.7)	(135.3)
<b>Profit for the financial period</b>		<b>614.0</b>	273.6
<b>Profit attributable to:</b>			
Owners of Amcor Limited		597.0	244.1
Non-controlling interest		17.0	29.5
		<b>614.0</b>	273.6
		<b>US cents</b>	US cents
<b>Earnings per share for profit attributable to the ordinary equity holders of Amcor Limited</b>			
Basic earnings per share	1.1	51.6	21.0
Diluted earnings per share	1.1	51.1	20.7

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 2017

USD million	Note	2017	2016
<b>Profit for the financial period</b>		<b>614.0</b>	273.6
<b>Other comprehensive income/(loss)</b>			
<b>Items that may be reclassified subsequently to profit or loss:</b>			
<i>Cash flow hedges</i>			
Changes in fair value of cash flow hedges	3.6	<b>7.4</b>	(13.6)
Tax on cash flow hedges	3.6	<b>(0.9)</b>	0.1
<i>Share-based payments</i>			
Net transfer of share-based payment reserve to accruals for cash settlement	3.6	-	(1.2)
<i>Exchange differences on translating foreign operations</i>			
Exchange differences on translation of foreign operations		<b>(92.8)</b>	(130.7)
Net investment hedge of foreign operations		<b>38.0</b>	5.4
Share of equity accounted investees' exchange fluctuation reserve		<b>(18.6)</b>	(14.0)
Tax on exchange differences on translating foreign operations	3.6	<b>(13.5)</b>	(25.3)
<b>Items that will not be reclassified to profit or loss:</b>			
<i>Retained earnings</i>			
Actuarial gains/(losses) on defined benefit plans	5.2	<b>35.0</b>	(101.9)
Tax on actuarial (gains)/losses on defined benefit plans		<b>(3.3)</b>	11.8
<b>Other comprehensive income/(loss) for the financial period, net of tax</b>		<b>(48.7)</b>	(269.4)
<b>Total comprehensive income for the financial period</b>		<b>565.3</b>	4.2
<b>Total comprehensive income attributable to:</b>			
Owners of Amcor Limited		<b>548.3</b>	23.4
Non-controlling interest		<b>17.0</b>	(19.2)
<b>Total comprehensive income for the financial period</b>		<b>565.3</b>	4.2

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 2017

USD million	Note	2017	2016
<b>Current assets</b>			
Cash and cash equivalents	3.2	561.5	515.7
Trade and other receivables	2.1	1,405.2	1,411.6
Inventories	2.2	1,305.5	1,244.4
Other financial assets	3.3	8.7	12.4
Other current assets		5.6	9.0
<b>Total current assets</b>		<b>3,286.5</b>	<b>3,193.1</b>
<b>Non-current assets</b>			
Equity accounted investments	4.2	411.9	446.5
Other financial assets	3.3	26.8	44.3
Property, plant and equipment	2.3	2,765.3	2,690.9
Deferred tax assets	1.5	66.7	47.5
Intangible assets	2.4	2,409.3	2,102.1
Retirement benefit assets	5.2	24.5	14.8
Other non-current assets		92.3	142.9
<b>Total non-current assets</b>		<b>5,796.8</b>	<b>5,489.0</b>
<b>Total assets</b>		<b>9,083.3</b>	<b>8,682.1</b>
<b>Current liabilities</b>			
Trade and other payables		2,578.3	2,418.4
Interest-bearing liabilities	3.2	1,124.6	916.7
Other financial liabilities	3.3	44.3	53.7
Current tax liabilities		94.3	77.1
Provisions	2.6	170.9	179.3
<b>Total current liabilities</b>		<b>4,012.4</b>	<b>3,645.2</b>
<b>Non-current liabilities</b>			
Interest-bearing liabilities	3.2	3,486.4	3,428.4
Deferred tax liabilities	1.5	215.4	211.6
Provisions	2.6	111.4	95.4
Retirement benefit obligations	5.2	355.7	446.4
Other non-current liabilities		10.5	9.6
<b>Total non-current liabilities</b>		<b>4,179.4</b>	<b>4,191.4</b>
<b>Total liabilities</b>		<b>8,191.8</b>	<b>7,836.6</b>
<b>NET ASSETS</b>		<b>891.5</b>	<b>845.5</b>
<b>Equity</b>			
Contributed equity	3.5	1,416.9	1,445.1
Reserves	3.6	(881.7)	(800.2)
Retained earnings		286.7	139.0
<b>Total equity attributable to the owners of Amcor Limited</b>		<b>821.9</b>	<b>783.9</b>
Non-controlling interest		69.6	61.6
<b>TOTAL EQUITY</b>		<b>891.5</b>	<b>845.5</b>

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 2017

USD million	Note	Attributable to owners of Amcor Limited				Non-controlling interest	Total equity
		Contributed equity	Reserves	Retained earnings	Total		
<b>Balance at 1 July 2016</b>	3.5, 3.6	<b>1,445.1</b>	<b>(800.2)</b>	<b>139.0</b>	<b>783.9</b>	<b>61.6</b>	<b>845.5</b>
Profit for the financial period		-	-	597.0	597.0	17.0	614.0
Total other comprehensive income/(loss)		-	(80.4)	31.7	(48.7)	-	(48.7)
<b>Total comprehensive income for the financial period</b>		<b>-</b>	<b>(80.4)</b>	<b>628.7</b>	<b>548.3</b>	<b>17.0</b>	<b>565.3</b>
<b>Transactions with owners in their capacity as owners:</b>							
Contributions of equity, net of transaction costs and related tax		22.4	-	-	22.4	-	22.4
Purchase of treasury shares	3.5	(40.2)	-	-	(40.2)	-	(40.2)
Dividends paid	1.2	-	-	(480.7)	(480.7)	(8.4)	(489.1)
Forward contracts to purchase own equity to meet share plan obligations and related tax		(38.1)	-	-	(38.1)	-	(38.1)
Settlement of options and performance rights	3.6	27.6	(27.6)	-	-	-	-
Share-based payments expense	3.6	-	26.5	-	26.5	-	26.5
Change in non-controlling interest		-	-	(0.1)	(0.1)	(0.5)	(0.6)
<b>Balance at 30 June 2017</b>	3.5, 3.6	<b>1,416.9</b>	<b>(881.7)</b>	<b>286.7</b>	<b>821.9</b>	<b>69.6</b>	<b>891.5</b>
<b>Balance at 1 July 2015</b>	3.5, 3.6	<b>1,680.6</b>	<b>(666.5)</b>	<b>452.1</b>	<b>1,466.2</b>	<b>120.8</b>	<b>1,587.0</b>
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)
<b>Total comprehensive income/(loss) for the financial period</b>		<b>-</b>	<b>(130.7)</b>	<b>154.0</b>	<b>23.3</b>	<b>(19.1)</b>	<b>4.2</b>
<b>Transactions with owners in their capacity as owners:</b>							
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)
Forwards contract 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)
<b>Balance at 30 June 2016</b>	3.5, 3.6	<b>1,445.1</b>	<b>(800.2)</b>	<b>139.0</b>	<b>783.9</b>	<b>61.6</b>	<b>845.5</b>

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 2017

USD million	Note	2017	2016
<b>Cash flows from operating activities</b>			
Profit for the financial period		614.0	273.6
Depreciation, amortisation and net impairment losses		387.7	390.1
Non-cash retirement benefit (gain)/expense		(12.0)	12.1
Net finance costs		187.0	166.8
Net gain on disposal of non-current assets	1.4	(22.2)	(0.7)
Share of net profits of equity accounted investments		(14.2)	(17.3)
Net foreign exchange (gain)/loss		2.7	(10.0)
Share-based payments expense	1.4	26.5	24.2
Other sundry items		(35.8)	(43.8)
Elimination of Venezuela exposure	1.4	-	384.7
Income tax expense	1.5	151.7	135.3
<b>Operating cash flows before changes in working capital and provisions</b>		<b>1,285.4</b>	<b>1,315.0</b>
- (Increase)/decrease in trade and other receivables		79.0	(106.7)
- (Increase)/decrease in inventories		(52.9)	(65.6)
- (Increase)/decrease in other operating assets		(9.3)	4.0
- Increase/(decrease) in trade and other payables		129.7	211.1
- Increase/(decrease) in provisions		(9.3)	84.5
- Increase/(decrease) in employee benefits and other operating liabilities		(65.2)	(38.8)
<b>Total changes in working capital and provisions</b>		<b>72.0</b>	<b>88.5</b>
Dividends received		6.9	19.6
Interest received		11.3	30.5
Interest expense		(188.0)	(183.9)
Income tax paid		(160.2)	(170.3)
<b>Net cash flows from operating activities</b>		<b>1,027.4</b>	<b>1,099.4</b>
<b>Cash flows from investing activities</b>			
(Granting)/repayment of loans to associated companies and other persons		-	2.3
Payments for acquisition of controlled entities, businesses and associates		(336.2)	(498.1)
Payments for property, plant and equipment and intangible assets		(379.2)	(348.9)
Proceeds on disposal of associates, controlled entities and businesses		-	1.5
Elimination of Venezuela exposure (cash impact)		-	(184.2)
Proceeds on disposal of property, plant and equipment		82.8	30.4
<b>Net cash flows from investing activities</b>		<b>(632.6)</b>	<b>(997.0)</b>

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

USD million	Note	2017	2016
<b>Cash flows from financing activities</b>			
Proceeds from share issues		23.8	39.5
Shares purchased on-market and settlement of forward contracts		(43.6)	(295.9)
Payments for treasury shares	3.5	(40.2)	(53.2)
Buyouts of non-controlling interests		(0.6)	-
Proceeds from borrowings		3,959.5	5,701.2
Repayment of borrowings		(3,745.1)	(5,036.2)
Principal lease repayments		(1.7)	(2.0)
Dividends and other equity distributions paid		(489.1)	(480.3)
<b>Net cash flows from financing activities</b>		<b>(337.0)</b>	<b>(126.9)</b>
<b>Net increase/(decrease) in cash held</b>			
		57.8	(24.5)
Cash and cash equivalents at the beginning of the financial period		513.4	697.5
Effects of exchange rate changes on cash and cash equivalents		(13.5)	(159.6)
<b>Cash and cash equivalents at the end of the financial period<sup>(1)</sup></b>		<b>557.7</b>	<b>513.4</b>

(1) Refer to note 3.2 for details of the financing arrangements of the Group.

#### Reconciliation of cash and cash equivalents

For purposes of the cash flow statement, cash and cash equivalents includes cash on hand and at bank and short-term money market investments, net of outstanding bank overdrafts. Cash and cash equivalents as at the end of the financial year as shown in the cash flow statement is reconciled to the related items in the statement of financial position as follows:

Cash and cash equivalents	3.2	561.5	515.7
Bank overdrafts	3.2	(3.8)	(2.3)
<b>Cash and cash equivalents at the end of the financial period</b>		<b>557.7</b>	<b>513.4</b>

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 cash flow statement.

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 51.6, up 145.7%<sup>(1)</sup>
- Annual dividend of US cents 43.0 per share, up 4.9%
- Profit after tax attributable to the owners of Amcor Limited of USD 597.0 million, up 144.6%<sup>(1)</sup>

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

#### 1.1 Earnings per share

	2017	2016
<b>EPS for profit attributable to the ordinary equity holders of Amcor Limited</b>	<b>US cents</b>	US cents
Basic EPS	<b>51.6</b>	21.0
Diluted EPS	<b>51.1</b>	20.7
Profit attributable to the ordinary equity holders of Amcor Limited (USD million)	<b>597.0</b>	244.1
Weighted average number of ordinary shares for basic EPS (shares, million)	<b>1,157.2</b>	1,162.2
Weighted average number of ordinary shares and potential ordinary shares for diluted EPS (shares, million)	<b>1,167.7</b>	1,177.3

#### Calculation methodology

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

Diluted EPS is calculated on the same basis except that it includes the impact of any potential commitments the Group has to issue shares in the future. In 2017, this dilutive potential from employee options and performance rights is 10.5 million shares (2016: 15.1 million shares).

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

#### 1.2 Dividends

	2017			2016		
	US cents per share	Total amount USD million	Date of payment	US cents per share	Total amount USD million	Date of payment
Interim	19.5	225.9	24 March 2017	19.0	220.2	22 March 2016
Final <sup>(1),(2)</sup>	23.5	272.2	28 September 2017	22.0	254.8	29 September 2016
<b>Total</b>	<b>43.0</b>	<b>498.1</b>		41.0	475.0	

(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 2017 and will be recognised in subsequent consolidated financial statements.

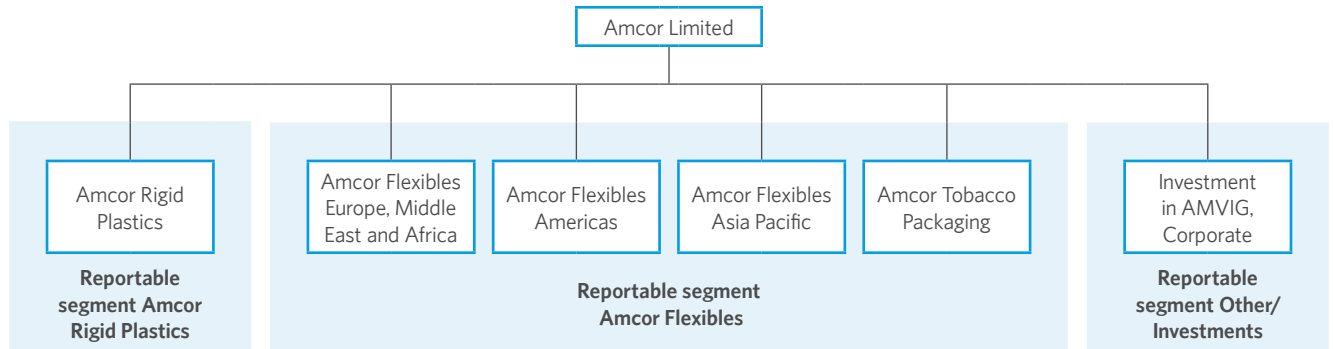
(2) Estimated final 2016 dividend amount was USD 254.8 million.

#### Franking credits and conduit foreign income account

There are insufficient franking credits available for distribution from the franking account. For the dividend payable on 28 September 2017, 100% of the dividend to non-residents is sourced from the parent entity's Conduit Foreign Income Account (2016: 100%). As a result, 100% of the dividend paid to a non-resident will not be subject to Australian withholding tax.

### 1.3 Segment performance

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



Reportable segment	Operations
Amcor Rigid Plastics	Manufactures rigid plastic containers for a broad range of predominantly beverage and food products, including carbonated soft drinks, water, juices, sports drinks, milk-based beverages, spirits and beer, sauces, dressings, spreads and personal care items and plastic caps for a wide variety of applications.
Amcor Flexibles	<p>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:</p> <ul style="list-style-type: none"> <li>• The Amcor Flexibles Europe, Middle East and Africa business which provides packaging for the food and beverage industry including confectionery, coffee, fresh food and dairy and pet food packaging.</li> <li>• The Amcor Flexibles Americas business produces flexible packaging for customers in the medical and pharmaceutical, fresh produce and snack food segments.</li> <li>• Amcor Tobacco Packaging which manufactures flexible packaging for specialty folding cartons for tobacco packaging and other industries.</li> <li>• 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 industries.</li> </ul> <p>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.</p>
Other/Investments	This segment holds the Group's equity accounted investments in the associate AMVIG Holdings Limited (AMVIG). AMVIG is principally involved in the manufacture of tobacco packaging. This segment also includes the corporate function of the Group.

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

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



# 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 2017 and 2016:

USD million	Amcor Rigid Plastics		Amcor Flexibles		Other/Investments		Total consolidated	
	2017	2016	2017	2016	2017	2016	2017	2016
<b>Reportable segment revenue</b>								
Revenue from sale of goods (refer to income statement)	2,876.7	3,357.3	6,224.3	6,064.0	-	-	9,101.0	9,421.3
Inter-segment revenue	-	-	2.2	1.9	-	-	2.2	1.9
Total reportable segment revenue	2,876.7	3,357.3	6,226.5	6,065.9	-	-	9,103.2	9,423.2
<b>Reportable segment profit/(loss)</b>								
Profit/(loss) before depreciation, amortisation, interest, related income tax expense and significant items	471.7	487.8	1,024.6	964.9	(49.3)	(43.4)	1,447.0	1,409.3
Depreciation and amortisation	(129.0)	(135.3)	(219.9)	(209.0)	(9.9)	(9.7)	(358.8)	(354.0)
Profit/(loss) before interest, related income tax expense and significant items	342.7	352.5	804.7	755.9	(59.2)	(53.1)	1,088.2	1,055.3
Significant items before related income tax expense (note 1.4)	-	(384.7)	(135.5)	(94.9)	-	-	(135.5)	(479.6)
Profit/(loss) before interest and related income tax expense	342.7	(32.2)	669.2	661.0	(59.2)	(53.1)	952.7	575.7
Share of net profits of equity accounted investments	-	-	-	-	14.1	17.3	14.1	17.3
<b>Other</b>								
Net impairment losses on property, plant and equipment and other non-current assets	-	(16.2)	(1.0)	(2.5)	-	-	(1.0)	(18.7)
Cash acquisition of property, plant and equipment and intangibles	157.6	125.0	219.4	215.2	2.2	8.7	379.2	348.9
Receivables	304.0	318.4	1,004.8	1,053.9	54.9	49.4	1,363.7	1,421.7
Inventory	436.0	402.9	869.5	841.5	-	-	1,305.5	1,244.4
Payables	(811.7)	(767.9)	(1,545.1)	(1,448.7)	(106.0)	(105.7)	(2,462.8)	(2,322.3)
Management working capital	(71.7)	(46.6)	329.2	446.7	(51.1)	(56.3)	206.4	343.8
Average funds employed	1,690.0	1,512.1	3,299.6	2,933.5	338.8	448.8	5,328.4	4,894.4
Equity accounted investments	-	-	-	-	411.9	446.5	411.9	446.5

### Product segment revenue

USD million	2017	2016
Containers, preforms and closures	2,876.7	3,357.3
Films and other flexible products	4,967.1	4,697.9
Specialty flexible folding cartons	1,257.2	1,366.1
<b>Consolidated sales revenue</b>	<b>9,101.0</b>	<b>9,421.3</b>

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

### Geographic segments

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

USD million	2017	2016
Western Europe	2,778.0	2,915.3
North America	3,162.2	3,000.2
Emerging markets	2,700.0	3,049.9
Australia and New Zealand	460.8	455.9
<b>Consolidated sales revenue</b>	<b>9,101.0</b>	<b>9,421.3</b>

Revenues in Australia (Amcor's country of domicile) amounted to USD 335.6 million in 2017 (2016: USD 333.4 million).

Revenues in the United States of America and included within the North America geographical segment amounted to USD 2,976.6 million in 2017 (2016: USD 2,865.5 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	2017	2016
Western Europe	1,489.6	1,464.1
North America	1,980.3	1,731.8
Emerging markets	1,985.2	1,905.3
Australia and New Zealand	223.0	280.6
<b>Consolidated non-current assets<sup>(1)</sup></b>	<b>5,678.1</b>	<b>5,381.8</b>

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

Non-current assets in Australia amounted to USD 181.9 million (2016: USD 221.3 million). Non-current assets in the United States of America are USD 1,753.3 million (2016: USD 1,589.6 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.

# Financial Report

## Notes to the financial statements

### Section 1: Key performance metrics (continued)

#### 1.3 Segment performance (continued)

##### Reconciliation of segment information to consolidated results

###### Segment receivables

USD million	2017	2016
<b>Working capital receivables</b>		
Total reportable segment working capital receivables	1,363.7	1,421.7
Financial instruments included for management reporting purposes	(6.2)	(11.6)
Other receivables excluded for management reporting purposes	47.7	1.5
<b>Consolidated trade and other receivables (refer to note 2.1)</b>	<b>1,405.2</b>	<b>1,411.6</b>

###### Segment payables

USD million	2017	2016
<b>Working capital payables</b>		
Total reportable segment working capital payables	(2,462.8)	(2,322.3)
Financial instruments included for management reporting purposes	3.6	9.9
Capital creditors and other payables excluded for management reporting purposes	(119.1)	(106.0)
<b>Consolidated trade and other payables</b>	<b>(2,578.3)</b>	<b>(2,418.4)</b>

###### Segment acquisition of property, plant and equipment and intangible assets

USD million	2017	2016
<b>Acquisition of property, plant and equipment and intangibles</b>		
Total consolidated reportable segment	379.2	348.9
Movement in capital creditors	19.0	(5.0)
Other non-cash adjustments	0.4	19.3
<b>Consolidated acquisition of property, plant and equipment and intangibles<sup>(1)</sup></b>	<b>398.6</b>	<b>363.2</b>

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

## 1.4 Income and expenses

### Income

USD million	2017	2016
Revenue from sale of goods	9,101.0	9,421.3
Other income:		
Net gain on disposal of property, plant and equipment	22.2	0.7
Net foreign exchange gains	3.9	5.9
Curtailment gains, settlements and plan amendments	30.0	8.6
Rebates, incentives and claims	4.2	9.7
Other <sup>(1)</sup>	35.2	67.3
Total other income	95.5	92.2
Finance income <sup>(2)</sup>	12.2	34.4
<b>Total income</b>	<b>9,208.7</b>	<b>9,547.9</b>

(1) Other is mainly made up of dividend income, bargain purchase on acquisition of business and government subsidies.

(2) Finance income comprises interest income on funds invested and related to defined benefit plans.

### Revenue from sale of goods

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

# Financial Report

## Notes to the financial statements

### Section 1: Key performance metrics (continued)

#### 1.4 Income and expenses (continued)

##### Expenses

The following specific expenses are included in the income statement:

USD million	2017	2016
<b>Employee benefits expenses</b>		
Wages and salaries	1,634.2	1,802.7
Workers' compensation and other on-costs	174.7	172.2
Retirement benefit funds	14.3	15.9
Superannuation costs - accumulation funds	39.9	39.8
Share-based payments expense	26.5	24.2
Other employment benefits expense	8.4	14.9
<b>Total employee benefits expense</b>	<b>1,898.0</b>	<b>2,069.7</b>
<b>Depreciation and amortisation</b>	<b>358.8</b>	<b>354.0</b>
<b>Finance expenses</b>		
Interest and borrowing costs	190.1	192.2
Other	9.1	9.0
<b>Total finance expenses</b>	<b>199.2</b>	<b>201.2</b>
<b>Rental expense relating to operating leases</b>		
Minimum lease payments	95.9	95.3
Contingent rentals	5.5	5.7
<b>Total rental expense relating to operating leases</b>	<b>101.4</b>	<b>101.0</b>
<b>Ongoing restructuring costs</b>	<b>6.8</b>	<b>10.2</b>
<b>Significant items</b>		
One-off charge to eliminate exposure in Venezuela	-	384.7
Flexibles restructuring	135.5	94.9
<b>Significant items before related income tax expense<sup>(1)</sup></b>	<b>135.5</b>	<b>479.6</b>
Tax benefit on significant items	(31.3)	(52.6)
<b>Total significant items</b>	<b>104.2</b>	<b>427.0</b>

(1) Significant items relate to the Flexibles restructuring and the elimination of the exposure in Venezuela in the prior year as announced on 9 June 2016. These expenses are included in general and administration expenses.

##### Finance expenses

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

##### Lease payments

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

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

## 1.5 Taxation

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



### Key judgements and estimates

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

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

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

### Income tax expense for the year

USD million	2017	2016
<b>Current tax (expense)/benefit</b>		
Current period	(177.8)	(203.8)
Adjustments to current tax expense relating to prior periods	(3.6)	21.0
Tax losses, tax credits and temporary differences not recognised for book in prior years now recouped	3.4	6.8
<b>Total current tax (expense)/benefit</b>	<b>(178.0)</b>	<b>(176.0)</b>
<b>Deferred tax (expense)/benefit</b>		
Origination and reversal of temporary differences	35.7	57.0
Adjustments to deferred tax expense relating to prior period	6.7	(13.0)
Tax losses and credits derecognised	(15.4)	(5.1)
Change in applicable tax rates	(0.7)	1.8
<b>Total deferred tax (expense)/benefit</b>	<b>26.3</b>	<b>40.7</b>
<b>Total income tax (expense)/benefit</b>	<b>(151.7)</b>	<b>(135.3)</b>



# Financial Report

## Notes to the financial statements

### Section 1: Key performance metrics (continued)

#### 1.5 Taxation (continued)

##### Numerical reconciliation of income tax expense to prima facie tax payable

USD million	2017	2016
<b>Profit before related income tax expense</b>	<b>765.7</b>	408.9
Tax at the Australian tax rate of 30% (2016: 30%)	<b>(229.7)</b>	(122.7)
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:		
Net items non-deductible/non-assessable for tax	<b>12.2</b>	12.1
Significant items non-deductible/non-assessable for tax	-	(91.3)
Previously unrecognised tax losses, tax credits and temporary differences now used to reduce income tax expense	<b>3.4</b>	6.8
Tax losses and credits derecognised	<b>(15.4)</b>	(5.1)
Effect of local tax rate change	<b>(0.7)</b>	1.8
Underprovision in prior period	<b>3.1</b>	8.0
Foreign earnings taxed at rates other than 30%	<b>75.4</b>	55.1
<b>Total income tax expense</b>	<b>(151.7)</b>	(135.3)

##### Tax on items recognised directly in equity

For the year ended 30 June 2017, USD 1.4 million tax expense (2016: USD 3.6 million) was charged directly to equity as a transaction with owners in their capacity as owners (refer to note 3.6).

##### Tax on significant items

The current year tax expense includes a tax benefit of USD 31.3 million relating to the Flexibles restructuring (2016: USD 16.8 million for Flexibles restructuring and USD 35.8 million for the elimination of the Venezuela exposure).

### Deferred tax assets and liabilities reconciliation

USD million	Statement of financial position		Income statement	
	2017	2016	2017	2016
Property, plant and equipment	(239.3)	(241.6)	15.3	6.7
Impairment of trade receivables	6.4	1.6	2.8	2.7
Intangibles	(133.2)	(158.5)	24.6	(1.8)
Valuation of inventories	5.3	8.0	(3.7)	3.2
Employee benefits	93.0	96.5	(3.5)	2.7
Provisions	45.1	61.5	(16.3)	30.8
Financial instruments at fair value and net investment hedges	2.2	13.6	4.5	9.5
Tax losses carried forward	24.5	32.8	(9.4)	(29.5)
Accruals and other items	47.3	22.0	12.0	16.4
<b>Deferred tax (expense)/benefit</b>			<b>26.3</b>	<b>40.7</b>
<b>Net deferred tax assets/(liabilities)</b>	<b>(148.7)</b>	<b>(164.1)</b>		
Presented in the statement of financial position as follows:				
Deferred tax assets	66.7	47.5		
Deferred tax liabilities	(215.4)	(211.6)		
<b>Net deferred tax assets/(liabilities)</b>	<b>(148.7)</b>	<b>(164.1)</b>		

### Unrecognised deferred tax assets

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

USD million	2017	2016
<b>Unused tax losses for which no deferred tax asset has been recognised<sup>(1)</sup></b>	<b>716.4</b>	<b>884.5</b>
Potential tax benefits on unused tax losses at applicable rates of tax	207.9	260.5
Unrecognised tax credits	35.9	25.8
Deductible temporary differences not recognised	21.4	17.5
<b>Total unrecognised deferred tax assets</b>	<b>265.2</b>	<b>303.8</b>

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

### Unrecognised deferred tax liabilities

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

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

# Financial Report

## Notes to the financial statements

### Section 2: Operating assets and liabilities

#### In this section

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

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

#### 2.1 Trade and other receivables

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

Trade and other receivables as at 30 June comprise:

USD million	2017	2016
Not past due	996.8	1,083.1
Past due 0 to 30 days	78.9	66.0
Past due 31 to 120 days	38.5	24.9
More than 121 days	22.7	21.8
Trade receivables	1,136.9	1,195.8
Less provision for impairment losses	(20.9)	(15.5)
<b>Total trade receivables</b>	<b>1,116.0</b>	<b>1,180.3</b>
Prepayments	77.2	72.3
Other receivables	212.0	159.0
<b>Total trade and other receivables</b>	<b>1,405.2</b>	<b>1,411.6</b>

#### Credit risk management of customer contracts

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

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

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

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

## 2.2 Inventories

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

USD million	2017	2016	Costs included to bring each product to its present location and condition <sup>(1)</sup>
Raw materials and stores	614.6	599.1	Purchase cost on a first-in first-out or weighted average basis.
Work in progress	168.8	146.1	Direct materials and labour and a proportion of manufacturing overheads incurred in the normal course of business.
Finished goods	522.1	499.2	
<b>Total inventories</b>	<b>1,305.5</b>	<b>1,244.4</b>	

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

### Inventory pledged as security

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

## 2.3 Property, plant and equipment

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



### Key judgements and estimates

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

### Leased assets

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

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

### Derecognition of property, plant and equipment


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

# Financial Report

## Notes to the financial statements

### Section 2: Operating assets and liabilities (continued)

#### 2.3 Property, plant and equipment (continued)

USD million	Land	Land improvements	Buildings	Plant and equipment	Finance leases	Total
 <b>Key judgements and estimates</b>	Land - nil	Shorter of lease term or			Shorter of lease term or	
Depreciation policy	leasehold land - over lease term	3%-5%	2.5%-7%	4%-33%	4%-20%	
<b>2017</b>						
<b>Cost</b>						
Opening balance	151.7	7.4	807.9	4,498.2	15.4	5,480.6
Additions for the period	0.1	-	51.9	325.9	0.5	378.4
Disposals during the period	(16.3)	(2.7)	(49.0)	(192.4)	(1.2)	(261.6)
Additions through business acquisitions	9.6	-	21.3	29.6	-	60.5
Other transfers	12.7	1.2	46.0	(61.4)	1.5	-
Effect of movements in foreign exchange rates	1.3	-	9.7	41.3	0.6	52.9
Closing balance	159.1	5.9	887.8	4,641.2	16.8	5,710.8
<b>Accumulated depreciation and impairment</b>						
Opening balance	(0.7)	(4.0)	(285.4)	(2,490.0)	(9.7)	(2,789.7)
Depreciation charge	(0.1)	(0.3)	(45.4)	(275.2)	(1.6)	(322.6)
Disposals during the period	-	1.5	30.7	186.6	1.2	220.0
Impairment loss	(0.1)	(0.1)	(7.5)	(13.2)	-	(20.9)
Reversal of impairment loss	-	-	-	0.1	-	0.1
Other transfers	-	-	1.7	(1.7)	-	-
Effect of movements in foreign exchange rates	-	-	(4.2)	(27.9)	(0.2)	(32.3)
Closing balance	(0.9)	(2.9)	(310.1)	(2,621.3)	(10.3)	(2,945.5)
<b>Carrying value 30 June 2017</b>	<b>158.2</b>	<b>3.0</b>	<b>577.7</b>	<b>2,019.9</b>	<b>6.5</b>	<b>2,765.3</b>

#### 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)
<b>Carrying value 30 June 2016</b>	<b>151.0</b>	<b>3.4</b>	<b>522.5</b>	<b>2,008.2</b>	<b>5.7</b>	<b>2,690.9</b>

### Non-current assets pledged as security

At 30 June 2017, property, plant and equipment with a carrying value of USD 35.2 million (2016: USD 46.3 million) were provided as security for certain interest-bearing borrowings. 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 2.9 million has been pledged as security with regards to the Group's Brazil excise and income tax claims (2016: USD 3.0 million).

## 2.4 Intangible assets

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

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

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



### Key judgements and estimates

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



# Financial Report

## Notes to the financial statements

### Section 2: Operating assets and liabilities (continued)

#### 2.4 Intangible assets (continued)

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

(1) Amortisation expenses are included in general and administration expenses USD 35.7 million (2016: USD 32.2 million), sales and marketing expenses USD 0.2 million (2016: USD 0.2 million) and research costs USD 0.3 million (2016: USD 0.3 million).

USD million	Other intangible assets					Total
	Goodwill	Customer relationships	Computer software	Product development	Other	
<b>Key judgements and estimates</b>						
Amortisation policy	Not applicable	10-20 years	3-10 years	Less than 10 years	Less than 10 years	
<b>2016</b>						
<b>Cost</b>						
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
<b>Accumulated amortisation and impairment</b>						
Opening balance	(4.1)	(65.7)	(89.5)	(8.8)	(8.3)	(176.4)
Amortisation charge	-	(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)
<b>Carrying value 30 June 2016</b>	<b>1,790.3</b>	<b>205.9</b>	<b>64.4</b>	<b>19.7</b>	<b>21.8</b>	<b>2,102.1</b>

# Financial Report

## Notes to the financial statements

### 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 above their recoverable amounts:

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

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



#### Key judgements and estimates

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

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

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

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

CGU	Goodwill allocation		Pre-tax discount rate		Growth rate	
	2017 USD million	2016 USD million	2017 %	2016 %	2017 %	2016 %
Rigid Plastics						
Rigid Plastics	907.1	714.8	10.6	12.9	1.5	1.5
Flexibles						
Flexibles Europe, Middle East & Africa	289.0	280.1	8.3	7.7	0.0	0.0
Flexibles Americas	328.4	301.8	10.5	11.0	2.0	2.0
Tobacco Packaging	254.8	247.5	8.3	7.7	0.0	0.0
Flexibles Asia Pacific	254.0	246.0	9.0	9.7	3.0	3.0
<b>Total goodwill</b>	<b>2,033.3</b>	<b>1,790.2</b>				

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

**Recognised impairment**

**Property, plant and equipment**

During the year ended 30 June 2017, the Group recorded impairments totalling USD 20.9 million (2016: USD 25.5 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 2017, the Group recorded impairments totalling USD 1.6 million (2016: USD 2.5 million) within general and administration expense in the income statement.

**Reversal of impairment**

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


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

**2.6 Provisions**

Provisions are:

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

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

Provision	Description	 Key judgements and estimates
<b>Employee entitlements</b>	Liabilities for wages and salaries, including non-monetary benefits, and annual leave which are expected to be settled within 12 months of the reporting date. All other short-term employee benefit obligations are presented as payables.  Liabilities for long service leave are measured as the present value of estimated future payments for the services provided by employees up to the reporting date.	Expected future wages and salary levels  Experience of employee departures  Periods of service (long service leave provisions only)
<b>Insurance and other claims</b>	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
<b>Onerous contracts</b>	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

# Financial Report

## Notes to the financial statements

### Section 2: Operating assets and liabilities (continued)

#### 2.6 Provisions (continued)

Provision	Description	Key judgements and estimates
<b>Asset restoration</b>	<p>The asset restoration provision comprises mainly:</p> <ul style="list-style-type: none"> <li>• make-good provisions included in lease agreements for which the Group has a legal or constructive obligation; and</li> <li>• 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.</li> </ul> <p>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.</p> <p>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.</p>	Future costs associated with dismantling and removing assets and restoring sites to their original condition
<b>Restructuring</b>	<p>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.</p> <p>During the period, Amcor continued to adapt the organisation within developed markets. This results 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.</p>	Future costs associated with the restructuring and timeline the restructure will take

The Group's provisions are analysed as follows:

USD million	Employee entitlements	Insurance and other claims	Onerous contracts	Asset restoration	Restructuring	Other	Total
<b>Balance at 1 July 2016</b>	<b>75.7</b>	<b>50.1</b>	<b>3.3</b>	<b>39.2</b>	<b>95.3</b>	<b>11.1</b>	<b>274.7</b>
Provisions made during the period	38.7	26.2	0.2	0.3	90.5	0.1	156.0
Payments made during the period	(24.3)	(34.6)	(0.5)	(2.2)	(84.8)	(3.4)	(149.8)
Released during the period	(0.1)	(6.9)	(0.2)	(1.3)	(1.6)	(7.3)	(17.4)
Additions through business acquisitions	(2.0)	-	-	4.3	-	11.7	14.0
Unwinding of discount	-	-	-	0.7	0.2	-	0.9
Other transfers	(4.1)	0.4	-	(0.4)	-	4.1	-
Effect of movement in foreign exchange rate	1.0	(0.1)	0.1	0.4	2.3	0.2	3.9
<b>Balance at 30 June 2017</b>	<b>84.9</b>	<b>35.1</b>	<b>2.9</b>	<b>41.0</b>	<b>101.9</b>	<b>16.5</b>	<b>282.3</b>
<b>Current</b>	<b>42.1</b>	<b>17.9</b>	<b>2.4</b>	<b>0.5</b>	<b>101.9</b>	<b>6.1</b>	<b>170.9</b>
<b>Non-current</b>	<b>42.8</b>	<b>17.2</b>	<b>0.5</b>	<b>40.5</b>	<b>-</b>	<b>10.4</b>	<b>111.4</b>

# Financial Report

## Notes to the financial statements

### Section 3: Group's capital and risks

#### In this section

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

Management uses a wide range of metrics to assist in maintaining an efficient capital structure, including but not limited to:

- Leverage ratio: net debt/profit before interest, tax, depreciation and amortisation (PBITDA) pre significant items
- PBITDA interest cover: PBITDA pre significant items/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 2017 were investment grade BBB/Baa2 (2016: 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.

Metrics are maintained in excess of any debt covenant restrictions.

#### 3.2 Net debt

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

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

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

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

# Financial Report

## Notes to the financial statements

### 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	2017		2016	
	Current	Non-current	Current	Non-current
<b>Secured borrowings:</b>				
Bank loans	10.5	4.9	-	-
Other loans	0.3	11.0	0.8	11.0
Lease liabilities	3.5	6.3	3.7	9.9
<b>Total secured borrowings</b>	<b>14.2</b>	<b>22.2</b>	4.5	20.9
<b>Unsecured borrowings:</b>				
Bank overdrafts	3.8	-	2.3	-
Bank loans <sup>(1)</sup>	65.8	1,183.5	25.0	879.9
Commercial paper	775.7	-	587.6	-
US dollar notes	100.0	575.9	274.9	682.4
Euro notes	-	114.4	-	111.1
Eurobond	-	994.1	-	975.3
144A	-	595.3	-	596.2
Swiss bond	156.6	-	-	152.6
Other loans	8.5	1.0	22.4	10.0
<b>Total unsecured borrowings</b>	<b>1,110.4</b>	<b>3,464.2</b>	912.2	3,407.5
<b>Total interest-bearing liabilities</b>	<b>1,124.6</b>	<b>3,486.4</b>	916.7	3,428.4
<b>Total current and non-current interest-bearing liabilities</b>		<b>4,611.0</b>		4,345.1
Cash on hand and at bank <sup>(2)</sup>		(447.8)		(420.5)
Deposits – short-term and at call <sup>(3)</sup>		(113.7)		(95.2)
<b>Total cash and cash equivalents</b>		<b>(561.5)</b>		(515.7)
<b>Net debt</b>		<b>4,049.5</b>		3,829.4

(1) Unsecured bank loans are presented net of borrowing fees.

(2) Deposits for the Group bear floating interest rates based on prevailing market rates of the respective jurisdictions.

(3) Short-term deposits and short-term money market investments.

(4) Commercial paper borrowings are classified as a current interest-bearing liability due to the short-term rollover nature of the borrowings. Two syndicated global multicurrency tranches of USD 565.4 million due in July 2020 along with the USD 750 million Syndicated Facility due in April 2019 act as a liquidity backstop. Usage of these facilities reduces the available capacity to be drawn under the syndicated multi-currency facility.



Facility details	Facility limit	Maturity	Facility usage	
			2017	2016
Land, plant and buildings Mortgages	USD 11.0	May 2021 - USD 8.0 November 2053 - USD 2.7	<b>11.0</b>	11.0
Property, plant and equipment is provided as security for lease liabilities. Refer note 2.3				
- Committed multi-currency facility	AUD 100.0	June 2018	<b>69.3</b>	67.6
- Committed syndicated multi-currency facility to support uncommitted commercial paper programs	USD 565.4	July 2020	<b>138.2</b>	48.3
- Committed global syndicated multi-currency facility	USD 776.6	October 2018	<b>776.8</b>	493.8
- Syndicated facility entered into in April 2014 to support US commercial paper program	USD 750.0	April 2019	<b>160.0</b>	255.0
- Syndicated multi-currency facility entered into in November 2016	EUR 750.0	November 2021	<b>110.0</b>	-
- Other loans			<b>2.5</b>	40.2
Commercial paper markets borrowing – Uncommitted promissory note facility	AUD 600.0	Footnote 4	<b>371.0</b>	332.7
Commercial paper markets borrowing – Uncommitted commercial paper program	USD 600.0	Footnote 4	<b>404.7</b>	254.9
United States Private Placement borrowing – Senior unsecured notes issued 2002	USD 100.0	Maturity in December 2017	<b>100.0</b>	99.9
United States Private Placement borrowing – Senior unsecured notes issued 2009	USD 850.0	Bullet maturities between 2018 and 2021	<b>575.9</b>	857.4
United States Private Placement borrowing – Senior unsecured notes issued 2010	EUR 100.0	1 September 2020	<b>114.4</b>	111.1
Eurobond market borrowings – unsecured notes	EUR 550.0	April 2019	<b>627.5</b>	608.7
	EUR 300.0	March 2023	<b>366.5</b>	366.6
144A / Regulation S – senior unsecured notes issued 2016	USD 600.0	April 2026	<b>595.3</b>	596.2
Swiss bond market borrowings – unsecured notes	CHF 150.0	April 2018	<b>156.6</b>	152.6

# Financial Report

## Notes to the financial statements

### 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 on the following page.

USD million	2017			2016		
	Committed	Uncom- mitted	Total	Committed	Uncom- mitted	Total
<i>Financing facilities available:</i>						
Bank overdrafts	-	118.9	118.9	-	128.8	128.8
Unsecured bill acceptance facility/standby facility	1,060.6	-	1,060.6	1,196.3	-	1,196.3
Loan facilities and term debt	4,501.9	103.5	4,605.4	3,762.6	153.8	3,916.4
	<b>5,562.5</b>	<b>222.4</b>	<b>5,784.9</b>	<b>4,958.9</b>	<b>282.6</b>	<b>5,241.5</b>
<i>Facilities utilised:</i>						
Bank overdrafts	-	3.8	3.8	-	2.3	2.3
Unsecured bill acceptance facility/standby facility	775.7	-	775.7	587.6	-	587.6
Loan facilities and term debt	3,790.3	41.2	3,831.5	3,657.3	97.9	3,755.2
	<b>4,566.0</b>	<b>45.0</b>	<b>4,611.0</b>	<b>4,244.9</b>	<b>100.2</b>	<b>4,345.1</b>
<i>Facilities not utilised:</i>						
Bank overdrafts	-	115.1	115.1	-	126.5	126.5
Unsecured bill acceptance facility/standby facility	284.9	-	284.9	608.7	-	608.7
Loan facilities and term debt	711.6	62.3	773.9	105.3	55.9	161.2
	<b>996.5</b>	<b>177.4</b>	<b>1,173.9</b>	<b>714.0</b>	<b>182.4</b>	<b>896.4</b>

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 which is considered to approximate fair value. Trade payables are unsecured and non-interest bearing.

USD million	1 year or less	1-2 years	2-5 years	More than 5 years	Total
<b>2017</b>					
Non-interest-bearing	2,578.3	-	-	-	2,578.3
Variable rate	882.5	947.8	255.0	5.6	2,090.9
Fixed rate	362.0	1,014.8	513.2	1,073.5	2,963.5
<b>Total non-derivatives</b>	<b>3,822.8</b>	<b>1,962.6</b>	<b>768.2</b>	<b>1,079.1</b>	<b>7,632.7</b>
<b>2016</b>					
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
<b>Total non-derivatives</b>	<b>3,711.0</b>	<b>447.4</b>	<b>1,776.9</b>	<b>1,386.0</b>	<b>7,321.3</b>

# Financial Report

## Notes to the financial statements

### 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 2017 approximately 42.0% of the Group's debt is fixed rate (2016: 48.0%).

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

###### *Interest rate sensitivity*

A sensitivity analysis has been performed to determine the impact on the income statement, based on the exposure to interest rates, for both derivative and non-derivative instruments at the end of the financial year utilising a 100 basis points movement in the floating rate on the relevant interest rate yield curve applicable to the underlying currency the borrowings are denominated in, with all other variables held constant. The currency with the largest sensitivity is the US dollar which has a movement of USD 10.7 million; no other single currency has a sensitivity greater than USD 10.0 million. The 100 basis points sensitivity analysis has been determined reasonable based on the Group's current credit rating and mix of debt in Australia and foreign countries, relationships with financial institutions, the level of debt that is expected to be renewed as well as a review of the last two year's historical movements and economic forecasters' expectations.

##### (iii) Credit risk

###### *Nature of credit risk*

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

###### *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 Ancor Group Treasury and is undertaken in accordance with treasury risk management policies approved by the Board.

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

#### Foreign exchange risk – transaction management

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

	Transaction greater than USD 500,000 <sup>(1)</sup>	Capital expenditure greater than USD 100,000
<b>Contractual certainty:</b>	Must hedge 100%	Must hedge 100% or have a hedge strategy in place
<b>Contractual uncertainty:</b>		
timeframe up to 6 months		Hedge 75%
timeframe 7 to 12 months		Hedge 50%
timeframe 1 to 2 years		Hedge 25%
timeframe more than 2 years		Nil

(1) The hedging of transactions smaller than USD 500,000 is at local management’s discretion.

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



#### Key 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 the United States dollar:

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

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

# Financial Report

## Notes to the financial statements

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

#### 3.3 Financial risk management (continued)

##### Foreign exchange risk – translation management

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

USD million	USD	EUR	GBP	CHF	NZD	HKD
<b>2017</b>						
Net assets, excluding net debt	<b>1,738.4</b>	<b>1,015.5</b>	<b>41.9</b>	<b>165.8</b>	<b>88.8</b>	<b>411.9</b>
Natural hedges	<b>(1,458.9)</b>	<b>182.8</b>	<b>227.7</b>	<b>104.0</b>	<b>26.1</b>	<b>-</b>
Net investment	<b>279.5</b>	<b>1,198.3</b>	<b>269.6</b>	<b>269.8</b>	<b>114.9</b>	<b>411.9</b>
Designated hedge	<b>235.0</b>	<b>1,084.2</b>	<b>142.9</b>	<b>156.6</b>	<b>69.3</b>	<b>324.7</b>
<b>Unhedged net assets</b>	<b>44.5</b>	<b>114.1</b>	<b>126.7</b>	<b>113.2</b>	<b>45.6</b>	<b>87.2</b>
<b>2016</b>						
Net assets, excluding net debt	1,604.6	988.9	24.0	87.1	95.6	427.7
Natural hedges	(1,517.0)	287.6	81.8	100.1	24.8	-
Net investment	87.6	1,276.5	105.8	187.2	120.4	427.7
Designated hedge	-	1,100.7	98.6	152.6	67.6	377.3
<b>Unhedged net assets</b>	<b>87.6</b>	<b>175.8</b>	<b>7.2</b>	<b>34.6</b>	<b>52.8</b>	<b>50.4</b>

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

##### Exchange rate sensitivity

The following table illustrates the sensitivity of the Group's net assets (after hedging) and financial derivatives movements against observed annual volatility in the relevant foreign currencies, with all other variables held constant, taking into account all underlying exposures and related hedges.

All forward contracts that do not have an underlying exposure already within the balance sheet are designated as cash flow hedges at inception. Subsequent testing of effectiveness ensures that all effective hedge movements flow through the cash flow hedge reserve within equity and have a minimal pre-tax impact on profit.

	Change in foreign exchange rate (annual volatility)		Impact on equity	
	2017	2016	2017	2016
	%	%	USD million	USD million
Australian dollar	<b>9.4</b>	12.0	<b>104.3</b>	97.0
Euro	<b>7.5</b>	9.8	<b>1.5</b>	12.0
British pound	<b>8.8</b>	12.8	<b>11.5</b>	22.9
Swiss franc	<b>7.7</b>	9.4	<b>1.7</b>	5.9
New Zealand dollar	<b>10.0</b>	13.3	<b>3.9</b>	5.4

**(i) 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 on to 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.

**(ii) Employee share plan risk**

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

**Management of risk**

The Amcor Employee Share Trust (the 'Trust') manages and administers the Group's responsibilities under the employee share plans through acquiring, holding and transferring shares or rights to shares, in the Company to participating employees. The Trust is consolidated as the substance of the relationship is that the Trust is controlled by the Group. All shares held by the Trust are disclosed as treasury shares and deducted from contributed equity. As at 30 June 2017, the Trust held 690,564 (2016: 2,390,937) 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:

	2017			2016		
	Expiry date	Contract volume	Average hedged price AUD	Expiry date	Contract volume	Average hedged price AUD
Less than one year	<b>October 2018</b>	<b>3,000,000</b>	<b>16.54</b>	May 2017	3,600,000	16.01

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

**(iii) Derivative financial instruments**

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



# Financial Report

## Notes to the financial statements

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

#### 3.3 Financial risk management (continued)

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

	Fair value hedges	Cash flow hedges
<b>What is it?</b>	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.
<b>Recognition date</b>	At the date the instrument is entered into.	At the date the instrument is entered into.
<b>Measurement</b>	Measured at fair value.	Measured at fair value.
<b>Changes in fair value</b>	<p>The gain or loss relating to the effective portion of interest rate swaps hedging fixed rate borrowings is recognised in the income statement within finance costs, together with loss or gain in the fair value of the hedged fixed rate borrowings attributable to interest rate risk. The gain or loss relating to the ineffective portion is recognised in the income statement within finance income or expenses.</p> <p>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.</p>	<p>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.</p> <p>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.</p> <p>The cumulative gain or loss existing in equity is reclassified into profit or loss at the time the forecast transaction impacts profit or loss or when the forecast transaction is no longer expected to occur.</p>

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

USD million	2017		2016	
	Asset	Liability	Asset	Liability
<b>Current</b>				
Derivative financial instruments – fair value through profit and loss:				
Forward exchange contracts	5.6	6.0	10.7	8.6
Derivative financial instruments – cash flow hedges:				
Commodity contracts	2.5	0.2	0.8	-
Forward exchange contracts	0.6	-	0.9	2.1
Forward contracts to purchase own equity to meet share plan obligations	-	38.1	-	43.0
<b>Total current other financial assets/liabilities</b>	<b>8.7</b>	<b>44.3</b>	12.4	53.7

USD million	2017		2016	
	Asset	Liability	Asset	Liability
<b>Non-current</b>				
Derivative financial instruments – fair value hedges:				
Interest rate swaps	26.8	-	44.3	-
<b>Total non-current other financial assets/liabilities</b>	<b>26.8</b>	<b>-</b>	44.3	-

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

USD million	1 year or less	1-2 years	Total
<b>2017</b>			
Derivatives – gross settled			
- Inflow	551.8	5.3	557.1
- Outflow	(599.6)	(5.6)	(605.2)
<b>Net expected cash outflow</b>	<b>(47.8)</b>	<b>(0.3)</b>	<b>(48.1)</b>
<b>2016</b>			
Derivatives – gross settled			
- Inflow	615.3	14.2	629.5
- Outflow	(669.3)	(14.8)	(684.1)
<b>Net expected cash outflow</b>	<b>(54.0)</b>	<b>(0.6)</b>	<b>(54.6)</b>

### 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.

# Financial Report

## Notes to the financial statements

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

#### 3.4 Fair value measurement (continued)

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:

USD million	Note	2017		2016	
		Carrying value	Fair value	Carrying value	Fair value
<b>Financial liabilities</b>					
US Dollar notes	3.2	<b>675.9</b>	<b>735.8</b>	957.3	1,058.5
144A	3.2	<b>595.3</b>	<b>599.6</b>	596.2	618.0
Euro notes	3.2	<b>114.4</b>	<b>132.3</b>	111.1	134.7
Eurobond	3.2	<b>994.1</b>	<b>1,053.0</b>	975.3	1,048.0
Swiss bond	3.2	<b>156.6</b>	<b>159.8</b>	152.6	157.6

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 2017 and December 2021, the 144A Senior unsecured notes mature in April 2026, the Euro notes mature in 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 (as over the counter prices) or indirectly (derived from over the counter prices).
- level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value of financial instruments traded in active markets (such as available-for-sale securities) is based on quoted market prices at the end of the reporting period. The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at the end of each reporting period. Quoted market prices or dealer quotes for similar instruments are used to estimate fair value for long-term debt for disclosure purposes. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of forward exchange contracts is determined using forward exchange market rates at the end of the reporting period. These instruments are included in level 2 and comprise derivative financial instruments.

Where a valuation technique for these instruments is based on significant unobservable inputs, such instruments are included in level 3. The Group holds no level 1 or level 3 instruments at 30 June 2017 (2016: nil). The derivative financial instruments in note 3.3 were recognised at fair value using a level 2 valuation method.

### 3.5 Contributed equity

#### Ordinary shares

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

#### Treasury shares

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

#### Repurchase of share capital

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

	2017		2016	
	No. '000	USD million	No. '000	USD million
<b>Ordinary shares</b>				
<b>Balance at beginning of period</b>	<b>1,158,141</b>	<b>1,466.6</b>	1,181,415	1,716.9
Exercise of options	5,153	28.2	9,512	48.2
Exercise of performance shares / rights	1,729	3.5	487	1.8
Exercise of share rights	1,385	17.0	1,731	13.1
Exercise under the Senior Executive Retention Share Plan	356	1.3	15	0.1
Forward contract settled/(entered into) to satisfy exercise of options and rights under employee share plans	-	5.5	-	32.3
Treasury shares used to satisfy exercise of options and rights under employee share plans	(8,623)	(97.2)	(11,745)	(123.6)
Share buy-back	-	-	(23,274)	(222.2)
<b>Balance at end of period</b>	<b>1,158,141</b>	<b>1,425.0</b>	1,158,141	1,466.6
<b>Treasury shares</b>				
<b>Balance at beginning of period</b>	<b>(2,391)</b>	<b>(21.5)</b>	(3,433)	(36.3)
Acquisition of shares by the Amcor Employee Share Trust	(3,323)	(40.2)	(5,027)	(53.2)
Forward contract settled	(3,600)	(43.6)	(7,400)	(73.7)
Employee share plan issue	8,623	97.2	11,745	123.6
Share buy-back, shares not cancelled at 30 June 2015	-	-	1,725	18.1
<b>Balance at end of period</b>	<b>(691)</b>	<b>(8.1)</b>	(2,391)	(21.5)
<b>Total contributed equity</b>	<b>1,157,450</b>	<b>1,416.9</b>	1,155,750	1,445.1

# Financial Report

## Notes to the financial statements

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

#### 3.6 Reserves

##### Cash flow hedge reserve

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

##### Share-based payments reserve

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

##### Demerger reserve

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

##### Exchange fluctuation reserve (EFR)

Exchange differences arising on translation of foreign controlled operations are recognised in the EFR.

USD million	Cash flow hedge reserve	Share-based payments reserve	Demerger reserve	Exchange fluctuation reserve	Total reserves
<b>Balance at 1 July 2016</b>	<b>(13.1)</b>	<b>54.2</b>	<b>(652.1)</b>	<b>(189.2)</b>	<b>(800.2)</b>
Reclassification to profit or loss	(0.1)	-	-	-	(0.1)
Reclassified to non-financial assets	0.6	-	-	-	0.6
Effective portion of changes in fair value	6.9	-	-	-	6.9
Currency translation differences	-	-	-	(73.4)	(73.4)
Deferred tax	(0.9)	-	-	(13.5)	(14.4)
Tax effect on forward contracts entered into to purchase own equity to meet share plan obligations	-	(1.4)	-	-	(1.4)
Settlement of performance rights	-	(26.2)	-	-	(26.2)
Share-based payments expense	-	26.5	-	-	26.5
<b>Balance at 30 June 2017</b>	<b>(6.6)</b>	<b>53.1</b>	<b>(652.1)</b>	<b>(276.1)</b>	<b>(881.7)</b>
<b>Balance at 1 July 2015</b>	0.4	58.4	(652.1)	(73.2)	(666.5)
Reclassification to profit or loss	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
<b>Balance at 30 June 2016</b>	<b>(13.1)</b>	<b>54.2</b>	<b>(652.1)</b>	<b>(189.2)</b>	<b>(800.2)</b>

# Financial Report

## Notes to the financial statements

### Section 4: Business portfolio

#### In this section

Building on 1.3, this section provides further insight into the business portfolio of the Group, including the value-creating acquisition opportunities which the Group has secured to improve industry structures and strengthen its leadership positions in chosen market segments. The acquisition of Sonoco's blow molding operations represents the next step change for Amcor in terms of scale and capabilities for specialty container manufacturing.

#### 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 the income statement. Where settlement of any part of cash consideration is deferred, the amounts 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 in the income statement 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.

# Financial Report

## Notes to the financial statements

### Section 4: Business portfolio (continued)

#### 4.1 Businesses acquired (continued)

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	Sonoco's blow molding operations	Other	Total
	2017	2017	2017
Cash and cash equivalents	-	0.7	0.7
Trade and other receivables	36.0	4.6	40.6
Inventories	13.5	(3.4)	10.1
Property, plant and equipment	47.6	12.9	60.5
Deferred tax assets	1.9	7.4	9.3
Intangible assets	23.5	57.2	80.7
Other non-current assets	-	0.2	0.2
Trade and other payables	(23.3)	(14.1)	(37.4)
Current interest-bearing liabilities	-	(9.0)	(9.0)
Current tax liabilities	-	(0.1)	(0.1)
Current provisions	-	(0.4)	(0.4)
Deferred tax liabilities	(1.9)	(2.8)	(4.7)
Non-current provisions	(3.4)	(10.2)	(13.6)
Retirement benefit obligations	-	(3.1)	(3.1)
<b>Fair value of net identifiable assets acquired</b>	<b>93.9</b>	<b>39.9</b>	<b>133.8</b>
Add goodwill	177.9	44.8	222.7
Bargain purchase recognised in other income	-	(4.3)	(4.3)
<b>Fair value of net assets acquired</b>	<b>271.8</b>	<b>80.4</b>	<b>352.2</b>
<b>Purchase consideration</b>			
Cash paid	271.8	45.8	317.6
Deferred consideration	-	12.6	12.6
Fair value of previously-held equity interests	-	22.0	22.0
<b>Total purchase consideration</b>	<b>271.8</b>	<b>80.4</b>	<b>352.2</b>
<b>Cash flows on acquisition</b>			
Cash consideration – paid current year	271.8	45.8	317.6
Prior year deferred consideration – paid current year	-	18.6	18.6
<b>Outflow of cash</b>	<b>271.8</b>	<b>64.4</b>	<b>336.2</b>



Significant acquisition during the period:

#### Blow molding operations of Sonoco Products Company

On 8 November 2016 the Group acquired the North American rigid plastics blow molding operations of Sonoco Products Company, a global packaging company based in the United States. The business has six production sites in the United States and one in Canada, and generates annual sales of approximately USD 210 million. These facilities service attractive sub-segments in the personal care and specialty food markets and the business brings strong, long-standing relationships with leading multinational and large domestic customers.

The acquisition price of USD 271.8 million represents a multiple of 8.0 times EBITDA and was paid in cash. As a result of this transaction, the Group recognised USD 93.9 million of preliminary acquired net identifiable assets resulting in a preliminary goodwill of USD 177.9 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.

The amounts listed under 'other' include smaller acquisitions as well as adjustments made to previous acquisitions including Alusa where initial accounting was not yet completed as at 30 June 2016.

## 4.2 Equity accounted investments



#### Key judgements and estimates

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

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

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

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

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

Name of entity	Nature of relationship	Principal activity	Country of incorporation	Ordinary share ownership interest (%)		Carrying amount USD million	
				2017	2016	2017	2016
AMVIG Holdings Limited	Associate	Tobacco packaging	Cayman Islands	47.6	47.6	411.9	427.7
Aggregate carrying amount of individually immaterial equity accounted investments						-	18.8
<b>Total equity accounted investments</b>						<b>411.9</b>	<b>446.5</b>

# Financial Report

## Notes to the financial statements

### Section 4: Business portfolio (continued)

#### 4.2 Equity accounted investments (continued)

##### Transactions with equity accounted investments

During the 12 months to 30 June 2017, the Group received dividends of USD 6.5 million from associates (2016: USD 13.2 million).

##### Acquisitions and disposals

In 2017, the Group acquired the remaining 50% in its former associate Discma AG. Since the acquisition, Discma AG is fully consolidated and no longer included as an equity accounted investment.

##### Reconciliation to carrying value of AMVIG

USD million	2017	2016
Group's share of net assets	213.6	229.9
Notional goodwill	199.6	204.4
Effects of movement in foreign exchange rates and other adjustments	(1.3)	(6.6)
<b>Carrying amount at the end of the financial year</b>	<b>411.9</b>	<b>427.7</b>



##### Key judgements and estimates

The Amcor carrying value of its equity investment in AMVIG when expressed in Hong Kong dollars per share is greater than the Hong Kong dollar per share quoted for AMVIG on the Hong Kong Stock Exchange at 30 June 2017. The Group's view is that AMVIG's quoted share price does not accurately reflect the fundamental value of the business.

Accordingly, in order to assess the carrying value of the investment in AMVIG the Group has assessed the recoverable amount with reference to the higher of fair value less costs of disposal and value-in-use. The value-in-use calculation requires the use of assumptions and includes cash flow projections for five years using management's best estimates based on historical publicly available information from AMVIG. The value-in-use calculation included a pre-tax discount rate of 9.1% (2016: 12.9%) and a perpetual growth rate of 4% (2016: 5%).

The Group also performed a sensitivity analysis on the impact of changes in the key assumptions underpinning the value-in-use model. Based on the value-in-use assessment, including the sensitivity analysis over key assumptions, the Group believes that the recoverable amount of the investment in AMVIG exceeds the Group's carrying value of the investment at 30 June 2017.

### 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 2017, the Group has used the latest publicly available financial information, being the audited results for the year ended 31 December 2016 plus management's best estimate for the six months ended 30 June 2017. The Group's share of net assets is based on the latest publicly available set of financial statements dated 31 December 2016 (2016: 31 December 2015).

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

USD million	2017	2016
<b>Summarised statement of comprehensive income</b>		
Revenues	328.6	420.7
<b>Profit after tax</b>	29.5	41.5
Other comprehensive income	(26.4)	(30.3)
<b>Total comprehensive income</b>	3.1	11.2
<b>Summarised statement of financial position</b>		
Current assets	362.4	392.3
Non-current assets	443.6	476.3
<b>Total assets</b>	806.0	868.6
Current liabilities	189.6	117.1
Non-current liabilities	167.7	268.6
<b>Total liabilities</b>	357.3	385.7
<b>Net assets reported by AMVIG</b>	448.7	482.9

# Financial Report

## Notes to the financial statements

### Section 4: Business portfolio (continued)

#### 4.3 Subsidiaries

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

Controlled entity	Country of incorporation
Vinisa Fueguina S.R.L.	Argentina
Amcor Flexibles (Australia) Pty Ltd	Australia
Amcor Flexibles Transpac BVBA	Belgium
Amcor Rigid Plastics do Brasil Ltda	Brazil
Amcor Packaging Canada Inc	Canada
Alusa Chile S.A.	Chile
Jiangyin Propack Packing Co Ltd	China
Propack Huizhou Ltd	China
Amcor Flexibles Denmark ApS	Denmark
Amcor Flexibles 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 Ltd	Korea
Amcor Flexibles (New Zealand) Ltd	New Zealand
Peruplast S.A.	Peru
Amcor Tobacco Packaging Polska Spolka z.o.o.	Poland
Amcor Flexibles Reflex Sp z.o.o	Poland
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 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
AFP (Europe) 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
Bericap SC LLC (50.00%)	United States of America
Encon, Inc (49.00%)	United States of America

# Financial Report

## Notes to the financial statements

### Section 5: Employee remuneration

#### In this section

This section provides financial insight into employee remuneration arrangements.

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

#### 5.1 Share-based payments

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

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

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

##### Cash-settled share-based payments

The Board may nominate certain employees as eligible to participate in the Senior Executive Retention Plan (SERPP). These employees then receive entitlements that reflect the performance of Amcor Limited shares. These entitlements may be converted into a cash payment after the three year restriction period has expired. As at 30 June 2017, 50,000 SERPP entitlements are outstanding with a fair value of USD 12.44 each (30 June 2016: nil entitlements).

Also, cash-settled share-based payment plans are in place where the Group is unable to issue shares or options.

Liabilities for cash-settled share-based payment arrangements are as follows:

USD million	2017	2016
Total carrying amount of liabilities for cash-settled arrangements	3.4	5.2

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

##### Equity-settled share-based payments

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

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## Notes to the financial statements

### Section 5: Employee remuneration (continued)

#### 5.1 Share-based payments (continued)

	Long Term Incentive			Short Term Incentive
	Options	Performance Rights or Performance Shares	CEO Special Equity Awards	Deferred Equity Share Rights
<b>Overview</b>	<p>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.</p> <p>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.</p>	<p>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.</p> <p>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.</p>	<p>Give the co-worker the right to receive fully paid ordinary shares upon meeting specified vesting conditions described below with no exercise price payable.</p> <p>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.</p>	<p>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.</p> <p>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.</p>
<b>Vesting conditions</b>	Subject to a Return on Average Funds Employed (RoAFE) test, a Share Price Condition, a relative Total Shareholder Return (TSR), and the employee remaining in employment of the Company.	Subject to a Return on Average Funds Employed (RoAFE) test, a relative Total Shareholder Return (TSR) test and the employee remaining in employment of the Company.	Subject to 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.
<b>Vesting period</b>	3 years	3 years	3 years	2 years
<b>Vested awards</b>	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.
<b>Unvested awards</b>	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.

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

	2017		2016	
	No.	Fair value AUD	No.	Fair value AUD
Weighted average				
Restricted shares at beginning of financial period	585,281	13.49	15,000	7.11
Issued during the period	66,858	15.08	585,281	13.49
Restriction lifted	(355,598)	13.50	(15,000)	7.11
Cancelled	(25,000)	13.31	-	-
<b>Restricted shares at end of financial period</b>	<b>271,541</b>	<b>13.89</b>	<b>585,281</b>	<b>13.49</b>

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

	Options		Performance Shares/Rights	CEO Special Equity Award	Share Rights
	No.	Exercise price AUD	No.	No.	No.
<b>2017</b>					
Outstanding at 1 July	13,992,748	8.26	3,538,340	666,400	2,813,808
Granted	6,418,200	15.09	1,075,600	-	1,727,548
Exercised	(5,153,121)	6.05	(1,102,853)	(626,400)	(1,385,001)
Lapsed/cancelled	(741,991)	12.01	(313,388)	-	(215,740)
<b>Outstanding at 30 June</b>	<b>14,515,836</b>	<b>11.88</b>	<b>3,197,699</b>	<b>40,000</b>	<b>2,940,615</b>
Exercisable at 30 June	572,400	5.96	27,000	-	-
<b>2016</b>					
Outstanding at 1 July	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 <sup>(1)</sup>	(1,409,087)	8.28	(481,021)	(78,300)	(80,420)
<b>Outstanding at 30 June</b>	<b>13,992,748</b>	<b>8.26</b>	<b>3,538,340</b>	<b>666,400</b>	<b>2,813,808</b>
Exercisable at 30 June	978,221	5.78	34,590	-	-

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

The weighted average share price as at the date of exercise for Options was AUD 15.59 (2016: AUD 13.61) and AUD 16.00 (2016: AUD 13.27) as at the date of exercise for Share Rights. The exercise price of the Share Rights and Performance Rights are nil. Options outstanding at the end of the year have the following exercise prices:

Grant date	Exercise price	2017	2016
	AUD	No.	No.
5 August to 22 September 2010	5.17	6,100	55,000
9 December 2011 to 12 June 2012	5.81	246,100	923,221
30 November 2012	6.09	320,200	4,747,300
20 November 2013 to 9 May 2014	9.31	3,924,288	4,109,527
24 November 2014 to 11 May 2015	10.28	3,891,848	4,157,700
4 October 2016 to 1 June 2017	15.30	6,127,300	-
<b>Outstanding at 30 June</b>		<b>14,515,836</b>	<b>13,992,748</b>
Weighted average remaining contractual life of options outstanding at 30 June		<b>4.4 years</b>	4.1 years



# Financial Report

## Notes to the financial statements

### Section 5: Employee remuneration (continued)

#### 5.1 Share-based payments (continued)

##### Fair value of options and rights granted

The average fair value of the options granted on 4 October 2016 was AUD 1.59. Performance rights and shares granted on the same day had an average fair value of AUD 9.32.



##### Key judgements and estimates

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

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

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

#### 5.2 Retirement benefit obligations

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

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

During the year, the Group maintained 15 statutory and mandated defined benefit arrangements and 50 voluntary defined benefit plans. The principal defined benefit plans are structured as follows:

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

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

#### Movements in defined benefit obligation and fair value of plan assets

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

Items	Description	Recognised in
<b>Current service cost</b>	The cost to the Group of future benefits resulting from employee service in the current period.	Operating costs in the income statement.
<b>Past service cost</b>	Refers to the cost or credit as a result of changes in the benefits offered to members (plan amendments), a reduction in the number of employees (curtailments) covered by the plan or transactions entered into by the Group to eliminate all further legal or constructive obligations for some or all of the benefits provided by the schemes (settlements). Settlement gains or losses can arise from the transfer of member benefits into alternative pension arrangements, fully insuring benefits or on business disposals.	Operating costs in the income statement.
<b>Interest (expense)/income</b>	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.
<b>Experience (gains)/losses</b>	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.
<b>Re-measurement return on plan assets</b>	Arise from differences between actual and the expected final asset values.	Other comprehensive income.
<b>Contributions</b>	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.
<b>Benefits paid</b>	Any benefits paid out by the scheme will lower the obligations of those plans.	Statement of financial position.

# Financial Report

## Notes to the financial statements

### Section 5: Employee remuneration (continued)

#### 5.2 Retirement benefit obligations (continued)

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

USD million	2017			2016		
	Defined benefit obligation	Fair value of plan assets	Net defined benefit liability/(asset)	Defined benefit obligation	Fair value of plan assets	Net defined benefit liability/(asset)
<b>Balance at 1 July</b>	<b>1,551.7</b>	<b>(1,120.1)</b>	<b>431.6</b>	1,600.2	(1,234.8)	365.4
Current service cost	18.0	-	18.0	20.7	-	20.7
Past service cost – plan amendments	0.1	-	0.1	(8.3)	-	(8.3)
Past service cost – curtailments / settlements <sup>(1)</sup>	(239.6)	209.5	(30.1)	(0.3)	-	(0.3)
Interest expense/(income)	26.4	(19.5)	6.9	35.4	(28.6)	6.8
<b>Total amount recognised in the income statement</b>	<b>(195.1)</b>	<b>190.0</b>	<b>(5.1)</b>	47.5	(28.6)	18.9
Re-measurements:						
- loss/(gain) from change in demographic assumptions	(1.0)	-	(1.0)	(9.3)	-	(9.3)
- loss/(gain) from change in financial assumptions	41.1	-	41.1	106.2	-	106.2
- experience loss/(gain)	(21.0)	-	(21.0)	(3.5)	-	(3.5)
- return on plan assets, excluding amounts included in interest expense/(income)	-	(54.1)	(54.1)	-	8.5	8.5
<b>Total amount recognised in other comprehensive income</b>	<b>19.1</b>	<b>(54.1)</b>	<b>(35.0)</b>	93.4	8.5	101.9
Contributions:						
- paid by the employer	-	(67.8)	(67.8)	-	(39.3)	(39.3)
- paid by participants	6.5	(6.5)	-	6.4	(6.4)	-
Benefits paid	(58.1)	58.1	-	(63.7)	63.7	-
Business acquisitions	3.2	-	3.2	-	-	-
Restrictions on assets recognised	-	0.7	0.7	-	(0.1)	(0.1)
Effect of movements in exchange rates	(8.0)	11.6	3.6	(132.1)	116.9	(15.2)
<b>Total other</b>	<b>(56.4)</b>	<b>(3.9)</b>	<b>(60.3)</b>	(189.4)	134.8	(54.6)
<b>Balance at 30 June</b>	<b>1,319.3</b>	<b>(988.1)</b>	<b>331.2</b>	1,551.7	(1,120.1)	431.6
<b>Non-current asset</b>			<b>(24.5)</b>			(14.8)
<b>Non-current liability</b>			<b>355.7</b>			446.4
Restrictions on asset recognised		(1.1)			(0.4)	
Fair value of plan assets		(989.2)			(1,120.5)	
Present value of unfunded defined benefit obligation	165.1			159.6		
Present value of funded defined benefit obligation	1,154.2			1,392.1		
Liabilities for defined benefit obligations	1,319.3			1,551.7		
Actives	492.2			506.7		
Vested terminatees	430.4			452.9		
Retirees	396.7			592.1		
<b>Balance as at 30 June</b>	<b>1,319.3</b>	<b>(988.1)</b>	<b>331.2</b>	1,551.7	(1,120.1)	431.6

(1) Negative past service costs predominantly relate to restructuring and the buy-out of pension liabilities across different plans.

The plan assets and liabilities by country are as follows:

USD million	2017			2016		
	Defined benefit obligation	Fair value of plan assets	Net defined benefit liability/ (asset)	Defined benefit obligation	Fair value of plan assets	Net defined benefit liability/ (asset)
UK	552.6	(520.4)	32.2	586.7	(545.2)	41.5
Switzerland	303.8	(241.8)	62.0	499.1	(351.6)	147.5
Other Europe	304.5	(137.0)	167.5	311.6	(140.0)	171.6
North America	147.0	(87.3)	59.7	146.3	(81.4)	64.9
Latin America	3.0	-	3.0	-	-	-
Asia	8.4	(1.6)	6.8	8.0	(1.9)	6.1
<b>Balance as at 30 June</b>	<b>1,319.3</b>	<b>(988.1)</b>	<b>331.2</b>	<b>1,551.7</b>	<b>(1,120.1)</b>	<b>431.6</b>

#### 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:

USD million	2017			2016		
	Quoted	Unquoted	Total	Quoted	Unquoted	Total
Equity instruments	261.2	-	261.2	302.5	-	302.5
Government bonds	284.0	-	284.0	284.2	-	284.2
Corporate bonds	152.4	-	152.4	227.7	-	227.7
Real estate	52.7	-	52.7	63.3	-	63.3
Cash and cash equivalents	6.7	-	6.7	8.5	-	8.5
Indemnified assets	-	0.6	0.6	-	0.7	0.7
Other	126.0	104.5	230.5	129.7	103.9	233.6
<b>Total plan assets as at 30 June</b>	<b>883.0</b>	<b>105.1</b>	<b>988.1</b>	<b>1,015.9</b>	<b>104.6</b>	<b>1,120.5</b>

# Financial Report

## Notes to the financial statements

### Section 5: Employee remuneration (continued)

#### 5.2 Retirement benefit obligations (continued)



##### 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:

	2017	2016
Discount rate	2.04%	1.88%
Rate of inflation	2.35%	2.07%
<b>Longevity at age 65 for current pensioners</b>	<b>Years</b>	<b>Years</b>
Males	19.3 to 24.6	19.0 to 24.5
Females	22.0 to 28.0	22.6 to 27.7

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

USD million		Impact on DBO	
		2017	2016
Discount rate	+ 0.25%	(55.8)	(65.2)
	- 0.25%	59.1	67.8
Inflation rate	+ 0.25%	35.0	31.9
	- 0.25%	(34.1)	(30.9)
Future mortality	+ 1 year	43.3	54.6
	- 1 year	(43.1)	(54.3)

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

##### Duration and amount of future cash flows

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

	2017	2016
Weighted average duration of defined benefit obligation, years	17.9	17.9
Contributions next period, USD million	37.3	43.5

## 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	2017	2016
Short-term employee benefits	13,190	13,737
Post-employment benefits	757	787
Share-based payments expense	4,480	3,910
<b>Total compensation to KMPs</b>	<b>18,427</b>	18,434

### 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 (2016: nil). No impairment losses have been recognised in relation to any loans made to KMP (2016: nil) and no loans were advanced during the current year (2016: nil). Other than those items discussed above, together with the detailed disclosures in the audited Remuneration report section in the Directors' report, there have been no other transactions between KMP and the Company.

# Financial Report

## Notes to the financial statements

### 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	2017	2016
<b>Audit and other assurance services – PwC</b>		
<i>Auditor of the Company – PwC Australia</i>		
Audit and review of financial reports	404	2,114
Other assurance services	-	233
<i>Network firms of PwC Australia</i>		
Audit and review of financial reports	2,207	585
Other regulatory audit services	3,808	3,500
Other assurance services	3	4
<b>Total audit and other assurance services – PwC</b>	<b>6,422</b>	<b>6,436</b>
<b>Other services – PwC</b>		
<i>Auditor of the Company – PwC Australia</i>		
Taxation services, transaction related taxation advice and due diligence	692	219
<i>Network firms of PwC Australia</i>		
Taxation services, transaction related taxation advice and due diligence	1,127	1,025
Other advisory services	120	104
<b>Total other services – PwC</b>	<b>1,939</b>	<b>1,348</b>
<b>Non-PwC audit firms</b>		
Other regulatory services	267	196
Taxation services and transaction related taxation advice	269	151
<b>Total auditors' remuneration</b>	<b>8,897</b>	<b>8,131</b>

## 6.2 Commitments and contingencies

### Commitments

USD million	2017	2016	Description
<b>Operating lease commitments</b>			
Lease commitments contracted but not provided for are payable as follows:			The Group leases motor vehicles, plant and equipment and property under operating leases. The leases have varying terms, escalation clauses and renewal rights.
within one year	87.7	79.2	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	221.6	204.8	
after more than five years	169.4	148.2	
<b>Total operating lease commitments</b>	<b>478.7</b>	432.2	
Less sub-lease rental income	-	(0.1)	
<b>Net operating lease commitments</b>	<b>478.7</b>	432.1	
<b>Capital commitments</b>			
Property, plant and equipment commitments	87.1	38.3	Capital commitment for the purchase of property, plant and equipment.

### Contingencies

USD million	2017	2016
Contingent liabilities	48.0	35.5



#### Key judgements and estimates

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

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

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



# Financial Report

## Notes to the financial statements

### Section 6: Other disclosures (continued)

#### 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.

#### Summary financial information

USD million <sup>(1)</sup>	2017	2016
Total current assets	4,638.2	5,566.7
Total assets	11,149.9	9,568.6
Total current liabilities	6,235.5	5,895.8
Total liabilities	8,149.6	7,753.7
<b>Net assets</b>	<b>3,000.3</b>	<b>1,814.9</b>
<b>Equity</b>		
Contributed equity	1,425.0	1,466.6
Reserves:		
Share-based payments reserve	53.1	54.2
Demerger reserve of Australasia and Packaging Distribution business	(652.1)	(652.1)
Exchange fluctuation reserve	1,278.7	1,379.6
Retained earnings/(accumulated losses)	895.6	(433.4)
<b>Total equity</b>	<b>3,000.3</b>	<b>1,814.9</b>
Profit for the financial period <sup>(2)</sup>	1,809.8	506.5
Total comprehensive income <sup>(2)</sup>	1,682.5	504.4
Financial guarantees		
<b>Bank term loans of controlled entities (a)</b>	-	16.9
Contingent liabilities of Amcor Limited		
<b>Contingent liabilities arising in respect of guarantees (b)</b>	<b>224.6</b>	<b>149.4</b>

(1) Amcor Limited's functional currency is Australian dollars. Retained earnings at 30 June 2017 are AUD 1,974.5 million (2016: AUD 136.0 million).

(2) Year-on-year increase is driven by dividends received from other Amcor entities.

#### (a) Financial guarantees

In the prior year, the Company guaranteed the bank overdrafts, finance leases and drawn components of bank loans of a number of subsidiaries. These guaranteed overdrafts have been paid down and any remaining debt is without a guarantee from Amcor Limited.

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.

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

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

# Financial Report

## Notes to the financial statements

### Section 6: Other disclosures (continued)

#### 6.4 Deed of Cross Guarantee (continued)

##### Financial statements for the Amcor Limited Deed of Cross Guarantee

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

##### Income statement

USD million	2017	2016
<b>Sales revenue</b>	<b>357.0</b>	353.8
Cost of sales	(301.6)	(303.4)
<b>Gross profit</b>	<b>55.4</b>	50.4
Other income <sup>(1)</sup>	2,686.6	601.4
Operating expenses	(15.7)	(4.9)
<b>Profit from operations</b>	<b>2,726.3</b>	646.9
Financial income	42.2	39.5
Financial expenses	(96.9)	(112.8)
<b>Profit before related income tax expense</b>	<b>2,671.6</b>	573.6
Income tax benefit/(expense)	(9.4)	(25.7)
<b>Profit for the financial period</b>	<b>2,662.2</b>	547.9

(1) Year-on-year increase is driven by dividends received from other Amcor entities.

##### Statement of comprehensive income

USD million	2017	2016
<b>Profit for the financial period</b>	<b>2,662.2</b>	547.9
<b>Other comprehensive income/(loss)</b>		
<b>Items that may be reclassified subsequently to profit or loss:</b>		
<i>Cash flow hedges</i>		
Changes in fair value of cash flow hedges	(0.1)	(0.3)
Tax on cash flow hedges	-	0.1
<i>Exchange differences on translating foreign operations</i>		
Exchange differences on translation of foreign operations	(53.7)	64.9
Tax on exchange differences on translating foreign operations	(26.4)	(21.0)
<b>Other comprehensive income/(loss) for the financial period, net of tax</b>	<b>(80.2)</b>	43.7
<b>Total comprehensive income for the financial period</b>	<b>2,582.0</b>	591.6

##### Summarised income statement and accumulated losses

USD million	2017	2016
Profit for the financial period	2,662.2	547.9
Accumulated losses	(53.5)	(134.7)
<b>Accumulated profits before distribution</b>	<b>2,608.7</b>	413.2
Dividends recognised during the financial period	(480.7)	(466.7)
<b>Accumulated losses at the end of the financial period</b>	<b>2,128.0</b>	(53.5)

## Statement of financial position

USD million	2017	2016
<b>Current assets</b>		
Cash and cash equivalents	21.8	18.9
Trade and other receivables	1,459.0	948.1
Inventories	65.7	65.1
Other financial assets	0.2	0.2
Other current assets	1.0	1.5
<b>Total current assets</b>	<b>1,547.7</b>	<b>1,033.8</b>
<b>Non-current assets</b>		
Other financial assets	24.3	34.8
Property, plant and equipment	83.6	81.3
Deferred tax assets	61.5	117.1
Intangible assets	135.7	134.2
Other non-current assets	5,989.4	4,408.8
<b>Total non-current assets</b>	<b>6,294.5</b>	<b>4,776.2</b>
<b>Total assets</b>	<b>7,842.2</b>	<b>5,810.0</b>
<b>Current liabilities</b>		
Trade and other payables	136.2	116.0
Interest-bearing liabilities	1,659.3	1,749.5
Other financial liabilities	39.2	45.5
Current tax liabilities	7.3	26.1
Provisions	28.8	33.0
<b>Total current liabilities</b>	<b>1,870.8</b>	<b>1,970.1</b>
<b>Non-current liabilities</b>		
Interest-bearing liabilities	1,906.7	1,833.7
Provisions	3.4	3.3
<b>Total non-current liabilities</b>	<b>1,910.1</b>	<b>1,837.0</b>
<b>Total liabilities</b>	<b>3,780.9</b>	<b>3,807.1</b>
<b>Net assets</b>	<b>4,061.3</b>	<b>2,002.9</b>
<b>Equity</b>		
Contributed equity	1,425.0	1,466.6
Reserves	508.3	589.8
Retained earnings/(accumulated losses)	2,128.0	(53.5)
<b>Total equity</b>	<b>4,061.3</b>	<b>2,002.9</b>

# Financial Report

## Notes to the financial statements

### Section 6: Other disclosures (continued)

#### 6.5 Basis of preparation and compliance

##### Basis of preparation

Throughout the financial report, the Company refers to Amcor Limited and the Group includes its subsidiaries. The Company is domiciled and incorporated in Australia and the Group is a for-profit entity for the purpose of preparing the financial statements. The consolidated financial statements were approved by the Board of Directors on 22 August 2017.

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 2016;
- 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 2016

The Group has applied AASB 2014-10 *Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* for the first time in the annual reporting period commencing 1 July 2016. As no assets were sold or contributed between the Company and its associates and joint ventures, the application did not have an impact on the Group's accounts.

##### 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 2017.

##### [AASB 2016-2 Disclosure Initiative: Amendments to AASB 107](#)

Application date by Amcor: Financial year starting on 1 July 2017

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.

This amendment requires the disclosure of an additional reconciliation in the notes to the financial statements without impacting any other parts of neither the financial statements nor the Group's results.

#### *AASB 9: Financial Instruments*

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

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

The Group has reviewed the different sections of AASB 9 to determine the impact of the new Standard and to develop accounting policies that will be rolled-out in financial year 2018.

The new classification and measurement approach, as well as the expected loss model, are not expected to have a significant impact on Amcor's results. Also, all hedging strategies currently applied by Amcor can continue to be applied. The Group does not expect the impact of these changes to be material.

#### *AASB 15: Revenue from Contracts with Customers*

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

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

Work to date has focused on the Group's main revenue streams in both Rigid Plastics and Flexibles by reviewing arrangements with customers to identify impacts of the new Standard and to develop an accounting policy to be rolled out to the Group. This roll-out will take place in financial year 2018.

Amcor is providing packaging materials to its customers based on contracts that may contain several elements but, for the vast majority of contracts, these reflect only one performance obligation. Revenue will be recognised at a point in time when the customer obtains control over the packaging goods which is not materially different from revenue recognition under current Standards. It is expected that the adoption of AASB 15 will not result in a significant change to the Group's recognition or presentation of revenues.

#### *AASB 16: Leases*

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

Essentially, the new Standard requires all lease arrangements ("right of use assets") to be recognised on the balance sheet.

The structure of the income statement will change as the right of use assets are depreciated and the corresponding lease liability leads to interest expense. The cash flows are divided into a repayment and interest portion, thus improving operating cash flows.

The Group has modelled the impacts of the new Standard and accounting policies have been developed to be rolled out to the Group in 2018.

Under AASB 16 the present value of the Group's operating lease commitments as defined under the new Standard, excluding low-value leases and short-term leases, will be shown as right of use assets and as lease liabilities on the balance sheet. Information on the undiscounted amount of the Group's operating lease commitments under AASB 117, the current leasing Standard, is disclosed in note 6.2.

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

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

## 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 2017 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, for the purposes of ASIC Corporations (Wholly-owned Companies) Instrument 2016/785, the Company and the consolidated entities identified in note 6.4 will be able to meet any liabilities to which they are or may become subject to by virtue of the Deed of Cross Guarantee between the Company and those consolidated entities.
3. The Directors have been given the declarations required by Section 295A of the *Corporations Act 2001* from the chief executive officer and the chief financial officer for the financial year ended 30 June 2017.

Signed in accordance with a resolution of the Directors, dated at Melbourne, Victoria, this 22nd day of August 2017.



**Graeme Liebelt**  
Chairman

# Independent Auditor's Report to the Shareholders of Amcor Limited



## Report on the audit of the Financial Report

### Our opinion

In our opinion:

The accompanying Financial Report of Amcor Limited (the Company) and its controlled entities (together the Group) is in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the Group's financial position as at 30 June 2017 and of its financial performance for the year then ended
- b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

### What we have audited

The Group Financial Report comprises:

- the income statement for the year ended 30 June 2017
- the statement of comprehensive income for the year then ended
- the statement of financial position as at 30 June 2017
- the statement of changes in equity for the year then ended
- the cash flow statement for the year then ended
- the notes to the financial statements, which includes a summary of significant accounting policies
- the Directors' declaration

### Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report.

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

### Independence

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

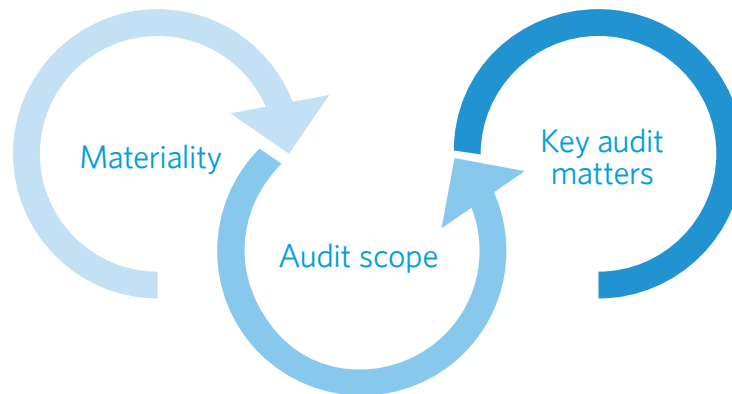
### Our audit approach

An audit is designed to provide reasonable assurance about whether the financial report is free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.



# Independent Auditor's Report to the Shareholders of Amcor Limited (continued)

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the Financial Report as a whole, taking into account the geographic and management structure of the Group, its accounting processes and controls and the industry in which it operates.



## Materiality

- For the purpose of our audit, we applied an overall Group materiality of USD 44.0 million, which represents approximately 5% of the Group's profit before tax.
- We applied this threshold, together with qualitative considerations, to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements on the Financial Report as a whole.
- We chose profit before tax because, in our view, it is a generally accepted benchmark.
- We selected a 5% threshold based on our professional judgement, noting that it is also within the range of commonly accepted profit-related thresholds.
- The Group is structured into five Business Groups (Flexibles Europe, Middle East and Africa; Flexibles Americas; Flexibles Asia Pacific; Tobacco Packaging; Rigid Plastics) and Other/Investments (which includes corporate functions and the Group's equity-accounted investment in AMVIG). For each Business Group and for Other/Investments, we applied a materiality level lower than the overall Group materiality in view of the risk of a material misstatement occurring through aggregation when all of the Business Groups and Other/Investments are consolidated.

## Audit scope

- Our audit focused on where the Group made subjective judgements; for example, significant accounting estimates involving assumptions and inherently uncertain future events.
- The Group audit team considered the extent to which they were able to place reliance on the group-wide control environment and on the Group's Risk and Audit functions, i.e. Group Internal Audit (GIA) and other compliance functions. Accordingly, we:
  - reconfirmed our understanding of the Group's standardised internal controls framework, which includes business process and IT controls;
  - identified the critical locations (including shared service centres) and key IT systems on which we planned to rely for the purpose of the audit;
  - critically evaluated the work undertaken by the Group's Risk and Audit functions and assessed their competence and objectivity in order to determine whether we could place reliance on their work; and
  - performed controls testing on selected IT systems in key locations.
- The Business Groups and Other/Investments form three reportable segments as set out in note 1.3 in the Financial Report. Each Business Group consists of a number of businesses, which are consolidated by the Group. There are over 180 manufacturing plants in over 40 countries, which constitute the operations contained within these Business Groups.
- The Group audit team determined the type of work that needed to be performed by it and by other auditors under its instructions (component auditors). Appropriately detailed audit instructions were sent to component auditors, which specified the areas of audit focus, identified the risks of material misstatement and set out the information to be reported back to the Group audit team.

- Where work was performed by component auditors, the Group audit team determined the level of involvement needed in their audit work to be able to conclude whether sufficient and appropriate audit evidence had been obtained. The Group audit team's involvement included keeping in regular contact with the component auditors throughout the year through written instructions, telephone calls, discussions and visits to some locations.
- The Group audit team visited each of the Business Group's head office locations during the year to meet with Business Group Management and with component auditors to discuss the audit approach and findings.
- The Group audit team performed further audit procedures at a Group level, including performing audit procedures in respect of the consolidation of the financial information for the Group's operations and the preparation of the Financial Report. The Group audit team determined what tax, valuation, pension and treasury specialists and experts were required to support the audit.
- Over the last 18 months, a component of Amcor's Group Management was relocated to Switzerland. To facilitate the effective direction and supervision of the audit, some senior members of the Group audit team from Melbourne were based in Switzerland.

### Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Report for the current period. We have communicated the key audit matters to the Group's Audit & Compliance Committee, but they are not a comprehensive reflection of all matters that were identified by our audit and that were discussed with the Committee.

The key audit matters were addressed in the context of our audit of the Financial Report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Further, any commentary on the outcomes of a particular audit procedure is made in that context.

Key audit matter	How our audit addressed the key audit matter
<p><b>Impairment risk of carrying value of investment in AMVIG</b> (Refer to note 4.2 to the Financial Report)</p> <p>Amcor has a 47.6% investment in AMVIG Holdings Limited (AMVIG) over which it has significant influence but does not exercise control. AMVIG is listed on the Hong Kong Stock Exchange (Hang Seng) and, as at 30 June 2017, the carrying value of Amcor's investment in AMVIG expressed in Hong Kong dollars per share is greater than the Hong Kong dollar price per share quoted on the Hang Seng at 30 June 2017. This is an indicator of potential impairment of this investment.</p> <p>This is a key audit matter due to the deficit between the investment's carrying value and the quoted share price and because judgement is required in:</p> <ul style="list-style-type: none"> <li>• Determining whether the share price reflects the recoverable amount of the investment.</li> <li>• Estimating future cash flows in the value-in-use discounted cash flow model prepared by the Group (the Model) to support the carrying value.</li> <li>• Determining the discount and growth rates to be adopted in the Model.</li> </ul>	<p>To evaluate the Model and the process by which it was developed, our procedures included, among others:</p> <ul style="list-style-type: none"> <li>• Assessing the historical accuracy of the Group's forecasts by comparing the forecasts used in the prior year models with the actual performance in the current year.</li> <li>• Testing the mathematical accuracy of the underlying calculations and comparing the forecasts with the latest Board-approved budgets.</li> <li>• Comparing the growth rates used in the Model with historical results and economic and industry forecasts.</li> <li>• Together with PwC valuation experts, calculating independently a pre-tax discount rate and comparing it with the one used in the Model.</li> <li>• Performing sensitivity tests on the Model by analysing the impact of using other possible growth rates and pre-tax discount rates within a reasonable and foreseeable range.</li> <li>• Meeting with AMVIG Management and the local auditors in Hong Kong to develop an understanding of the operating performance and outlook used in their own valuation model and to assess consistency with the Model.</li> </ul> <p>The impairment assessment remains sensitive to a range of assumptions, in particular to changes in the pre-tax discount rate and the achievement of the forecasted growth rates. Accordingly, we evaluated the adequacy of the disclosures made in note 4.2 of the financial report, including those regarding the key assumptions and sensitivities to changes in such assumptions, in light of the requirements of Australian Accounting Standards.</p>

# Independent Auditor's Report to the Shareholders of Amcor Limited (continued)

Key audit matter	How our audit addressed the key audit matter
<p><b>Risk of material income tax exposures across the Group not identified or accounted for</b> (Refer to notes 1.5 and 6.2 to the Financial Report)</p> <p>The Group is subject to income taxes in Australia and many foreign jurisdictions. As a result, the calculation of the Group's tax charge is complex and involves estimation and judgement in respect of tax risks and exposures.</p> <p>Where the amount of tax payable or receivable is uncertain, the Group recognises provisions based on the Group's estimate of the probable amount payable or receivable.</p> <p>We considered this a key audit matter as there is a risk that:</p> <ul style="list-style-type: none"> <li>• A material tax exposure in a specific country or jurisdiction is not adequately identified or accounted for.</li> <li>• A change in the Group's judgements and estimates may significantly affect the levels of provisions recorded in the financial report.</li> </ul>	<p>We developed an understanding of the Group's tax strategy and how the Group assesses the risk of potential material tax exposures in the various tax jurisdictions.</p> <p>Our procedures included, among others:</p> <ul style="list-style-type: none"> <li>• Considering the Group's processes for identifying uncertain tax positions and the related accounting policy for provisioning for tax exposures.</li> <li>• Assessing the accuracy of the Group's historical estimates of certain tax risks by comparing liabilities recognised in previous periods to amounts settled during the year.</li> <li>• Inspecting a selection of evidence of communication with local tax authorities (where available) and copies of tax advice obtained from local tax advisors.</li> <li>• Together with our tax experts, considering the risk ratings used by the Group to estimate potential tax exposures.</li> </ul>
<p><b>Risk of material indirect tax exposures in Brazil</b> (Refer to notes 2.3, 6.2 and 6.3 to the Financial Report)</p> <p>From time to time, the Group receives assessments for additional tax from tax authorities in jurisdictions other than Australia. As at 30 June 2017, the most significant assessment of this nature related to excise and indirect tax claims from local tax authorities in Brazil. The tax assessments are complex and the Group sought the guidance of external counsel in Brazil to determine the likelihood of tax risks and exposures eventuating from the tax assessments.</p> <p>We considered this a key audit matter as a change in circumstances could result in the Group having to pay significant tax, associated penalties and interest.</p>	<p>To assess the Group's position in relation to the Brazilian indirect tax and excise claims, our procedures included, among others:</p> <ul style="list-style-type: none"> <li>• Holding discussions with the local statutory audit team in Brazil to understand any relevant changes to the regulatory environment and relevant judicial developments in Brazil.</li> <li>• Comparing the Group's assessment of the likelihood of tax risks and exposures eventuating from the tax assessments with the latest correspondence received by the Group from its external legal advisors.</li> </ul>

## Other information

The Directors are responsible for the other information. The other information comprises the information in the Group's Annual Report for the year ended 30 June 2017, but does not include the Financial Report and our auditor's report thereon.

Our opinion on the Financial Report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Financial Report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of the Directors for the Financial Report

The Directors of the Company are responsible for the preparation of the Financial Report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the Financial Report, the Directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this Financial Report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: [http://www.auasb.gov.au/auditors\\_responsibilities/ar1.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf).

This description forms part of our auditor's report.

## Report on the Remuneration report

### Our opinion on the Remuneration report

We have audited the Remuneration report included in the Directors' Report for the year ended 30 June 2017.

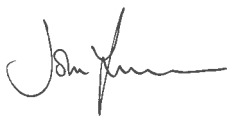
In our opinion, the Remuneration report of Amcor Limited, for the year ended 30 June 2017, complies with section 300A of the *Corporations Act 2001*.

#### Responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.



PricewaterhouseCoopers



**John Yeoman**  
Partner

Melbourne  
22 August 2017

**PricewaterhouseCoopers, ABN 52 780 433 757**

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# 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 17 August 2017:

Rank	Name	Shares Held	% held
1	HSBC Custody Nominees (Australia) Limited	464,116,999	40.07%
2	J P Morgan Nominees Australia Limited	262,137,134	22.63%
3	Citicorp Nominees Pty Limited	63,093,614	5.45%
4	National Nominees Limited	46,264,922	3.99%
5	BNP Paribas Nominees Pty Ltd	23,880,755	2.06%
6	BNP Paribas Noms Pty Ltd	15,866,399	1.37%
7	Citicorp Nominees Pty Limited	12,643,095	1.09%
8	Australian Foundation Investment Company Limited	12,300,000	1.06%
9	Argo Investments Limited	4,918,564	0.42%
10	Custodial Services Limited	4,067,833	0.35%
11	AMP Life Limited	3,647,851	0.31%
12	HSBC Custody Nominees (Australia) Limited	3,605,058	0.31%
13	The Senior Master Of The Supreme Court	2,769,033	0.24%
14	BNP Paribas Nominees Pty Ltd	2,727,000	0.24%
15	IOOF Investment Management Limited	1,697,405	0.15%
16	HSBC Custody Nominees (Australia) Limited	1,583,416	0.14%
17	UBS Nominees Pty Ltd	1,581,806	0.14%
18	Milton Corporation Limited	1,321,512	0.11%
19	UBS Nominees Pty Ltd	1,282,500	0.11%
20	Equity Trustees Limited	1,226,416	0.11%
<b>TOTAL</b>		<b>930,731,312</b>	<b>80.36%</b>

## Substantial shareholders

The Capital Group of Companies, Inc. by notice dated 2 August 2017 has a relevant interest in 67,559,395 shares. BlackRock Group, by notice dated 19 May 2017, has a relevant interest in 58,484,455 shares.

## Distribution of shareholdings

Distribution of fully-paid ordinary shares as at 17 August 2017:

Size of holding (range)	Number of holders	Number of securities	% Issued capital
100,001 and Over	141	965,353,392	83.35%
10,001 to 100,000	2,979	59,564,730	5.14%
5,001 to 10,000	5,600	39,263,857	3.39%
1,001 to 5,000	34,096	77,891,246	6.73%
1 to 1,000	35,001	16,068,051	1.39%
<b>TOTAL</b>	<b>77,817</b>	<b>1,158,141,276</b>	<b>100.00%</b>
Unmarketable parcels	2,086	24,039	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 17 August 2017:

<b>Unquoted equity securities</b>	<b>Number of employees participating</b>	<b>Number of securities</b>
Options over ordinary shares exercisable at various prices	101	14,424,361
Rights	271	4,717,646
Performance shares	34	1,302,300

## On market share acquisitions

During the 2016/17 financial year, 6,922,599 Amcor ordinary shares were purchased on market at an average price of AUD 15.92 per share to satisfy obligations under various Amcor employee incentive plans. Refer to the Remuneration report, pages 33 to 46, 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	2017	2016	2015	2014 <sup>(1)</sup>	2013	2012
<b>Amcor consolidated results</b>						
Net sales	<b>9,101.0</b>	9,421.3	9,611.8	9,964.5	12,763.2	12,580.7
Operating profit before interest and tax pre significant items	<b>1,088.2</b>	1,055.3	1,065.1	1,082.1	1,155.6	1,095.2
Operating profit before tax pre significant items	<b>901.2</b>	888.5	895.9	888.9	916.0	882.9
Net operating profit pre significant items	<b>701.2</b>	671.1	680.3	677.8	691.0	655.1
Net operating profit after significant items	<b>597.0</b>	244.1	680.3	677.8	602.7	425.5
Earnings per share (US cents) pre significant items <sup>(2)</sup>	<b>60.6</b>	57.7	56.6	56.2	57.3	54.0
Earnings per share (US cents) after significant items	<b>51.6</b>	21.0	56.6	56.2	50.0	35.1
Return on average shareholders' equity pre significant items (% p.a.)	<b>84.1</b>	46.9	34.7	25.4	19.5	17.9
Dividend and distribution	<b>480.7</b>	466.7	472.4	448.1	485.1	441.5
Dividend per ordinary share (US cents)	<b>43.0</b>	41.0	40.0	39.2	38.7	39.4
Dividend franking (% p.a.)	-	-	-	-	-	-
Dividend cover (times)	<b>1.41</b>	1.41	1.41	1.43	1.48	1.37
<b>Financial ratios</b>						
Net tangible asset backing per share (USD)	<b>(1.43)</b>	(1.18)	(0.39)	(0.05)	0.87	0.97
Net PBITDA interest cover pre significant items (times)	<b>7.8</b>	8.4	8.4	7.5	7.3	7.6
Gearing (net debt/net debt and shareholders' equity) (%)	<b>82.0</b>	81.6	64.5	58.5	51.7	51.3
<b>Financial statistics</b>						
Income from dividends and interest	<b>12.3</b>	34.7	28.2	28.6	28.4	23.1
Depreciation and amortisation provided during the year	<b>358.8</b>	354.0	355.2	375.9	489.1	511.2
Net finance costs	<b>187.0</b>	166.8	169.2	193.2	226.1	212.3
Cash flow from operating activities	<b>1,027.4</b>	1,099.4	1,002.3	1,075.0	1,074.4	1,045.4
Capital expenditure and acquisitions	<b>715.4</b>	847.0	421.4	443.7	717.4	994.0
<b>Balance sheet data as at 30 June</b>						
Current assets	<b>3,286.5</b>	3,193.1	3,413.0	3,326.5	3,891.1	3,742.2
Non-current assets	<b>5,796.8</b>	5,489.0	5,134.1	5,807.4	7,624.5	7,633.2
<b>Total assets</b>	<b>9,083.3</b>	8,682.1	8,547.1	9,133.9	11,515.6	11,375.4
Current liabilities	<b>4,012.4</b>	3,645.2	3,674.4	3,296.0	4,358.6	4,215.2
Non-current liabilities	<b>4,179.4</b>	4,191.4	3,285.7	3,698.8	3,723.6	3,760.7
<b>Total liabilities</b>	<b>8,191.8</b>	7,836.6	6,960.1	6,994.8	8,082.2	7,975.9
<b>Net assets</b>	<b>891.5</b>	845.5	1,587.0	2,139.1	3,433.4	3,399.5
<b>Shareholders' equity</b>						
Share capital	<b>1,416.9</b>	1,445.1	1,680.6	2,072.0	2,755.5	2,709.9
Reserves	<b>(881.7)</b>	(800.2)	(666.5)	(414.3)	253.2	316.7
Retained profits	<b>286.7</b>	139.0	452.1	370.4	335.9	282.0
Shareholders' equity attributable to Amcor Limited	<b>821.9</b>	783.9	1,466.2	2,028.1	3,344.6	3,308.6
Non controlling interests in controlled entities	<b>69.6</b>	61.6	120.8	111.0	88.8	90.9
<b>Total shareholders' equity</b>	<b>891.5</b>	845.5	1,587.0	2,139.1	3,433.4	3,399.5

For the years ended 30 June	2017	2016	2015	2014 <sup>(1)</sup>	2013	2012
<b>Other data as at 30 June:</b>						
Fully paid shares (000's)	<b>1,158,141</b>	1,158,141	1,181,415	1,206,685	1,206,685	1,206,685
Amcor share price						
- year's high (AUD)	<b>16.78</b>	16.66	14.72	10.83	9.27	6.94
- year's low (AUD)	<b>13.62</b>	12.06	10.02	9.00	6.29	5.61
- close (AUD)	<b>16.21</b>	14.93	13.72	10.43	9.10	6.37
Market capitalisation (AUD)	<b>18,773.5</b>	17,291.1	16,209.0	12,585.7	10,986.4	7,681.8
Number of employees	<b>35,211</b>	31,761	29,788	29,299	35,565	34,981
Number of shareholders	<b>77,817</b>	73,594	73,580	69,578	64,400	67,589

(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.



# 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.

Contact details are:  
Link Market Services Limited  
Street Address:  
Tower 4, Collins Square  
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](http://www.amcor.com). This facility provides historical price information and graphs of the share price against market indices. In addition, the facility provides a 24-hour service to shareholders, enabling access to information such as current holding balances, holding transactions and dividend statements for historical payments. 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 address, communication preference election, notification of your TFN and or ABN, direct credit of dividends 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 in late 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: Australian Dollar, US Dollar, Pound Sterling, Euro, New Zealand Dollar, Singapore Dollar, Hong Kong Dollar or Swiss Franc. 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 2017 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 47.0% (49.0% prior to 1 July 2017) 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 EUR 2,000,000,000 Euro Medium Term Note Program are listed on the Singapore Stock Exchange.

Amcor Limited's CHF Notes issued under Amcor's EUR 2,000,000,000 Euro Medium Term Note Program 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](http://ADR.com)

### Amcor publications

The Company's Annual Report including the financial statements and notes for the full year has historically been the main source of information for investors. The Annual Report is published on the Company's website and a printed Report is mailed to those shareholders who request a copy. The Annual Report is usually published in September.

The Half Year Financial Report reviewing the Company's performance for the six months to 31 December is ordinarily published in February of each year.

These publications, and many others which may also be of interest, such as the annual Sustainability Report, are available on the Company's website.

# Senior Management and Corporate Directory

Website: [www.amcor.com](http://www.amcor.com)

## Amcor Limited

Registered office

Level 11  
60 City Road  
Southbank 3006  
Australia

Telephone: +61 3 9226 9000  
Facsimile: +61 3 9226 9050

## Amcor Flexibles Europe, Middle East & Africa

Thurgauerstrasse 34  
CH-8050 Zurich  
Switzerland

Telephone: +41 44 316 1717  
Facsimile: +41 44 316 1718

### Peter Konieczny

President Amcor Flexibles  
Europe, Middle East & Africa

## Amcor Flexibles Americas

2150 E Lake Cook Road  
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Buffalo Grove Illinois 60080  
USA

Telephone: +1 224 313 7000  
Facsimile: +1 847 918 4600

### Tom Cochran

President Amcor Flexibles Americas

## Amcor Flexibles Asia Pacific

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Facsimile: +65 6410 0888

### Roelof Westerbeek

President Amcor Flexibles Asia Pacific

## Amcor Tobacco Packaging

Thurgauerstrasse 34  
CH-8050 Zurich  
Switzerland

Telephone: +41 44 316 1717  
Facsimile: +41 44 316 1718

### Jerzy Czubak

President Amcor Tobacco Packaging

## Amcor Rigid Plastics

935 Technology Drive  
Ann Arbor, Michigan 48108  
USA

Telephone: +1 734 428 9741  
Facsimile: +1 734 302 2298

### Michael Schmitt

President Amcor Rigid Plastics

## Share Registry

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

Telephone: 1 300 302 458  
(available from all locations)

Facsimile: +61 3 9287 0303

Email: [amcor@linkmarketservices.com.au](mailto:amcor@linkmarketservices.com.au)

## American Depository Receipts Registry

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

Telephone: +1 800 990 1135  
Telephone from outside the US:  
+1 651 453 2128

# Financial Calendar 2017/18

Financial year 2016/17 ends	30 June 2017
Announcement of full year results for 2016/17	22 August 2017
Ex-dividend date for final dividend for 2016/17	4 September 2017
Record date for final dividend for 2016/17	5 September 2017
Final dividend payment date for 2016/17	28 September 2017
Annual General Meeting	1 November 2017
Financial half year 2017/18 ends	31 December 2017
Announcement of interim results for 2017/18	February 2018
Ex-dividend date for interim dividend for 2017/18	Late Feb/Early March 2018
Record date for interim dividend for 2017/18	Late Feb/Early March 2018
Interim dividend payment date for 2017/18	Late March 2018
Financial year 2017/18 ends	30 June 2018

## 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.





***amcor***