

Half year report

AMCOR LIMITED
ABN 62 000 017 372

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

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

2. Results for announcement to the market

<i>USD million</i>				
2.1	Revenues from ordinary activities	up	1.1%	to 4,551.8
2.2	Profit from ordinary activities after tax but before significant items, attributable to members	down	0.4%	to 328.5
2.3	Net profit for the period, attributable to members	down	18.8%	to 267.6

Dividends	Amount per security (US cents)	Franked amount per security
<i>Current period</i>		
2.4 Interim dividend payable 1 April 2019	21.5 cents	Nil
2.4 Final dividend (in respect of prior year) paid 16 October 2018	24.0 cents	Nil
<i>Previous corresponding period</i>		
2.4 Interim dividend	21.0 cents	Nil
2.5 Record date for determining entitlements to the dividend	Interim dividend – 5 March 2019	

2.6 Brief explanation of figures in 2.1 to 2.4 –:

- Refer to page 9 of attached press release for further comments specifically related to 2.2.
- Dividends in the current period and previous corresponding period are unfranked. Dividends to non-residents are sourced from the parent entity's Conduit Foreign Income Account. As a result, 100% of the dividend paid to a non-resident will not be subject to Australian withholding tax.
- Refer to attached press release for further details relating to 2.1 to 2.4.

3. Net tangible assets

	31 December 2018	30 June 2018	31 December 2017
Net tangible asset backing per ordinary security	USD (1.24)	USD (1.24)	USD (1.39)

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

No businesses were acquired or disposed of during the period.

5. Details of individual dividends and payment dates

Refer to the attached Interim Financial Report, Note 4 Dividends.

6. Details of dividend reinvestment plan

The Dividend Reinvestment Plan (DRP) is in operation. No discount is available under the DRP. Issue price will be calculated on the arithmetic average of the weighted average price for the nine ASX Trading Days from 8 March to 20 March 2019 inclusive. The last date for receipt of election notices for the DRP is 6 March 2019. Shares allotted under the DRP rank equally with existing fully paid ordinary shares of Amcor Limited.

7. Details of associates and joint venture entities

At 31 December 2018, the group held a 47.6% interest in AMVIG Holdings Ltd ('AMVIG') a tobacco packaging company listed on the Hong Kong Stock Exchange. In the six months to 31 December 2018 the group recognised a share of associates profit of USD 7.0 million (six months to 31 December 2017: USD 7.1 million profit) relating to this associate investment.

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

International Financial Reporting Standards.

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

The Interim Financial Report should be read in conjunction with the most recent annual financial report.



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Julie McPherson
Company Secretary

Date: 11 February 2019

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

INTERIM FINANCIAL REPORT

31 DECEMBER 2018

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This Interim financial report was approved by the Directors on 11 February 2019. The Directors have the power to amend and reissue the Interim financial report.

Amcor Limited and its controlled entities

Directors' report

The Directors present their report on the consolidated entity consisting of Amcor Limited and its controlled entities at the end of, or during, the half-year ended 31 December 2018.

Directors

The following persons were Directors of Amcor Limited during or since the end of the half-year:

Name	Period of directorship
Non-executive	
G R (Graeme) Liebelt - Chairman	Director since 2012 – appointed Chairman 17 December 2013
J L (Jeremy) Sutcliffe	Director since 2009
K J (Karen) Guerra	Director since 2010
A (Armin) Meyer	Director since 2010
P V (Paul) Brasher	Director since 2014
E (Eva) Cheng	Director since 2014
N T (Tom) Long	Director since 2017
Executive	
R S (Ron) Delia	Director since 2015

Review of operations

A review of the operations of the consolidated entity during the half-year, and the results of those operations is contained in Amcor's Statement to the Australian Securities Exchange and Media Release dated 11 February 2019.

Dividend

Since 31 December 2018 the Directors have determined an interim dividend on ordinary shares, expected to be paid on 1 April 2019, of approximately USD 249.0 million. This represents a dividend of 21.5 US cents per share unfranked, of which 100% is to be sourced from the Conduit Foreign Income Account. The financial effect of this dividend has not been brought to account in the consolidated financial statements for the six months ended 31 December 2018 and will be recognised in subsequent financial reports.

Auditor's independence declaration

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

Rounding off

The consolidated entity 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 report and Directors' report have been rounded off to the nearest USD 100,000 or, where the amount is USD 50,000 or less, zero, unless specifically otherwise stated.

Signed in accordance with a resolution of the Directors, dated at Melbourne, Victoria, this 11th day of February 2019.



G R Liebelt
Chairman



Auditor's independence declaration

As lead auditor for the review of Amcor Limited for the half-year ended 31 December 2018, I declare that to the best of my knowledge and belief, there have been:

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

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

A handwritten signature in black ink, appearing to read 'John Yeoman', with a long horizontal flourish extending to the right.

John Yeoman

Partner
PricewaterhouseCoopers

Melbourne

11 February 2019

Amcor Limited and its controlled entities

Income Statement

For the six months ended 31 December 2018

USD million	Note	2018	2017
Revenue from sale of goods	2	4,551.8	4,502.2
Cost of sales		(3,702.6)	(3,607.3)
Gross profit		849.2	894.9
Other income		74.3	47.7
Sales and marketing expenses		(101.6)	(105.2)
General and administration expenses		(357.9)	(294.8)
Research costs		(30.2)	(35.9)
Share of net profit of equity accounted investments		7.0	7.1
Profit from operations	2	440.8	513.8
Finance income		7.9	5.2
Finance expenses		(115.6)	(106.9)
Net finance costs		(107.7)	(101.7)
Net monetary loss	5	(5.0)	-
Profit before related income tax expense		328.1	412.1
Income tax expense		(55.4)	(78.2)
Profit for the financial period		272.7	333.9
Profit attributable to:			
Owners of Amcor Limited		267.6	329.7
Non-controlling interest		5.1	4.2
Profit for the financial period		272.7	333.9
		US Cents	US Cents
Earnings per share for profit attributable to the ordinary equity holders of Amcor Limited			
Basic earnings per share		23.1	28.5
Diluted earnings per share		23.0	28.3

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

Amcor Limited and its controlled entities

Statement of comprehensive income For the six months ended 31 December 2018

USD million	2018	2017
Profit for the financial period	272.7	333.9
Other comprehensive income/(loss)		
Items that may be reclassified subsequently to profit or loss:		
<i>Cash flow hedges</i>		
Changes in fair value of cash flow hedges	(5.7)	0.3
Tax on cash flow hedges	1.2	(0.1)
<i>Exchange differences on translating foreign operations</i>		
Exchange differences on translation of foreign operations	(5.4)	24.2
Net investment hedge of foreign operations	(14.0)	(12.6)
Share of equity accounted investees exchange fluctuation reserve	(3.4)	7.7
Tax on exchange differences on translating foreign operations	(1.3)	(4.5)
<i>Hyperinflation accounting impact</i>	5	-
Items that will not be reclassified to profit or loss:		
<i>Retained earnings</i>		
Actuarial gains/(losses) on defined benefit plans	(26.8)	0.1
Tax on actuarial gains/losses on defined benefit plans	(5.5)	(1.1)
Other comprehensive income/(loss) for the financial period, net of tax	(28.6)	14.0
Total comprehensive income for the financial period	244.1	347.9
Total comprehensive income attributable to:		
Ow ners of Amcor Limited	239.9	343.1
Non-controlling interest	4.2	4.8
	244.1	347.9

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

Amcor Limited and its controlled entities

Statement of financial position As at 31 December 2018

USD million	Note	December 2018	June 2018
Current assets			
Cash and cash equivalents		490.6	620.8
Trade and other receivables		1,315.6	1,283.5
Inventories		1,387.0	1,358.8
Other financial assets		7.5	8.8
Other current assets		17.1	13.9
Total current assets		3,217.8	3,285.8
Non-current assets			
Equity accounted investments		438.7	438.5
Other financial assets		21.6	22.3
Property, plant and equipment		2,623.9	2,698.3
Deferred tax assets		64.5	65.5
Intangible assets		2,361.4	2,387.8
Retirement benefit assets		35.1	50.8
Other non-current assets		105.0	97.7
Total non-current assets		5,650.2	5,760.9
Total assets		8,868.0	9,046.7
Current liabilities			
Trade and other payables		2,472.5	2,606.7
Interest-bearing liabilities		1,481.4	1,822.0
Other financial liabilities		13.1	36.5
Current tax liabilities		140.8	139.9
Provisions		84.7	91.7
Total current liabilities		4,192.5	4,696.8
Non-current liabilities			
Interest-bearing liabilities		3,032.2	2,671.0
Other financial liabilities		0.6	1.3
Deferred tax liabilities		162.6	162.5
Provisions		106.2	111.1
Retirement benefit obligations		289.3	292.2
Other non-current liabilities		27.1	21.3
Total non-current liabilities		3,618.0	3,259.4
Total liabilities		7,810.5	7,956.2
NET ASSETS		1,057.5	1,090.5
Equity			
Contributed equity	3	1,421.9	1,400.7
Reserves		(905.0)	(907.1)
Retained earnings		476.2	528.1
Total equity attributable to the owners of Amcor Limited		993.1	1,021.7
Non-controlling interest		64.4	68.8
TOTAL EQUITY		1,057.5	1,090.5

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

Amcor Limited and its controlled entities

Statement of changes in equity

For the six months ended 31 December 2018

USD million	Attributable to owners of Amcor Limited					
	Contributed equity	Reserves	Retained earnings	Total	Non-controlling interest	Total equity
Balance at 1 July 2018	1,400.7	(907.1)	528.1	1,021.7	68.8	1,090.5
Change in accounting policy	-	-	(2.3)	(2.3)	-	(2.3)
Restated Balance at 1 July 2018	1,400.7	(907.1)	525.8	1,019.4	68.8	1,088.2
Profit for the financial period	-	-	267.6	267.6	5.1	272.7
Total other comprehensive income/(loss)	-	11.1	(38.8)	(27.7)	(0.9)	(28.6)
Total comprehensive income/(loss) for the financial period	-	11.1	228.8	239.9	4.2	244.1
Transactions with owners in their capacity as owners:						
Contributions of equity, net of transaction costs and related tax	12.1	-	-	12.1	3.6	15.7
Purchase of treasury shares	(8.2)	-	-	(8.2)	-	(8.2)
Dividends paid	-	-	(278.4)	(278.4)	(12.2)	(290.6)
Settlement of options and performance rights	17.3	(17.3)	-	-	-	-
Share-based payments expense	-	8.3	-	8.3	-	8.3
Non-controlling interest buy-out	-	-	-	-	-	-
Balance at 31 December 2018	1,421.9	(905.0)	476.2	993.1	64.4	1,057.5

USD million	Attributable to owners of Amcor Limited					
	Contributed equity	Reserves	Retained earnings	Total	Non-controlling interest	Total equity
Balance at 1 July 2017	1,416.9	(881.7)	286.7	821.9	69.6	891.5
Profit for the financial period	-	-	329.7	329.7	4.2	333.9
Total other comprehensive income/(loss)	-	14.4	(1.0)	13.4	0.6	14.0
Total comprehensive income/(loss) for the financial period	-	14.4	328.7	343.1	4.8	347.9
Transactions with owners in their capacity as owners:						
Contributions of equity, net of transaction costs and related tax	26.4	-	-	26.4	-	26.4
Purchase of treasury shares	(32.0)	-	-	(32.0)	-	(32.0)
Dividends paid	-	-	(272.5)	(272.5)	(9.7)	(282.2)
Settlement of options and performance rights	20.4	(20.4)	-	-	-	-
Share-based payments expense	-	6.4	-	6.4	-	6.4
Non-controlling interest buy-out	-	-	-	-	(0.2)	(0.2)
Balance at 31 December 2017	1,431.7	(881.3)	343.0	893.4	64.5	957.9

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

Amcor Limited and its controlled entities

Cash flow statement

For the six months ended 31 December 2018

USD million	2018	2017
Cash flows from operating activities		
Profit from continuing operations	272.7	333.9
Depreciation, amortisation and net impairment losses	192.3	183.1
Non-cash retirement benefit expense/(gain)	(2.4)	(0.4)
Net finance costs	107.7	101.7
Net gain on disposal of non-current assets	(32.9)	(30.4)
Share of net profits of equity accounted investments	(7.0)	(7.1)
Net foreign exchange loss/(gain)	(3.9)	-
Share-based payments expense	8.3	6.4
Net monetary loss	5.0	-
Other sundry items	(13.0)	(7.7)
Income tax expense	55.4	78.2
Operating cash flows before changes in working capital and provisions	582.2	657.7
(Increase)/Decrease in trade and other receivables	(53.3)	1.7
(Increase)/Decrease in inventories	(46.6)	(58.8)
(Increase)/Decrease in other operating assets	(8.7)	(14.1)
Increase/(Decrease) in trade and other payables	(103.3)	(218.6)
Increase/(Decrease) in provisions	12.7	(35.9)
Increase/(Decrease) in employee benefits and other operating liabilities	(6.4)	(11.1)
Total changes in working capital and provisions	(205.6)	(336.8)
Dividends received	4.7	4.5
Interest received	7.9	3.6
Interest expense	(97.9)	(84.3)
Income tax paid	(62.3)	(66.6)
Net cash flows from operating activities	229.0	178.1
Cash flows from investing activities		
(Granting)/Repayment of loans to associated companies and other persons	(0.6)	(1.3)
Payments for acquisition of controlled entities, businesses and associates, net of cash acquired	(1.0)	(12.2)
Payments for property, plant and equipment and intangible assets	(173.4)	(187.1)
Proceeds on disposal of property, plant and equipment	60.3	107.0
Net cash flows from investing activities	(114.7)	(93.6)

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

Amcor Limited and its controlled entities

Cash flow statement (continued)

For the six months ended 31 December 2018

USD million	2018	2017
Cash flows from financing activities		
Proceeds from share issues	12.1	26.4
Shares purchased on-market and settlement of forward contracts	(28.5)	(39.0)
Payments for treasury shares	(8.2)	(32.0)
Proceeds on capital contribution from non-controlling interest	3.6	(0.2)
Proceeds from borrowings	3,280.8	2,328.4
Repayment of borrowings	(3,203.8)	(2,276.5)
Principal lease repayments	(0.8)	(0.6)
Dividends and other equity distributions	(290.6)	(282.2)
Net cash flows from financing activities	(235.4)	(275.7)
Net decrease in cash held	(121.1)	(191.2)
Cash and cash equivalents at the beginning of the financial period	542.1	557.7
Effects of exchange rate changes on cash and cash equivalents	(15.6)	(4.8)
Cash and cash equivalents at the end of the financial period	405.4	361.7
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 period 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	490.6	419.9
Bank overdrafts	(85.2)	(58.2)
Cash and cash equivalents at the end of the financial period	405.4	361.7

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

Amcor Limited and its controlled entities

Notes to the Interim financial report For the six months ended 31 December 2018

1. Summary of significant accounting policies

Amcor Limited (the 'Company') is a company domiciled in Australia. This Interim financial report includes the financial statements of the Company and its subsidiaries (together referred to as 'the Group') and the Group's interest in equity accounted investments, as at and for the half-year ended 31 December 2018.

The Annual Report of the Group as at and for the year ended 30 June 2018 is available upon request from the Company's registered office at Level 11, 60 City Road, Southbank, Victoria 3006, Australia or at www.amcor.com.

(a) Basis of preparation of the condensed consolidated Interim financial report

The Interim financial report is a general purpose financial report which has been prepared in accordance with the requirements of Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Act 2001.

The Interim financial report does not include all of the information required for a full financial report, and should be read in conjunction with the Annual Report of the Group as at and for the year ended 30 June 2018 and any public announcements made by Amcor Limited and its controlled entities during the half-year in accordance with continuous disclosure obligations arising under the Corporations Act 2001.

In accordance with ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 dated 24 March 2016, amounts in the financial report and Directors' report have been rounded off to the nearest USD 100,000 or, where the amount is USD 50,000 or less, zero, unless specifically otherwise stated.

The accounting policies applied by the Group in this Interim financial report are the same as those applied by the Group in its Annual Report as at and for the year ended 30 June 2018, except for the change in accounting requirements set out below.

The Group adopted AASB 9 'Financial Instruments' (AASB 9) and AASB 15 'Revenue from Contracts with Customers' (AASB 15) on 1 July 2018. Information on the transition impact of these new pronouncements is set out below. The Group has not early adopted any amendments, standards or interpretations that have been issued but are not yet effective.

(b) New and amended standards and interpretations adopted from 1 July 2018

AASB 9: Financial Instruments

The Group classifies its financial assets into the following categories: those to be measured subsequently at fair value (either through other comprehensive income ('FVOCI') or through the income statement ('FVTPL')) and those to be held at amortised cost. The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows. As part of the implementation of AASB 9, management have considered the categorisation of financial assets and no reclassifications between categories were deemed necessary.

The majority of the Group's financial assets are held to collect contractual cash flows and are therefore held at amortised cost. The only financial assets currently held by the Group that are carried at FVTPL are derivatives (forward exchange contracts, commodity contracts and interest rate swaps) used for hedging purposes. To the extent that cash flow or net investment hedges are effective, fair value movements on the corresponding financial instruments are classified as FVOCI. The Group currently does not hold any additional financial assets which would be classified as FVOCI.

Borrowings and other financial liabilities (including trade payables but excluding derivative liabilities) are recognised initially at fair value, net of transaction costs incurred, and are subsequently measured at amortised cost.

The Group applies the AASB 9 simplified approach to measure expected credit losses on its trade receivables portfolio, which requires expected lifetime losses to be recognised from initial recognition of the receivables. The Expected Credit Loss ("ECL") model reviews include assumptions about the risk of default and expected loss rates.

The Group has elected to apply the limited exemption in AASB 9 relating to the classification, measurement and impairment requirements for financial assets and accordingly has not restated comparative periods. Any resulting adjustments to carrying values in the opening balance sheet have been recognised in opening retained earnings as at 1 July 2018.

As discussed on page 115 of the 2018 Annual Report, management expected the application of the expected credit losses model to result in the recognition of additional impairment provisions of less than USD 5.0 million. The actual impact of transition to AASB 9 on the Group's opening retained earnings as at 1 July 2018 was as follows;

USD million	
Closing retained earnings 30 June 2018	528.1
AASB 9 Impairment provision resulting from application of the ECL model and revaluations	(2.3)
Opening retained earnings 1 July 2018 – AASB 9	525.8

Amcor Limited and its controlled entities

Notes to the Interim financial report For the six months ended 31 December 2018

AASB 15: Revenue from Contracts with Customers

The Group typically satisfies the obligation to provide packaging to customers at a point in time upon shipment or delivery when control is transferred to customers. Revenue is recognised net of allowances for returns and customer claims and any taxes collected from customers, which are subsequently remitted to governmental authorities. Contract assets and contract liabilities are not material to the Company's financial position.

Determining whether products and services are considered distinct performance obligations that should be accounted for separately versus together may require significant judgment. Amcor provides packaging materials to its customers based on contracts that may contain several elements but for the vast majority of contracts, these elements represent only one single performance obligation for which revenue is recognised at the point in time when the customer obtains control over the packaging goods.

There are arrangements where, in agreement with the customer, Amcor produces goods well in advance of delivery. Typically, control over these goods will remain with Amcor until shipment or when the customer takes physical possession of the goods and the right to payment arises only at the point in time when control over the goods is transferred to the customer.

The Company may be entitled to variable consideration in several forms which are determined through its agreements with customers. The Company can offer prompt payment discounts, sales rebates or other incentive payments to customers. Sales rebates and other incentive payments are typically awarded upon achievement of certain performance metrics, including volume. The Company utilises forecasted sales data and rebate percentages specific to each customer agreement and updates its judgment of the amounts to which the customer is entitled each period.

The Group has adopted the modified transitional approach when implementing AASB 15 and has therefore not restated comparatives. As previously indicated on page 116 of the 2018 Annual Report, following the review of an extensive sample of customer contracts across all businesses and the various types of arrangements, management concluded that the application of AASB 15 has no material impact. No adjustment to retained earnings was required on application of AASB 15 at 1 July 2018.

(c) New and amended standards and interpretations issued but not yet effective

AASB 16: Leases

As noted in the 2018 Annual Report, the Group currently expects to use the modified retrospective approach when implementing AASB 16 'Leases' (AASB 16). Going forward the new standard requires leases to be identified under a revised set of criteria. For existing arrangements, the Group expects to take advantage of an exemption in the standard that allows companies to retain as a lease what was previously identified as such under the old standard and apply lease accounting for these contracts rather than to reassess each arrangement against the new criteria. Under AASB 16, short term leases (12 months or less to expiration date as at 1 July 2018) or low value leases will not be brought on to the Consolidated Balance Sheet. Costs associated with such leases will continue to be expensed directly to the Consolidated Income Statement. Management continues to monitor developments around the Group's lease arrangements under both current and the future lease accounting standards. More information on management's impact assessment on implementation of AASB 16, as well as differences between the existing accounting policy and the new AASB 16 standard can be found on page 117 of the 2018 Annual Report.

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.

Amcor Limited and its controlled entities

Notes to the Interim financial report For the six months ended 31 December 2018

2. Segment information

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components.

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

Segment performance is evaluated based on operating profit before interest and tax and is measured consistently with profit and loss in the consolidated financial report. Group financing (including finance income and costs) and income tax are managed on a group basis and are not allocated to operating segments.

(a) Description of reporting segments

The Group is organised on a global basis into the following reporting segments:

Rigid Plastics

This segment 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.

Flexibles

This reporting segment represents the aggregation of four operating segments each of which manufactures flexible and film packaging for their respective industries. The operating segments are:

- The Amcor Flexibles Europe, Middle East & Africa business which provides packaging for the food and beverage industry including confectionery, coffee, fresh food and dairy and pet food packaging.
- The Amcor Flexibles Americas business produces flexible packaging for customers in the medical and pharmaceutical, fresh produce and snack food segments.
- Amcor Specialty Cartons which manufactures specialty folding cartons for consumer goods.
- 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.

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 and operations of each operating segment.

Other/Investments

This segment holds the Group's equity accounted investment in the associate AMVIG Holdings Limited (AMVIG) and the Corporate function of the Group. AMVIG is principally involved in the manufacture of tobacco packaging.

(b) Notes to and forming part of the segment information

The segment information is prepared in conformity with the accounting policies of the Group and the accounting standard AASB 8 *Operating Segments*.

Segment revenues, expenses and results include transfers between segments. Such transfers between segments are generally priced on an 'arm's length' basis and are eliminated on consolidation.

The segment profit measure reported to the GMT for the purposes of resource allocation and assessment is profit before interest, related income tax expense and significant items and therefore excludes the effects of non-recurring income and expenditure from the operating segments.

Furthermore, the profit measure includes items directly attributable to a segment as well as those that can be allocated on a reasonable basis but excludes interest income and expenditure and other finance costs, as this type of activity is driven by the central Amcor Group Treasury function, which manages the cash position of the Group.

Comparative information has been presented in conformity with the identified reporting segments of the Group as at the reporting date in accordance with AASB 8.

Amcor Limited and its controlled entities

Notes to the Interim financial report For the six months ended 31 December 2018

2. Segment information (continued)

(c) Segment information provided to the GMT

The following segment information was provided to the GMT for the reportable segments for the six months ended 31 December 2018. The comparative for profit and loss items and for average funds employed is the six months ended 31 December 2017 whilst for balance sheet items it is 30 June 2018:

	Rigid Plastics		Flexibles		Other/Investments		Total Consolidated	
USD million	2018	2017	2018	2017	2018	2017	2018	2017
Reportable segment revenue								
Revenue from sale of goods	1,410.6	1,335.8	3,141.2	3,166.4	-	-	4,551.8	4,502.2
Inter-segment revenue	-	-	0.6	2.1	-	-	0.6	2.1
Total reportable segment revenue	1,410.6	1,335.8	3,141.8	3,168.5	-	-	4,552.4	4,504.3
Reportable segment profit/(loss)								
Profit/(loss) before depreciation, amortisation, interest, related income tax expense	205.9	205.7	498.1	513.1	(25.7)	(23.6)	678.3	695.2
Depreciation and amortisation	(57.0)	(62.0)	(108.3)	(116.3)	(3.4)	(3.1)	(168.7)	(181.4)
Profit/(loss) before significant items, interest and related income tax expense	148.9	143.7	389.8	396.8	(29.1)	(26.7)	509.6	513.8
Significant items before related income tax expense ⁽¹⁾	(49.5)	-	(1.5)	-	(17.8)	-	(68.8)	-
Profit/(loss) before interest and related income tax expense	99.4	143.7	388.3	396.8	(46.9)	(26.7)	440.8	513.8
Other								
Share of net profits of equity accounted investments	-	-	-	-	7.0	7.1	7.0	7.1
Net impairment losses on property, plant and equipment and other non-current assets	(19.8)	(0.6)	(1.0)	(0.5)	-	-	(20.8)	(1.1)
Acquisition of property, plant and equipment and intangibles	70.5	73.0	100.9	112.0	2.0	2.1	173.4	187.1
Average funds employed	1,783.2	1,846.4	3,345.3	3,441.9	419.7	408.5	5,548.2	5,696.8
	December 2018	June 2018	December 2018	June 2018	December 2018	June 2018	December 2018	June 2018
USD million								
Receivables	312.7	259.9	960.9	968.7	31.3	56.6	1,304.9	1,285.2
Inventory	467.4	445.7	919.6	913.1	-	-	1,387.0	1,358.8
Payables	(809.0)	(823.8)	(1,464.9)	(1,581.9)	(105.8)	(99.9)	(2,379.7)	(2,505.6)
Management working capital	(28.9)	(118.2)	415.6	299.9	(74.5)	(43.3)	312.1	138.4
Equity accounted investments	-	-	-	-	438.7	438.5	438.7	438.5

(1) Includes costs related to the Rigid Plastics segment restructuring, transaction and integration costs related to the planned acquisition of Bemis, impact of hyperinflation accounting and net legal settlements.

Amcor Limited and its controlled entities

Notes to the Interim financial report For the six months ended 31 December 2018

3. 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.

	Six months 31 December 2018		Twelve months 30 June 2018	
	No. '000	USD million	No. '000	USD million
Ordinary shares				
Balance at beginning of period	1,158,141	1,411.4	1,158,141	1,425.0
Exercise of options	1,731	14.7	3,961	33.4
Exercise of performance shares / rights	15	0.1	413	1.2
Exercise of share rights	1,364	14.5	1,388	13.0
Exercise under the Senior Executive Retention Share Plan	16	0.2	219	1.8
Net forward contract settled/(entered into) to satisfy exercise of options and rights under employee share plans	-	25.1	-	12.5
Treasury shares used to satisfy exercise of options and rights under employee share plans	(3,126)	(31.9)	(5,981)	(75.5)
Balance at end of period	1,158,141	1,434.1	1,158,141	1,411.4
Treasury shares				
Balance at beginning of period	(910)	(10.7)	(691)	(8.1)
Acquisition of shares by the Amcor Employee Share Trust	(800)	(8.2)	(3,200)	(39.1)
Forward contract settled	(2,500)	(25.1)	(3,000)	(39.0)
Employee Share Plan issue	3,126	31.8	5,981	75.5
Balance at end of period	(1,084)	(12.2)	(910)	(10.7)
Total contributed equity	1,157,057	1,421.9	1,157,231	1,400.7

Amcor Limited and its controlled entities

Notes to the Interim financial report For the six months ended 31 December 2018

4. Dividends

USD million	2018		2017	
	US Cents per share	Total amount	US Cents per share	Total amount
(i) Dividends provided for or paid during the period				
Final unfranked dividend of which 100% was sourced from the Conduit Foreign Income Account (2017:100%).	24.0	278.4	23.5	272.5
(ii) Dividends not recognised at period end				
The directors have determined an unfranked interim dividend of which 100% is to be sourced from the Conduit Foreign Income Account (2017:100%).	21.5	249.0	21.0	243.2

5. Hyperinflation accounting

Due to various qualitative factors and developments with respect to the economic environment in Argentina, including, but not limited to, the acceleration of multiple local inflation indices, the three-year cumulative inflation rate of the local Argentine wholesale price index exceeding 100% in May 2018 and the significant devaluation of the Argentine Peso, Argentina has been designated a hyperinflationary economy as of 1 July 2018 for accounting purposes.

Accordingly, AASB 129, Financial Reporting in Hyperinflationary Economies, has been adopted and applied to these condensed interim consolidated financial statements as the Group has three operating entities in Argentina which use the Argentine Peso as their functional currency. These interim consolidated financial statements are based on the historical cost approach.

The application of hyperinflation accounting requires restatement of the respective entities' non-monetary assets and liabilities, shareholders' equity and comprehensive income items from the transaction date when they were first recognised into the current purchasing power which reflects a price index current at the end of the reporting period before being included in the consolidated financial statements of the Group. To measure the impact of inflation on its financial position and results, the Group has elected to use the Wholesale Price Index (Indice de Precios Mayoristas or "IPIM") for periods up to December 31, 2016, and the Consumer Price Index (Indice de Precios al Consumidor or "IPC") thereafter. These price indices have been recommended by the Government Board of the Argentine Federation of Professional Councils of Economic Sciences ("FACPCE"). As the consolidated financial statements of the Group are currently and have been previously presented in United States Dollars, a stable currency, the comparative period amounts do not require restatement.

The level of the IPC at 31 December 2018 was 184.6, which represents an increase of 27.5% over the IPC at 1 July 2018.

As a result of the change in the IPC from 1 July 2018 to 31 December 2018, the Group recognised an unfavourable impact to gross profit of USD 11.4 million and an additional net monetary loss of USD 5.0 million for the six months ended 31 December 2018, to adjust transactions for the period into a measuring unit current as of 31 December 2018.

The impact of adopting hyperinflation accounting further resulted in a favourable equity impact of USD 32.3 million recognised within other comprehensive income. This amount is primarily the result of hyperinflation adjustments recognised on non-monetary assets as of July 1, 2018, which have been restated from the historic date when they were first recognised to 1 July 2018 (the "Opening Hyperinflation Adjustment"), and then to the current date, 31 December 2018.

Amcor Limited and its controlled entities

Notes to the Interim financial report For the six months ended 31 December 2018

6. Fair value of financial instruments

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 carrying amount and fair value were identified for the following instruments at 31 December 2018.

USD million	31 December 2018		30 June 2018	
	Total carrying value	Total fair value	Total carrying value	Total fair value
Financial liabilities				
US Dollar notes	273.8	297.1	572.2	604.2
2016 144A	596.1	566.3	595.8	568.3
2018 144A	495.5	491.2	494.9	501.6
Euro notes	114.5	124.4	115.6	128.5
Eurobond	993.9	1,007.4	1,003.4	1,038.9

The financial assets and liabilities which are measured at fair value in the balance sheet were not significant at 31 December 2018.

7. Borrowings

Contractual maturities

The US Private Placement 5.69% USD 300 million notes issued by Amcor Finance USA Inc., in December 2009 matured on 15 December 2018. The notes were refinanced via a drawdown under the European Syndicated bank facility.

8. Contingencies

Details of the contingent liabilities of the Group are set out below.

- ASIC Corporations (Wholly-owned Companies) Instrument 2016/785 relieves certain wholly-owned subsidiaries from the requirement to prepare audited financial statements. In order to meet the requirements of that Instrument, Amcor Limited has in place a Deed of Cross Guarantee with certain wholly-owned subsidiaries (as identified in note 6.4 of the 2018 Annual Report). No liabilities subject to the Deed of Cross Guarantee at 31 December 2018 are expected to arise to Amcor Limited and subsidiaries, as all such subsidiaries were financially sound and solvent at that date. There have been no changes to the entities forming part of the Deed of Cross Guarantee during the six months ended 31 December 2018.
- 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 Group 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 make a reasonable 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 continue 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.

Amcor Limited and its controlled entities

Directors' declaration

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

1. the financial statements and notes are in accordance with the *Corporations Act 2001* including:
 - a. complying with Australian Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - b. giving a true and fair view of the consolidated entity's financial position as at 31 December 2018 and its performance for the half-year ended on that date; and
2. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors, dated at Melbourne, Victoria, this 11th day of February 2019.

A handwritten signature in blue ink, appearing to read 'G R Liebelt', is positioned above the printed name and title.

G R Liebelt
Chairman



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

Report on the Interim financial report

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

Directors' responsibility for the Interim financial report

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

Auditor's responsibility

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

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

Independence

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

Conclusion

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

- a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2018 and of its performance for the half-year ended on that date;
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

PricewaterhouseCoopers

John Yeoman
Partner

Jon Roberts
Partner

Melbourne
11 February 2019

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