



Message to our shareholders



Dear shareholder,

The 2013/14 financial year has been another successful period for your Company with strong earnings growth and higher returns measured on a continuing operations basis. These improvements have enabled the Company to increase the dividends paid to shareholders by 26.5%⁽¹⁾ to 43.0 cents per share.

Highlights for the year

Profit from continuing operations after tax for the year was \$737.0 million, up 24.6% on the previous year's \$591.6 million. On a constant currency basis the increase was 9.2%. There was ongoing improvement in the sales margin from 10.3% to 10.8% and returns, measured as profit before interest and tax (PBIT) over average funds employed, increased to a record 19.4%.

The result was a strong performance reflecting continued solid growth in emerging markets, benefits from acquisitions and improved product mix driven by an ongoing focus on innovation. During the year there continued to be subdued economic conditions in developed economies.

Amcor has two business segments. The Flexibles business achieved earnings of €606.2 million, up 71% on a constant currency basis. There was a continued improvement in the sales margin from 11.6% to 12.1%, and returns, measured as

PBIT over average funds employed, increased to 24.3%.

The Rigid Plastics business achieved earnings of US\$298.2 million, an increase of 4%. Returns, measured as PBIT over average funds employed, increased to 18.3%.

Operating cash flow for the continuing businesses increased 40% to \$890.6 million. Amcor has a strong balance sheet and an excellent debt profile. Leverage, measured as net debt to profit before interest, tax and depreciation (PBITDA) was 2.0 times and interest cover measured as PBITDA to net interest was 7.5 times.

During the year, the business announced a number of acquisitions in the Flexible Packaging business. These included Jiangsu Shenda Group in China, Detmold Flexibles in Australia, and Bella Prima Packaging in Indonesia.

Another important step during the year was the successful demerger of the Australasia and Packaging Distribution (AAPD) business. This was completed on 31 December 2013. As a result of the demerger, the AAPD business was renamed Orora Limited and listed on the Australian Securities Exchange.

The business strategy and operating model remain unchanged. The objective is to continue to expand margins and returns and accelerate revenue and earnings growth. This will be achieved

through creating a differentiated offering for customers, growing in emerging markets and undertaking value-creating acquisitions.

Your Board remains confident that all the building blocks are in place for sustained growth and continued improvement in shareholder returns. On behalf of the Board I would like to thank Amcor's stakeholders including customers, shareholders, employees and suppliers for their continued support over the past twelve months.

Graeme Liebelt
Chairman

⁽¹⁾ For the year ended 30 June 2013 Amcor's Earnings Per Share (EPS), inclusive of discontinued operations was 57.2 cents and for continuing operations was 49.0 cents. The dividend declared for the year ended 30 June 2013 was 40.0 cents per share which represented a 70% payout ratio on the 57.2 cents EPS. Based on the same payout ratio of 70% the dividend per share for continuing operations was 34.0 cents per share.

Operating and Financial Review

Sales

A\$11 billion

Sites

180+

The world of Ampcor



Ampcor Group

Focused portfolio

Sales by Business Group
%



Flexibles	68%
Rigid Plastics	32%

Global footprint*

Sales by region
%



Western Europe	34%
North America	31%
Emerging markets	30%
Australia & New Zealand	5%

*Including Ampcor's share of sales from the equity accounted investment in AMVIG.

Employees

27,000+

Countries

43

Flexibles

Flexibles is one of the world's largest suppliers of flexible packaging and folding carton packaging. It has three operating divisions, each manufacturing flexible and film packaging for their respective industries: Flexibles Europe & Americas, Flexibles Asia Pacific and Global Tobacco Packaging.

Overview 2014

Sales (€ million)	4,996
Number of plants	128
Countries	35
Employees	21,500

Sales by region

%



Western Europe	52%
Emerging markets	28%
North America	12%
Australia & New Zealand	8%

End markets

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

Growth drivers

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

Rigid Plastics

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

Overview 2014

Sales (US\$ million)	3,192
Number of plants	59
Countries	13
Employees	5,800

Sales by region

%



North America	71%
Emerging markets	29%

End markets

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

Growth drivers

- Innovation leadership
- Manufacturing excellence
- Broad range of technologies and materials
- Expansion of Diversified Products business
- Emerging markets growth

Operating and Financial Review

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Operating and Financial Review

Our strategy and business model

Amcor is a global packaging company with more than 180 sites in 43 countries. Over 90% of its sales are into the food, beverage, healthcare and tobacco packaging industries. Although these markets are not immune from broader economic conditions, they are substantially more resilient than many sectors in the economy.

The businesses convert raw materials, predominately polymers, aluminium foil and fibre, into finished products. The costs of those raw materials are generally passed on to customers via contractual arrangements.

Strategy and business model

Amcor's current strategy and business model has remained largely unchanged over the past nine years. The key elements have been to:

- focus the portfolio on those businesses where Amcor could create leadership positions and a differentiated customer value proposition;
- pursue opportunities to improve industry structures and strengthen Amcor's leadership positions in its chosen market segments;
- build core capabilities across the Company that are required for sustainable success in the packaging sector; and
- deliver shareholder value through higher earnings and returns, stronger operating cash flow and growth in dividends.

This strategy has been progressively implemented over the past nine years with each component being consolidated before progressing to the next phase of the program.

The first phase was to implement a 'get fit' agenda that involved building and embedding core capabilities and focusing the portfolio. In 2005 this was expressed as 'The Way Forward' agenda and consisted of five main elements:

1. focusing the portfolio;
2. becoming more customer focused;
3. creating a high performance culture;
4. being more disciplined in the use of cash; and
5. managing costs and improving plant efficiencies.

Over the next four years there was substantial progress made in all these areas and in 2009 these core capabilities were embedded into 'The Amcor Way' operating model.

At that time the Company was ready to move to implementing the next phase of the strategy. This involved pursuing opportunities to enhance Amcor's position as a leader in its chosen market segments as well as improving industry structure through appropriate acquisitions.

The opportunity to achieve these objectives came in the form of the Alcan Packaging acquisition in February 2010 and the Ball Plastics Packaging acquisition in August 2010. These were acquisitions that transformed the industry and the Company. They brought together the number one and number two players in the Flexible packaging market and the number one and number three players in key Rigid Plastic market segments.

As a result of these acquisitions Amcor is now a global leader in:

- Rigid Plastics packaging;
- Flexibles Food packaging;
- Flexibles healthcare packaging; and
- Tobacco packaging.

These acquisitions made during the global financial crisis not only improved industry structures but also delivered significant cost synergies. These benefits resulted in a further increase in margins and returns as well as a step change in the operating cash flow and earnings of the Company.

Given these significant improvements and the opportunities to invest increasing cash flow to grow earnings further, the next phase of the Company's development focused on how best to leverage market leadership positions, to deliver a differentiated value proposition for customers.

By the end of the 2012/13 financial year, although Amcor's portfolio was significantly more focused than eight years ago, the Company continued to operate two distinct and very different businesses.

The Australasian and Packaging Distribution business (AAPD) represented 13% of Amcor's PBIT in 2012/13. It was focused on fibre packaging, glass wine and beer bottles, aluminium beverage cans and wine closures in Australasia, and packaging distribution in North America.

The remaining 87% of Amcor's PBIT was derived from Rigid Plastics and Flexible Packaging. These businesses have a broad global footprint with over 180 plants in 43 countries.

It was determined that value for all stakeholders would be optimised with the two businesses moving forward as separate entities. As a result, effective 31 December 2013, the AAPD business was demerged from the Amcor Group. This business was renamed Orora Limited and listed on the Australian Securities Exchange.

Operating and Financial Review

Our strategy and business model (continued)

Shareholder Value Creation Model

Post the demerger, the strategy for Amcor is unchanged. The objective is to deliver increases in shareholder value of more than 10% per annum. Given the defensive nature of Amcor's end markets, there should be relatively low volatility in these returns from year to year, measured on a constant currency basis.

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

Although it is clearly a growth oriented agenda, it will not be growth for growth's sake. Returns, measured as PBIT over average funds employed, is the key financial metric and a minimum 20% return in the third year is required for all investments.

Disciplined growth will be achieved through:

- continuous improvement in the customer value proposition;
- building innovation excellence;
- growing in emerging markets;
- undertaking value-creating acquisitions; and
- embedding a culture of Outperformance.

Key components for achieving this include:

Building innovation excellence to drive growth

A key objective for all businesses is to continually improve the customer value proposition.

Innovation is an enabler in achieving this objective and Amcor believes that as market leader, it is capable of developing a differentiated product offering through a relentless pursuit of innovation excellence.

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

A key example of the focus on innovation was the announcement in July 2014 of the revolutionary LiquiForm™ technology. LiquiForm™ uses the consumable liquid instead of compressed air to simultaneously form and fill a plastic container on one machine. By combining the forming and filling processes into one step, LiquiForm™ dramatically simplifies the manufacture of rigid plastic containers for a wide range of consumer products.

The LiquiForm™ process was developed by the Rigid Plastics business and is an outstanding example of how Amcor is translating its deep understanding of the needs of customers and consumers into new and improved ways of operating that creates value for all stakeholders in the value chain.

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

Growth in emerging markets

The Company has an extensive footprint in emerging markets, with 72 plants and more than 10,000 co-workers in 28 countries across Asia, including China and India, South and Central America, Eastern Europe and Russia. Approximately 30% of total revenue for Amcor was derived from emerging markets during the year ended

30 June 2014, including Amcor's share of sales from the equity accounted investment in AMVIG.

Over the past 14 years, Amcor's sales revenue into these markets have grown at a compound rate of 17% per annum through a combination of organic expansion and acquisitions.

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

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

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

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

Value-creating acquisitions

Amcor will continue to be focused on pursuing further value-creating acquisitions. A pipeline of opportunities

has been developed and prioritised against strategic attractiveness.

Acquisitions will focus on four areas:

- expanding the footprint in emerging markets;
- improving industry structure, primarily in developed markets;
- adding new technologies to capture additional value; or
- synergistic bolt-ons that lower operating costs.

Over the past four years the key acquisitions included:

Aperio

In May 2012 the Aperio Group, one of Asia Pacific's leading producers of flexible packaging products, was acquired for \$240.9 million. The Company had annual sales of approximately \$350.0 million and 13 manufacturing facilities across Australia and New Zealand as well as a modern facility in Thailand.

The acquisition brought together the two leaders in flexible packaging in Australasia and was an important strategic addition to Amcor's Flexible Packaging business in Asia Pacific. The combined business has a unique offering, being the market leader in Australia and New Zealand and the ability to supply from an extensive footprint in Asia.

AGI-Shorewood

In February 2013, the AGI-Shorewood Tobacco Packaging assets were acquired for US\$114.8 million. The acquired business had operations in South Korea, USA, Mexico and China and had sales of US\$126.0 million in calendar year 2012. This acquisition expanded Amcor's operations in the higher growth regions of Asia and Latin America. In Mexico, it added to the position established with the acquisition of Aluprint in July 2012.

Jiangsu Shenda Group

On 21 October 2013, the RMB350.0 million (A\$60.8 million) acquisition of the flexible packaging operations of Jiangsu Shenda Group was completed. The acquired business has two plants in the Jiangsu province in eastern China, and sales of approximately RMB440.0 million. This acquisition establishes Amcor as the market leader in eastern China and is a strong fit with existing operations offering considerable synergy opportunities. Following this acquisition Amcor has sales of over A\$400 million across nine plants in the Chinese flexible packaging market.

Detmold

On 31 March 2014, Detmold Flexibles, a privately owned Australian flexibles business, was acquired for \$50.0 million. With sales of \$55.0 million, this acquisition builds on the success of the Aperio acquisition in 2012. It enables the Australian flexibles business to further improve the customer value proposition in that market by enhancing the ability to invest in both product and process innovation.

Bella Prima

On 7 May 2014, the \$270 million acquisition of Bella Prima Packaging, an Indonesian flexibles packaging business with annual sales of approximately \$30.0 million, was announced. Indonesia is an attractive market for flexible packaging and this acquisition provides the opportunity to broaden the product portfolio in attractive end-market segments and strengthen relationships with key customers.

Dividends

The dividend for FY2013/14 was 43.0 cents per share, which was a payout ratio of 70% on earnings per share of 61.1 cents. Based on the share price of \$9.07 on 1 July 2013, this represents a dividend

yield of 4.7%. It is the Board's intention that the dividend should increase at approximately the same rate as growth in earnings per share.

US dollar reporting

On 24 June 2014, the company announced its decision to move to US dollar reporting, commencing with the 2014/15 financial year. This will reduce the impact of movements in exchange rates and facilitate better understanding of the operating performance of the company, given that Australian dollar denominated sales now represent less than 5% of sales for the group.

Summary

Since 2005 Amcor has had a clear strategy and business model. The company has built the core competencies required for success in the packaging industry and embedded them in the Company through a proprietary operating model, 'The Amcor Way'.

It has also focused the portfolio on those market segments where it has been able to establish leadership positions. In part this has been achieved through substantial acquisitions at attractive prices undertaken during the global financial crisis. These acquisitions transformed the Company from a collection of regional operations to a true global leader. Amcor is now even more focused in its chosen market segments following the demerger of the Orora Limited business.

Over the past nine years there have been significant improvements in the financial performance of the Company through higher margins and returns, as well as a substantial increase in the operating cash flow.

This increased cash flow has created the opportunity for the company to deliver more consistent growth in shareholder value.

Operating and Financial Review

Review of Operations

Flexibles

Earnings

million	A\$ 2014	A\$ 2013	Change (%)	€ 2014	€ 2013	Change (%)
Sales revenue	7,384	6,405	15.3	4,996	5,087	(1.8)
PBIT	896.0	740.8	21.0	606.2	588.4	3.0
Operating margin (%)	12.1	11.6		12.1	11.6	
Average funds employed	3,693	3,094	19.4	2,498	2,457	1.7
PBIT/AFE (%)	24.3	23.9		24.3	23.9	
Average exchange rate (cents)	0.68	0.79				

Cash flow

million	A\$ 2014	A\$ 2013	Change (%)	€ 2014	€ 2013	Change (%)
PBITDA	1,143.8	952.1	20.1	773.9	756.2	2.3
Capital expenditure	(208.8)	(166.7)		(141.3)	(132.4)	
Movement in working capital	66.6	(16.8)		45.1	(13.3)	
Other	17.3	(35.8)		11.7	(28.5)	
Operating cash flow	1,018.9	732.8	39.0	689.4	582.0	18.5

Peter Brues

President,
Ammor Flexibles Europe & Americas



Peter Konieczny

President,
Ammor Tobacco Packaging



Ralf Wunderlich

President,
Ammor Flexibles Asia Pacific



The Flexibles segment had a good year with PBIT, expressed in euro terms, up 3.0% to €606.2 million.

Approximately 40% of the Flexibles segment earnings are derived in euros. Given the considerable strength of the euro during the year, the negative impact of translating earnings in currencies other than the euro was €24.0 million on reported euro PBIT. On a constant currency basis PBIT was up 7.1% to €630.2 million.

Sales revenue for the full year, decreased by 1.8% or €91 million. The negative impact from translating sales denominated in currencies other than the euro was €187.5 million. This amount was partly offset by €62.1 million related to acquisitions in the Asia Pacific Flexibles and Tobacco Packaging businesses. Net of these two items underlying sales were marginally higher.

There was a continued improvement in the operating margin from 11.6% to 12.1%, and returns, measured as PBIT over average funds employed, increased to 24.3%.

Flexibles Europe & Americas

The Flexibles Europe & Americas business operates in the defensive market segments of food and healthcare in Europe and the Americas. The major end markets served, making up approximately 95% of sales, are healthcare, medical & pharmaceutical, snacks & confectionery, cheese & yoghurt, fresh produce, beverage, pet food as well as wine & spirit closures.

The business had another good year with improved earnings, margins and returns. Sales were modestly higher on a constant currency basis. This was a solid performance given relatively flat demand

across most market segments.

The business continued to focus on improving costs and operating efficiencies, as well as innovation and simplification to significantly enhance the customer value proposition.

Innovation is a key driver of long term success and during the year there were a number of examples of innovation excellence. These include:

- next generation coffee capsules developed to meet specific customer requirements for growth in the US market;
- step change technology in pharmaceutical packaging that enables the size of blister packs to be significantly reduced thereby lowering costs through the entire supply chain;
- new lightweight barrier film for the meat segment that reduces the film weight by more than 15%. The film has superior performance to existing products and has up to 15% reduction in its carbon footprint; and
- a proprietary technology, Amflow, that simplifies the product platform for confectionary applications. This technology allows customers to take complexity out of their business, increase manufacturing efficiency, reduce costs and improve their speed to market.

Flexibles Asia Pacific

The Flexibles Asia Pacific business has 37 plants in seven countries throughout the region. The business had a solid year with sales, in Australian dollar terms, up 12.5% and earnings significantly higher.

China had a good year and continues to gain share with a number of large customers. In local currency terms earnings growth, excluding the impact

of acquisitions, was more than 10%.

In October 2013, the RMB350 million acquisition of the flexible packaging operations of Jiangsu Shenda Group was completed. The acquired business has sales of approximately RMB440 million and establishes Amcor as the market leader in eastern China.

Thailand had a difficult year, particularly in the first half, with sales and earnings lower than the same period last year. The business was adversely impacted by weaker demand in the domestic market due to ongoing political uncertainty. Sales and earnings experienced an improving trend in the last quarter which has continued into the start of the current fiscal year. Export sales, particularly to the Philippines, were solid except for a softer second quarter following typhoon Yolanda.

The operations in India, Singapore and Indonesia performed well, delivering strong earnings growth. During the year the acquisition of a flexible packaging plant in Gujarat, India was completed. In May 2014, the A\$27 million acquisition of Bella Prima Packaging, an Indonesian flexible packaging business, was announced. Bella Prima has two plants in Jakarta and sales of approximately A\$30 million.

In Australia underlying volumes were lower, however earnings were significantly higher due predominately to the synergy benefits from the Aperio acquisition. In April 2014 the A\$50 million acquisition of the Detmold Flexibles business was completed creating additional synergy opportunities in Australia. The full benefits of the Aperio and Detmold acquisitions are expected to be realised over the next two years.

Operating and Financial Review

Review of Operations

Flexibles (continued)

New Zealand had a challenging year due to a combination of a high New Zealand dollar adversely impacting customer export volumes, a lag in recovering raw material cost increases and manufacturing inefficiencies. Earnings were significantly lower than the prior period. A thorough performance review has been undertaken and a comprehensive improvement action plan is in the process of implementation. Although the performance of the business is expected to improve in 2015 it is not likely to return to prior earnings levels until 2016.

Tobacco Packaging

The Tobacco Packaging business had a solid year. Sales and earnings were ahead of last year, expressed in constant currency terms, reflecting prior period acquisitions and organic growth in emerging markets partly offset by lower volumes in developed markets.

Key trends in the tobacco packaging industry continue to be premiumisation of the tobacco carton, growth in emerging markets and supply chain efficiency improvement in developed economies. Amcor is well positioned to support customers with these trends.

As the leader in product innovation, the business has secured a substantial proportion of new designs for higher value-add cartons. It is also gaining share through commercialisation of new manufacturing processes that reduce costs. As the only manufacturer with a global footprint it is uniquely positioned to deliver these innovations and manufacturing improvements to customers across the various regions.

In Western Europe volumes were lower primarily due to subdued economic conditions driving down-trading into roll-your-own and illicit products. The

business has decided to undertake some restructuring activities in Western Europe and these will occur during the first half of the 2015 fiscal year.

In Eastern Europe, which includes Turkey, industry volumes declined in some countries but these were offset by market share gains and higher exposure to premium brands.

In the Americas the integration of the Shorewood acquisition was substantially completed during the year. The business is now positioned to further improve plant operating efficiencies and grow with the existing assets.

The Asian business had an excellent year with higher volumes, improved operating performance and a strong increase in earnings from the acquired Shorewood operations. A component of the increased volume was new business for the Indonesian market. This new Indonesian business is currently being supplied from Amcor plants in the region.

The Indonesian market is the third-largest tobacco market in the world with tobacco cartons predominately supplied by in-house printers. The market is evolving to higher value-add packaging and there is a significant opportunity to work with customers developing new designs and pack formats. To support this opportunity a new plant will be built in Indonesia to supply existing contracts and better position the business to be awarded additional volumes. The main equipment for this plant will be supplied from available surplus assets. It is expected the plant will be operational in late calendar 2015.

Outlook

The earnings outlook for the Flexibles business is for higher earnings in the 2014/15 year. It is anticipated that conditions in developed markets will remain subdued and there will be continued growth in emerging markets. There will be benefits from recent acquisitions and ongoing cost improvement programs.

Restructuring costs of approximately €5 million will be incurred in the first half of the 2014/15 year.

Operating and Financial Review

Review of Operations

Rigid Plastics

Mike Schmitt

President,
Amcor Rigid Plastics



Earnings

million	A\$ 2014	A\$ 2013	Change (%)	US\$ 2014	US\$ 2013	Change (%)
Sales revenue	3,477	3,095	12.3	3,192	3,179	0.4
PBIT	324.7	279.2	16.3	298.2	286.8	4.0
Operating margin (%)	9.3	9.0		9.3	9.0	
Average funds employed	1,775	1,654	7.3	1,630	1,699	(4.1)
PBIT/AFE (%)	18.3	16.9		18.3	16.9	
Average exchange rate (cents)	0.92	1.03				

Cash flow

million	A\$ 2014	A\$ 2013	Change (%)	US\$ 2014	US\$ 2013	Change (%)
PBITDA ⁽¹⁾	482.5	423.9	13.8	443.0	435.4	1.7
Capital expenditure	(136.7)	(143.8)		(125.5)	(147.8)	
Movement in working capital	(20.8)	(16.8)		(19.1)	(17.2)	
Other	38.2	4.8		35.1	4.9	
Operating cash flow	363.2	268.1	35.5	333.5	275.3	21.1

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

The Rigid Plastics business had a solid year with PBIT of US\$298.2 million, 4% higher than the prior period.

Sales revenue for the year increased by 0.4% to US\$3,192 million. For the year there was minimal impact on sales from movement in raw material prices.

Returns, measured as PBIT over average funds employed, increased from 16.9% to 18.3%.

North America Beverage

Volumes for the North American Beverage business were up 1%. The beverage market in the US was impacted by a cool and wet summer in 2013 followed by a long and cold winter. As a result total liquid refreshment beverages in the US were flat.

Earnings were marginally lower predominately due to an adverse shift in product mix in both the carbonated soft

drink and water (CSDW) and hot-fill custom beverage segments.

In the hot-fill custom beverage segment, volumes increased 4%. Segment earnings were negatively impacted by an adverse mix shift, with lower volumes in higher value-add speciality hot-fill containers typically used in the non-isotonic market.

In the CSDW segment the business increased market share in lower margin preforms. This improvement partially offset the impact of lower blown container volumes and the reduced industry demand in the carbonated soft drink segment.

North America Diversified Products

The Diversified Products segment consists of rigid plastic containers predominately for the pharmaceutical /

healthcare, food, alcoholic beverage and personal care / homecare markets.

The business had a strong year. Sales were flat reflecting solid volume growth in higher value-add segments offset by the closure of a plant in Puerto Rico and exiting lower margin volumes. These actions resulted in a favourable change in product mix and lower operating costs. Earnings were significantly higher than last year.

Over the past four years the business has invested in equipment to support commercialisation of innovative new products, exited low margin volumes, restructured the operating footprint and improved manufacturing efficiencies by installing capacity at sites co-located with the beverage operations. Benefits from these initiatives are reflected in the result for the period, and will be increasingly evident over the next two

Operating and Financial Review

Review of Operations

Rigid Plastics (continued)

years as further changes in product mix and solid volume growth is realised in attractive market segments.

Latin America

The Latin American operations, including Mexico, had a good year with higher earnings and returns.

Volumes in the South and Central American region were 4.3% higher, with solid growth in Ecuador, Central America and Brazil. Volumes for the year were higher in Argentina, despite poor demand in the fourth quarter driven by weakening economic conditions.

In Mexico volumes were significantly lower, adversely impacted by severe hurricanes in the first half and the introduction of a tax on sugar sweetened beverages in the second half.

Amarco translates its Venezuelan earnings into US dollars at the official exchange rate of 6.3 bolivars to the US dollar. This is the rate at which the business currently repatriates bolivars into US dollars. Should this rate change, the profit after tax sensitivity to a 1 bolivar movement in the exchange rate against the US dollar is approximately US\$1.3 million.

Bericap

The Bericap North America joint venture is managed and reported within the Rigid Plastics segment. This business has plants in Ontario, Canada, and in California and South Carolina in the United States.

The business had a strong year with higher volumes and earnings. The business secured new volumes in the second half and this more than offset the impact of poor weather in the first half of the year.

LiquiForm™

On 30 July 2014, the revolutionary LiquiForm™ technology was announced. LiquiForm™ uses the consumable liquid instead of compressed air to hydraulically form and fill the container on one machine simultaneously. By combining the forming and filling processes into one step, LiquiForm™ dramatically simplifies the manufacture of rigid plastic containers for a wide range of consumer products.

Amarco developed the LiquiForm™ concept in 2006, and subsequently set up a joint venture which owns the patented LiquiForm™ technology and related intellectual property. The joint venture has signed agreements with Sidel, an industry leading manufacturer of bottling machinery, Yoshino Kogyosho Co, Japan's largest plastic bottle manufacturer, and Nestlé Waters. Amarco and Sidel each own a 50% interest in the joint venture.

For consumer product manufacturers, this breakthrough is expected to reduce capital costs and improve operating efficiency and product quality. LiquiForm™ delivers a reduction in operating costs of up to 25% and greater flexibility in container design.

The joint venture will issue licences allowing machine manufacturers to produce and sell equipment using the LiquiForm™ technology. Global demand for new blow molding and filling machines for which LiquiForm™ would be suitable is estimated to be approximately 800 machines per annum. The joint venture will target a significant portion of that annual demand for conversion to the LiquiForm™ technology, and the first full scale operation is expected to be commercialized in two to three years.

Outlook

Outlook for 2014/15 is for higher earnings with:

- continued growth in Diversified Products;
- continued growth in Latin America, dependent on economic conditions in Argentina; and
- higher earnings in North America Beverage dependent on weather conditions for the balance of the year.

Operating and Financial Review

Financial review

During the 2014 financial year Amcor completed the demerger of the Australasia and Packaging Distribution businesses with effect from 31 December 2013. A separate company, Orora Limited, was listed on the Australian Securities Exchange.

PAT was \$737.0 million. On a constant currency basis the increase was 9.2%. This reflects solid underlying growth in emerging markets of 7.7% and growth in developed markets of 0.3%. During the year Amcor announced acquisitions in the Flexible Packaging segment in China, Australia, Indonesia and India.

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

million (A\$)	2014	2013
Sales revenue	10,853.4	9,485.8
PBITDA	1,586.8	1,341.2
– Depreciation and amortisation	409.5	357.7
PBIT	1,177.3	983.5
– Net finance costs	(210.4)	(191.1)
Profit before related income tax expense and significant items	966.9	792.4
– Income tax expense	(198.4)	(173.0)
– Non-controlling interest	(31.5)	(27.8)
PAT	737.0	591.6
Significant items after tax	-	(2.4)
Profit from continuing operations attributable to owners of Amcor	737.0	589.2
Loss from discontinued operations	(172.2)	(5.5)
Profit attributable to owners of Amcor	564.8	583.7

The principal currencies that impact the results of Amcor, when translating overseas earnings into Australian dollars for reporting purposes, are US dollars and euros. During the year, the Australian dollar weakened against both these currencies. On a constant currency basis using 2013 exchange rates, continuing operations sales in 2014 would have been higher by \$340.0 million (3.6%) at \$9,825.8 million and profit after tax before significant items would have been higher by \$54.4 million (9.2%) at \$646.0 million.

The increase in depreciation and amortisation is mainly due to foreign exchange translation with the underlying

increase in depreciation and amortisation \$3.6 million.

Net financing costs were \$210.4 million, \$19.3 million higher than 2013. The increase was due to the impact of the revised accounting standard AASB 119 *Employee Benefits* which increased the cost associated with defined benefit pension plans, the prior year included six months of capitalised interest cost in respect of the construction of the new recycled paper mill in Botany, New South Wales and foreign currency translation due to the weakening Australian dollar against the USD and euro. These increases in financing costs have been

partially offset by interest rate and margin improvements as well as rebalancing the debt portfolio.

Income tax expense increased by 14.7% to \$198.4 million, which reflects an effective tax rate of 20.5% compared with 21.8% in 2013.

There were no significant items for the year in continuing operations.

Statutory profit for the year ended 30 June 2014, including discontinued operations attributable to owners of Amcor Limited, was \$564.8 million.

Operating and Financial Review

Financial review (continued)

Consolidated Balance Sheet

million (A\$)	2014	2013 ⁽¹⁾
Current assets	3,531.7	4,197.5
Property, plant and equipment	3,100.2	4,883.0
Intangible assets	2,119.4	2,300.7
Investments and other assets	946.0	1,041.2
Total assets	9,697.3	12,422.4
Current interest-bearing liabilities	554.0	1,184.8
Non-current interest-bearing liabilities	3,186.5	3,177.6
Creditors and provisions	3,685.7	4,356.2
Shareholders' equity	2,271.1	3,703.8
Total liabilities and equity	9,697.3	12,422.4

(1) The prior period comparative has been restated as a result of a change in the accounting standard for defined benefit obligations

Total assets decreased by \$2,725.1 million. The demerger of the Australasia and Packaging Distribution business on 31 December 2013 reduced total assets by \$2,959.3 million. The remaining \$234.2 million increase comprised \$147.7 million due to business acquisitions, \$47.7 million due to foreign currency translation and the balance a mixture of increased receivables and capital expenditure offset by the ongoing depreciation of fixed and intangible assets.

Total interest-bearing liabilities decreased by \$621.9 million from \$4,362.4 million to \$3,740.5 million. The demerger of the Australasia and Packaging Distribution business on 31 December 2013 reduced total interest-bearing liabilities by \$694.4 million. Foreign currency translation increased net debt by approximately \$170.0 million.

During the year, the company established a new five year US\$500 million syndicated facility and renewed a three year US\$740.0 million multi-currency syndicated revolving bank facility. There are no major refinancing requirements during the 2015 financial year.

The Group has committed credit facilities in place for general corporate purposes and the undrawn committed credit facilities in place at 30 June 2014 were \$1,572.0 million.

Consolidated Cash Flow

million (A\$)	2014	2013 ⁽¹⁾
Profit before depreciation, amortisation, interest, related income tax expense and significant items for continuing operations	1,586.8	1,341.2
Interest received/borrowing costs paid	(211.7)	(189.5)
Income tax paid	(149.1)	(127.1)
Base capital expenditure	(362.2)	(323.4)
Movement in working capital	67.3	(24.4)
Other	(40.5)	(39.7)
Operating cash flow from continuing operations	890.6	637.1
Operating cash flow from discontinued operations	(12.1)	102.4
Operating cash flow (including discontinued operations)	878.5	739.5
Dividends and other equity distributions	(500.0)	(478.2)
Free cash flow (including discontinued operations)	378.5	261.3
Divestments	25.5	21.1
Acquisitions	(124.5)	(221.8)
Growth capital expenditure	(28.4)	(92.0)
Movements in share capital	(81.9)	(58.6)
Proceeds on capital contribution from non-controlling interests	3.8	-
Foreign exchange rate changes and hedges	18.7	22.9
Decrease/(Increase) in net debt⁽²⁾	191.7	(67.1)

Continuing operations operating cash flow for the year, after significant items and base capital expenditure, was \$890.6 million, an improvement of \$253.5 million or 39.8%. The key drivers for this increase were higher underlying profits, improved working capital position and the impact of foreign exchange translation.

The combination of having a strong operating cash flow and a strong balance sheet creates the opportunity to improve shareholder value through increased dividend payments, reinvestment in the business and completion of strategic acquisitions.

The higher cash flow has been partly used to fund the increase in dividends to shareholders. A final dividend of 23.5 cents per share represents a total payout of \$283.6 million. Combined with an interim dividend payment of 19.5 cents per share, the total dividend for the year is 43.0 cents per share.

Cash outflows relating to acquisitions totalled \$124.5 million for the year and are primarily attributable to the acquisitions of Jiangsu Shenda Group and the Detmold businesses.

The cash movements in share capital reflects the on-market purchase and use of forward contracts to satisfy employee share options and rights that vested during the year or are expected to vest in the next 12 months.

At period end the net debt had decreased by \$191.7 million mainly attributable to improved operating cash flow and reduced acquisition and growth capital expenditure.

(1) The prior period comparative has been restated as a result of a change in the accounting standard for defined benefit obligations.

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

million (A\$)	2014	2013 ⁽¹⁾
Proceeds from borrowings	(9,923.2)	(6,494.0)
Repayment of borrowings	9,970.8	6,419.3
Net cash from financing activities of discontinued operations	(91.0)	(37.6)
Net increase in cash held from continuing and discontinued operations	213.9	32.3
Effects of exchange rate changes on cash and cash equivalents	23.0	12.1
Other items	(1.8)	0.8
Cash inflow – decrease/(increase) in net debt	191.7	(67.1)

(1) The prior period comparative has been restated as a result of a change in the accounting standard for defined benefit obligations.

Operating and Financial Review

Sustainability

Sustainability

At Amcor we believe in responsible packaging. We are passionate about the role packaging plays in reducing waste across the supply chain and throughout the packaged product's life cycle. Responsible packaging preserves the many resources invested in the product and ensures that it reaches its destination fit for its intended purpose. It provides important benefits such as product protection, consumer information, convenient handling and product marketing.

As one of the world's leading packaging companies, we play a vital role in driving responsible packaging by leveraging our scale and expertise to produce innovative customer value propositions. In doing so, we create more value for our customers and shareholders and contribute to delivering better social and environmental outcomes.

Our Approach to Sustainability

As a multinational enterprise, our activities have far-reaching environmental, social and economic impacts. Social Responsibility is one of Amcor's core values and our approach to sustainability recognises the interests of all our stakeholders. We address these interests via specific plans and actions across five areas: Environment, Community, Workplace, Marketplace and Economy. Our disclosures in these areas allow for benchmarking against international standards and our corporate peers.

Our sustainability risks and opportunities are identified, assessed, prioritised and managed using our Enterprise Risk Management (ERM) framework and through engagement with our stakeholders.

This year we engaged an independent third party to formally interview our stakeholders, asking them to nominate issues they would like or expect Amcor to focus and report on. The results of this study will be used to refine our sustainability strategy and the ongoing development of our sustainability actions and communications globally.

Details of Amcor's sustainability activities and performance are included in a Sustainability Summary Report and in our GRI report that uses the Global Reporting Initiative (GRI) sustainability reporting framework (both are published on Amcor's website at www.amcor.com/sustainability).

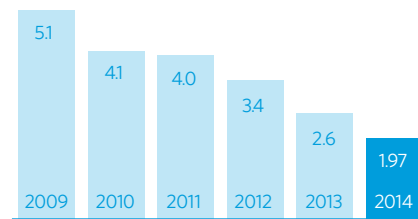
Following are highlights of Amcor's sustainability performance in 2013/14.

Best ever safety performance

We continue to improve upon our already world-class safety results, with our best ever performance achieved this year.

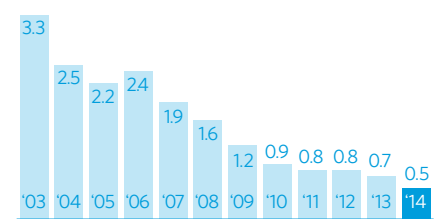
Recordable case frequency rate

Number of recordable cases per million hours worked



Lost time injury frequency rate

Number of full work days lost per million hours worked



Frequency rates reported in charts above cover full-time employees and contractors. Rates for 2013 and 2014 exclude the demerged AAPD business.

Recognition

Amcor continues to be recognised on global and regional sustainability indices for our sustainability performance, including the Dow Jones Sustainability World Index, the Carbon Disclosure Leadership Index, Materials Sector, Australia and New Zealand region, the Ethibel Excellence Investment Register and the FTSE4Good Index. Amcor also received a gold rating in the 2014 Corporate Social Responsibility assessment conducted by EcoVadis.

Our innovative packaging solutions were also recognised, with awards from around the world, including the annual DuPont awards for Packaging Innovation, the European Aluminium Foil Association awards, the Flexible Packaging Association's Annual Achievement awards, a Worldstar award offered by the World Packaging Organization, the Packaging Council of Australia Packaging Design Awards and prizes received at the SIMEI-ENOVITIS Innovation Challenge.

Environment

EnviroAction is Amcor's global environmental improvement program, designed to drive continuous improvement in the environmental performance of Amcor's operations.

With the demerger of Amcor's Australasia and Packaging Distribution business in December 2013, the number of Amcor sites in water-stressed areas was considerably reduced. However all Amcor manufacturing sites are required to have a water management plan and to report total water use in a standardised way. For those sites in water stressed areas risk mitigation plans are required.

EnviroAction targets

Greenhouse gas (GHG) emissions

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

Waste to landfill

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

Water use

Water management plans for every site.

Our progress against these targets is reported in our annual Sustainability Report.

Incidents

In 2013/14, there were no material reported non-compliances with environmental laws or regulations across the Amcor Group.

Workplace

We continue to improve the safety of our workplace and invest in developing the skills and capabilities of our co-workers. We are doing this by focusing on safety, health, talent management, co-worker engagement, and diversity.

Safety

Our five year strategic plan for workplace safety and environmental management includes the objectives of:

1. build internal commitment to safety and environmental management, and demonstrate leadership across all levels of the organisation;
2. establish and maintain a best practice governance framework;
3. build a performance culture of line ownership, co-worker involvement and systems integration; and
4. ensure co-workers are trained and engaged in identifying and eliminating workplace risks.

All Amcor sites have annual action plans in place to support this strategy.

All sites must demonstrate compliance with Amcor's mandatory global standards for safety, environmental management and security. To measure compliance against these standards, internal audits are conducted at least annually and external audits every three years.

Amcor's Business Groups are required to report monthly to Amcor's Board on compliance with these standards and with local legislation.

Safety performance

Our safety performance continues to improve upon our already world-class results, with our best ever result being achieved this year.

Operating and Financial Review Sustainability (continued)

Amcor's safety performance is measured using two criteria – Lost Time Injury Frequency Rate (LTIFR) and Recordable Case Frequency Rate (RCFR). The severity rate of any Lost Time Injuries is also measured. Data from acquired sites is not incorporated until twelve months after the acquisition although Amcor's safety management processes are immediately implemented.

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 2013/14, the LTIFR was 0.5, corresponding to 29 cases across our global business. This compares to 0.7, corresponding to 54 cases last year.

Amcor's RCFR is measured by calculating the number of medical treatment cases and lost time injuries per million hours worked. In 2013/14, the RCFR was 1.97, corresponding to 128 cases across our global business. This compares to last year's rate of 2.6, corresponding to 171 cases.

Talent management

At Amcor our talented co-workers are, and will continue to be, the foundation of our success. As a global company we focus on recruiting, retaining and developing highly talented co-workers all around the world.

Refer to the Corporate Governance Statement page 55 for more information.

Marketplace

Amcor works in partnership with some of the world's biggest consumer brands to provide innovative packaging solutions. One of the reasons our customers choose to work with Amcor is our design and innovation expertise, along with our life cycle assessment tools which allows us to design and produce more sustainable packaging solutions.

Using our Asset™ lifecycle assessment tool, we help customers make data-based decisions about responsible packaging that take into account sustainability impacts across the product lifecycle – from raw material selection through to packaging disposal. Nearly 599 such life cycle assessments were completed during this year, bringing the total in our Asset database to over 4200. The results can be re-used for new packaging assessments, making them a valuable ongoing resource for Amcor and our customers and allowing us to quantify the sustainability benefits of new and improved packaging.

Amcor spends approximately \$6 billion dollars on goods and services around the world each year. Our position as a major customer for many of our suppliers means we can achieve improvements in our supply chain by requiring certain standards of our suppliers. Where we have the opportunity, we also share our expertise in workplace safety and reducing environmental impacts to help our suppliers and customers improve their environmental and social performance. This approach was recognised this year when Amcor was awarded a gold rating in the 2014 Corporate Social Responsibility assessment conducted by EcoVadis. The award confirms Amcor's position

as an ethical operator committed to delivering responsible packaging solutions.

Community

Core to Amcor's Social Responsibility commitment is the positive contribution we make to hundreds of communities around the world each day. Whether it is through co-worker-led initiatives supporting the communities where we live and work, or global partnerships that leverage the scale of our operations, Amcor makes valuable community contributions around the world.

This year we launched the Amcor Community Program to strengthen the positive impact we already make, while supporting our co-workers' passion to be actively involved in their communities.

The Amcor Community Program will continue to look for partnerships with leading international organisations who share our passion for responsible packaging and helping people in need. Five million dollars over five years is allocated to the Amcor Community Program, allowing co-workers at local plants or offices to apply for grants to contribute to initiatives that support the following causes:

- Protecting food: helping people access safe and nutritious food and reduce food waste, as the world's population grows and global food shortages increase;
- Education: increasing awareness of the contribution responsible packaging makes to creating a more sustainable future;
- Protecting the environment: supporting ways to reduce environmental impacts at work and in our communities to contribute to a healthy planet; and

- Delivery of essential products and services: providing access to basic necessities, such as food, medicines and water to communities in need, particularly in times of crisis.

The outcome of Amcor's Community Program will result in healthier and more sustainable places for people to live and work – today and tomorrow.

Our 14 year association with Earthwatch also helps Amcor create a workplace culture that is passionate about sustainability. Each year, approximately 15 Amcor co-workers are offered the opportunity to participate in expeditions to learn about and contribute to important research on topics such as conservation, biodiversity, climate change and ecosystem health. This year, projects included collecting and analysing debris from the fishing industry along the Australian coastline, working to save wildlife habitats in the California delta and identifying threats to the bottlenose dolphin in Greece.

Looking ahead

The next stage of our sustainability journey will see us continuing to drive environmental and social improvements across our value chain and across the life cycle of packaging.

We will do this by working with our customers on how to improve the sustainability of their packaging and by developing innovative packaging solutions. One example of this is our new N-Gage product range of high barrier, peelable lidding films for cured meats and fresh ready meals which seal directly onto APET trays. N-Gage provides excellent product protection, while being lighter than current films. It is also leading the way in mono-

material lids and trays and total pack recycling; where appropriate recycling streams are available.

At the other end of our value chain, we are working with our suppliers to implement minimum standards and to identify environmental and social risks and areas for improvement.

We understand that long term and meaningful relationships with our communities are fundamental to our ongoing success. Continuing to develop the Amcor Community Program will allow us to make measurable, positive investments to benefit local communities.

We are proud of the progress we have made in delivering on our Sustainability strategy this year and look forward to making further exciting improvements in the year ahead.

Operating and Financial Review

Principal risks

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. Amcor has a sound and robust risk management framework where every effort is made to identify and manage material risks. However, additional risks not currently known or detailed below may also adversely affect future performance. For further details of Amcor's risk management framework, refer to the Corporate Governance Statement, page 57.

Risk	Description and potential consequences	Treatment strategies employed by Amcor
General market risk	Macro economic conditions, or economic conditions specifically impacting the value chain or industries on which Amcor is dependent, could materially deteriorate and have a negative impact on Amcor's financial performance.	Amcor seeks to mitigate the severity of the impact that a deterioration in economic conditions in a single country, region or market may have by: <ul style="list-style-type: none"> operating businesses that have a broad spread of geographic locations, raw material inputs and customers servicing a number of end markets; developing and deploying an operating model which focuses on continually improving the value proposition to customers, creating a high-performance culture, remaining disciplined in the use of cash, managing costs and improving plant efficiencies; and reviewing principal risks across the Group through Amcor's Enterprise Risk Management (ERM) program.
Financial risks	Amcor faces risks relating to the cost and availability of funds to meet its business needs, movements in interest rates and foreign exchange rates. In particular, a large proportion of Amcor's businesses report in euros and US dollars, creating potential exposures to earnings and net asset values from volatility in the exchange rate of those currencies against the Australian dollar.	Amcor's Group Treasury undertakes financial risk management policies approved by the Board. Appropriate commercial terms are negotiated or derivative financial instruments used, such as foreign exchange contracts and interest rate swaps, to hedge these risk exposures. In addition, Amcor endeavours to proportionally draw down debt in currencies that aligns with the proportion of assets in those same currencies, thereby creating a natural hedge. Amcor's change of reporting currency to the US dollar in the 2015 financial year is expected to further reduce the volatility of earnings. A detailed discussion of financial risks is included in note 28 Financial Risk Management.
Customer risks	Amcor has strong relationships with key customers for the supply of packaging products and associated packaging-related services. These relationships are fundamental to Amcor's success, and the loss of key customers may have a negative impact on Amcor's financial performance.	Amcor seeks to mitigate 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.

Risk	Description and potential consequences	Treatment strategies employed by Amcor
Competitor risks	Amcor operates in a highly competitive market, with varying degrees of barriers to entry, industry structures and competitor motivational patterns. The actions of established or potential competitors may have a negative impact on Amcor's financial performance.	Amcor is ideally placed to leverage its global insight, footprint and scale to deliver new ideas and value propositions to customers and in doing so, gain competitive advantage. In particular, Amcor recognises innovation as a source of competitive advantage.
Mergers and acquisitions (M&A) risks	Amcor's growth opportunities are dependent in part on disciplined selection of suitable acquisition targets in the right geographic regions with the right participation strategy. Failure to be disciplined in selection, effective at integration or focused on capturing value could impact operations and have adverse consequences for the achievement of expected financial benefits.	Amcor's Strategic Development Group works with the businesses to identify suitable targets aligned to Amcor's strategy. Amcor implements an M&A framework that instils rigour in target selection, approval, due diligence, integration preparation/planning and post-merger value capture. In support of the framework, Amcor has developed an integration toolkit which shares best practice and provide the businesses with a methodology to manage post-merger integration execution and culture risk.
Talent retention and attraction	The operating and financial performance of Amcor is largely dependent on its ability to retain and attract talent, in particular key personnel. Any loss of key personnel could adversely impact Amcor's operating and financial performance.	<p>Amcor's human resource policies are designed to ensure that:</p> <ul style="list-style-type: none"> • access to the widest possible pool of talent is available through Amcor's diversity in the workforce strategy; • Amcor provides co-workers with mobility and development opportunities through its leadership framework; • Amcor delivers a high performance culture by setting challenging objectives and rewarding high-performing individuals; • remuneration is competitive in the relevant employment markets to support the attraction, motivation and retention of talent; and • remuneration is aligned with business outcomes that deliver value to shareholders.

Operating and Financial Review

Principal risks (continued)

Risk	Description and potential consequences	Treatment strategies employed by Amcor
Country risks	Amcor operates in over 40 countries, across a broad range of legal, regulatory or political systems, some of which are subject to rapid change and civil unrest. The profitability of those operations, and their ability to maintain and repatriate funds to Amcor, may be adversely impacted by changes in the fiscal or regulatory regimes, currency devaluation, difficulties in interpreting or complying with the local laws of those countries and reversal of current political, judicial or administrative policies.	Amcor continually monitors changes or proposed changes in regulatory regimes that may impact on Amcor's operations. Where possible, Amcor elects to appoint local management teams, who bring a strong understanding of the local operating environment and strong customer relationships. Amcor also implements training on compliance matters globally, and regular review of country risks is performed by business leaders through Amcor's ERM program.
Supply chain risk	Disruption to Amcor's supply chain caused by an interruption to the availability of key components or raw materials, or by technology failure, may adversely impact the price of raw materials, sales volumes, and/or customer relations, resulting in unexpected costs.	Amcor's approach to supply chain risk management is multi-faceted and includes: <ul style="list-style-type: none"> • ensuring customer contracts provide for regular and timely pass-through of movements in input costs of raw materials; • supplier due diligence and risk management; and • implementing a multi-sourcing strategy for the supply of raw materials.
Business interruption and key site risk	Amcor operates from more than 180 locations globally. Circumstances may arise which preclude key sites from operating, including natural disaster, 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 mitigation of property risks, as well as independent loss prevention audits.
Change in consumer preferences	Changes in consumer preferences may result in some of Amcor's existing product range becoming obsolete or new products not meeting sales expectations or margin expectations.	Amcor seeks to mitigate this risk by working closely with its customers and suppliers to propose solutions that address evolving consumer preferences. Amcor is also continuing to build on its innovation capability to achieve the objective of being seen as the innovation leader for the packaging industry.

Risk	Description and potential consequences	Treatment strategies employed by Amcor
Compliance risk	<p>The risk of inadequate internal processes, awareness or an internal control failure potentially resulting in both financial loss and reputational damage to the business. Examples of risks that could arise, include:</p> <ul style="list-style-type: none"> • fraud, bribery or insider trading by co-workers due to a lack of integrity or awareness; and • 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. 	<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 Risk, Amcor implements policies and processes applicable throughout the company such as a Share Trading Policy, Sanctions Policy and a Competition Compliance Program which are communicated globally to Amcor co-workers. To maintain awareness of these policies, annual compliance training is mandatory for applicable co-workers.</p> <p>During the year, Amcor reviewed and updated the Code of Conduct and created a separate Anti-Bribery and Corruption Policy detailing clear expectations and procedures expected to successfully operate in different business environments. Amcor's Integrity Compliance Program was also enhanced to include improvements to compliance training.</p>
Tax risks	<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:</p> <ul style="list-style-type: none"> • tax risks across the company are identified, monitored and managed utilising the ERM methodology; • tax risks are prioritised so that appropriate attention and action can be taken on key risks; • an active approach to tax risk management is pursued (including an open and co-operative approach with revenue authorities); and • informed judgement is exercised to establish the required level of provision for financial statement purposes.
Product safety and integrity risk	<p>As one of the world's largest packaging companies with over 95% of sales into food, beverage, healthcare and tobacco packaging industries, a product safety or integrity incident could have severe adverse consequences should it occur or fail to be managed effectively.</p>	<p>Amcor is committed to being a responsible and safe packaging company. Amcor is committed to being a partner our customers can rely on and Customer Focus is core to The Amcor Way. Product Safety is supported by a unique infrastructure that includes:</p> <ul style="list-style-type: none"> • dedicated product safety and compliance personnel responsible for the implementation of processes and controls; • continuous focus on quality; • supplier due diligence and risk assessment; and • trained Crisis Management Teams.

G R (Graeme) Liebelt

(BEc (Hons), FAICD, FTSE)

Independent Non-Executive Director and Chairman**Skills and experience**

Mr Liebelt was previously 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 Dulux, 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 on the boards of Australia and New Zealand Banking Group Limited, the Australian Foundation Investment Company, Melbourne Business School (where he is also Deputy Chairman), Carey Baptist Grammar School and the Global Foundation (Deputy Chairman). He is a Fellow of the Australian Academy of Technological Sciences and Engineering and a Fellow of the Australian Institute of Company Directors.

Directorships of listed entities within the past three years:

- Director of Australia and New Zealand Banking Group Limited (since July 2013)
- Managing Director and CEO of Orica Limited (2005 to 2012)
- Director of the Australian Foundation Investment Company (since 2012)

Board Committee membership

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

Term of office

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

Dr A (Armin) Meyer

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

Independent Non-Executive Director and Deputy Chairman**Skills and experience**

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

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

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

Directorships of listed entities within the past three years:

- Director of Sateri Holdings Limited (since June 2014)
- Director of Zurich Financial Services Limited (May 2001 to April 2013)
- Director of Zurich Insurance Company Ltd (April 2001 to April 2013)

Board Committee membership

- Chairman of Human Resources Committee
- Member of the Nomination Committee
- Member of the Executive Committee
- Member of the Audit and Compliance Committee (June 2010 to February 2014)

Term of office

- Director since April 2010
- Deputy Chairman since December 2013

K N (Ken) MacKenzie

(BEng., FIEA, FAICD)

Managing Director and Chief Executive Officer**Skills and experience**

Mr MacKenzie has extensive experience across all of Amcor's major packaging business segments in the Americas, Australia, Asia and Europe. Mr MacKenzie joined Amcor in 1992.

Mr MacKenzie's former positions include Group Managing Director, Amcor Rentsch and Closures (2001–2005); Group General Manager Amcor Flexibles Australasia (1999–2001); General Manager Sales and Marketing, Amcor Australasia (1997–1999) and Senior finance and operational roles, Amcor Rigid Plastics (1992–1997).

Prior to joining Amcor, Mr MacKenzie was Manager, Manufacturing Strategy Practice, Accenture (1987–1992).

Board Committee membership

- Member of the Executive Committee

Term of office

- Appointed Managing Director and CEO July 2005



P V (Paul) Brasher

(BEc (Hons), FCA)

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

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

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

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

Directorships of listed entities within the past three years:

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

Board Committee membership

- Member of the Audit and Compliance Committee

Term of office

Director since January 2014

E (Eva) Cheng

(BA (Hons), MBA)

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

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

Mrs Cheng is currently a Director of Trinity Limited (since November 2011), Nestle S.A. (since April 2013), Haier Electronics Group Company Limited (since June 2013) and The Link Management Limited (since February 2014).

Mrs Cheng previously held positions with Amway (Malaysia) Holdings Berhad (June 2005 – June 2014) and Esprit Holdings Ltd (December 2012 – June 2014).

Directorships of listed entities within the past three years:

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

Term of office

- Director since June 2014

K J (Karen) Guerra

(BSc)

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

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

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 Swedish Match AB (since April 2008)
- Director of Davide Campari-Milano S.p.A (since April 2010)

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



J L (Jeremy) Sutcliffe

(LLB (Hons), OAMP, MAICD)

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

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

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

Directorships of listed entities within the past three years:

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

Board Committee membership

- Member of the Human Resources Committee

Term of office

- Director since October 2009

J G (John) Thorn

(FCA)

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

Mr Thorn is a chartered accountant and brings expertise to the board in the areas of accounting, financial services, mergers and acquisitions, business advisory, risk management and general management. He has 38 years of professional experience with PricewaterhouseCoopers (PwC), where he was a partner from 1982 to 2003 advising major international and Australian companies. During this period, he 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 lived and worked in Singapore and Indonesia. His board committee experience includes Audit Committees (Chairman), Human Resources Committees, IT committees, Nomination Committees and Risk Committees.

Directorships of listed entities within the past three years:

- Director of National Australia Bank Limited (since October 2003)
- Director of Salmat Limited (since September 2003)
- Former Director of Caltex Australia Limited (June 2004 - May 2013)

Board Committee membership

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

Term of office

Director since December 2004

J F (Julie) McPherson

(Dip Law SAB, M AppFin, LLM)

Company Secretary and Group General Counsel**Skills and experience**

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

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

Other directorships and offices (current and recent):

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

Term of office

Company Secretary since April 2005

The Board of Directors and Company Secretary (continued)



Directors' Report

Your Directors present their report together with the financial report of Amcor Limited, being the Company and its controlled entities, for the year ended 30 June 2014 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
 K N (Ken) MacKenzie
 P V (Paul) Brasher (since 1 January 2014)
 E (Eva) Cheng (since 2 June 2014)
 K J (Karen) Guerra
 J L (Jeremy) Sutcliffe
 J G (John) Thorn
 G J (John) Pizzey
 (retired effective 17 December 2013)
 C I (Chris) Roberts
 (retired effective 17 December 2013)

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 26 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 26 of this report.

On 6 December 2013, Ms Ann Stubbings resigned as Company Secretary of Amcor and Ms Rebecca Farrell, BA LLB, was appointed as an additional Company Secretary. Ms Farrell also holds a position as Vice President and General Counsel, Corporate. Prior to joining Amcor, Ms Farrell was the Group Company Secretary for the Westpac Group.

Officers

The names and roles of other Officers of the Company during the year are disclosed in Table 10 in section 4 of the Remuneration Report on page 42 of this report.

Table 1: Directors' Meetings held between 1 July 2013–30 June 2014

	Board		Executive Committee		Audit & Compliance Committee		Human Resources Committee		Nomination Committee**	
Scheduled meetings	9		2		4		4		-	
Unscheduled meetings	-		4		-		1		-	
	A	B	A	B	A	B	A	B	A	B
P V Brasher ⁽¹⁾	4	5	-	-	2	2	-	-	-	-
E Cheng ⁽²⁾	2	2	-	-	-	-	-	-	-	-
K J Guerra	7	9	-	-	-	-	4	5	-	-
G Liebelt	9	9	3	3	4	4	5	5	-	-
K N MacKenzie	9	9	6	6	4*	4	5*	5	-	-
A Meyer	9	9	3	3	3	3	2	2	-	-
J L Sutcliffe	9	9	-	-	-	-	5	5	-	-
J G Thorn	9	9	6	6	4	4	-	-	-	-
C I Roberts ⁽³⁾	4	4	3	3	2	2	3	3	-	-
G J Pizzey ⁽³⁾	4	4	3	3	-	-	3	3	-	-

* Indicates that a Director is not a member of a specific committee and attended by invitation.

** All Nomination Committee matters were dealt with by the full Board during the financial year.

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.

(1) Appointed as a Director effective 1 January 2014.

(2) Appointed as a Director effective 2 June 2014.

(3) Retired as a Director effective 17 December 2013.

Principal Activities

The general activities of the consolidated entity (comprising Amcor Limited and its controlled entities) are set out on pages 1 to 23 of this report. In the 2013–2014 financial year, Amcor demerged its AAPD business (the **Demerger**). As a result of the Demerger, the consolidated entity no longer participates in the following segments and products: fibre packaging, packaging distribution, aluminium beverage cans, glass wine and beer bottles. There were no significant changes in the nature of the principal activities of the remaining businesses 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 4 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 2014:

On 1 August 2013, Amcor announced its intention to demerge its AAPD business. On 17 December 2013, Amcor announced that the scheme of arrangement for the Demerger had become effective and on 31 December 2013, Amcor announced the implementation of the scheme.

Throughout the year, Amcor announced a number of acquisitions as well as a change in reporting currency. Please refer to pages 6 to 7 for further details.

Effective 1 January 2014 and 2 June 2014 respectively, Mr Paul Brasher and Mrs Eva Cheng were appointed as non-executive directors.

Mr Chris Roberts and Mr John Pizzey retired as non-executive directors of the consolidated entity effective 17 December 2013. Mr Graeme Liebelt replaced Mr Chris Roberts as Chairman of the Board of Directors and Dr Armin Meyer was appointed as Deputy Chairman.

On 6 December 2013, Ms Ann Stubbings resigned as Alternate Company Secretary of Amcor and Ms Rebecca Farrell was appointed as her replacement.

Dividends

Dividends paid or declared by the Company to members during the financial year are set out in note 27 to the Financial Statements.

Events Subsequent to the end of the Financial Year

There are no material events subsequent to the end of the Financial Year.

Likely Developments

The Operating and Financial Review on pages 4 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 Corporate Governance Statement on page 58 and also in the Review of Operations – Sustainability section on pages 16 to 19. The Company also publishes a Sustainability Report annually which is available on www.amcor.com/sustainability.

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

In Australia, as a result of the Demerger, the Company is no longer subject to the following previously applicable schemes or obligations:

- the Australian Government's Clean Energy Future Scheme;
- the Emissions Intensive Trade Exposed (EITE) business scheme; and
- the *Energy Efficiency Opportunities (EEO) Act 2006*.

The Australian business of the Company remains subject to the reporting requirements of the *National Greenhouse and Energy Reporting (NGER) 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 2013/14 financial year.

Directors' Report

Statutory Matters (continued)

Table 2: Directors' Interests

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

Name	Balance at date of 2013 Annual Report	Received during the year on the exercise of rights and options	Other changes during the year	Balance as at the date of this report
Directors of Amcor Limited				
G R Liebelt	33,490	-	-	33,490
A Meyer	30,000	-	10,000	40,000
K N MacKenzie	2,078,381	1,080,008	(915,800)	2,242,589
P V Brasher	-	-	1,000	1,000
E Cheng	-	-	1,000	1,000
K J Guerra	24,600	-	2,450	27,050
J L Sutcliffe	53,538	-	908	54,446
J G Thorn	25,994	-	-	25,994

Table 3: Unissued Shares Under Option

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

Date options granted	Expiry Date ⁽¹⁾	Exercise price of options(\$) ⁽²⁾	Number under option
24/11/2009	29/09/2016	3.51	552,000
12/04/2010	29/09/2016	3.51	2,461,646
12/04/2010	29/09/2016	4.64	1,463,200
17/05/2010	29/09/2016	3.51	208,200
8/06/2010	29/09/2016	3.51	260,000
5/08/2010	29/09/2016	5.17	334,000
23/05/2011	29/09/2016	5.57	103,900
9/12/2011	30/11/2017	5.81	2,688,100
9/12/2011	30/11/2018	5.81	12,093,200
12/06/2012	30/11/2017	5.81	104,400
12/06/2012	30/11/2018	5.81	50,600
30/11/2012	31/10/2019	6.09	7,318,600
20/11/2013	30/10/2020	9.31	5,860,200
9/05/2014	30/10/2020	9.31	71,800
TOTAL			33,569,846

(1) The expiry dates of certain options were amended by shareholders at the 2011 Annual General Meeting. Further detail is provided in the Remuneration Report, forming part of this report, on page 49.

(2) The exercise price of certain options were amended as a result of the Demerger. Further detail is provided in the Remuneration Report, forming part of this report, on page 36.

Shares Issued on Exercise of Options

There were no ordinary shares of Amcor Limited issued during the year ended 30 June 2014 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; and
- 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 60.

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 9 to the Financial Statements on page 102.

A significant proportion of the non-audit services during the year relates to the investigating accountant's report and entity restructuring advice associated with the Demerger and taxation advice and tax compliance services provided by PwC to the Company and its subsidiaries in multiple jurisdictions.

In appointing an accounting adviser for the Demerger, the Company considered it critical that the adviser had extensive knowledge of the AAPD business to be demerged and the businesses to remain within Amcor. As PwC had been the Company's external auditor since 2007,

the Company considered that PwC was in the best position to meet this criteria. The Company also considered that to leverage off PwC's knowledge would be both efficient and cost effective for the purposes of the Demerger.

In relation to taxation advice and compliance services provided by PwC, 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 Class Order 98/0100 dated 10 July 1998 issued by the Australian Securities and Investments Commission. In accordance with that Class Order, 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 30 to the Financial Statements.

Directors' Report

Remuneration Report

Dear Shareholder,

I am pleased to be able to present to you the Remuneration Report.

Over a number of years, Amdor has achieved excellent operating and financial results. This has translated into strong shareholder returns during a period where general economic conditions have remained subdued.

The management of the company continues to be based around its strong Operating Model, "The Amdor Way", which focuses on:

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

The disciplined application of The Amdor Way continues to drive strong operational performance across all of Amdor's businesses and is the basis of on-going improvement in key operating metrics. In recent years Amdor has successfully pursued a growth strategy which has included acquiring and integrating businesses that are profitable and value-adding. These acquisitions have been made in market segments and geographies where the company has established leading positions and can create differentiated customer value propositions. As a result, the Amdor of today is a company that has been transformed into an industry leader in its chosen end markets. This platform provides many opportunities to deliver profitable growth in the future, with the aim of creating value for shareholders through higher earnings and increasing dividends.

Amdor's remuneration strategy and associated programs have been an important part of driving this success, and aligning the leadership of the company to the interests of shareholders. Our remuneration levels and mix are designed to attract, retain and motivate talented leaders capable of delivering strong and sustained performance in a truly global company. We place a great deal of attention on achieving an appropriate focus and balance across the range of key performance targets in our incentive plans to ensure that we encourage the behaviours that support The Amdor Way, our Values, and ultimately create shareholder value. When Amdor's leadership delivers these challenging targets, they are rewarded for their success.

I speak on behalf of the Board in commending the following report to you.



Graeme Liebelt
Chairman

Introduction and summary of contents

The Directors of Amcor Limited ('Amcor' or the 'Company') present the Remuneration Report prepared in accordance with the Corporations Act 2001 and the Corporations Regulations 2001.

Key management personnel

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

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

Structure of this report

Amcor's 2014 Remuneration Report is divided into the following sections:

1. Overview of Amcor's Executive Remuneration arrangements
2. Adjustments to Amcor's Executive Remuneration arrangements as a result of the Demerger
3. Company Performance – A Key Driver of Remuneration
4. Details of CEO and Senior Executive Remuneration for the financial year ended 30 June 2014
5. CEO and Senior Executive Service Agreements
6. Non-Executive Directors' Remuneration
7. Director and Senior Executive remuneration disclosures

Appendix: Details of Share-Based Awards

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. Furthermore, their responsibilities extend beyond their own geographic location. This requires Amcor to attract and retain a CEO and Senior Executives who are global leaders with the experience and ability to perform in this environment.

This creates a challenge in our remuneration market benchmarking, in particular against the Australian market. When considering market benchmarks from other Australian companies with a similar market capitalisation, Amcor almost always has a larger share of its revenues sourced from abroad and is far more global in its reach than its peers; it also has a significantly larger population of co-workers. This has obvious remuneration and talent implications.

Therefore, although it is important to understand and consider general market practice in Australia, reference to selected overseas markets is just as important.

Remuneration principles

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

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

Overview of remuneration arrangements

We remunerate the CEO and Senior Executives using a combination of fixed and variable plans, with a greater emphasis on variable performance-based plans. Performance metrics are carefully selected to ensure alignment with business imperatives and the delivery of shareholder value. An overview of remuneration arrangements is included in the table on page 34.

Directors' Report

Remuneration Report (continued)

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

		% of total	
		CEO	Senior Executives
Fixed⁽¹⁾		31%	42%
Variable or 'at risk'			
Short Term Incentive (STI) Cash		25%	17%
Purpose	Reward the achievement of annual business objectives		
Term	1 year		
Instrument	Cash		
Performance conditions ⁽²⁾	<ul style="list-style-type: none"> • 5% Safety (reduction in recordable case frequency rate from previous year) • 65–80% Financial (Earnings per share (EPS), Profit before interest and tax (PBIT), Cash Flow, Working Capital, Return on Average Funds Employed (RoAFE)) • 15–30% Priority project goals linked to The Amcor Way 		
Why these were chosen	To incentivise continuous safety improvement; successful and sustainable financial business outcomes; and annual objectives that drive long-term business success and sustainability		
Short Term Incentive (STI) Deferred Equity⁽³⁾		13%	9%
Purpose	Defer a portion of the STI to build equity ownership; align management incentives with shareholder value creation; and act as a retention incentive		
Term	2 years (following payment of cash STI)		
Instrument	Share Rights		
Performance conditions	Time restricted and continuation of employment (subject to forfeiture in the event of voluntary termination or termination for cause)		
Why these were chosen	To provide a mid-term retention incentive based on impact on business performance		
Long Term Incentive (LTI)⁽⁴⁾		31%	32%
Purpose	Reward the achievement of long-term sustainable business outcomes and value creation for shareholders		
Term	4 years		
Instrument	Options and Performance Rights (Performance Shares are awarded to US participants in place of Performance Rights)		
Performance conditions ⁽²⁾	RoAFE combined with a share price condition for Options. Relative Total Shareholder return (TSR) for Performance Rights. Time restricted and continuation of employment (subject to forfeiture in the event of voluntary termination or termination for cause)		
Why these were chosen	RoAFE represents a strong measure of overall business performance. A share price condition ensures that this performance translates into shareholder value creation as no Options are earned unless the share price increases. The use of relative TSR provides a shareholder perspective of the Company's relative performance against comparable companies both in Australia and internationally		
Retention Share/Payment Plan⁽⁵⁾		-	-
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) Details provided in the Appendix to this report.
- (4) The CEO and Senior Executives were granted an LTI award in the year ended 30 June 2014. The details of the award can be found in the Appendix to this report. The award for the CEO was approved at the 2013 Annual General Meeting. At the 2014 Annual General Meeting, approval will be sought from Amcor Shareholders for an award under the Amcor Long Term Incentive Plan to the CEO. Senior Executives and other selected executives who are in a position to influence the outcome of the performance hurdles will also be invited to participate. Details of this award are included in the Notice of Meeting.
- (5) During the year to 30 June 2014, no awards were made to the CEO or Senior Executives.

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 unable to trade in Amcor shares. Further detail is provided on page 55 of the Corporate Governance Statement. The Share Trading Policy reminds all co-workers of the insider trading prohibition under the Corporations Act.	Allows the Board to forfeit awards in the event of fraud, dishonesty, breach of obligations, financial misstatements, or if awards were made on the basis of a misrepresentation or an omission, or on the basis of facts or circumstances that were later proven to be untrue or inaccurate.

Remuneration governance

The Human Resources Committee

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

Where appropriate, the Human Resources Committee seeks advice from independent remuneration consultants in determining appropriate Senior Executive remuneration. During 2014, the Committee did not seek any advice relating to the quantum and/or structure of the remuneration for the CEO and Senior Executives.

Directors' Report

Remuneration Report (continued)

2. Adjustments to Amcor's Executive Remuneration arrangements as a result of the Demerger

Certain adjustments to incentive plans were detailed in the Demerger Booklet and subsequently approved by Shareholders. These adjustments were structured in such a way to be fair to security holders but also to preserve the incentives the securities provide to the CEO and Senior Executives under existing Share Plans. Details of the adjustments made are shown below.

Table 2: Summary of adjustments as a result of the Demerger

Plan	Grant year	Instrument	Adjustments made to account for the dilutive effect of the Demerger on the value of Amcor shares ⁽¹⁾	Adjustments to performance conditions where applicable ^{(4),(5)}
Short Term Incentive (STI) Deferred Equity	2013, 2014	Share Rights	The number of Share Rights increased ⁽²⁾	Not applicable – time restrictions and other employment conditions remain unchanged.
Long Term Incentive (LTI)	2010, 2011, 2012, 2013, 2014	Performance Rights	The number of Performance Rights increased ⁽²⁾	Relative total shareholder return (TSR) performance condition remained unchanged. However, Amcor's TSR performance was adjusted to include Orora up to the Demerger, which will then be combined with Amcor's performance (excluding Orora) from the Demerger through to the end of the performance period.
		Options	The exercise prices of Options reduced ⁽³⁾	RoAFE gateway metric pre-Demerger: 13.5%–16.0%. New RoAFE gateway: 15.7%–18.2% The adjustment to this target was determined by excluding the impact of Orora from the pre-demerger RoAFE levels.

(1) Adjustments were made on 14 January 2014; the market price of Amcor shares on the date of the adjustment was \$10.16

(2) Method for adjustment was disclosed in the Demerger booklet and approved by Shareholders. New number = number pre-demerger x 1.12 ((Amcor five-day volume weighted average price (VWAP) \$10.41 + Orora five-day VWAP \$1.22)/ Amcor five-day VWAP \$10.41). All prices were based on first five days following Orora's listing on ASX.

(3) Method for adjustment was disclosed in the Demerger booklet and approved by Shareholders. New exercise price = exercise price pre-demerger – \$1.22 (Orora five-day VWAP)

(4) At the time of the Demerger, the performance periods for some awards were complete or substantially complete and as a result some plans had either already vested or were assessed for vesting. Therefore no adjustments were made to the performance conditions of these plans. This was disclosed in the Demerger booklet and approved by Shareholders.

(5) Adjustments were made on 24 February 2014; the market price of Amcor shares on the date of the adjustment was \$10.66.

Other notes

- Given the adjustments were only to account for the dilutive effect of the Demerger on the value of Amcor shares, there is no difference between the total of the fair value of the Share Rights, Performance Rights and Options before the amendment and the total fair value after the amendment.
- The number and class of instruments that were adjusted are included in Table 8 of this Remuneration Report. The exercise prices are also disclosed in the footnotes to Table 8 and in previous Annual Reports (2010, 2011, 2012, 2013).
- There were no other adjustments to the terms of the plans as a result of the Demerger other than those detailed above. The time remaining to expiry remains unchanged – details of the expiry dates are disclosed in previous Annual Reports (2010, 2011, 2012, 2013).

3. Company Performance – A Key Driver of Remuneration

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

Short Term Incentive (STI)

Details of the range of potential STI cash payments, the proportion to be received at 'target' performance, actual payments made and the amounts forfeited by the CEO and Senior Executives in respect of the 2014 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 respective outcome for the CEO. The scorecards for other Senior Executives are also primarily financial based and consist of business unit specific financial targets. Given commercial sensitivities around these targets, the details of actual targets and outcomes have not been disclosed.

The outcomes under the STI align with an improvement in earnings, an increase in the dividend, and increased shareholder returns.

Table 3: STI performance outcomes

Name	Safety (weighting = 5%)	Financials (weighting = 65%)	Priority Project Goals (weighting = 30%)
Executive Directors			
K N MacKenzie	Target met Amcor's recordable case frequency rate is now at 1.97. This represents a world class standard and an improvement of 25% from 2013. The target was achieved.	Between target and maximum Amcor's financial performance for the year exceeded targets across several measures. EPS improved from 49.0 cents to 61.1 cents (on a continuing operations basis); RoAFE levels are now at 19.4%; Free Cash flow for the year was \$391m.	Target met Included succession planning and co-worker development, strategy and growth goals. These goals were successfully executed resulting in the targets being met.

Table 4: STI cash and deferred equity awards

Name	STI % Range (as % of TFR/ base salary)	STI % at target (as % of TFR/ base salary)	STI Payment (\$)	Paid in Year (as % of maximum STI)	Forfeited in Year (as % of maximum STI)	Deferred Equity Awarded (\$)	Deferred Equity Awarded (No. Rights) ⁽¹⁾
Executive Directors							
K N MacKenzie ⁽²⁾	0% to 120% of TFR	80%	2,236,977	88.4%	31.6%	1,118,489	107,340
Senior Executives							
P Brues	0% to 100% of Base Salary	50%	892,247	78.4%	21.6%	446,123	42,814
R Delia	0% to 100% of Base Salary	50%	566,657	66.7%	33.3%	283,328	27,190
M Schmitt	0% to 100% of Base Salary	50%	482,606	56.1%	43.9%	241,303	23,157
I G Wilson	0% to 100% of Base Salary	50%	751,942	71.3%	28.7%	375,971	36,081

(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 2014 (\$10.42 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) Approval for the issue of deferred equity Share Rights awarded to K N MacKenzie was obtained under Listing Rule 10.14.

Directors' Report

Remuneration Report (continued)

Long Term Incentive (LTI)

The following table illustrates Amcor's performance against the key metrics that exist in the LTI plans awarded to the CEO and Senior Executives. Amcor's relative TSR performance against a group of comparable companies determines the level of Performance Rights that vest; while RoAFE performance determines the level of Options that vest – although an improvement in share price is also required before any rewards are delivered. This ensures there is a strong correlation between rewards and an increase in shareholder value. The following table shows the performance outcomes for the LTI plans that vested during the year. It is important to highlight that RoAFE levels have improved significantly since 2009 – this is due to Management's disciplined application of the Amcor operating model and successful integration activities.

The RoAFE gateway metric for the current unvested LTI plans has now been increased to a range of 15.7% to 18.2% following the Demerger of Orora. Although Amcor's current RoAFE performance presents this as being met, it is not a simple matter to sustain it at these levels. Ongoing investments and acquisitions will generally have a negative short term impact on RoAFE whilst being critical to develop a sustainable business for the future. The Board sets a RoAFE gateway metric in light of the strategy and what Amcor is trying to achieve. The Board avoids increasing the gateway to a level which could serve to discourage investment and acquisition activity.

Table 5: LTI plans assessed for vesting during the year

Performance Rights					Options				
Relative TSR performance (percentile ranking)					RoAFE (%) & share price increase				
Grant year	Performance at vesting				Grant year	Performance at vesting			
	min	max	ASX	International		min	max	RoAFE	Share price
			comparator	comparator					increase since
			group	group					grant
2010, 2011 ⁽¹⁾	50	75	97	85	2010, 2011	13.5	16.0	16.4 ⁽²⁾	Yes

(1) Multi-tranche award provided to drive the successful integration of the acquired Alcan Packaging business (multiple grant years represent the same plan; the 2011 grant year relates to awards provided to R Delia following his appointment as Executive Vice President, Finance and Chief Financial Officer (CFO), to align his awards with other Senior Executives).

(2) Assessed based on performance to 30 June 2013 as disclosed in the Demerger Booklet and approved by Shareholders.

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

	2010	2011	2012	2013	2014
Net profit before significant items after tax (\$ million)	409.2	570.3	634.9	689.5	7370 ⁽¹⁾
Basic EPS before significant items (cents)	35.2	46.5	52.3	57.2	61.1 ⁽¹⁾
Dividend paid (\$ million)	295.9	416.7	438.4	464.7	482.9
Dividends per share (cents)	29.5	35.0	37.0	40.0	46.0 ⁽²⁾
Opening share price at 1 July (\$)	4.99	6.38	7.20	7.09	10.14
					(1.22) ⁽³⁾
Change in share price (\$)	1.39	0.82	(0.11)	3.05	1.51
Closing share price at 30 June (\$)	6.38	7.20	7.09	10.14	10.43
Total Shareholder Return (TSR) % pa ⁽⁴⁾	33.8	18.3	3.6	48.7	19.4
On-market share buy-back (\$ million)	-	-	150.0	-	-

(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 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.

4. Details of CEO and Senior Executive Remuneration for the financial year ended 30 June 2014

Table 7 details awards granted that are still in progress or those that were tested during 2014 which impact the remuneration received by the CEO and Senior Executives for the year ended 30 June 2014:

Table 7: Grants of Options and Rights affecting remuneration

Grant Year	Grant Type	Instrument	Vesting condition(s)	Performance/ Vesting Period	Status
2010 ⁽¹⁾	Long Term Incentive	Options and Performance Rights	<ul style="list-style-type: none"> Return on average funds employed Relative TSR performance to comparator group Share price increase Continuous service 	31 October 2012 to 31 October 2014	Testing completed on all tranches of this award. This resulted in 100% of Options and 100% of Performance Rights vesting.
2011 ⁽²⁾	Long Term Incentive	Options and Performance Rights	<ul style="list-style-type: none"> Return on average funds employed Relative TSR performance to comparator group Share price increase Continuous service 	31 October 2012 to 31 October 2014	Testing completed on all tranches of this award. This resulted in 100% of Options and 100% of Performance Rights vesting.
2012 ⁽³⁾	Short Term Incentive	Share Rights	<ul style="list-style-type: none"> Continuous service 	1 September 2013	Vested in full
	Deferred Equity				
	Long Term Incentive	Options and Performance Rights	<ul style="list-style-type: none"> Return on average funds employed Relative TSR performance to comparator group Share price increase Continuous service 	31 October 2015	In progress
2013 ⁽⁴⁾	Short Term Incentive	Share Rights	<ul style="list-style-type: none"> Continuous service 	1 September 2014	In progress
	Deferred Equity				
	Long Term Incentive	Options and Performance Rights	<ul style="list-style-type: none"> Return on average funds employed Relative TSR performance to comparator group Share price increase Continuous service 	31 October 2016	In progress
2014 ⁽⁵⁾	Short Term Incentive	Share Rights	<ul style="list-style-type: none"> Continuous service 	1 September 2015	In progress
	Deferred Equity				
	Long Term Incentive	Options and Performance Rights	<ul style="list-style-type: none"> Return on average funds employed Relative TSR performance to comparator group Share price increase Continuous service 	31 October 2017	In progress

(1) The grant of the Long Term Incentive Award occurred on 4 November 2009, 12 April 2010 and 8 June 2010.

(2) The grant of the Long Term Incentive Award occurred on 5 August 2010 and 23 May 2011. This relates to awards provided to R Delia prior to his appointment as Executive Vice President, Finance and Chief Financial Officer (CFO) and an award provided following his appointment to CFO, to align his awards with other Senior Executives. No other Long Term Incentive Awards were made to the CEO and Senior Executives in 2011.

(3) The Short Term Incentive Deferred Equity Award was granted on 1 September 2011, whilst the Long Term Incentive Awards were granted on 9 December 2011.

(4) The Short Term Incentive Deferred Equity Award was granted on 10 September 2012, whilst the Long Term Incentive Awards were granted on 30 November 2012.

(5) The Short Term Incentive Deferred Equity Award was granted on 2 September 2013, whilst the Long Term Incentive Award was granted on 20 November 2013.

Refer to note 29 to 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 ^{(1),(2)}	Granted as a result of the demerger ⁽³⁾	Exercised during the year (unless otherwise indicated) ⁽⁴⁾	Closing Balance	Vested during the year	Fair value of grant yet to vest ⁽⁵⁾
Executive Directors							
K N MacKenzie							
Short Term Incentive							
Deferred Equity Awards							
– Share Rights	281,108	137,387	32,426	(141,908)	309,013	141,908	433,685
Long Term Incentive Awards:							
– Options	4,842,100	923,700	-	(828,000)	4,937,800	828,000	1,367,268
– Performance Rights	610,200	229,700	85,800	(110,100)	815,600	110,100	1,165,728
Senior Executives							
P Brues							
Short Term Incentive	106,336	33,168	8,743	(64,920)	83,327	64,920	104,700
Deferred Equity Awards							
– Share Rights							
Long Term Incentive Awards:							
– Options	2,447,500	401,500	-	(514,500)	2,334,500	514,500	594,304
– Performance Rights	254,100	99,900	36,200	(47,100)	343,100	47,100	506,993
R Delia							
Short Term Incentive							
Deferred Equity Awards							
– Share Rights	71,945	36,621	8,599	(35,209)	81,956	35,209	115,600
Long Term Incentive Awards:							
– Options	1,637,400	310,100	-	(255,700)	1,691,800	255,700	459,013
– Performance Rights	181,700	77,100	27,800	(23,200) ⁽⁶⁾	263,400	22,660	391,283
M Schmitt ⁽⁷⁾							
Short Term Incentive							
Deferred Equity Awards							
– Share Rights	44,194	33,659	7,056	(17,659)	67,250	17,659	106,250
Long Term Incentive Awards:							
– Options	1,635,100	323,100	-	-	1,958,200	212,100	478,255
– Performance Rights	160,000	80,400	26,100	(19,500)	247,000	19,500	408,030
I G Wilson							
Short Term Incentive							
Deferred Equity Awards							
– Share Rights	96,055	45,492	10,747	(49,875)	102,419	49,875	143,603
Long Term Incentive Awards:							
– Options	1,509,600	229,400	-	(390,000)	1,349,000	390,000	339,560
– Performance Rights	182,000	57,100	22,900	(45,600)	216,400	45,600	289,783

- (1) The Long Term Incentive Awards were granted on 20 November 2013. Options granted had an exercise price of \$10.53 on grant (but adjusted following the demerger to \$9.31 – see section 2) a fair value of \$1.75 and will expire on 30 October 2020. Performance Shares or Performance Rights granted have a fair value of \$6.00 and will expire on 30 October 2020. The Short Term Incentive Deferred Equity Awards were granted on 2 September 2013 and have a fair value of \$947 and will expire on 1 September 2015. No exercise price is applicable to Performance Rights granted. No awards granted during the period vested during the period.
- (2) The value of all awards granted during the period to the CEO and Senior Executives are as follows: K N MacKenzie \$4,295,730; P Brues \$1,616,126; R Delia \$1,352,076; M Schmitt \$1,366,576 and I G Wilson \$1,174,859. For the Long Term Incentive, awards are only exercisable upon satisfaction of performance conditions after 1 July 2017. For the Short Term Deferred Equity, awards are exercisable on 1 September 2015.
- (3) See section 2 of this report for details of the adjustments made as a result of the Demerger of Orora.
- (4) The value of awards exercised during the period by the CEO and each Senior Executive are as follows: K N MacKenzie \$7620,249; P Brues \$4,232,666; R Delia \$1,625,962; M Schmitt \$389,638 and I G Wilson \$3,262,392. These values represent awards that were exercised from a combination of different grants made in prior years.
- (5) This represents the fair value for future years of the Long Term Performance Awards and Short Term Deferred Equity Awards as at their grant date. The minimum possible total value of the grants is nil if the applicable performance/vesting conditions are not met.
- (6) Consists of 22,660 exercised Performance Shares and 540 lapsed Performance Shares.
- (7) M Schmitt had 365,600 vested and exercisable awards on 30 June 2014. There were no other vested and unexercisable awards on 30 June 2014.

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 2014, 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 2014
	Movements during the period				
	Balance at 1 July 2013	Granted/ Received on exercise ⁽¹⁾	Purchased	Sold	
Executive Directors					
K N MacKenzie	2,078,381	1,080,008	-	(789,986)	2,368,403
Senior Executives					
P Brues	278,226	626,520	-	(704,746)	200,000
R Delia	318,024	313,569	-	(188,919)	442,674
M Schmitt	42,284	37,159	-	-	79,443
I G Wilson	392,188	485,475	-	(786,778)	90,885

(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 2014. Note that the remuneration for P Brues and M Schmitt has increased from 2013 to 2014 due to a weaker Australian dollar and the effect this has on translating remuneration paid in a foreign currency into Australian dollars.

\$	Short-Term Employee Benefits				Other		Share-Based Payments ⁽¹⁾		% of Total Employee Compensation			
	Non		Long-Term		Post-Employment		Equity		Received			
Name	Position	Base Salary	Monetary Benefits	Relocation Expenses	Bonus	Long Service Leave	Superannuation Benefits	Shares	Settled	as Options and/or Right	Total Employee Compensation	
Executive Directors												
K N MacKenzie	Managing Director and Chief Executive Officer	2014	2,100,369	298,799	176,151	2,236,977	60,172	175,000	-	3,375,976	40.1%	8,423,444
		2013	2,025,602	237,663	81,627	2,764,238	58,230	175,000	-	2,979,587	35.8%	8,321,947
Other Key Management Personnel												
P Brues	President, Amcor Flexibles Europe and Americas	2014	1,112,077	228,851	227,905	892,247	-	547,130	-	1,393,484	31.7%	4,401,694
		2013	924,757	221,489	216,415	667,352	-	501,262	-	1,491,542	37.1%	4,022,817
R Delia	Executive Vice President Finance and Chief Financial Officer	2014	772,705	134,351	152,170	566,657	69,026	115,205	-	1,090,736	37.6%	2,900,850
		2013	726,483	110,860	119,060	736,830	10,835	116,443	104,907	931,086	32.6%	2,856,504
M Schmitt	President, Amcor Rigid Plastics	2014	855,242	61,704	-	482,606	-	211,726	-	998,065	38.2%	2,609,343
		2013	668,954	80,018	-	677,235	-	96,889	-	785,702	34.0%	2,308,798
I G Wilson	Executive Vice President, Strategy and Development	2014	1,040,991	224,166	228,710	751,942	26,911	177,75	-	1,102,028	32.5%	3,392,523
		2013	994,844	200,394	193,804	915,300	36,967	16,470	130,430	1,283,294	34.0%	3,771,503
N Garrard ⁽²⁾	President, Amcor Australasia and Packaging Distribution	2013	894,625	175,000	-	410,989	19,120	25,000	-	1,007,211	39.8%	2,531,945
		2014	5,881,384	947,871	784,936	4,930,429	156,109	1,066,836	-	7,960,289	36.6%	21,727,854
Total		2013	6,235,265	1,025,424	610,906	6,171,944	125,152	931,064	235,337	8,478,422	35.6%	23,813,514

(1) In addition to the equity awards granted under the Short Term Incentive Deferred Equity and the Long Term Incentive for the year ended 30 June 2014, the amounts disclosed as share-based payments above include Awards for the years ending 30 June 2013, 2012, 2011, and 2010. Details of these awards can be found in past Annual Reports.

(2) N Garrard ceased to be KMP in 2014 as a result of the announcement of the Demerger.

5. 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 Executive Service Agreements

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

(1) Total Remuneration includes Total Fixed Remuneration plus target Short Term Incentive bonus, plus the annual actuarial value of Long Term Incentives as reported in Amcor's Annual Report.

Directors' Report

Remuneration Report (continued)

6. 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 \$3,000,000 was approved by shareholders at the 2011 Annual General Meeting.

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

The fee policy is reviewed annually 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.

Non-Executive Directors' remuneration for the 2014 financial year

Table 12: Details of Non-Executive Directors' remuneration

Non-Executive Directors		Salary and Fees	Non Monetary Benefits	Post-Employment		Total Compensation
				Superannuation Benefits	Retirement Benefit ⁽⁶⁾	
G R Liebelt ⁽¹⁾	2014	400,504	22,080	17,775	-	440,359
	2013	224,707	6,554	16,470	-	247,731
A Meyer ⁽²⁾	2014	254,152	4,012	1,295	-	259,459
	2013	216,500	1,824	636	-	218,960
P V Brasher ⁽³⁾	2014	108,250	2,536	8,887	-	119,673
E Cheng ⁽⁴⁾	2014	16,792	225	-	-	17,017
K J Guerra	2014	211,500	4,036	585	-	216,121
	2013	211,500	1,846	1,135	-	214,481
G J Pizze ⁽⁵⁾	2014	102,360	2,426	8,887	-	113,673
	2013	221,500	6,265	16,470	-	244,235
C I Roberts ⁽⁵⁾	2014	279,352	2,158	25,840	19,408 ⁽⁷⁾	326,758
	2013	604,500	4,668	54,405	39,447	703,020
J L Sutcliffe	2014	211,500	4,605	17,775	-	233,880
	2013	211,500	5,381	16,470	-	233,351
J G Thorn	2014	241,500	7,364	17,775	-	266,639
	2013	241,500	8,065	16,470	-	266,035
Total	2014	1,825,910	49,442	98,819	19,408	1,993,579
	2013	1,931,707	34,603	122,056	39,447	2,127,813

(1) G R Liebelt was appointed Chairman on 17 December 2013.

(2) A Meyer was appointed Deputy Chairman on 17 December 2013.

(3) P V Brasher was appointed a Director on 1 January 2014 and was designated KMP from this date.

(4) E Cheng was appointed a Director on 2 June 2014 and was designated KMP from this date.

(5) C I Roberts and G J Pizze retired as Directors on 17 December 2013 and therefore ceased to be KMP from this date.

(6) Amounts shown represent CPI indexed adjustments in relation to C I Roberts' retirement benefit.

(7) Retirement benefit of \$1,636,735 was paid on retirement in accordance with the terms of the plan. The associated annual expense has been accrued and disclosed annually in this table.

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 2014, 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 1 July 2013	Movements during the period		Balance on ceasing to be KMP	Balance at 30 June 2014
		Purchased	Sold		
Directors					
G R Liebelt	33,490	-	-		33,490
A Meyer	30,000	10,000	-		40,000
P V Brasher ⁽¹⁾	-	1,000	-		1,000
E Cheng ⁽²⁾	-	1,000	-		1,000
K J Guerra	24,600	2,450	-		27,050
G J Pizzey ⁽³⁾	46,468	-	-	46,468 ⁽⁴⁾	
C I Roberts ⁽³⁾	317,500	6,050	-	323,550 ⁽⁴⁾	
J Sutcliffe	53,538	908	-		54,446
J G Thorn	25,994	-	-		25,994

(1) P V Brasher was appointed a Director on 1 January 2014 and was designated KMP from this date.

(2) E Cheng was appointed a Director on 2 June 2014 and was designated KMP from this date.

(3) C I Roberts and G J Pizzey retired as Directors on 17 December 2013 and therefore ceased to be KMP from this date.

(4) Ordinary shares balance on 17 December 2013.

7. Director and Senior Executive remuneration disclosures

No individual KMP or close member of the family of the KMP, or an entity over which the KMP has either direct or indirect control, joint control or significant influence has held a loan with the consolidated entity nor any of its subsidiaries during the financial year ended 30 June 2014.

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.

Directors' Report

Appendix to Remuneration Report – Details of Share-Based Awards

Details of STI deferred equity award

The Human Resources Committee considers that the use of time-restricted equity in Amcor's STI program provides for greater retention in Amcor's remuneration arrangements and alignment with shareholders through exposure to Amcor's share price movements. The deferred STI is delivered in the form of Share Rights to Amcor shares (effectively Options with a zero exercise price).

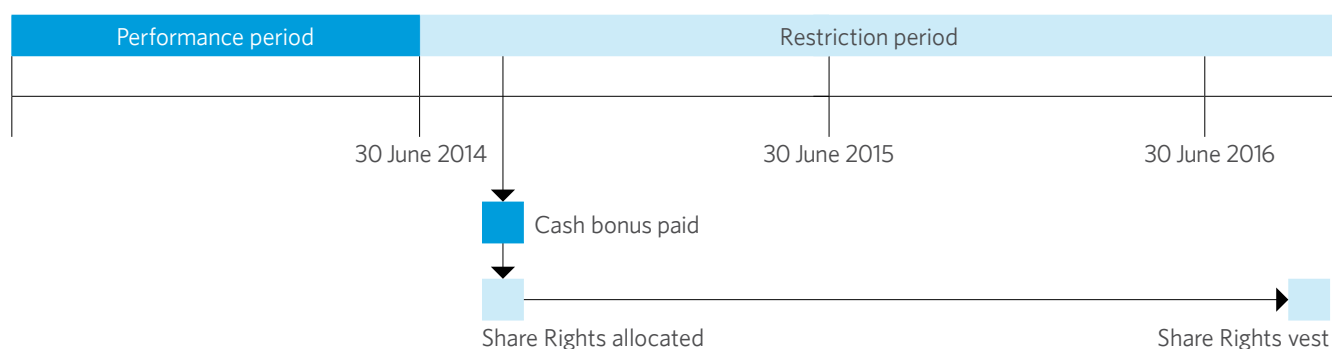
As part of the STI a number of Share Rights may be allocated which will then be deferred. The allocations are made on the following basis:

- 50% of the value of the CEO's and the Senior Executives' cash bonuses payable following the end of the performance period;
- the volume weighted average price (VWAP) of Amcor Limited Ordinary Shares for the five trading days prior to 30 June (the end of the performance period); and
- the average foreign exchange rate for the same five day period for those cash bonuses determined in currencies other than Australian dollars.

In relation to the year ended June 2014, STI deferred equity awards will be allocated in September 2014. These will be subject to a risk of forfeiture if the CEO or a Senior Executive either

voluntarily leaves Amcor employment during the restriction period or if the CEO or a Senior Executive's employment is terminated for cause. Board discretion regarding vesting and/or forfeiture applies in the case of involuntary termination of employment and change of control. 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.

Financial Year 2014: illustrations



Details of LTI Awards made in 2014 are shown below:

Feature	Description								
Participation	Selected Executives (including CEO and Senior Executives)								
Performance period	Four years to 30 June 2017								
Vehicle	Options and Performance Rights (Performance Shares are awarded to US participants in place of Performance Rights)								
Performance conditions	Return on Average Funds Employed (RoAFE) combined with a Share Price Condition for Options; Relative Total Shareholder Return (TSR) for Performance Rights								
Re-tests	None								
Expiry	The expiry date of the Options and Performance Rights is 30 October 2020.								
TSR peer group	<ul style="list-style-type: none"> Companies in the ASX 100 with exclusions to those companies either in (or with heavy exposure to) the financial, resources, media, and property trust sectors; plus a select list of international industry peers. <p>Those companies are:</p> <p>ASX companies: Ansell Limited, Asciano Limited, Boral Limited, Brambles Limited, Coca-Cola Amatil Limited, Cochlear Limited, Computershare Limited, CSL Limited, Downer EDI Limited, Dulux Group Limited, Goodman Group, GrainCorp Limited, Incitec Pivot Limited, James Hardie Industries plc, Leighton Holdings Limited, Metcash Limited, Primary Health Care Limited, Qantas Airways Limited, Ramsay Health Care Limited, ResMed Inc, Sonic Healthcare Limited, Sydney Airport Holdings Limited, Telstra Corporation Limited, Toll Holdings Limited, Transurban Group, Treasury Wine Estates Limited, Wesfarmers Limited, Woolworths Limited</p> <p>International industry peers: Ball Corp, Bemis Co Inc, CCL Industries Inc, Crown Holdings Inc, Graphic Packaging, Huhtamaki, International Paper, Mayr-Melnhof Karton, MeadWestvaco Corp, Owens-Illinois Inc, Rexam Plc, RPC Group Plc, Sealed Air Corp, Silgan Holdings Inc, Sonoco Products Co, Winpak Ltd</p> <p>Certain events may occur which could affect the structure of either of the Peer Groups and therefore whether a share in a Peer Group is considered to be a relevant share, for the purposes of calculating the TSR for each relevant share in each Peer Group (for example, takeovers, mergers and acquisitions, demergers, delisting, company failures and capital reconstructions, including a material transaction or other strategic initiative that affects Amcor's capital structure and/or the relevance of a share in a Peer Group). The Board retains the discretion to determine how such events will be treated at the time they arise, including altering the make up of the companies contained in Peer Group.</p>								
Vesting schedule for TSR performance (applicable to Performance Rights)	<p>The table below sets out the TSR hurdle, and the percentage of Performance Rights that will vest based on satisfaction of this hurdle as determined by the Board.</p> <table> <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>50% of the Performance Rights will vest plus an additional 2% for each 1 percentile increase above the 50th percentile</td></tr> <tr> <td>75th percentile and above</td><td>100%</td></tr> </table>	Less than 50th percentile	Nil	50th percentile	50%	Between 50th and 75th percentile	50% of the Performance Rights will vest plus an additional 2% for each 1 percentile increase above the 50th percentile	75th percentile and above	100%
Less than 50th percentile	Nil								
50th percentile	50%								
Between 50th and 75th percentile	50% of the Performance Rights will vest plus an additional 2% for each 1 percentile increase above the 50th percentile								
75th percentile and above	100%								

Directors' Report

Appendix to Remuneration Report – Details of Share-Based Awards (continued)

Feature	Description										
Vesting schedule for RoAFE performance (applicable to Options)	<p>The table below sets out the indicative RoAFE hurdle, and the percentage of Options that will vest based on satisfaction of this indicative RoAFE hurdle (and the Share Price Condition), as determined by the Board.</p> <table> <tr> <th>RoAFE⁽¹⁾ percentage achieved over the year ending 30 June 2017</th><th>Vesting percentage</th></tr> <tr> <td>Less than 15.7%</td><td>0%</td></tr> <tr> <td>Equal to 15.7%</td><td>50%</td></tr> <tr> <td>Greater than 15.7% but less than 18.2%</td><td>2.0% of Options for each 0.1% above 15.7%</td></tr> <tr> <td>Equal to or greater than 18.2%</td><td>100%</td></tr> </table> <p>For the purposes of calculating the vesting outcome for Options, 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 apply discretion to exclude significant items in the calculation of 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 RoAFE hurdle to be used for the purposes of determining the percentage of Options that may vest by no later than 30 June 2016. This is to allow the Board flexibility to increase the performance hurdle (e.g. in the event of a windfall following a divestment) or decrease the performance hurdle (e.g. so as not to discourage management from pursuing acquisition opportunities in the event they have adverse consequences on RoAFE). The Board may also at its discretion change the structure of the RoAFE hurdle in the event of a material transaction or other strategic initiative that affects Amcor's capital structure and the relevance of the RoAFE hurdle as the Performance Condition.</p>	RoAFE ⁽¹⁾ percentage achieved over the year ending 30 June 2017	Vesting percentage	Less than 15.7%	0%	Equal to 15.7%	50%	Greater than 15.7% but less than 18.2%	2.0% of Options for each 0.1% above 15.7%	Equal to or greater than 18.2%	100%
RoAFE ⁽¹⁾ percentage achieved over the year ending 30 June 2017	Vesting percentage										
Less than 15.7%	0%										
Equal to 15.7%	50%										
Greater than 15.7% but less than 18.2%	2.0% of Options for each 0.1% above 15.7%										
Equal to or greater than 18.2%	100%										
Share Price Condition (applicable to Options)	The volume weighted average price (VWAP) of shares over the five trading days on which Amcor shares trade on the Australian Stock Exchange (ASX) prior to 30 June 2017 exceeds the Option exercise price. If the condition is not satisfied, testing continues at the end of each calendar month until the earlier of vesting or expiry of the Option.										
Option exercise price	\$9.31 ⁽²⁾ (VWAP of shares over the twenty trading days on which Amcor shares traded on the ASX including and following 1 July 2013).										
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.										

(1) RoAFE gateway metric adjusted to account for the Demerger.

(2) Represents the adjusted Option exercise price to account for the Demerger. Exercise price on grant was \$10.53.

Extension of expiry date of certain Options

The following table details those Options that were amended since grant date. Shareholder approval to amend these Options was granted at the 2011 Annual General Meeting. The date of amendment for all Options is 20 October 2011.

Table 14: Options that were amended during the financial year ended 30 June 2012

Grant Year	Grant Type	Original Expiry Date	New Expiry Date ⁽¹⁾
2009 ⁽²⁾	Long Term Incentive	30 June 2013	29 September 2013
2010 ⁽³⁾	Long Term Incentive	30 June 2016	29 September 2016
2011 ⁽⁴⁾	Long Term Incentive	30 June 2016	29 September 2016

(1) The actual expiry date is 28 days after the release of half or full year results (as relevant). This date is determined once Amcor's financial calendar for the relevant year has been set but, in any event, will not be later than the date identified above.

(2) The number of Options granted during 2009 is as follows: K N MacKenzie 280,000; P Brues 103,000; R Delia 67,000 and I G Wilson 141,000. All Options were issued at an exercise price of \$5.09 and have been exercised in full.

(3) The number of Options granted during 2010 and their exercise price is as follows: K N MacKenzie 2,760,000 (\$3.51); P Brues 1,715,000 (\$4.64); R Delia 423,200 (\$5.57); M Schmitt 707,000 (\$4.64); and I G Wilson 1,300,000 (\$3.51). Exercise prices represent the adjusted Option exercise price following the demerger of Orora.

(4) The number of Options granted during 2011 is as follows: R Delia 120,000 issued at an exercise price of \$6.39.

Directors' Report

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 2nd Edition ('the ASX Principles'). The 3rd edition of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations ('the New Principles'), which come into effect on 1 July 2014, will form the basis of the Company's Corporate Governance Statement in 2015.

This Statement incorporates the disclosures required by the ASX Principles, and generally follows the order of the ASX Principles. Where practicable, the Company early adopted some of the New Principles and this Statement incorporates reporting against those New Principles.

Ammcor's main corporate governance practices are summarised in this Statement. All these practices, unless otherwise stated, were in place for the full reporting period. Copies of Ammcor's Board and Board Committee Charters, and key corporate governance policies or summaries, are available in the Corporate Governance section of Ammcor's website at www.ammcor.com/about_us.

Principle 1: Lay solid foundations for management and oversight

Role of the Board and management

The Board of Directors of Ammcor Limited is responsible for the corporate governance of the Company. The Board provides strategic guidance for the Company, and effective oversight of management. The Board guides and monitors the business and affairs of Ammcor Limited on behalf of the shareholders by whom they are elected

and to whom they are accountable. The Board operates in accordance with the principles set out in its Charter, which is available in the Corporate Governance section of Ammcor's website.

Day to day management of the Group's affairs and the implementation of the corporate strategy and policy initiatives are formally delegated by the Board to the Chief Executive Officer and executive management. Responsibilities delegated to the Chief Executive Officer and executive management, as well as those reserved to the Board, are set out in the Group's delegated authority policy and these delegations are reviewed on a regular basis.

Responsibilities of the Board

The responsibilities of the Board include:

- overseeing the management of the Company and direction of its business strategy with the aim of increasing value for shareholders;
- providing strategic direction for, and approving, the Company's business strategies and objectives;
- providing oversight of the Company's occupational health and safety policies and standards;
- monitoring the operational and financial position and performance of the Company;
- overseeing the identification of the principal risks faced by the Company and taking reasonable steps designed to ensure that appropriate internal controls and monitoring systems are in place to manage and, to the extent possible, reduce the impact of these risks;
- ensuring that financial and other reporting mechanisms are put in place by the Chief Executive Officer that result in adequate, accurate and timely information being provided to the Board and the Company's shareholders and the financial market as a whole being fully informed of all material developments relating to the Company;

- appointing and, where appropriate, removing the Managing Director, approving other key executive appointments and planning for executive succession;
- overseeing and evaluating the performance of the Managing Director, and other senior executives, having regard to the Company's business strategies and objectives;
- instituting and implementing procedures for the annual review and evaluation of the performance of the Board;
- reviewing and approving remuneration for the senior executives of the Company;
- approving the Company's budgets and business plans and monitoring the management of the Company's capital, including the progress of any major capital expenditures, acquisitions or divestitures;
- establishing procedures to ensure that financial results are appropriately and accurately reported on a timely basis in accordance with all legal and regulatory requirements;
- adopting appropriate procedures to ensure compliance with all laws, governmental regulations and accounting standards;
- approving, and reviewing, the Company's internal compliance procedures, including any codes of conduct and taking all reasonable steps to ensure that the business of the Company is conducted in an open and ethical manner; and
- reviewing and amending the Board and Committee Charters.

Board processes

The Board currently holds up to ten scheduled meetings during the year plus strategy meetings and any supplementary meetings that may be necessary to address any significant matters that may arise. The agenda for meetings is prepared in conjunction with the Chairman, the Managing Director and Chief Executive Officer and the Company Secretary.

Standing items include the Managing Director's report, business group operating reports, financial reports, strategic matters and governance and compliance updates. All submissions are circulated in advance to allow the Board time to review and give due consideration to each report.

The Board has access to Company executives and management, and independent advisers. Executives are regularly involved in Board discussions and Directors have other opportunities to interact with management and co-workers during visits to business units and plants, both locally and overseas.

To ensure that the responsibilities of the Board are upheld and executed to the highest level, the Board has established the following Board Committees:

- Audit and Compliance
- Executive
- Human Resources
- Nomination

Each of these Committees has established charters and operating procedures in place, which are reviewed on a regular basis. The Board may establish other committees from time to time to deal with matters of special importance. The Committees have access to the Company's executives and senior management, as well as independent advice. Copies of the minutes of each Committee meeting are made available to the full Board, and the Chairman of each Committee provides an update on the outcomes at the Board meeting that immediately follows the Committee meeting.

The Board has also established a framework for the management of the consolidated entity, including a system of internal control, a business risk management process and the establishment of appropriate ethical standards.

The Company has an established process for the induction of new senior executives, to enable new

senior executives to actively participate in decision-making of the Company in accordance with their role, at the earliest opportunity following appointment.

A performance evaluation for senior executives takes place every six months and last took place in July 2014, in compliance with the established evaluation process, including emphasis on demonstrating Amcor's values. The Company's policy for senior executive reward and evaluation, upon which the evaluation process is based, is published on the Company's website.

Principle 2: Structure the Board to add value

The names of the members of the Board as at the date of this report are set out below. Details of the Board members' experience, expertise, qualifications, term of office and independence status are set out in the Directors' profiles on pages 24 to 26.

G R Liebelt (Chairman)
Independent Non-Executive Director

A Meyer (Deputy Chairman)
Independent Non-Executive Director

K N MacKenzie
Managing Director and
Chief Executive Officer

P V Brasher
Independent Non-Executive Director

E Cheng
Independent Non-Executive Director

K J Guerra
Independent Non-Executive Director

J L Sutcliffe
Independent Non-Executive Director

J G Thorn
Independent Non-Executive Director

Composition of the Board

The Board has a good mix of skills and diversity which are aligned with the strategy of the Company and which provide good corporate governance and oversight. Set out below are details of the

expertise, experience, diversity and spread of tenure of the current composition of the Board:

- Expertise: The Board collectively holds a wide range of knowledge and experience with expertise in manufacturing, mergers and acquisitions, corporate finance, accounting, legal, marketing and fast moving consumer goods. The Chairman, Mr Graeme Liebelt, was also previously Managing Director and Chief Executive Officer of Orica Limited.
- Geographic experience and diversity of residence: The Board collectively has experience in Australia, Europe, Asia and North America with diversity of residence in Australia, Switzerland and Hong Kong.
- Gender diversity: The Board has 2 female directors (comprising 25% of the Board).
- Spread of Tenure: The Board has a broad spread of tenure with two directors serving on the Board for less than 2 years, three directors between 2 and 4 years and three directors between 5 and 10 years.

The Board's composition is determined based on criteria set out in the Company's Constitution and the Board Charter, including:

- an objective of eight Directors, with a broad range of expertise both nationally and internationally;
- a majority of Independent Non-Executive Directors and a Non-Executive Director as Chairman;
- a majority of Directors having extensive knowledge of the Company's industries, and those who do not, having extensive expertise in significant aspects of financial reporting and risk management of large companies;
- a number of Directors having international experience in the countries in which the Company operates; and

Directors' Report

Corporate Governance Statement (continued)

- re-election of Directors at least every three years (except for the Managing Director and Chief Executive Officer).

The Board seeks to ensure that:

- at any point in time, its membership represents an appropriate balance between Directors with experience and knowledge of the Group and Directors with an external or fresh perspective;
- there is a sufficient number of Directors to serve on Board Committees without overburdening the Directors or making it difficult for them to fully discharge their responsibilities; and
- the size of the Board is appropriate to facilitate effective discussion and efficient decision making.

In reviewing its membership, the Board adheres to Amcor's diversity framework 'Talent through Diversity'. Further detail is available on pages 55 to 56.

Directors' independence

The Board has adopted specific principles in relation to Directors' independence. These state that to be deemed independent, a Director must not be a member of management and must comply with various criteria including:

- not being a substantial shareholder of the Company or otherwise associated directly or indirectly with a substantial shareholder of the Company;
- not, within the past three years, having been employed in an executive capacity by the Company or another Group member, or having been a Director within three years after ceasing to hold any such employment;
- not, within the past three years, having been a professional adviser to the Company or Group either as a principal, a material consultant, or an employee materially associated with the service provided;
- not being a partner in or controlling shareholder, or executive officer of a material supplier or customer of the Company or Group, or otherwise being

associated, directly or indirectly (to any significant extent), with a material supplier or customer;

- not having a material contractual relationship with the Company or Group other than as a Director of the Company;
- being free from any interest and any business or other relationship that could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company; and
- having the capacity to devote the necessary time to the important tasks entrusted to him/her as a Director of the Company.

The Board undertakes an annual review of the extent to which each Non-Executive Director is independent, having regard to the criteria set out in its Charter and any other relevant relationship that the Non-Executive Director may have. As part of this review process, each Director is required to make an annual disclosure of information based on the independence criteria to the Board.

The Board agreed in 2006 that, in the absence of special circumstances, the tenure for Non-Executive Directors should be limited to a maximum of ten years, to ensure Directors remain demonstrably independent, with a view to the best representation of the interests of shareholders. The Board Charter reflects this policy. The Charter contemplates that a Non-Executive Director will resign at the next Annual General Meeting after that Director has served nine years on the Board, in the absence of special circumstances.

John Thorn has served on the Board since December 2004. The Board has formed the view that, to continue the relative knowledge and experience of the Board (given the recent retirement of Mr Chris Roberts and Mr John Pizzey) and to manage a transitional handover of Mr Thorn's duties and responsibilities, the Company's best interests would be served by Mr Thorn continuing to act as a Director for a further period of up

to three years. Mr Thorn has agreed to this request subject to re-election as required by the Constitution.

The Board does not believe that Mr Thorn has served for a period that could materially interfere with his ability to act in the best interests of the Company. The Board also believes that Mr Thorn retains independent judgement and has not formed an association with management that might compromise his ability to exercise independent judgement or act in the best interests of the Company. The Directors (other than Mr Thorn) unanimously recommend the re-election of Mr Thorn.

Mr Chris Roberts and Mr John Pizzey retired as non-executive directors of the Company effective 17 December 2013. Mr Graeme Liebelt replaced Mr Chris Roberts as Chairman of the Board of Directors and Dr Armin Meyer was appointed as Deputy Chairman.

Mr Paul Brasher and Mrs Eva Cheng were appointed to the Board in January 2014 and June 2014, respectively and will stand for election at this year's Annual General Meeting. The Company engaged an independent third party provider to conduct a background check against Mr Brasher and Mrs Cheng. The Company confirms that the results from the checks were positive and the Directors (other than the relevant Director in relation to his/her own election) unanimously recommend the election of Mr Brasher and Mrs Cheng.

Term of office held by each Director

The term of office of each Director in office at the date of this report is outlined in the Directors' profiles on pages 24 to 26.

The role of the Chairman

The Board Charter provides that the Chairman should be an Independent Director and should not be the Chief Executive Officer of the Company simultaneously. The Chairman is responsible for the leadership of the Board, including taking all reasonable steps to ensure that the Board functions

effectively, and for communicating the views of the Board to the public. The particular responsibilities of the Chairman are outlined in the Board Charter, and include:

- setting the agenda for the matters to be considered at meetings of the Board;
- managing the conduct at, and frequency and length of, Board meetings so as to provide the Board with an opportunity to have a detailed understanding of issues affecting the Company; and
- facilitating open and constructive communications between members of the Board and encouraging their contribution to Board deliberations.

In accepting the position, the Chairman has acknowledged that it will require a significant time commitment and has confirmed that other positions will not hinder the effective performance of the role of Chair.

Nomination Committee

The Nomination Committee of the Board oversees the appointment and induction process for Directors and Board Committee members, and the selection, appointment and succession planning process of the Company's Managing Director and Chief Executive Officer. Details of the nomination, selection and appointment processes are available in the Nomination Committee Charter on the Company's website.

The Nomination Committee's Charter, which is available in the Corporate Governance section of the Company's website, sets out the Committee's responsibilities, which include making recommendations to the Board on the appropriate skill mix, personal qualities, expertise and diversity of each position, following the annual assessment of the Board. When a vacancy exists or there is a need for particular skills, the Committee, in consultation with the Board, determines the selection criteria based on the skills deemed necessary. The Committee identifies potential

candidates with advice from an external consultant where appropriate. The Board then appoints the most suitable candidate. Board appointees must stand for election at the next Annual General Meeting of shareholders.

The Committee also makes recommendations to the Board and oversees implementation of the procedure for evaluating the Board's performance, as well as oversees and makes recommendations to the Board in respect of ongoing training requirements of Directors.

The Nomination Committee comprises four Independent Non-Executive Directors, and the Chairman of the Board is Chairman of the Committee. The names of the members as at the date of this report are set out below and further details of their profiles are set out on pages 24 to 26.

G R Liebelt (Chairman)
Independent Non-Executive Director

A Meyer
Independent Non-Executive Director

K J Guerra
Independent Non-Executive Director

J G Thorn
Independent Non-Executive Director.

All Nomination Committee matters were dealt with by the full Board during the financial year.

The Board undertakes an assessment of its collective performance, the performance of the Board Committees and the Chairman, on an annual basis. The Chairman meets privately with individual Directors as part of the assessment process. The results of this assessment are documented and any action plans implemented. An assessment in accordance with the established process was commenced in June 2014 and is in the process of being completed. The Nomination Committee's Charter is available on the Company's website.

Individual Director's responsibilities

Directors are appointed pursuant to a formal letter of appointment and a deed of appointment, which set out the key terms relevant to the appointment, including the responsibilities and expectations of Directors in relation to attendance and preparation for all Board meetings, appointments to other boards, the procedures for dealing with conflicts of interest, and the availability of independent professional advice.

Non-Executive Directors are expected to spend a reasonable time each year preparing for and attending Board and Committee meetings and associated activities. The Directors held 9 Board meetings and 15 Committee meetings during the year. The number of meetings attended by each Director is disclosed on page 28 of this report. Directors visited operational sites of the Company in addition to attending Board meetings during the year.

It is the Company's practice to allow its executive Directors to accept appointments outside the Company with prior written approval of the Board.

The commitments of Non-Executive Directors are considered by the Nomination Committee prior to the Directors' appointment to the Board of the Company and are reviewed each year as part of the annual performance assessment.

Director induction and education

Amcor has in place a formal process to educate new Directors about the operation of the Board and its Committees, and financial, strategic, operations and risk management issues, the corporate strategy and the expectations of performance of Directors. Directors also have the opportunity to visit Amcor facilities and meet with management to gain a better understanding of business operations. Directors are given access to continuing education opportunities to update and enhance their skills and knowledge.

Directors' Report

Corporate Governance Statement (continued)

Independent professional advice and access to information

Each Director has the right of access to all relevant Company information and to the Company's executives and, subject to prior consultation with and approval from the Chairman, may seek independent professional advice from an adviser suitably qualified in the relevant field at the Company's expense.

A copy of the advice received by the Director is made available for all other members of the Board.

The Board and the Company Secretary

The Company Secretary is accountable to the Board and the appointment or removal of the Company Secretary is a matter for the Board as a whole. Each Director is entitled to access the advice and services of the Company Secretary. The names and details of the Company Secretaries as at the date of this report are set out on page 28.

Executive Committee

The Executive Committee's Charter sets out the responsibilities of the Executive Committee. The Charter is available on the Company's website. The Committee deals with matters referred to it by the Board or with urgent matters that may not be deferred until the next meeting of the Board. A majority of the Committee must be independent. The names of the members of the Committee as at the date of this report are set out below and further details of their profiles are set out on pages 24 to 26.

G R Liebelt (Chairman)
Independent Non-Executive Director

K N MacKenzie
Executive Director

A Meyer
Independent Non-Executive Director

J G Thorn
Independent Non-Executive Director

All other Non-Executive Directors receive the Executive Committee agendas and papers and are encouraged to attend meetings of the Executive Committee as available. The Committee met six times during the year and members' attendance at these meetings is disclosed in the table of Directors' meetings on page 28.

Principle 3: Promote ethical and responsible decision-making

Conflict of interest

Directors must keep the Board advised, on an ongoing basis, of any interest that could potentially conflict with those of the Company. The Board has developed procedures to assist Directors to disclose potential conflicts of interest and, each year, all Non-Executive Directors complete independence declarations. Where the Board believes that a significant conflict exists for a Director on a Board matter, the Director concerned does not receive the relevant Board papers and is not present at the meeting whilst the item is considered.

Details of Director related entity transactions with the Company are set out in note 30 to the Financial Statements.

Code of Conduct and Ethics

Amcor recognises the importance of honesty, integrity and fairness in conducting its business, and is committed to increasing shareholder value in conjunction with fulfilling its responsibilities as a good corporate citizen. All Directors, managers and co-workers are expected to act with the utmost integrity and objectivity, striving at all times to enhance the reputation and performance of the Company.

Amcor believes that it is not only required to abide by the national laws in each country in which it operates, but that it must also conduct its business in accordance with internationally accepted

practices and procedures. These core principles, which the Board and senior management of Amcor are committed to upholding, are enshrined in Amcor's values and encapsulated in Amcor's Corporate Code of Conduct and Ethics Policy, which is available in the Corporate Governance section of the Company's website.

Every co-worker has a nominated supervisor to whom they may refer any issues arising from their employment. Alternatively, co-workers may use the Whistleblower procedures in place.

Whistleblower Policy

The Code of Conduct and Ethics Policy includes a Whistleblower Policy, and Amcor operates a Whistleblower Service through an independent third party to facilitate reporting of potential misconduct within the Company. The Board regularly reviews the Code of Conduct and Ethics Policy and the Whistleblower Policy, and processes are in place to promote and communicate these policies. The Whistleblower Policy can be found in the Corporate Governance section of the Company's website.

The Whistleblower Service enables co-workers to report potential misconduct, including illegal activity, breach of the Code of Conduct, fraudulent or corrupt practices, harassment or discrimination, misleading or deceptive conduct of any kind, unethical behaviour and health, safety or environmental hazards. Matters raised under the Whistleblower program are reported to the Board through either the Audit and Compliance Committee or the Human Resources Committee, and the Whistleblower program is periodically reviewed for its effectiveness.

A Third Party Complaints email is also available on the Company's website to enable third parties such as suppliers, consumers, contractors and customers to report potential misconduct within the organisation.

Fraud Policy

The Amcor Corporate Fraud Framework and Policy outlines the responsibilities and strategies to identify fraud within the Amcor Group, and the processes for reporting of fraud and recovering losses. This policy applies to all activities, co-workers and other representatives of Amcor globally.

Anti Bribery and Corruption Policy

Amcor prohibits bribery and corruption in all of its business dealings and has in place a standalone Anti Bribery and Corruption Policy. The policy sets out Amcor's approach in relation to facilitation payments, gifts and hospitality and dealing with third parties and intermediaries. The policy outlines the framework Amcor has in place to implement anti bribery measures and monitor the occurrence of bribery and corruption. The policy also provides guidance on how to raise a concern.

Amcor's Anti Bribery and Corruption Policy applies to all of Amcor's co-workers and any parties who are employed or engaged by Amcor to act as its representative. Amcor expects its suppliers and contractors to uphold the same standards set out in the policy.

Trading in Company securities by Directors and co-workers

Amcor has a Share Trading Policy that outlines insider trading laws and prohibits Directors, co-workers and certain associates from trading in Amcor's securities during specified 'blackout periods'. The blackout periods are the period from the close of trading on 31 December each year until the day of the announcement to the ASX of the Company's half year results (usually in the third week of February), the period from the close of trading on 30 June each year until the day of the announcement of the Company's full year results (usually in the third week of August) and any other period that the Board specifies from time to time. Trading of securities during a blackout period can only occur

in exceptional circumstances and with the approval of the Company Secretary.

Under the policy, Directors and senior executives are required to certify their compliance with the policy at the end of each financial year. The policy also prohibits Directors, co-workers and certain associates from engaging in hedging arrangements over unvested securities issued pursuant to any employee option or share plans and certain vested securities that are subject to the Minimum Shareholding Policy.

The policy meets the requirements of the ASX Listing Rule on trading policies and is available in the Corporate Governance section of the Company's website.

People at Amcor

At Amcor, we recognise that our co-workers are our most valuable asset and the foundation of our success. We want to work with the best people, who are engaged and passionate about our business and our customers.

During the year, we continued to focus on engagement, leadership and diversity for Amcor's co-workers globally.

Leadership

Amcor is committed to providing a safe, rewarding and motivating environment to support co-workers in reaching their potential. In April 2012, Amcor introduced the new Amcor Leadership Framework. This Framework outlines the skills and competencies required at all leadership levels to ensure that Amcor achieves success in all its objectives.

Over the last 12 months, we continued to embed the Amcor Leadership Framework in all HR processes. This includes induction and onboarding programs, recruitment and Management and Leadership Development programs tailored to these competencies. Leadership competencies are now also assessed through our Amcor performance management process as well as through the Amcor 360 Tool to provide development feedback to co-workers on these competencies.

Diversity

Amcor is a diverse global organisation with over 27,000 co-workers working in 43 countries and with 22 languages spoken around our operations. Amcor's focus is on recruiting, retaining and developing local talent to manage its businesses around the world, and selects from this broad talent pool for its global leadership roles. Amcor strives to achieve 'Talent through Diversity'.

The Board of Directors approved a formal 'Talent through Diversity' policy in April 2011, which is available in the Corporate Governance section of Amcor's website at www.amcor.com/about_us. At Amcor, diversity means the positive recognition of the differences individuals bring to the organisation and how those individuals work together to capture the benefits these differences bring to the business.

The Board has established the following measurable objectives for advancing gender diversity within Amcor. These are reported annually to the Board and the Human Resources Committee:

- the number of women employed at Amcor as a proportion of the total workforce; and
- the proportion of women employed at leadership level (defined as middle management including plant level management and more senior management).

Amcor's progress in achieving these objectives is set out below:

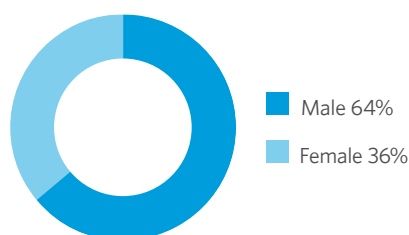
- the Board now includes two female Directors, (25% of total Directors);
- Amcor has an employee population of over 27,000 co-workers in 43 countries and approximately 20% of this population are women; and
- the representation of women in leadership positions is 26%. Leadership positions include plant management and more senior management.

Directors' Report

Corporate Governance Statement (continued)

Amcor continues to have a strong focus on gender representation in talent acquisition. The following graph outlines the appointments of female co-workers to our Senior Leadership roles (direct reports to our Global Management Team).

2013/14 gender split of appointments to Senior Leadership positions %



There is also a wide range of initiatives underway in our global operations to promote and encourage diversity at Amcor. Examples of these initiatives include:

- our businesses in Europe continue to focus on improving our performance in the attraction and retention of a diverse workforce. Our Tobacco Packaging business recently implemented policies and programs to improve flexibility and work-life balance for co-workers;
- our business in the US runs an intern program with a particular focus on attracting women into the business. This is supported by a Young Women's network, which meets monthly to support young women in their careers; and
- when recruiting for senior leadership positions at least one female candidate is required on the short list.

Co-worker Engagement

In early 2014 Amcor conducted its second Global Engagement Survey. We received a very strong response rate of 93%. The results showed a continuing strong level of workforce engagement. This survey is used as a tool to identify areas of focus to enhance future co-worker engagement.

Our CEO Outperformance Awards program continued to run during the year. This program recognises co-workers from around the business for their outstanding achievements in Safety, Customer Focus and "Being Amcor" – our Values and Operating Model, The Amcor Way.

We continue our work on Leadership, Diversity and Engagement and are committed to creating an inclusive environment that supports high performance, engagement and passion to succeed.

Principle 4: Safeguard integrity in financial reporting

Audit and Compliance Committee

The Audit and Compliance Committee has a documented Charter approved by the Board, which is the subject of regular review. The Charter was reviewed during the reporting period with the aim of ensuring compliance with the ASX Principles. The Audit and Compliance Committee's Charter is available in the Corporate Governance section of the Company's website.

The Audit and Compliance Committee Charter provides that all members of the Audit and Compliance Committee must be Independent Non-Executive Directors and the Chairman cannot be the Chairman of the Board.

The Audit and Compliance Committee assists the Board in fulfilling its responsibility for oversight of the quality and integrity of the accounting, auditing and financial reporting processes of the Company, the audits of the Company's financial statements, the performance of the Company's internal and external auditors and the Company's processes to manage financial risk. The Committee approves the appointment of or dismissal of the head of the Company's internal audit function. The head of internal audit provides regular reports directly to the Committee. The Committee Charter provides that the Committee will have the authority and resources necessary to discharge its duties and responsibilities, including meeting with the auditors

without management present. The Committee is responsible for the appointment, compensation, retention and oversight of the external auditor, including the independence of the external auditor, and review of any non-audit services provided by the external auditor. The Company's Audit and Compliance Committee policy is to review the performance of the external auditor regularly regarding quality, costs and independence.

PricewaterhouseCoopers was appointed as external auditor by the shareholders in 2007. Mr Dale McKee was appointed as the Company's audit engagement partner at that time. In 2013, it was reported that Mr McKee will continue as the Company's audit engagement partner for the 2014 financial year and that the Company was working with PricewaterhouseCoopers on transitioning Mr McKee and on-boarding Mr McKee's successor. Mr John Yeoman is Mr McKee's successor and will be the Company's audit engagement partner for the 2015 financial year.

It is the policy of the external auditor to provide an annual declaration of their independence to the Audit Committee (page 60). Fees paid to the external auditor, including a breakdown of fees for non-audit services, are reported in note 9 to the Financial Statements. The Audit and Compliance Committee is required under the Charter to meet at least quarterly and otherwise as necessary. The Committee met four times during the year and Committee members' attendance records are disclosed in the table of Directors' meetings on page 28.

The external auditor met with the Audit and Compliance Committee without management being present at each Committee meeting held this year. The names of the members of the Committee as at the date of this report are set out below and further details of their qualifications are set out on pages 24 to 26.

J G Thorn (Chairman)
Independent Non-Executive Director

G R Liebelt
Independent Non-Executive Director

P V Brasher
Independent Non-Executive Director

The internal and external auditors, the Managing Director and Chief Executive Officer and the Executive Vice President Finance and Chief Financial Officer, are invited to the Audit and Compliance Committee meetings at the discretion of the Committee.

Principles 5 and 6: Make timely and balanced disclosure and respect the rights of shareholders

Amcor has established policies and procedures to ensure timely and balanced disclosure of all material matters concerning the Company, and to ensure that all investors have access to information on Amcor's financial performance. These policies and procedures include a comprehensive Disclosure Policy that includes identification of matters that may have a material effect on the price of the Company's securities, notifying them to the ASX, posting relevant information on the Company's website and issuing media releases. Details of other forms of shareholder communication are set out in the Shareholder Communications Policy. These policies are available on the Company's website. The Shareholder Communications Policy describes Amcor's approach to promoting effective communication with shareholders, which includes:

- the Annual Report, including relevant information about the operations of the consolidated entity during the year, key financial information and changes in the state of affairs. The Annual Reports for the current year and for several previous years are available under the Investors section of the Amcor website;
- the half year and full year financial results are announced to the ASX and

are available to shareholders via the Amcor and ASX websites;

- all announcements made to the market, and related information (including presentations to investors and information provided to analysts or the media during briefings), are made available to all shareholders under the Investors section of the Amcor website after they are released to the ASX; and
- a live webcast of the Chairman's address is available on the Company's website at the time of the Annual General Meeting, and an archived webcast of the Chairman's address is available in the Investors section of the Amcor website, together with other Annual General Meeting materials, including notices of meetings and associated explanatory material. All ASX announcements, media releases and financial information are available on Amcor's website within one day of public release.

The Board encourages full participation by shareholders at the Annual General Meeting to ensure a high level of Director accountability to shareholders and shareholder identification with the Company's strategy and goals. Notices for general meetings and other communications with shareholders are drafted to ensure that they are honest, accurate and not misleading, and that the nature of the business of the meeting is clearly stated and explained where necessary. Important issues are presented to the shareholders as single resolutions. The shareholders are requested to vote on matters such as the election and aggregate remuneration of Directors, the adoption of the Company's Remuneration Report, the granting of options and shares to Directors and changes to the Constitution.

The external auditor attends the Annual General Meeting to answer any questions concerning the audit and the content of the auditor's report.

A copy of the Constitution is available to any shareholder who requests it, and can be viewed on the Company's website.

Principle 7: Recognise and manage risk

Risk Management Framework

Amcor understands and recognises that rigorous risk management is essential for corporate stability and for sustaining its competitive market position and long-term performance. The following objectives drive Amcor's approach to risk management:

- supporting the achievement of the Company's strategic and operating plan through an effective balance of risk and reward;
- having a culture that is risk aware and supported by high standards of accountability at all levels;
- achieving a truly integrated risk management approach in which risk management forms part of all key organisational processes;
- supporting more effective decision making through better understanding and consideration of material risk exposures;
- improving stakeholder confidence and trust;
- safeguarding the Company's assets – human, property, reputation, knowledge; and
- enabling the Board to fulfil its governance and compliance requirements.

Amcor's approach incorporates the principles of effective risk management, as set out in the International Risk Management Standard ISO31000, and the COSO standard Internal Control – an Integrated Framework.

In achieving effective risk management, Amcor recognises the importance of leadership. As such, the Board and senior executives have responsibility for driving and supporting risk management across the Group.

Directors' Report

Corporate Governance Statement (continued)

Amcor's Enterprise Risk Management (ERM) program seeks to apply risk management across an entire organisation and it does this so that all material exposures can be identified, assessed and treated. In recognition of this, the Amcor Board sets the risk appetite and has formally endorsed a broad approach to risk management incorporating economic, reputational and sustainability risks.

Amcor acknowledges that some events may be largely unpredictable and exceed the capacity of even the most robust management methods and structure. Amcor's Business Continuity and Crisis Management program seeks to increase the organisation's resilience to exceptional events and in turn contribute to more stable corporate performance.

Amcor's Group Internal Audit team plays a key role in reviewing the effectiveness of Amcor's risk management framework and reports findings to the Audit and Compliance Committee.

The combined strength of Amcor's culture of Integrity, management control activities, risk management and assurance function provide the Group with an effective and sound risk management framework.

Internal control

Amcor's Directors accept the responsibility for oversight of the effectiveness of the Group's internal control environment. The Board's policies on internal governance control are comprehensive, as noted earlier in this statement, and include clearly drawn lines of accountability and delegation of authority, as well as adherence to the Code of Conduct and Ethics. In order to effectively discharge these responsibilities, the Company has a number of assurance functions (including the internal audit function) to independently review the control environment and provide regular reports to Directors and management committees. These reports and associated recommendations are considered and acted upon to maintain or strengthen the control environment.

Amcor's internal audit function assists the Board to ensure compliance with the internal controls and risk management programs by regularly reviewing the effectiveness of the Company's compliance and control systems. The Audit and Compliance Committee is responsible for approving the scope of the internal audit plan, overseeing the performance of the internal audit team and reporting to the Board on the status of the risk management system.

Environmental regulation

The consolidated entity is committed to achieving a high standard of environmental performance. Its operations are subject to significant environmental regulation in all countries in which it maintains a presence.

Environmental exposures and compliance with environmental regulations form part of Amcor's Occupational Health and Safety standards. Environmental performance and significant environmental matters are regularly discussed within the Amcor group. Amcor has also established an internal reporting process where environmental performance is reported from each site up through OHSE management to the Board each year. There were no material breaches of environmental regulations and specific requirements of site environmental licences identified across all of Amcor's operations in the 2013/14 financial year.

Information on compliance with significant environmental regulations is set out on page 29 of the Directors' Report. The Sustainability Review on pages 16 to 19 also addresses environmental performance.

Corporate reporting

The Board has required management to design and implement a risk management and internal control system to manage the entity's material business risks and to report on whether those risks are being effectively managed.

The Managing Director and Chief Executive Officer and the Executive Vice President

Finance and Chief Financial Officer have reported and declared in writing to the Board as to the effectiveness of the Company's management of its material business risks, in accordance with Recommendation 7.2 of the ASX Principles.

The Board has received the relevant declarations from the Managing Director and Chief Executive Officer and the Executive Vice President Finance and Chief Financial Officer in accordance with section 295A of the *Corporations Act 2001* and the relevant assurances required under Recommendation 7.3 of the ASX Principles.

Principle 8: Remunerate fairly and responsibly

Human Resources Committee

The Human Resources Committee reviews and makes recommendations to the Board on remuneration packages and policies applicable to the Managing Director and Chief Executive Officer, senior executives and Non-Executive Directors.

It is also responsible for oversight of the Company's policies and procedures for retention of senior management, incentive performance schemes, executive development leadership and succession plans, and human resource plans for each business. The majority of members must be independent, and the Chairman of the Committee is an Independent Non-Executive Director. The Committee reviews the remuneration of the Managing Director and Chief Executive Officer and senior executives, taking advice from external advisers where appropriate. No individual is directly involved in deciding their own remuneration. The Human Resources Committee's Charter is available in the Corporate Governance section of the Company's website.

Details of the Company's remuneration, recruitment, retention and termination policies and procedures for senior executives, and details of senior executives' remuneration and incentives

are set out in the Remuneration Report, on pages 32 to 49. Information regarding the structure of Non-Executive Director remuneration, superannuation for Non-Executive Directors and the Company policy on retirement benefits is contained in the Remuneration Report, on pages 44.

The names of the members of the Human Resources Committee as at the date of this report are set out below and further details of their profiles are set out on pages 24 to 26. The Human Resources Committee meets at least quarterly and, otherwise, as and when required. The Committee met five times during the year and Committee members' attendance records are disclosed in the table of Directors' meetings on page 28.

A Meyer (Chairman)
Independent Non-Executive Director

J L Sutcliffe
Independent Non-Executive Director

K J Guerra
Independent Non-Executive Director

G R Liebelt
Independent Non-Executive Director

The Managing Director and Chief Executive Officer is not a member of this Committee, but attends meetings by invitation. The Managing Director and Chief Executive Officer will not attend for matters relating to the remuneration of the Managing Director and Chief Executive Officer.

Declaration

This Directors' Report is made in accordance with a resolution of the Directors, dated at Melbourne, in the State of Victoria, on 19 August 2014.



Graeme Liebelt
Chairman

Auditor's Independence Declaration



pwc

As lead auditor for the audit of Amcor Limited for the year ended 30 June 2014,
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.

Dale McKee

Partner

PricewaterhouseCoopers

Melbourne

19 August 2014

PricewaterhouseCoopers, ABN 52 780 433 757

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Financial Report

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Financial Report

Income Statement

for the financial year ended 30 June 2014

\$ million	Note	2014	2013 Restated ⁽¹⁾
Continuing Operations			
Sales revenue	2, 5	10,853.4	9,485.8
Cost of sales		(8,803.6)	(7,737.8)
Gross profit		2,049.8	1,748.0
Other income	5	126.9	113.1
Sales and marketing expenses		(243.5)	(205.2)
General and administration expenses		(701.8)	(634.6)
Research costs		(76.0)	(66.0)
Share of net profit of equity accounted investments		21.9	25.8
Profit from operations		1,177.3	981.1
Finance income	5	30.8	20.7
Finance expenses	6	(241.2)	(211.8)
Net finance costs		(210.4)	(191.1)
Profit before related income tax expense		966.9	790.0
Income tax expense	8(b)	(198.4)	(173.0)
Profit for the financial period from continuing operations		768.5	617.0
Profit from continuing operations attributable to:			
Owners of Amcor Limited		737.0	589.2
Non-controlling interest		31.5	27.8
		768.5	617.0
Discontinued Operations			
Loss from discontinued operations, net of tax	3a	(172.2)	(5.5)
Profit for the financial period		596.3	611.5
Profit attributable to:			
Owners of Amcor Limited		564.8	583.7
Non-controlling interest		31.5	27.8
		596.3	611.5
		Cents	Cents
Earnings per share for profit from continuing operations attributable to the ordinary equity holders of Amcor Limited			
Basic earnings per share	10	61.1	48.9
Diluted earnings per share	10	60.0	48.1
Earnings per share for profit attributable to the ordinary equity holders of Amcor Limited			
Basic earnings per share	10	46.8	48.4
Diluted earnings per share	10	46.0	47.6

(1) The prior period comparative has been restated as a result of a change in the accounting standard for defined benefit obligations and discontinued operation presentation. Refer to note 1(b), 1(z) and note 3.

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 2014

\$ million	Note	2014	2013 Restated ⁽¹⁾
Profit for the financial period		596.3	611.5
Other comprehensive income/(loss)			
Items that may be reclassified subsequently to profit or loss:			
<i>Available-for-sale financial assets</i>			
Net change in fair value of available-for-sale financial assets	26(a)	2.8	(0.3)
<i>Cash flow hedges</i>			
Effective portion of changes in fair value of cash flow hedges	26(a)	(2.2)	0.2
Net change in fair value of cash flow hedges reclassified to profit or loss	26(a)	5.2	3.9
Net change in fair value of cash flow hedges reclassified to non-financial assets	26(a)	0.1	(2.0)
Tax on cash flow hedges	26(a)	(0.8)	(0.3)
<i>Share based payments</i>			
Net transfer of Share Based Payment Reserve to accruals for cash settlement	26(a)	(4.4)	-
<i>Exchange differences on translating foreign operations</i>			
Exchange differences on translation of foreign operations		39.4	410.0
Net investment hedge of foreign operations		(41.4)	(234.8)
Share of equity accounted investees exchange fluctuation reserve		6.8	0.5
Tax on exchange differences on translating foreign operations	26(a)	7.5	67.3
Items that will not be reclassified to profit or loss:			
<i>Retained earnings</i>			
Actuarial losses on defined benefit plans	24(b)	(28.2)	(57.8)
Tax on actuarial losses on defined benefit plans		6.2	12.9
Other comprehensive income/(loss) for the financial period, net of tax		(9.0)	199.6
Total comprehensive income for the financial period		587.3	811.1
Total comprehensive income attributable to:			
Owners of Amcor Limited		557.6	793.6
Non-controlling interest		29.7	17.5
		587.3	811.1
Total comprehensive income for the period attributable to owners of Amcor Limited arises from:			
Continuing operations		729.8	722.4
Discontinued operations		(172.2)	71.2
		557.6	793.6

(1) The prior period comparative has been restated as a result of a change in the accounting standard for defined benefit obligations. Refer to note 1(b) and 1(z).

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

Financial Report

Statement of Financial Position

as at 30 June 2014

\$ million	Note	2014	2013 Restated ⁽¹⁾	1 July 2012 Restated ⁽¹⁾
Current assets				
Cash and cash equivalents	11	541.1	394.9	357.6
Trade and other receivables	12	1,482.6	1,829.5	1,584.8
Inventories	13	1,411.0	1,814.6	1,663.6
Other financial assets	14	8.9	36.8	12.0
Other current assets	15	88.1	121.7	110.1
Total current assets		3,531.7	4,197.5	3,728.1
Non-current assets				
Investments accounted for using the equity method	16	516.8	499.5	489.9
Other financial assets	14	163.4	116.1	41.1
Property, plant and equipment	17	3,100.2	4,883.0	4,667.6
Deferred tax assets	18	101.0	177.2	141.4
Intangible assets	19	2,119.4	2,300.7	1,999.5
Retirement benefit assets	24	43.9	35.6	64.2
Other non-current assets	15	120.9	212.8	195.2
Total non-current assets		6,165.6	8,224.9	7,598.9
Total assets		9,697.3	12,422.4	11,327.0
Current liabilities				
Trade and other payables	20	2,643.9	3,087.5	2,744.7
Interest-bearing liabilities	21	554.0	1,184.8	915.5
Other financial liabilities	22	66.8	90.1	143.4
Current tax liabilities		103.6	44.6	95.1
Provisions	23	131.0	294.9	298.0
Total current liabilities		3,499.3	4,701.9	4,196.7
Non-current liabilities				
Trade and other payables	20	5.0	22.0	19.1
Interest-bearing liabilities	21	3,186.5	3,177.6	2,992.7
Other financial liabilities	22	-	12.4	13.2
Deferred tax liabilities	18	267.7	281.7	212.9
Provisions	23	134.5	182.0	174.4
Retirement benefit obligations	24	333.2	341.0	331.3
Total non-current liabilities		3,926.9	4,016.7	3,743.6
Total liabilities		7,426.2	8,718.6	7,940.3
NET ASSETS		2,271.1	3,703.8	3,386.7
Equity				
Contributed equity	25	2,885.4	3,821.3	3,784.4
Reserves	26(a)	(1,355.6)	(776.5)	(993.9)
Retained earnings	26(b)	625.4	565.5	507.7
Total equity attributable to the owners of Amcor Limited		2,155.2	3,610.3	3,298.2
Non-controlling interest		115.9	93.5	88.5
TOTAL EQUITY		2,271.1	3,703.8	3,386.7

(1) The prior period comparative has been restated as a result of a change in the accounting standard for defined benefit obligations. Refer to note 1(b) and 1(z).

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 2014

\$ million	Note	Attributed to owners of Amcor Limited				Non-controlling interest	Total equity
		Contributed equity	Reserves	Retained earnings	Total		
Balance at 1 July 2013	25	3,821.3	(776.2)	562.3	3,607.4	93.5	3,700.9
Adjustment resulting from change in accounting policy (net of tax) ⁽¹⁾		-	(0.3)	3.2	2.9	-	2.9
Restated balance at 1 July 2013	25, 26	3,821.3	(776.5)	565.5	3,610.3	93.5	3,703.8
Profit for the financial period		-	-	564.8	564.8	31.5	596.3
Total other comprehensive income/(loss)	26(a)	-	14.8	(22.0)	(7.2)	(1.8)	(9.0)
Total comprehensive income for the financial period		-	14.8	542.8	557.6	29.7	587.3
Transactions with owners in their capacity as owners:							
Contributions of equity, net of transaction costs and related tax	26(a)	51.7	-	-	51.7	6.5	58.2
Demerger of Australasia and Packaging Distribution business	25(a), 26(a)	(908.9)	(587.6)	-	(1,496.5)	-	(1,496.5)
Purchase of treasury shares	25(c)	(59.9)	-	-	(59.9)	-	(59.9)
Dividends paid	26(b), 27	-	-	(482.9)	(482.9)	(13.8)	(496.7)
Forward contracts to purchase own equity to meet share plan obligations and related tax	25(a), 26(a)	(55.0)	(5.1)	-	(60.1)	-	(60.1)
Settlement of options and performance rights	26(a)	36.2	(36.2)	-	-	-	-
Share-based payments expense	26(a)	-	35.0	-	35.0	-	35.0
Balance at 30 June 2014	25, 26	2,885.4	(1,355.6)	625.4	2,155.2	115.9	2,271.1
Balance at 1 July 2012	25	3,784.4	(994.0)	500.7	3,291.1	88.5	3,379.6
Adjustment resulting from change in accounting policy (net of tax) ⁽¹⁾		-	0.1	7.0	7.1	-	7.1
Restated balance at 1 July 2012	26	3,784.4	(993.9)	507.7	3,298.2	88.5	3,386.7
Profit for the financial period		-	-	583.7	583.7	27.8	611.5
Total other comprehensive income/(loss)	26(a)	-	254.8	(44.9)	209.9	(10.3)	199.6
Total comprehensive income for the financial period		-	254.8	538.8	793.6	17.5	811.1
Transactions with owners in their capacity as owners:							
Contributions of equity, net of transaction costs and related tax		87.0	(28.2)	-	58.8	4.6	63.4
Shares purchased on-market to satisfy exercise of options and rights under share-based payment plans	25(a)	(23.7)	-	-	(23.7)	-	(23.7)
Purchase of treasury shares	25(c)	(15.8)	-	-	(15.8)	-	(15.8)
Dividends paid	26(b), 27	-	-	(464.7)	(464.7)	(10.7)	(475.4)
Forward contracts to purchase own equity to meet share plan obligations	25(a), 26(a)	(59.6)	5.4	-	(54.2)	-	(54.2)
Settlement of options and performance rights	26(a)	49.0	(49.0)	-	-	-	-
Share-based payments expense	26(a)	-	34.4	-	34.4	-	34.4
Non-controlling interest buy-out	26(b)	-	-	(16.3)	(16.3)	(6.4)	(22.7)
Balance at 30 June 2013	25, 26	3,821.3	(776.5)	565.5	3,610.3	93.5	3,703.8

(1) The prior period comparative has been restated as a result of a change in the accounting standard for defined benefit obligations. Refer to note 1(b) and 1(z).

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 2014

\$ million	Note	2014	2013 Restated ⁽¹⁾
Cash flows from operating activities			
Profit from continuing operations		768.5	617.0
Depreciation	6	379.3	333.8
Amortisation of intangible assets	6	30.2	23.9
Impairment losses on property, plant and equipment, intangibles, receivables and inventory		11.3	12.9
Reversal of impairment losses on property, plant and equipment, receivables and inventory		(13.0)	(11.7)
Curtailment (gains)/losses, net of non-cash retirement benefit expense		(1.0)	8.5
Net finance costs	5, 6	210.4	191.1
Grant income recognised	5	(1.0)	(1.7)
Net gain on disposal of non-current assets	5	(21.6)	(9.4)
Net loss/(gain) on liquidation of businesses/controlled entities	6	1.3	-
Fair value gain/(loss) on financial assets at fair value through income statement	6	0.3	(0.2)
Share of net profits of equity accounted investments	16	(21.9)	(25.8)
Net foreign exchange (gain)/loss		(1.5)	0.5
Dividends from other entities	5	(0.5)	(0.1)
Share-based payments expense	29(e)	33.0	34.4
Other sundry items		(27.2)	(16.3)
Income tax expense	8(b)	198.4	173.0
Operating cash flows before changes in working capital and provisions		1,545.0	1,329.9
– (Increase)/Decrease in prepayments and other operating assets		(18.3)	6.3
– (Decrease)/Increase in employee benefits and other operating liabilities		(35.9)	(42.6)
– (Decrease)/Increase in provisions		(35.3)	(75.8)
– (Increase)/Decrease in trade and other receivables		(5.7)	(20.5)
– Decrease/(Increase) in inventories		15.5	(57.3)
– Increase/(Decrease) in trade and other payables		54.8	64.2
		1,520.0	1,204.2
Dividends received		11.7	71.1
Interest received		46.6	25.3
Borrowing costs		(258.2)	(214.8)
Income tax paid		(149.1)	(127.1)
Net cash from continuing operating activities		1,171.0	958.7
Net cash from discontinued operating activities	3	20.2	87.8
Net cash flows from operating activities		1,191.3	1,046.5
Cash flows from investing activities			
Granting/(repayment) of loans to associated companies and other persons		0.9	(1.9)
Payments for acquisition of controlled entities, businesses and associates, net of cash acquired		(118.3)	(194.0)
Payments for property, plant and equipment and intangible assets		(362.2)	(323.4)
Proceeds on disposal of associates, controlled entities and businesses		25.5	16.6
Proceeds on disposal of property, plant and equipment		78.3	22.9
Net cash from continuing investing activities		(375.8)	(479.8)
Net cash from discontinued investing activities	3	(67.0)	(109.1)
Cash, net of overdraft, disposed of on demerger of the Australasia and Packaging Distribution business		(67.1)	-
Net cash flows from investing activities		(509.9)	(588.9)

(1) The prior period comparative has been restated as a result of a change in the accounting standard for defined benefit obligations and discontinued operation presentation. Refer to note 1(b), 1(z) and note 3.

The above Cash Flow Statement should be read in conjunction with the accompanying notes.

\$ million	Note	2014	2013 Restated ⁽¹⁾
Cash flows from financing activities			
Proceeds from share issues and calls on partly-paid shares	29(b)	51.8	87.0
Shares purchased on-market and settlement of forward contracts, to satisfy exercises of options and rights under share-based payment plans		(73.9)	(129.8)
Payments for treasury shares	25(c)	(59.9)	(15.8)
Proceeds on capital contribution from non-controlling interest		3.8	-
Proceeds from borrowings		9,923.2	6,494.0
Repayment of borrowings		(9,970.8)	(6,419.3)
Principal lease repayments		(3.4)	(0.8)
Dividends and other equity distributions paid		(496.3)	(478.2)
Net cash from continuing financing activities		(625.5)	(462.9)
Net cash from discontinued financing activities	3	91.0	37.6
Net cash flows from financing activities		(534.5)	(425.3)
Net increase in cash held from continuing activities		169.7	16.0
Net increase in cash held from discontinued activities		44.2	16.3
Cash and cash equivalents at the beginning of the financial period		366.5	322.1
Cash, net of overdraft, disposed of on demerger of the Australasia and Packaging Distribution business		(671)	-
Effects of exchange rate changes on cash and cash equivalents for continuing and discontinued activities		23.0	12.1
Cash and cash equivalents at the end of the financial period⁽²⁾		536.3	366.5

(1) The prior period comparative has been restated as a result of a change in the accounting standard for defined benefit obligations and discontinued operation presentation. Refer to note 1(b), 1(z) and note 3.

(2) Refer to notes 11 and 21 for details of the financing arrangements of the consolidated entity.

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 assets and cash equivalents	11	541.1	394.9
Bank overdrafts	21	(4.8)	(28.4)
Cash and cash equivalents at the end of the financial period		536.3	366.5

The consolidated entity operates in 43 countries around the world, some of which impose restrictions over cash movement. The estimated restricted cash balance at 30 June 2014 is between \$70 million and \$80 million.

The above Cash Flow Statement should be read in conjunction with the accompanying notes.

Financial Report

Notes to the Financial Statements

30 June 2014

Note 1. Summary of Significant Accounting Policies

Amcor Limited ('the Company') is a company domiciled in Australia. The Financial Report includes financial statements of the Company and its subsidiaries (together referred to as the 'consolidated entity') and the consolidated entity's interests in associates and jointly controlled entities. The principal accounting policies adopted in the preparation of the consolidated financial statements are set out below. These policies have been consistently applied to all periods presented.

(a) Basis of preparation Statement of compliance

The consolidated entity is a for-profit entity for the purpose of preparing the financial statements. This general purpose Financial Report for the year ended 30 June 2014 has been prepared in accordance with Australian Accounting Standards (AASBs), including Australian Accounting Interpretations, adopted by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*. The Financial Report of the consolidated entity also complies with International Financial Reporting Standards (IFRSs) and Interpretations as issued by the International Accounting Standards Board (IASB).

The Company is of the kind referred to in the Australian Securities and Investments Commission Class Order 98/0100 dated 10 July 1998. In accordance with that Class Order, amounts in the consolidated financial statements have been rounded to the nearest \$100,000 or, where the amount is \$50,000 or less, zero, unless specifically stated otherwise. The consolidated financial statements were approved by the Board of Directors on 19 August 2014.

Basis of measurement

The consolidated financial statements have been prepared under the historical cost convention except for the following items in the statement of financial position:

- available-for-sale financial assets are measured at fair value;
- derivative financial instruments are measured at fair value;
- non-derivative financial instruments at fair value through profit or loss are measured at fair value;
- liabilities for cash settled share-based payment arrangements are measured at fair value; and
- the retirement benefit asset is recognised as plan assets less the present value of the retirement benefit obligation and is limited as explained in note 1(t).

Critical accounting estimates and assumptions

The preparation of consolidated financial statements requires management to exercise judgement and make estimates and assumptions in applying the consolidated entity's accounting policies which impact the reported amounts of assets, liabilities, income and expenses.

Estimates and judgements are evaluated on an ongoing basis and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The actual result may differ from these accounting estimates. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Management believes the following are the critical accounting policies that involve a high degree of judgement or complexity, or where assumptions and estimation uncertainties are significant in the preparation of the consolidated financial statements:

- the testing for impairment of assets – refer note 1(p), notes 16, 17 and 19;
- measurement of the recoverable amounts of cash generating units containing goodwill – refer notes 1(o), 1(p) and note 19;
- direct and indirect income tax related assumptions and estimates, including

utilisation of tax losses – refer note 1(j), note 18 and note 31;

- measurement of insurance and other claims – refer note 1(r) and note 23;
- measurement of retirement benefit obligations – refer note 1(t) and note 24;
- measurement of share-based payments – refer note 1(s) and note 29;
- valuation of financial instruments – refer note 1(k) and note 28; and
- the provisioning for restructuring and market sector rationalisation costs – refer note 1(r), note 6 and note 23.

(b) Changes in accounting policy and new and amended standards adopted

The following accounting policies of the consolidated entity have been amended as the result of the adoption of new or revised accounting standards:

- Retirement benefit obligations – revised AASB 119 *Employee Benefits*; and
- Principles of consolidation – new standards AASB 10 *Consolidated Financial Statements* and AASB 11 *Joint Arrangements*

In addition to the above standards AASB 13 *Fair Value Measurement* is also applicable for the first time for the year ended 30 June 2014. This standard has introduced new disclosures for this Financial Report but did not affect the consolidated entity's accounting policies or any of the amounts recognised in the financial statements.

(i) Retirement benefit obligations

The consolidated entity has changed its accounting policy with respect to the basis for determining the income or expense related to defined benefits on adoption of the revised standard AASB 119 *Employee Benefits*.

Under revised AASB 119 the consolidated entity determines the net interest expense or income for the period by applying the discount rate to the net defined benefit liability or asset. Previously the consolidated entity

determined interest income on plan assets based on their long term rate of expected return. In addition revised AASB 119 requires all remeasurements to be presented in equity and the immediate recognition of all past service cost in the income statement. Previously past service costs were recognised on a straight line basis over the vesting period if the changes were conditional on the employee remaining in service for a specified period of time (the vesting period). The revised standard does not mandate where to present remeasurements in equity. The consolidated entity has chosen to retain their previous policy of recognising remeasurements directly in retained earnings.

As the revised standard is required to be adopted retrospectively, adjustments to the retirement benefit obligations have been recognised at the beginning of the earliest period presented (1 July 2012) and the income statement and statement of comprehensive income for the comparative period have been restated.

The impact of the retrospective adoption of revised AASB 119 on the individual line items in the financial statements is shown in note 1(z).

(ii) Principles of consolidation *Subsidiaries*

AASB 10 *Consolidated Financial Statements* introduces a new control model that is applicable to all investees. As a result, the consolidated entity has changed its accounting policy for determining whether it has control over an investee and consequently whether it consolidates that investee.

Subsidiaries are those entities that are controlled by the consolidated entity. Control exists where the consolidated entity has power over an entity, exposure or rights to variable returns from its involvement with that entity and has the ability to use that power to affect those returns. In assessing control, in addition to considering the existence of potential voting rights that are presently exercisable or convertible, the consolidated entity also considers

relationships with other parties that may result in the consolidated entity controlling an entity on the basis of de facto circumstances.

The financial statements of subsidiaries are included in the consolidated financial statements from the date the consolidated entity obtains control until the date that control ceases. All balances and transactions between entities included within the consolidated entity are eliminated. Non-controlling interests in the results and equity of subsidiaries are shown separately in the income statement, statement of comprehensive income, statement of financial position and statement of changes in equity, respectively.

The consolidated entity reassessed the control conclusion of its investees at 1 July 2013 applying the new accounting policy. No differences were identified in respect of the consolidated entity's investees and therefore no adjustments to any of the carrying amounts in the financial statements are required as a result of the adoption of AASB 10.

Investments in jointly controlled entities

As a result of AASB 11 *Joint Arrangements* the consolidated entity has changed its accounting policy for its interests in joint arrangements. Joint arrangements are classified as either joint operations or joint ventures depending on the consolidated entity's rights to the assets and obligations for the liabilities of the arrangements. When making this assessment the consolidated entity considers the structure of the arrangements, the legal form of any separate vehicles, the contractual terms of the arrangements and other facts and circumstances.

A joint operation is where the parties to the arrangement have rights to the assets and obligations for the liabilities. The consolidated entity accounts for its interest in a joint operation by recognising the assets, liabilities, revenue and expenses held in the joint arrangement as well as the consolidated entity's share of any assets or liabilities that are jointly held and the share of any revenue or

expenses that are jointly generated or incurred.

A joint venture is where the parties have rights to the net assets of the arrangement. The consolidated entity accounts for its interest in a joint venture as an investment using the equity method. After initially being recognised at cost the consolidated entity recognises its share of the joint venture's profit or loss in the income statement and its share of movements in the joint venture's other comprehensive income is recognised in the consolidated entity's other comprehensive income until the date that the consolidated entity's rights to the assets and obligations of the joint arrangement change. These cumulative movements are adjusted against the carrying amount of the investment. Dividends received from the equity accounted investment are recognised as a reduction in the carrying amount of the investment.

At 1 July 2013 the consolidated entity re-evaluated its involvement in its single joint arrangement applying the new accounting policy. The joint arrangement was identified as a joint venture and as a result the accounting for the arrangement has not changed, the consolidated entity continues to account for the investment using the equity method; accordingly, there has been no impact on the recognised assets, liabilities and total comprehensive income of the consolidated entity.

(iii) New and amended standards adopted by the consolidated entity

In addition to the new standards described above, the consolidated entity has also applied the following new standards and amendments for the first time for the annual reporting period ending 30 June 2014. These standards only affected the disclosures in the notes to the financial statements:

- AASB 12 *Disclosure of Interests in Other Entities* which sets out the required disclosures for the consolidated entity under AASB 10 and AASB 11.

Financial Report

Notes to the Financial Statements

30 June 2014 (continued)

Note 1. Summary of Significant Accounting Policies (continued)

(b) Changes in accounting policy and new and amended standards adopted (continued)

(iii) New and amended standards adopted by the consolidated entity (continued)

- AASB 2012-5 *Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle* which makes a number of minor amendments to Australian Accounting Standards, including AASB 101 *Presentation of Financial Statements*, clarifying the disclosure requirements for comparative information when an entity provides a third balance sheet.
- AASB 2011-4 *Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements* which removes the individual key management personnel disclosure requirements from AASB 124 *Related Party Disclosures*.

The consolidated entity has also elected to early adopt AASB 2013-3 *Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets* in this Financial Report. This standard makes minor amendments to the disclosure requirements of AASB 136 *Impairment of Assets* which requires disclosure of the recoverable amount of all cash generating units that contain goodwill. The amendments allow the recoverable amount to be disclosed only if any cash generating unit containing goodwill is impaired.

(c) Principles of consolidation

Investments in associates

Associates are those entities over which the consolidated entity has significant influence, but not control or joint control, to govern the financial and operating policies. Significant influence is presumed to exist when the consolidated entity holds between 20% and 50% of the

voting power of another entity. After initially being recognised at cost, the consolidated entity accounts for investments in associates using the equity method.

From the date that significant influence commences, the consolidated entity recognises its share of the equity accounted investees' profits or losses in the income statement and its share of movements in other comprehensive income is recognised in other comprehensive income until the date that significant influence ceases. These cumulative movements are adjusted against the carrying amount of the investment. Dividends receivable from the investees are recognised as a reduction in the carrying amount of the investment.

Changes in the consolidated entity's share of the net worth of an associate investee, due to dilution caused by an issue of equity by the investee, are recognised in the income statement as a gain or loss. The consolidated entity's investment in the associate investees includes goodwill identified on acquisition.

Amcor Employee Share Trust

The consolidated entity has formed the Amcor Employee Share Trust (the 'Trust') for the purpose of managing and administering the consolidated entity's Employee Share Schemes (refer note 29), through the acquiring, holding and transferring of shares, or rights to shares, in the Company.

The Trust is consolidated as the Trust is controlled by the consolidated entity. All shares held by the Trust are disclosed as treasury shares and deducted from contributed equity (refer note 25).

(d) Business combinations

Business combinations are accounted for using the acquisition method regardless of whether equity instruments or other assets are acquired.

The consideration transferred for the acquisition of a subsidiary comprises the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the consolidated entity. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary.

The consolidated entity measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the amount of any non-controlling interest recognised in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree; less
- the fair value of the consolidated entity's share of the identifiable assets acquired and liabilities assumed.

When the excess is negative and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a bargain purchase. Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the consolidated entity recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

(e) Foreign currency translation

Items included in the financial statements of each of the entities included within the consolidated entity are measured using the currency of the economic environment in which the entity primarily generates and expends cash (the 'functional currency'). These consolidated financial statements are presented in Australian dollars, which is the functional currency of the Company, Amcor Limited.

Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currency of the entity using exchange rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency of the entity holding the monetary assets and liabilities at the foreign exchange rate at that date. Foreign exchange gains and losses arising from the 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, refer note 1(k).

Translation differences on non-monetary items, such as equity investments held at fair value through profit or loss, are reported as part of the fair value gain or loss. Translation differences on non-monetary items, such as equity investments classified as available-for-sale financial assets, are included in the available-for-sale investments revaluation reserve in equity.

Foreign operations

The results and financial position of all entities within the consolidated entity

that have a functional currency different from the presentation currency are translated into Australian dollars as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing exchange rate at the date of that balance sheet;
- income and expenses for each income statement are translated at average exchange rates, which approximate the exchange rates at the dates of the transactions; and
- goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and are translated at the closing exchange rate.

On consolidation, all the resulting exchange differences arising from the 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 that has been recognised in equity in relation to the proportion of the foreign operation disposed of is transferred to the income statement as an adjustment to the profit or loss on disposal.

Hedge of net investment in foreign operation

On consolidation, foreign currency differences arising on the retranslation of financial assets and liabilities designated as net investment hedges of a foreign operation are recognised in other comprehensive income and accumulated in the EFR, to the extent that the hedge is effective. To the extent that the hedge is ineffective, the foreign currency differences arising on the retranslation are recognised in the income statement. When the hedged net investment is disposed of, the cumulative amount that has been 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.

(f) Revenue

Sale of goods

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns, allowances and discounts. Revenue is recognised when the risks and rewards of ownership have transferred to the customer. 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.

Dividend income

Dividend income is recognised on the date that the consolidated entity's right to receive payment is established.

(g) Government grants

Grants from governments are recognised at their fair value where there is a reasonable assurance that the grant will be received and the consolidated entity will comply with all attached conditions.

Grants received in relation to the purchase and construction of items of property, plant and equipment are included in non-current liabilities as deferred income and are credited to the income statement on a straight-line basis over the expected useful life of the related asset.

Grants that compensate the consolidated entity for expenses incurred are deferred and recognised in the income statement over the same period in which the expenses are recognised.

Financial Report

Notes to the Financial Statements

30 June 2014 (continued)

Note 1. Summary of Significant Accounting Policies (continued)

(h) Leases

Leased assets

Leases under which the consolidated entity assumes substantially all the risks and benefits of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of the fair value of the leased asset and the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other short-term and long-term payables. Subsequent to initial recognition, the asset is depreciated over the shorter of the asset's useful life and the lease term, unless it is reasonably certain that ownership will be obtained by the end of the lease term where it is depreciated over the period of the expected use which is the useful life of the asset.

Other leases are operating leases and are not recognised on the consolidated entity's statement of financial position.

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.

(i) Finance income and finance expenses

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

Finance expenses comprise interest expense on borrowings, amortisation of discounts or premium related to borrowings, interest costs related to defined benefit pension plans, amortisation of ancillary costs incurred in connection with the arrangement of borrowings, lease finance charges and the unwinding discount on provision balances.

Interest income and interest expense on borrowings are recognised as they accrue using the effective interest rate method.

Financing expenses are brought to account in determining profit for the period, 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.

(j) Income tax

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

Current tax

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous periods, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements, and by the availability of unused tax losses.

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

Deferred tax

Deferred tax is recognised using the balance sheet method in which temporary differences are calculated based on the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

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

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

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

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

Use of estimates and judgements

The consolidated entity is subject to income taxes in Australia and foreign jurisdictions and as a result significant judgement is required in determining the consolidated entity's provision for income tax. There are many transactions and calculations relating to the ordinary course of business for which the ultimate tax determination is uncertain. The consolidated entity 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.

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

Goods and services tax/value added tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax and valued added tax (GST/VAT) and other sales related taxes, except where the amount of GST/VAT incurred is not recoverable from the relevant taxation authority. In these circumstances the GST/VAT is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST/VAT included. The net amount of GST/VAT recoverable from, or payable to, taxing authorities is included as a current asset or liability in the statement of financial position.

Cash flows are included in the cash flow statement on a gross basis. The GST/VAT component of cash flows arising from investing and financing activities which are recoverable from, or payable to, taxing authorities are classified as operating cash flows.

(k) Financial instruments

Non-derivative financial instruments

The consolidated entity classifies its investments and other financial assets into the following categories: financial assets at fair value through the income statement; loans and receivables; held-to-maturity investments; and available-for-sale financial assets. The financial instrument classification depends on the purpose for which the investments and other financial assets were acquired.

A non-derivative financial instrument is recognised when the consolidated entity becomes a party to the contractual provisions of the instrument. The purchase of investments and other financial assets that are available-for-sale are recognised on trade date, the date on which the consolidated entity commits to purchase the asset. Financial assets are derecognised when the rights to receive cash flows from the financial asset have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership. Financial liabilities are derecognised if the consolidated entity's obligations specified in the contract expire or are discharged or cancelled.

The consolidated entity's accounting policies on accounting for finance income and expense and on impairment of financial assets are described in notes 1(i) and 1(p) respectively. Refer to note 1(w) regarding fair value estimation in the measurement of financial instruments.

Non-derivative financial instruments comprise cash and cash equivalents, trade receivables, loans and other receivables, investments in equity securities, trade and other payables and interest-bearing liabilities.

(i) Cash and cash equivalents

Cash and cash equivalents include cash on hand and at bank, short-term deposits and short-term money market investments. Bank overdrafts are shown within interest-bearing liabilities in current

liabilities on the statement of financial position; refer notes 11 and 21.

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

(ii) Trade receivables, loans and other receivables

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest rate method, less any impairment losses; refer note 12. Trade and other receivables are presented as current assets, except for those where collection is not expected for more than 12 months after the reporting date which are classified as non-current assets.

The collectability of trade and other receivables is reviewed on an ongoing basis. Individual debts which are known to be uncollectable are written off when identified. An impairment provision is recognised when there is objective evidence that the consolidated entity will be unable to collect amounts due, according to the original terms of the receivables. Financial difficulty of the debtor, default in payments and the probability that the debtor will enter bankruptcy are considered indicators that a trade receivable is impaired. Where it is considered unlikely that the full amount of the receivable will be collected, a provision is raised for the amount that is doubtful.

The amount of the impairment loss is recognised in the income statement within 'general and administration' expense. When a trade receivable, for which an impairment provision had been recognised, becomes uncollectable it is written off against the impairment provision. Subsequent recoveries of amounts previously written off are credited against 'general and administration' expense in the income statement.

Financial Report

Notes to the Financial Statements

30 June 2014 (continued)

Note 1. Summary of Significant Accounting Policies (continued)

(k) Financial instruments (continued)

Non-derivative financial instruments (continued)

(ii) Trade receivables, loans and other receivables (continued)

Loans are non-derivative financial assets with fixed or determinable payments and are measured at their amortised cost using the effective interest rate method and are usually interest-bearing. They are included in current assets, except for those with maturities greater than 12 months after the reporting date which are classified as non-current assets; refer notes 12 and 14.

(iii) Investments in equity securities

Investments in listed equity securities are available-for-sale financial assets and are included in non-current assets; refer note 14. Investments in listed equity securities are initially recognised at fair value plus transaction costs and are subsequently carried at fair value. The fair value of the quoted investments is based on current bid prices. Unrealised gains and losses arising from changes in the fair value are recognised in other comprehensive income and accumulated in the available-for-sale fair value reserve. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments within equity are reclassified to the income statement.

Investments in equity instruments that do not have a quoted market price in an active market, and for which fair value cannot be reliably measured, are recognised at cost less any impairment losses.

(iv) Trade and other payables

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year which were unpaid at the end of the financial year. These amounts are unsecured. Trade and other

payables are included in current liabilities, except for those liabilities where payment is not due within 12 months from reporting date which are classified as non-current liabilities.

Trade and other payables are stated at their amortised cost and are non-interest-bearing; refer note 20.

(v) Interest-bearing liabilities

Bank overdrafts, bank loans, commercial paper, mortgage loans and other loans are initially recognised at their fair value, net of transaction costs incurred. Subsequent to initial recognition, interest-bearing liabilities are measured at amortised cost with any difference between the net proceeds and the maturity amount recognised in the income statement over the period of the borrowings using the effective interest rate method; refer note 21.

The Eurobond, Swiss bond, euro notes and US dollar notes are carried at amortised cost, translated at exchange rates ruling at reporting date. Any difference between amortised cost and their amount at maturity is recognised in the income statement over the period of the borrowing 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 consolidated entity has an unconditional right to defer settlement for at least 12 months after the reporting period which are classified as non-current liabilities.

(vi) Other financial liabilities

Other non-derivative financial liabilities comprise forward contracts that the

consolidated entity has entered into for the future on-market purchase of ordinary shares of the Company, for the purpose of managing the consolidated entity's obligations under the Employee Share Plans; refer note 29.

When the financial liability is initially recognised it is reclassified from contributed equity and measured at fair value, which is the present value of the expenditure required to settle the contract. Subsequent to initial recognition the financial liability is measured at amortised cost using the effective interest rate method.

Other financial liabilities are classified as current, except where the contract has a maturity of greater than 12 months after the balance sheet date, in which case the liability is classified as non-current; refer note 22.

Derivative financial instruments

The consolidated entity uses derivative financial instruments to hedge its exposure to foreign exchange, interest rate, commodity price and employee share plan risk arising from operational, financing and investment activities; refer notes 14 and 22.

Derivative financial instruments are recognised initially at fair value on the date the instrument is entered into. Subsequent to initial recognition, derivative financial instruments are remeasured to fair value at the end of each reporting period. The gain or loss on remeasurement to fair value is recognised immediately in the income statement unless the derivative is designated and is effective as a hedging instrument, in which event, the timing and the recognition of profit or loss depends on the nature of the hedging relationship.

The consolidated entity designates certain derivatives either as:

- hedges of the exposure to fair value changes in recognised assets or liabilities or firm commitments (fair value hedges);

- hedges of the exposure to variability in cash flows attributable to a recognised asset or liability or highly probable forecast transaction (cash flow hedges); or
- hedges of net investments in foreign operations (net investment hedges).

The consolidated entity documents, at the inception of the transaction, the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The consolidated entity also documents its assessment, both at hedge inception and on an ongoing basis, as to whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items.

The fair value of various derivative financial instruments used for hedging purposes are disclosed in note 28. Movements in the cash flow hedge reserve in shareholders equity are shown in note 26. Derivative instruments are classified as non-current assets or liabilities when the remaining maturity of the hedged item is greater than 12 months; and are classified as current assets or liabilities when the remaining maturity is less than 12 months. Trading derivatives are classified as a current asset or liability.

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

(i) Fair value hedge

Where a derivative financial instrument is designated as a hedge of exposure to changes in fair value of a recognised asset or liability, the changes in the fair value of the derivative are recognised in the income statement, together with the changes in fair value of the hedged asset or liability attributable to the hedged risk.

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 changes in the fair value of the hedged fixed rate borrowings attributable to interest rate risk. The gain or loss relating to the ineffective portion is recognised in the income statement within other income or other expenses.

If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortised to the income statement over the period to maturity using a recalculated effective interest rate.

(ii) Cash flow hedge

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability, or a highly probable forecast transaction, the effective part of any gain or loss on the derivative financial instrument is recognised in other comprehensive income and accumulated in equity in the hedging reserve. The change in the fair value that is identified as ineffective is recognised immediately in the income statement within other income or other expenses.

Amounts accumulated in equity are transferred to the income statement in the periods when the hedged item affects profit or loss (for instance, when the forecast sale that is hedged takes place). However, when the forecast transaction that is hedged results in the recognition of a non-financial asset (for example, inventory), the gains and losses previously deferred in equity are transferred from equity and included in the measurement of the initial cost or carrying amount of the asset.

When a hedging instrument expires or is sold, terminated or exercised, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when

the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

(iii) Net investment in a foreign operation

Hedges of net investments in foreign operations are accounted for in a similar manner to cash flow hedges. Where effective, foreign exchange differences relating to foreign currency transactions hedging a net investment in a foreign operation, together with any related income tax, are transferred to the EFR on consolidation. The ineffective portion is recognised in the income statement.

Upon disposal of the foreign operation the cumulative amount of any gain or loss existing in equity is transferred to the income statement and recognised as part of the gain or loss on the partial disposal or sale of the foreign operation.

Embedded derivatives

Embedded derivatives are separated from the host contract and accounted for separately if the economic characteristics and risks of the host contract and the embedded derivative are not closely related. Changes in the fair value of separable embedded derivatives are recognised immediately in profit or loss.

(I) Equity

Contributed equity

(i) Ordinary shares

Ordinary shares are classified as equity. 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. Incremental costs directly attributable to the issue of new shares for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

Financial Report

Notes to the Financial Statements

30 June 2014 (continued)

Note 1. Summary of Significant Accounting Policies (continued)

Contributed equity (continued)

(ii) Repurchase of share capital

Where the consolidated entity 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.

(iii) Treasury shares

Where the consolidated entity purchases the Company's own equity instruments, as the result of a share-based payment plan, the consideration paid, including any directly attributable costs, is deducted from equity as treasury shares, net of any related income tax effects. When the treasury shares are subsequently sold or reissued, any consideration received, net of any directly attributable costs and the related income tax effects, is recognised as an increase in equity, and the resulting surplus or deficit on the transaction is presented in retained earnings.

(iv) Dividends

Dividends on ordinary shares are recognised as a liability in the period in which they are declared.

Reserves

(i) Available-for-sale revaluation reserve

Changes in the fair value of investments, such as equities and available-for-sale financial assets, are taken to the revaluation reserve, as described in note 1(k). Amounts are recognised in the income statement when the associated asset is disposed of or impaired.

(ii) Cash flow hedge reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred.

(iii) Share-based payments reserve

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

(iv) Exchange fluctuation reserve

Exchange differences arising on translation of foreign controlled operations are taken to the EFR, as described in note 1(e). Gains or losses accumulated in equity are recognised in the income statement when a foreign operation is disposed of.

(m) Inventories

Raw materials, work in progress and finished goods are valued at the lower of cost and net realisable value. The cost of inventories is based on the first-in, first-out principle or weighted average cost formula and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. In respect of manufacturing inventories and work in progress, cost includes an appropriate proportion of production fixed and variable overheads incurred in the normal course of business. Cost may also include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of inventories.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(n) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the item including borrowing costs that are related to the acquisition, construction or production of a qualifying asset. Cost also may include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only

when it is probable that future economic benefits associated with the item will flow to the consolidated entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial year in which they are incurred.

Property, plant and equipment, excluding freehold land, are depreciated at rates based upon their expected useful lives, or in the case of leasehold improvements and certain leased plant and equipment the lease term, using the straight-line method. Land is not depreciated.

Depreciation rates used for each class of asset for the current and comparative periods are as follows:

- Buildings between 1% and 5%
- Land improvements between 1% and 3%
- Finance leased assets between 4% and 20%
- Plant and equipment between 2.5% and 25%

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

If an asset's carrying amount is greater than its estimated recoverable amount (refer note 1(p)), the asset is immediately written down to its recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount of the disposed asset and are included in the income statement in the period the disposal occurs and are recognised net within 'other income' in the income statement.

(o) Intangible assets

Goodwill

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets and is measured as described in note 1(d). In respect of equity accounted investments, the carrying amount of goodwill is included in the carrying amount of the investment.

Goodwill is not amortised, instead goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less any accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash generating units for the purpose of impairment testing; refer note 19. The allocation is made to those cash generating units or groups of cash generating units that are expected to benefit from the business combination in which the goodwill arose, identified according to operating segments; refer note 2.

Other intangible assets

Other intangible assets are measured at cost less accumulated amortisation and accumulated impairment losses, except for those identified as having indefinite useful lives which are not amortised.

(i) Product development

Expenditure on product research activities is recognised in the income statement in the period in which the expenditure is incurred.

Expenditure on development activities associated with product development and innovation is capitalised if the product is technically and commercially feasible, future economic benefits are probable and the consolidated entity intends to and has adequate resources available to complete the development.

Capitalised development expenditure is amortised on a straight-line basis over the period of time during which the benefits are expected to arise, typically not exceeding ten years.

(ii) Computer software

Expenditure on significant commercial developments, including major software applications and associated systems, is capitalised and amortised on a straight-line basis over the period of time during which the benefits are expected to arise, typically between three to ten years.

Software costs are capitalised as intangible assets if they are separable or arise from contractual or other legal rights and it is probable that the expected future economic benefits attributable to the asset will flow to the consolidated entity, and the cost of the asset can be measured reliably.

Where software is internally generated, only the costs incurred in the development phase are capitalised and these are amortised on a straight-line basis over the period of time during which the benefits are expected to arise, typically a period not exceeding ten years. Software costs which are incurred in the research phase are expensed.

(iii) Customer relationships

Customer relationships acquired as part of business combinations are recognised separately from goodwill, and carried at fair value at the date of acquisition less accumulated amortisation and impairment losses. Amortisation is calculated on a straight line basis over the estimated useful life of the customer relationship, which ranges from 10 to 20 years.

(p) Impairment Non-financial assets

The recoverable amount of the consolidated entity's non-financial assets, excluding inventories, deferred tax assets and defined benefit assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset is tested for impairment by comparing its recoverable amount to its carrying amount.

In relation to goodwill and intangible assets that have indefinite useful lives or assets that are not ready for use, impairment testing is completed at each reporting date, or more frequently if events or changes in circumstances indicate that they might be impaired.

In testing for impairment, the recoverable amount is estimated for an individual asset or, if it is not possible to estimate the recoverable amount for the individual

asset, the recoverable amount of the cash generating unit (CGU) to which the asset belongs. CGUs are the smallest identifiable group of assets that generate cash flows that are largely independent from the cash flows of other assets or group of assets. Each CGU is no larger than an operating segment.

The recoverable amount of an asset or a CGU is the greater of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the risks specific to the asset or CGU and the market's current assessment of the time value of money. An impairment loss is recognised in the income statement if the carrying amount of an asset or a CGU exceeds its recoverable amount. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs) and then, to reduce the carrying amount of the other assets in the CGU (group of CGUs).

Impairment losses recognised in respect of goodwill are not reversed. Impairment losses recognised in prior periods in respect of other assets are assessed at each reporting date for any indications that the impairment loss has decreased or may no longer exist. The impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount of the asset and is reversed only to the extent that the carrying amount of the asset does not exceed the carrying amount that would have been determined, net of amortisation or depreciation, had no impairment loss been recognised.

Financial Report

Notes to the Financial Statements

30 June 2014 (continued)

Note 1. Summary of Significant Accounting Policies (continued)

(p) Impairment (continued)

Financial assets

Financial assets are assessed at each reporting period to determine whether there is any objective evidence that they are impaired. A financial asset is considered to be impaired if there is objective evidence which indicates that there has been a reduction of the estimated future cash flows of that asset. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed in groups which share similar credit risk characteristics.

Impairment losses in respect of a financial asset measured at amortised cost are calculated as the difference between the carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is measured as the difference between the acquisition cost and the current fair value when there is a significant or prolonged decline in the fair value of a financial asset below its cost.

Impairment losses are recognised in the income statement. Any cumulative loss in respect of an available-for-sale financial asset recognised previously in equity is transferred to the income statement when the impairment is recognised.

Impairment losses are only reversed if the reversal can be objectively related to an event occurring after the impairment loss was recognised. For financial assets that are measured at amortised cost the reversal is recognised in the income statement. For available-for-sale financial assets that are equity securities, the reversal is recognised directly in equity.

Use of estimates and judgements

The determination of impairment for non-financial assets, financial assets,

goodwill and other intangible assets involves the use of judgements and estimates that include, but are not limited to, the cause, timing and measurement of the impairment.

Management is required to make significant judgements concerning the identification of impairment indicators, such as changes in competitive positions, expectations of growth, increased costs of capital, and other factors that may indicate impairment such as a business restructuring. In addition, management is also required to make significant estimates regarding future cash flows and the determination of fair values when assessing the recoverable amount of an asset (or group of assets). Inputs into these valuations require assumptions and estimations to be made about forecast earnings before interest and tax and related future cash flows, growth rates, applicable discount rates, useful lives and residual values.

The judgements, estimates and assumptions used by management in assessing impairment are management's best estimates based on current and forecast market conditions. Changes in economic and operating conditions impacting these assumptions could result in changes in the recognition of impairment charges in future periods.

(q) Financial guarantee contracts

Financial guarantee contracts are recognised as financial liabilities at the date the guarantee is issued. Liabilities arising from financial guarantee contracts, including Company's guarantees of subsidiaries through deeds of cross guarantee, are initially recognised at fair value and subsequently at the higher of the amount determined in accordance with the consolidated entity's provisions accounting policy (refer note 1(r)) and the amount initially recognised less cumulative amortisation.

The fair value of the financial guarantee is determined as the present value of the difference in net cash flows between the contractual payments under the debt

instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligation.

(r) Provisions

A provision is recognised when there is a legal or constructive obligation as a result of a past event and it is probable that a future sacrifice of economic benefits will be required to settle the obligation, and the amount can be reliably estimated.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. The present value of a provision is determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the recovery receivable is recognised as an asset when it is virtually certain that the recovery will be received.

Asset restoration and decommissioning

Where the consolidated entity has a legal or constructive obligation to restore a site on which an asset is located either through make-good provisions included in lease agreements or decommissioning of environmental risks, the present value of the estimated costs of dismantling and removing the asset and restoring the site is recognised as a provision with a corresponding increase to the related item of property, plant and equipment.

At each reporting date, the liability is remeasured in line with changes in discount rates, estimated cash flows and the timing of those cash flows. Any changes in the liability are added to or deducted from the related asset, other than the unwinding of the discount, which is recognised as a financing cost in the income statement.

Insurance and other claims

The consolidated entity self-insures for various risks around the Group including risks associated with workers' compensation. Provisions for workers' compensation, insurance and other claims are recognised for claims received and claims expected to be received in relation to incidents occurring prior to reporting date, measured based upon historical claim rates.

Estimated net future cash flows are based on the assumption that all claims will be settled and the weighted average cost of historical claims adjusted for inflation will continue to approximate future costs.

Onerous contracts

A provision for onerous contracts is recognised when the expected benefits to be derived by the consolidated entity 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. Where the effect of discounting is material, the provision is discounted to its present value.

Restructuring

A provision for restructuring is recognised when the consolidated entity has a detailed formal restructuring plan and the restructuring has either commenced or has been publicly announced. Future operating costs in relation to the restructuring are not provided for.

Where a restructuring plan includes the termination of employees before normal retirement date, or when an employee accepts voluntary redundancy, the consolidated entity recognises a provision for redundancy when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal.

Payments falling due greater than 12 months after reporting date are discounted to present value.

(s) Employee benefits

Wages, salaries, annual leave and sick leave

Liabilities for employee benefits such as wages, salaries, annual leave, sick leave and other current employee entitlements represent present obligations resulting from employees' services provided to the reporting date and are calculated at undiscounted amounts based on remuneration wage and salary rates, including related on-costs, such as workers' compensation insurance and payroll tax, that the consolidated entity expects to pay when the liabilities are settled.

The liability for annual leave and accumulating sick leave is recognised in the provision for employee entitlements, all other short-term employee benefit obligations are presented as payables.

Long service leave

Liabilities relating to long service leave are measured as the present value of estimated future cash outflows to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service.

Liabilities which are not expected to be settled within 12 months are discounted using market yields at the reporting date of high quality corporate bonds. In countries where there is no deep market for corporate bonds (such as Australia), the market yields on government bonds at the reporting date are used. The rates used reflect the terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Profit sharing and bonus plans

A liability and an expense is recognised for profit sharing and bonus plans, including benefits based on the future

value of equity instruments and benefits under plans allowing the consolidated entity to settle in either cash or shares. Entitlements under the Employee Bonus Payment Plan (EBPP) are estimated and accrued at the end of the financial reporting period.

Share-based payments

The Company provides benefits to employees (including senior executives) of the consolidated entity in the form of share-based payments, whereby employees render services in exchange for options or rights over shares. Information relating to the Company's share-based payments schemes are set out in note 29.

The fair value of options and rights granted is recognised as an employee benefit expense in the income statement with a corresponding increase in the share-based payments reserve in equity and is spread over the vesting period during which the employees become unconditionally entitled to the option or right. Upon exercise of the options or rights, the balance of the share-based payments reserve, relating to the option or right, is transferred to share capital.

The fair value of options is measured at grant date taking into account market performance conditions, but excludes the impact of any non-market vesting conditions (e.g. profitability and sales growth targets). Non-market vesting conditions are included in the assumptions about the number of options that are expected to be exercisable. The fair value of options granted is measured using the Black-Scholes option pricing model that takes into account the exercise price, term of the option, impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

Financial Report

Notes to the Financial Statements

30 June 2014 (continued)

Note 1. Summary of Significant Accounting Policies (continued)

(s) Employee benefits (continued)

Share-based payments (continued)

At each reporting period the consolidated entity revises the estimate of the number of options that are expected to vest based on the non-market vesting conditions. Any impact to the revision of an original estimate is recognised in the income statement with a corresponding adjustment to the share-based payment reserve. The employee expense, recognised each period, reflects the most recent estimate.

The fair value of rights is measured at grant date using a Monte-Carlo valuation model which simulates the date of vesting, the percentage vesting, the share price and total shareholder return. Once the simulated date of vesting is determined, a Black-Scholes methodology is utilised to determine the fair value of the rights granted.

The dilutive effect, if any, of outstanding options or rights is reflected as additional share dilution in the computation of earnings per share; refer note 10.

Where loans are made to assist in the purchase of shares under a sub-plan, they are treated as a reduction in equity and not recognised as a receivable and the repayments are recorded as contributions to share capital. Shares are held in trust until the loan is settled.

(t) Retirement benefit obligations

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the consolidated entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution funds are recognised as an expense in the income statement as they become payable.

Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The consolidated entity's liability or asset recognised in the statement of financial position in respect of defined benefit plans and other post-retirement plans is calculated separately for each plan and is measured as the present value of the future benefit that employees have earned in return for their service in the current and prior periods, less the fair value of any plan assets.

The present value of the defined benefit obligation is based on expected future payments which arise from membership of the plan to the reporting date, calculated annually by independent actuaries using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields on national government or investment grade corporate bonds at the reporting date, whose terms to maturity and currency match, as closely as possible, the estimated future cash outflows.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited directly to other comprehensive income in the period in which they occur.

Curtailments are events that materially change the liabilities relating to a plan that are not covered by normal actuarial assumptions. A curtailment gain or loss requires a before and after measurement of the net retirement benefit asset or obligation (being the present value of the defined obligation less fair value of plan assets). Changes in present value of the defined benefit obligation resulting from plan amendments or curtailment are recognised immediately in the income statement.

When the calculation results in a benefit to the consolidated entity, the recognised asset is limited to the present economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan, or on settlement of the plan liabilities.

Use of estimates and judgements

In determining the liability or asset that the consolidated entity recognises in the statement of financial position in respect of defined benefit obligations and other post-retirement plans, the main categories of assumptions used in the valuations 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). Refer to note 24 for details of the key assumptions used this financial year in accounting for these plans. The assumptions made have a significant impact on the calculations and any adjustments arising thereon.

(u) Discontinued operations

A discontinued operation is a component of the consolidated entity's business that represents a separate major line of business or geographical area of operations that has been disposed of or is held for sale. An operation would be classified as held for sale if the carrying value of the assets of the operation will be principally recovered through a sale transaction rather than continuing use.

Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as discontinued the comparative income statement is restated as if the operation had been discontinued from the start of the comparative period.

(v) Earnings per share (EPS)

The consolidated entity presents basic and diluted EPS data for its ordinary shares.

Basic earnings per share

Basic EPS is calculated by dividing the net profit attributable to ordinary shareholders of the Company for the reporting period, by the weighted average number of ordinary shares on issue during the reporting period excluding ordinary shares purchased by the Company and held as treasury shares (refer note 25), adjusted for any bonus issue.

Diluted earnings per share

Diluted EPS is calculated by adjusting the basic EPS for the effect of conversion to ordinary shares associated with dilutive potential ordinary shares, which comprise share options and rights granted to employees.

The diluted EPS weighted average number of shares includes the number of ordinary shares assumed to be issued for no consideration in relation to dilutive potential ordinary shares. The number of ordinary shares assumed to be issued for no consideration represents the difference between the number that would have been issued at the exercise price and the number that would have been issued at the average market price.

The identification of dilutive potential ordinary shares is based on net profit or loss from continuing ordinary operations and is applied on a cumulative basis, taking into account the incremental earnings and incremental number of shares for each series of potential ordinary shares.

(w) Fair value estimation

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

The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the

consolidated entity is the current bid price. The quoted market price used for financial liabilities is the current ask price.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques. The consolidated entity uses a variety of methods, including discounted cash flows to calculate the fair value of financial instruments. These calculations are performed using current market inputs which may include the use of interest and forward exchange rates ruling at balance date. The consolidated entity makes assumptions concerning these valuations that are based on market conditions existing at each balance date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held.

The carrying value of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the consolidated entity for similar financial instruments.

(x) New accounting standards and interpretations not yet adopted

The following new or amended accounting standards and interpretations issued by the Australian Accounting Standards Board (AASB) have been identified as those which may have a material impact on the consolidated entity in the period of initial application. They are not mandatory for 30 June 2014 reporting periods and have not been early adopted by the consolidated entity.

- AASB 9 *Financial Instruments* addresses the classification, measurement and derecognition of financial assets and financial liabilities. Since December 2013, it also sets out new rules for hedge accounting. A number of new standards also include amendments to AASB 9. These include:

- Part C of AASB 2013-9 *Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments*;
- AASB 2014-1 *Amendments to Australian Accounting Standards Part E: Financial Instruments*
- AASB 2010-7 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)*; and
- AASB 2012-6 *Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transition Disclosures*

The standard must be applied for financial years beginning on or after 1 January 2018. Early adoption is permitted.

Management has assessed the potential effect of the standard on the financial results of the consolidated entity upon adoption. When adopted, the standard will affect the group's accounting for its available-for-sale financial assets, since AASB 9 only permits the recognition of fair value gains and losses in other comprehensive income if they relate to equity investments that are not held for trading. It is not expected to have a material impact on the classification and measurement of the financial assets and financial liabilities of the consolidated entity.

The new hedging rules of the standard generally align hedge accounting more closely with an entity's risk management practices. When adopted, the new hedging rules are not expected to have a material impact on the accounting of the consolidated entity's hedging arrangements. However, the new standard will result in expanded disclosures and change in presentation for the consolidated entity's hedging arrangements. Management has decided not to early adopt these new hedging rules and the other requirements of AASB 9.

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Notes to the Financial Statements

30 June 2014 (continued)

Note 1. Summary of Significant Accounting Policies (continued)

(x) New accounting standards and interpretations not yet adopted (continued)

- AASB 2014-1 *Amendments to Australian Accounting Standards Part A: Annual Improvements 2010-2012 and 2011-2013 Cycles*. Part A of this standard makes various amendments to Australian Accounting Standards arising from the issuance by the IASB of equivalent annual improvements to IFRSs 2010-2012 and 2011-2013 Cycles. Part A of this standard is mandatory for the 30 June 2015 consolidated financial statements. The potential effect of these amendments on the financial results of the consolidated entity has yet to be fully determined.
- AASB 2014-1 *Amendments to Australian Accounting Standards Part B – Defined Benefit Plans: Employee Contributions (Amendments to AASB 119)*. Part B of this standard amends AASB 119 *Employee Benefits* in relation to the requirements for contributions from employees or third parties that are linked to service. It permits an entity to recognise contributions that are independent of the number of years of service to be recognised as a reduction in the service cost in the period in which the related service is rendered, instead of attributing the contributions to the periods of services. However, if the amount of contributions is dependent on the number of years of service, an entity is required to attribute those contributions to the periods of service using the same attribution method as required for gross benefit. This amendment is mandatory for the 30 June 2015 consolidated financial statements. Management has assessed the potential effect of this amendment which is not expected to have a material impact to the consolidated entity's financial statements.

- The following new accounting standards and amendments to accounting standards are not expected to have a material effect on the financial results of the consolidated entity:

- (i) AASB 1031 *Materiality* has been revised. The revised standard is an interim standard that cross-references to other Standards and the *Framework for the Preparation and Presentation of Financial Statements* that now contains guidance on materiality. The revised standard is mandatory for the 30 June 2015 consolidated financial statements.
- (ii) Part A and B of AASB 2013-9 *Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments*. The Part A amendments update references to the AASB Framework while Part B amends a number of standards and interpretations to delete references to AASB 1031 *Materiality*. These amendments are mandatory for the 30 June 2015 consolidated financial statements.
- (iii) AASB 14 *Regulatory Deferral Accounts* specifies the financial reporting requirements for regulatory deferral account balances that arise when an entity provides goods or services to customers at a price or rate that is subject to rate regulation. This standard applies to annual reporting periods beginning on or after 1 January 2016.
- (iv) AASB 2014-1 *Amendments to Australian Accounting Standards Part C: Materiality; Part D: Consequential Amendments arising from AASB 14 Regulatory Deferral Accounts*.

(y) Parent entity financial information

The financial information for the parent entity Amcor Limited, disclosed in note 35, has been prepared on the same basis as the consolidated financial statements, except as set out below:

Investments in subsidiaries

In the Company's financial statements, investments in subsidiaries are carried at cost less, where applicable, accumulated impairment losses.

Tax consolidation regime

The Company 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.

The Company, and the members of the tax-consolidated group, recognise their own current tax expense/income and deferred tax assets and liabilities arising from temporary differences using the 'stand alone taxpayer' approach by reference to the carrying amounts of assets and liabilities in the separate financial statements of each entity and the tax values applying under tax consolidation.

In addition to its current and deferred tax balances, the Company 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, as part of the tax-consolidation arrangement. 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 entities within the tax-consolidated group.

Nature of tax funding agreement

The Company, as the head entity of the tax-consolidated group, in conjunction with the other members of the tax-consolidated group, has entered into a tax funding agreement which sets out

the funding obligations of members of the tax-consolidated group in respect of tax amounts. The tax funding agreement requires payment to/from the head entity equal to the current tax liability/asset assumed by the head entity of the tax-consolidated group, resulting in the head entity recognising an intercompany receivable/payable equal to the amount of the tax liability/asset assumed.

The agreement requires wholly-owned subsidiaries to make contributions to the Company for tax liabilities arising from external transactions during the period. The contributions are calculated as if each subsidiary continued to be a standalone taxpayer in its own right. The

contributions are payable annually and reflect the timing of the head entity's obligation to make payments for tax liabilities to the relevant tax authority.

Financial guarantee contracts

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

Share-based payments

When the Company grants options or rights over its shares to employees of subsidiaries, the fair value at grant

date is recognised as an increase in the investment in subsidiaries, with a corresponding increase in equity over the vesting period of the grant.

(z) Prior period restatement

The following extracts from the prior period financial statements illustrate the impact upon the comparative period as a result of the discontinued operation restatement (refer note 3) and the application of the revised AASB 119 *Employee Benefits* which must be adopted retrospectively (refer note 1(b)(i)).

Financial Report

Notes to the Financial Statements

30 June 2014 (continued)

Note 1. Summary of Significant Accounting Policies (continued)

(z) Prior period restatement (continued)

\$ million	Year ending 30 June 2013				
	Previously Reported	Discontinued Operations	Restated for Discontinued Operations	Accounting Standard Change	Restated
Continuing Operations					
Sales revenue	12,425.3	(2,939.5)	9,485.8	-	9,485.8
Cost of sales	(10,229.9)	2,492.4	(7,737.5)	(0.3)	(7,737.8)
Gross profit	2,195.4	(447.1)	1,748.3	(0.3)	1,748.0
Other Income	187.0	(73.0)	114.0	(0.9)	113.1
Sales and marketing expenses	(346.3)	141.1	(205.2)	-	(205.2)
General and administration expenses	(979.4)	347.6	(631.8)	(2.8)	(634.6)
Research costs	(65.6)	(0.4)	(66.0)	-	(66.0)
Share of net profit of equity accounted investments	25.8	-	25.8	-	25.8
Profit from operations	1,016.9	(31.8)	985.1	(4.0)	981.1
Finance income	27.2	(1.5)	25.7	(5.0)	20.7
Finance expenses	(247.3)	41.6	(205.7)	(6.1)	(211.8)
Net finance costs	(220.1)	40.1	(180.0)	(11.1)	(191.1)
Profit before related income tax expense	796.8	8.3	805.1	(15.1)	790.0
Income tax expense	(168.4)	(7.6)	(176.0)	3.0	(173.0)
Profit for the financial period from continuing operations	628.4	0.7	629.1	(12.1)	617.0
Discontinued Operations					
Loss from discontinued operations	-	(0.7)	(0.7)	(4.8)	(5.5)
Profit for the financial period	628.4	-	628.4	(16.9)	611.5
Profit attributable to:					
Owners of Amcor Limited	600.6	-	600.6	(16.9)	583.7
Non-controlling interest	27.8	-	27.8	-	27.8
	628.4	-	628.4	(16.9)	611.5
Cents					
Earnings per share for profit attributable to the ordinary equity holders of Amcor Limited					
Basic earnings per share	49.8	-	49.8	(1.4)	48.4
Diluted earnings per share	49.0	-	49.0	(1.4)	47.6

\$ million	Year ending 30 June 2013		
	Previously Reported	Accounting Standard Change	Restated
Statement of comprehensive income (extract)			
Profit for the financial period	628.4	(16.9)	611.5
Items that will not be reclassified to profit or loss:			
Exchange Fluctuation Reserve	243.3	(0.3)	243.0
Retained earnings			
Actuarial losses on defined benefit plans	(74.4)	16.6	(57.8)
Tax on actuarial losses on defined benefit plans	16.4	(3.5)	12.9
Other comprehensive income/(loss) for the financial period, net of tax	186.8	12.8	199.6
Total comprehensive income/(loss) for the financial period	815.2	(4.1)	811.1
Total comprehensive income attributable to:			
Owners of Amcor Limited	797.7	(4.1)	793.6
Non-controlling interest	17.5	-	17.5
	815.2	(4.1)	811.1

\$ million	30 June 2013			1 July 2012		
	Previously Reported	Accounting Standard Change	Restated	Previously Reported	Accounting Standard Change	Restated
Balance sheet (extract)						
Non-current assets						
Deferred tax assets	177.7	(0.5)	177.2	143.6	(2.2)	141.4
Retirement benefit assets	33.9	1.7	35.6	64.1	0.1	64.2
Current liabilities						
Provisions	293.8	1.1	294.9	297.0	1.0	298.0
Non-current liabilities						
Deferred tax liabilities	281.2	0.5	281.7	212.3	0.6	212.9
Provisions	174.3	7.7	182.0	167.6	6.8	174.4
Retirement benefit obligations	352.0	(11.0)	341.0	348.9	(17.6)	331.3
Net assets	3,700.9	2.9	3,703.8	3,379.6	7.1	3,386.7
Equity						
Reserves	(776.2)	(0.3)	(776.5)	(994.0)	0.1	(993.9)
Retained Earnings	562.3	3.2	565.5	500.7	7.0	507.7
Total Equity	3,700.9	2.9	3,703.8	3,379.6	7.1	3,386.7

Financial Report

Notes to the Financial Statements

30 June 2014 (continued)

Note 2. Segment Information

An operating segment is a component of the consolidated entity 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 consolidated entity's other components.

All operating segment results are regularly reviewed by the consolidated entity's chief operating decision maker which has been identified as the Corporate Executive Team (CET). The CET consists of the Managing Director and Chief Executive Officer, and other Senior Executives of the consolidated entity. The CET provides the strategic direction and management oversight of the day to day activities of the consolidated entity in terms of monitoring results, providing approval for capital expenditure decisions and approving strategic planning for the businesses.

(a) Description of segments

(i) Reportable segments

The consolidated entity is organised on a global basis into the following reportable segments:

Ammcor Rigid Plastics

This segment manufactures rigid plastic containers from various materials 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.

Ammcor Flexibles

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

- Ammcor Flexibles Europe and Americas which provides packaging for the food and beverage industry including confectionery, coffee, fresh food and dairy, pet food packaging, champagne and wine closures and also provides packaging for the pharmaceutical sector including high value-added medical applications.
- Ammcor Tobacco Packaging which manufactures flexible packaging for specialty folding cartons for tobacco packaging.
- Ammcor Flexibles Asia Pacific which provides packaging for the food and beverage industry including confectionery, coffee, fresh food and dairy and also provides packaging for the pharmaceutical sector and home and personal care.

Management believe that it is appropriate to aggregate these three operating segments as one reportable segment due to the similarities in the nature of each operating segment.

Other/Investments

This segment holds the consolidated entity's associate investment in AMVIG Holdings Limited (AMVIG) and the equity accounted investment in the jointly controlled entity Discma AG (Discma). AMVIG is principally involved in the manufacture of tobacco packaging while Discma's operations primarily relate to the development and licensing of packaging product innovations. In addition to holding the equity accounted investments in AMVIG and Discma, this segment also includes the Corporate function of the consolidated entity.

Ammcor Australasia and Packaging Distribution

This segment manufactures a wide range of products including corrugated boxes; cartons and folding cartons; aluminium beverage cans; plastic closures; glass wine and beer bottles; multiwall sacks; cartonboard and recycled paper. The distribution operations of this segment purchases, warehouses, sells and delivers a wide variety of packaging and related products.

On 31 December 2013 this reportable segment was demerged and has been treated as a discontinued operation within this annual financial report; refer note 3.

(ii) Geographic segments

Although the consolidated entity's operations are managed on a global basis, they operate in the following significant countries:

Australia

The areas of operations are principally flexible packaging which is part of the Flexibles Asia Pacific business segment and the global head office which is part of the Other/Investments segment. All other operations in Australia were demerged on 31 December 2013.

Europe

The Amcor Flexibles Europe and Americas and Amcor Tobacco Packaging operating segments operate manufacturing facilities across Eastern and Western Europe.

Latin America

The Amcor Rigid Plastics, Amcor Flexibles Europe and Americas and Amcor Tobacco Packaging operating segments operate manufacturing facilities in Latin America.

Switzerland

In addition to the headquarters of the Amcor Flexibles Europe and Americas and the Amcor Tobacco Packaging operating segments being managed out of this country, several other corporate functions, which support the consolidated entity's activities across the UK and Europe, are also based in Switzerland. A number of manufacturing facilities for both flexible and tobacco packaging also operate within the country.

United Kingdom

The Amcor Flexibles Europe and Americas and Amcor Tobacco Packaging operating segments operate manufacturing facilities in the United Kingdom.

United States of America

The Rigid Plastics, Australasia and Packaging Distribution and Flexibles reportable segments operate manufacturing and distribution facilities in this country. Areas of manufacturing include the production of containers and preforms for a wide variety of food and beverage applications and supply of plastic containers to the personal care, household chemical and agro-chemical industries. Other areas also include distribution and manufacturing of corrugated sheets and the manufacture of specialty folding cartons for 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 consolidated entity 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 CET 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 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 consolidated entity.

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

Financial Report

Notes to the Financial Statements

30 June 2014 (continued)

Note 2. Segment Information (continued)

(c) Segment information provided to the CET

The following segment information was provided to the CET for the reportable segments for the financial years ended 30 June 2014 and 2013:

	Continuing Operations						Amcor Australasia and Packaging Distribution (discontinued)			
	Amcor Rigid Plastics		Amcor Flexibles		Other/Investments		Total		Total Operations	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
\$ million	Restated ⁽¹⁾	Restated ⁽¹⁾	Restated ⁽¹⁾	Restated ⁽¹⁾	Restated ⁽¹⁾	Restated ⁽¹⁾	Restated ⁽¹⁾	Restated ⁽¹⁾	Restated ⁽¹⁾	Restated ⁽¹⁾
Reportable segment revenue										
Revenue from external customers	3,477	3,094.5	7,376.3	6,391.3	-	-	10,853.4	9,485.8	1,615.4	2,939.5
Inter-segment revenue	-	-	8.0	13.7	-	-	8.0	13.7	1.8	3.3
Total reportable segment revenue	3,477	3,094.5	7,384.3	6,405.0	-	-	10,861.4	9,499.5	1,617.2	2,942.8
Reportable segment profit/(loss)										
Profit/(loss) before depreciation, amortisation, interest, related income tax expense and significant items	482.5	423.9	1,143.8	952.0	(39.5)	(34.7)	1,586.8	1,341.2	157.2	259.8
Depreciation and amortisation	(157.8)	(144.7)	(247.8)	(211.2)	(3.9)	(1.8)	(409.5)	(357.7)	(61.4)	(118.4)
Profit/(loss) before interest, related income tax expense and significant items	324.7	279.2	896.0	740.8	(43.4)	(36.5)	1,177.3	983.5	95.8	141.4
Significant items before related income tax expense (refer note 7)	-	-	-	-	-	(2.4)	-	(2.4)	(166.6)	(114.4)
Profit/(loss) before interest and related income tax expense	324.7	279.2	896.0	740.8	(43.4)	(38.9)	1,177.3	981.1	(70.8)	27.0
Share of net profits of equity accounted investments	-	-	-	-	21.9	25.8	21.9	25.8	-	-
Other non-cash items										
Impairment losses, net of reversals - trade receivables	(0.8)	0.2	0.2	(1.5)	-	-	(0.6)	(1.3)	(2.6)	(4.2)
Impairment losses, net of reversals - inventories	-	-	2.4	1.5	-	-	2.4	1.5	(8.9)	(4.5)
Impairment losses on property, plant and equipment and other non-current assets	-	-	(0.3)	(1.4)	-	-	(0.3)	(1.4)	(20.1)	(80.5)
Reversal of impairment losses on property, plant and equipment and other non-current assets	-	-	0.2	-	-	-	0.2	-	-	0.2
Acquisition of property, plant and equipment and intangibles	136.7	143.8	208.8	166.7	16.7	12.9	362.2	323.4	61.1	152.3
Receivables	371.0	371.5	1,135.5	1,070.0	46.7	90.8	1,553.2	1,532.3	-	380.7
Inventory	510.5	538.1	900.5	879.6	-	-	1,411.0	1,417.7	-	396.9
Payables	(921.6)	(951.1)	(1,559.1)	(1,437.7)	(114.0)	(130.0)	(2,594.7)	(2,518.8)	-	(490.4)
Working capital	(40.1)	(41.5)	476.9	511.9	(67.3)	(39.2)	369.5	431.2	-	287.2
Average funds employed	1,775.1	1,654.4	3,693.0	3,093.9	610.7	529.3	6,078.8	5,277.6	915.4	1,650.5
Investment in equity accounted investments	-	-	-	-	516.8	499.5	516.8	499.5	-	-

(1) The prior period comparative has been restated as a result of a change in the accounting standard for defined benefit obligations and discontinued operation presentation. Refer to note 1(b), 1(z) and note 3.

(d) Other segment information**(i) Segment revenue**

The revenue from external parties reported to the CET is measured in a manner consistent with that in the income statement.

\$ million	2014	2013 Restated ⁽¹⁾
Segment revenue reconciles to statutory revenues and other income from continuing operations as follows:		
Reportable segment revenue		
Total reportable segment revenue	10,861.4	9,499.5
Elimination of inter-segment revenue	(8.0)	(13.7)
Revenue from external customers	10,853.4	9,485.8
Other income	126.9	113.1
Finance income	30.8	20.7
Consolidated revenue and other income from continuing operations	11,011.1	9,619.6

The table below shows sales revenue by product type from continuing operations:

\$ million	2014	2013
Sales revenue by product from continuing operations		
Rigid plastics packaging	3,477.1	3,094.5
Flexible and film packaging	5,762.1	5,004.2
Tobacco packaging	1,614.2	1,387.1
Consolidated sales revenue from continuing operations	10,853.4	9,485.8

(ii) Segment profit/(loss)

Segment profit/(loss) reconciles to statutory profit/(loss) before related income tax expense for continuing operations as follows:

\$ million	2014	2013
Reportable segment profit from continuing operations		
Profit before interest and related income tax expense	1,177.3	981.1
Finance income	30.8	20.7
Finance expense	(241.2)	(211.8)
Profit before related income tax expense	966.9	790.0

(iii) Segment receivables

Segment receivables reconciles to statutory consolidated trade and other receivables as follows:

\$ million	2014	2013
Working capital receivables		
Total reportable segment working capital receivables	1,553.2	1,913.0
Financial instruments included for management reporting purposes	(8.9)	(36.8)
Other current assets included for management reporting purposes	(88.1)	(121.7)
Financial instruments and other assets excluded for management reporting purposes	26.5	75.0
Consolidated trade and other receivables (note 12)	1,482.7	1,829.5

(1) The prior period comparative has been restated as a result of a change in the accounting standard for defined benefit obligations and discontinued operation presentation. Refer to note 1(b), 1(z) and note 3.

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Notes to the Financial Statements

30 June 2014 (continued)

Note 2. Segment Information (continued)

(d) Other segment information (continued)

(iv) Segment payables

Segment payables reconciles to statutory consolidated trade and other payables as follows:

\$ million	2014	2013
Working capital payables		
Total reportable segment working capital payables	(2,594.7)	(3,009.2)
Financial instruments included for management reporting purposes	11.8	16.3
Capital creditors and other payables excluded for management reporting purposes	(61.0)	(94.6)
Consolidated trade and other payables (note 20)	(2,643.9)	(3,087.5)

(v) Segment property, plant and equipment

Segment acquisition of property, plant and equipment and intangibles reconciles to statutory consolidated acquisition of property, plant and equipment and intangibles as follows:

Acquisition of property, plant and equipment and intangibles

Total reportable segment acquisition of property, plant and equipment and intangibles	423.3	475.7
Movement in capital creditors	(25.5)	9.7
Capitalised interest	-	14.0
Movement in prepaid capital items	0.5	4.2
Capitalised asset restoration costs	(5.7)	3.0
Non-controlling interest assets contribution	2.7	-
Government subsidised constructions	9.1	-
Other non-cash adjustments	10.2	1.1
Consolidated acquisition of property, plant and equipment and intangibles⁽¹⁾	414.6	507.7

(1) Additions for the period, excluding acquired balances through business combinations. Refer notes 17 and 19.

(e) Geographical information**(i) Revenues**

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

\$ million	2014	2013 Restated ⁽²⁾
Revenues		
Geographical segment revenue		
Australia	429.0	457.3
Europe	3,698.1	3,213.5
Latin America	1,179.7	1,044.8
Switzerland	595.9	441.8
United Kingdom	439.2	445.9
United States of America	3,158.7	2,730.7
Other	1,352.8	1,151.8
Consolidated sales revenue from continuing operations	10,853.4	9,485.8

(2) The prior period comparative has been restated as a result of discontinued operation presentation. Refer to note 3.

(ii) Non-current assets

Segments assets are based on the location of the assets:

\$ million	2014	2013
Non-current assets		
Australia	287.6	1,976.7
Europe	1,085.3	1,097.0
Latin America	363.1	378.5
Switzerland	286.5	266.4
United Kindom	731.4	708.7
United States of America	1,723.1	2,032.7
Other	1,380.3	1,436.0
Consolidated non-current assets⁽³⁾	5,857.3	7,896.0

(3) Non-current assets excludes retirement benefit assets, deferred tax assets and non-current financial instruments.

(f) Major Customer

No single customer generates revenue greater than 10% of the consolidated entity's total revenues.

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Notes to the Financial Statements

30 June 2014 (continued)

Note 3. Discontinued Operations

Effective 31 December 2013 the Amcor Australasia and Packaging Distribution (AAPD) business was demerged and is reported as a discontinued operation in this annual financial report. The business group consists of two businesses being Australasia and Packaging Distribution. The Australasia business is focused on fibre (recycled paper, corrugated boxes, cartons and sacks and distribution of packaging materials) and beverage (glass bottles, beverage cans and wine closures) packaging within Australia and New Zealand. The Packaging Distribution operation is predominantly located in North America and is focused on the distribution of packaging materials. It also has integrated corrugated sheet and box manufacturing and equipment sales.

The scheme of arrangement for the demerger of the AAPD business was approved by shareholders at the Scheme Meeting held on 9 December 2013. The consolidated entity then lodged the orders with the Supreme Court of Victoria and the Australian Securities and Investments Commission and successfully demerged the business on 17 December 2013. On 18 December 2013 the AAPD business was listed on the Australian Securities Exchange as Orora Limited (Orora) with the implementation date of the demerger being 31 December 2013.

As a result of the demerger, on 31 December 2013, the consolidated entity recognised a loss of \$65.4 million and shareholders' equity was reduced by \$1,473.4 million. The reduction in shareholders' equity is represented by a capital reduction of \$908.9 million against contributed equity and the establishment of a demerger reserve of \$564.5 million.

The financial performance, cash flow and the financial position information of the demerged business for the six months to 31 December, is presented below:

(a) Results of discontinued operation

\$ million	2014	2013 Restated ⁽¹⁾
Revenue	1,617.2	2,942.8
Expenses	(1,539.9)	(2,843.6)
Profit before significant items and income tax expense	77.3	99.2
Income tax expense	(23.8)	(18.2)
Profit from discontinued operations before significant items	53.5	81.0
Significant items		
Disposal of Fairfield property	-	57.3
Australasia restructuring	-	(83.5)
Asset impairments, net of reversals	(210.0)	(88.2)
Legal costs ⁽²⁾	(16.6)	-
Gain on demerger	111.0	-
Transaction and separation costs	(51.0)	-
Significant items before related income tax expense	(166.6)	(114.4)
Income tax (expense)/benefit ⁽³⁾	(59.1)	27.9
Total significant items, net of tax	(225.7)	(86.5)
Total loss from discontinued operations	(172.2)	(5.5)

(1) The prior period comparative has been restated as a result of the change in accounting standard for defined benefit obligations, refer to note 1(b) and 1(z).

(2) Legal costs relate to expenditure associated with the defence and settlement of claims with respect to Australian Competition and Consumer Commission and New Zealand Commerce Commission matters.

(3) Included in the income tax expense figure is an expense of \$114.0 million being the derecognition of deferred tax assets relating to carried forward tax losses. As a result of the demerger it is no longer considered probable that future taxable profit will be available in the Australian Tax Group against which the unused tax losses can be utilised.

	Cents	Cents
Earnings per share for profit from discontinued operation attributable to the ordinary equity holders of Amcor Limited		
Basic earnings per share	(14.3)	(0.5)
Diluted earnings per share	(14.0)	(0.5)

(b) Cash flows from/(used in) discontinued operations

\$ million	2014	2013 Restated ⁽¹⁾
Net cash flows from/(used in) operating activities	20.2	87.8
Net cash flows from/(used in) investing activities	(67.0)	(109.1)
Net cash flows from/(used in) financing activities	91.0	37.6
Net cash flows for the period	44.2	16.3

(1) The prior period comparative has been restated as a result of the change in the accounting standard for defined benefit obligations, refer to note 1(b).

(c) Loss on demerger of AAPD

\$ million	2014
Fair value of Orora shares	1,473.4
Carrying amount of net assets divested	(1,397.8)
Gain on demerger	75.6
One-off transaction costs	(51.0)
Recycling of foreign currency translation reserve, other comprehensive items and foreign exchange translation of demerged business	35.4
Net gain on demerger before related income tax expense	60.0
Income tax expense ⁽¹⁾	(125.4)
Net loss on demerger of AAPD	(65.4)

(1) Included in the income tax expense figure is an expense of \$114.0 million being the derecognition of deferred tax assets relating to carried forward tax losses. As a result of the demerger it is no longer considered probable that future taxable profit will be available in the Australian Tax Group against which the unused tax losses can be utilised.

The fair value of the Orora shares was determined with reference to the Volume Weighted Average Price (VWAP) over the first five trading days of Orora Limited on the Australian Securities Exchange from 17 December 2013. The fair value of Orora was \$1.22 per share, applied to the 1,206.7 million ordinary shares on issue giving a capitalisation value of \$1,473.4 million. The table below identifies the Orora net assets divested as at 31 December 2013.

Carrying value of net assets divested

\$ million	2014
Cash and cash equivalents	68.5
Trade and other receivables	486.7
Inventories	399.5
Property, plant and equipment	1,556.3
Deferred tax assets	96.1
Intangible assets	240.3
Other assets	111.9
Total assets	2,959.3
Trade and other payables	(568.7)
Borrowings	(762.9)
Current provisions	(136.6)
Deferred tax liability	(64.5)
Non-current provisions	(28.8)
Total liabilities	(1,561.5)
Net assets and liabilities divested	1,397.8

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Notes to the Financial Statements

30 June 2014 (continued)

Note 3. Discontinued Operations (continued)

(d) Other Business Disposals during the year ended 30 June 2014

Other than the demerger of the Amcor Australasia and Packaging Distribution business, the consolidated entity did not dispose of any business during the financial year ended 30 June 2014.

Disposals during the year ended 30 June 2013

On 31 January 2013 the consolidated entity completed the sale of three industrial and agricultural film sites located across Australia to Integrated Packaging Group for sale proceeds of \$21.8 million. These sites were purchased as part of the Aperio acquisition and were included within the Amcor Flexibles reporting segment. There was no profit or loss recognised on the disposal of these sites.

Note 4. Business Combinations

(a) Acquisitions made during the financial year ended 30 June 2014

On 21 October 2013, the consolidated entity successfully completed the acquisition of the flexible packaging operations of the Jiangsu Shenda Group with the consolidated entity acquiring 100% of the business for \$60.8 million (RMB 350.0 million).

The acquired business operates out of two plants in the Jiangsu province in Eastern China and services the pharmaceutical, snacks and culinary end markets and is a strong fit with the consolidated entity's existing plant in the Jiangsu province. Following the acquisition the consolidated entity will be the market leader in Eastern China with a strong position in both film manufacturing and conversion. Goodwill of \$32.1 million has been recorded at 30 June 2014.

On 31 March 2014, the consolidated entity successfully completed the acquisition of 100% of Detmold Flexibles, a privately-owned Australian flexible packaging business, for \$50.0 million. Detmold Flexibles operates two plants in Melbourne and has sales of approximately \$55 million. Goodwill of \$17.9 million has been recorded at 30 June 2014.

The aggregate purchase consideration, the fair value of net assets acquired and goodwill for Jiangsu Shenda, Detmold Flexibles and other individually immaterial acquisitions occurring during the year are as follows:

\$ million	2014
Purchase consideration	
Cash paid	118.2
Deferred consideration	2.5
Total purchase consideration	120.7

The assets and liabilities recognised as a result of the individually immaterial acquisitions during the year are as follows:

\$ million	Fair value
Fair value of net assets acquired	
Cash and cash equivalents	3.6
Trade and other receivables	29.5
Inventories	18.1
Property, plant and equipment	41.2
Deferred tax assets	0.5
Other non-current assets	2.8
Trade and other payables	(20.6)
Current tax liabilities	(0.1)
Current provisions	(1.0)
Deferred tax liabilities	(1.8)
Non-current provisions	(0.7)
Fair value of net identifiable assets acquired	71.5
Add goodwill	52.0
Bargain purchase recognised in other income	(2.8)
Fair value of net assets acquired	120.7

\$ million	2014
Outflow of cash to acquire entities, net of cash acquired:	
Cash consideration	118.2
Less: Balances acquired	
Cash	(3.6)
Outflow of cash	114.6

(b) Acquisitions during the financial year ended 30 June 2013 where the acquisition accounting has been finalised during the current year

AGI-Shorewood acquisition

(i) Summary of acquisition

On 15 February 2013 the consolidated entity announced the acquisition of AGI-Shorewood's tobacco packaging and specialty folding carton operations for \$111.3 million (US\$114.8 million). The acquired business includes the 100% purchase of the AGI-Shorewood operations located in the USA, selected operations situated in Mexico and China and 90% of the business located in South Korea.

Details of the business combination were disclosed and preliminary accounting presented in note 3 of the consolidated entity's 30 June 2013 Annual Report.

Changes to the preliminary acquisition balance sheet presented at 30 June 2013

As permitted under Australian Accounting Standards, the consolidated entity has 12 months from acquisition date to finalise the fair value of net assets acquired and goodwill. During the financial year ended 30 June 2014, the consolidated entity finalised this preliminary accounting resulting in a \$94 million decrease in net identifiable assets acquired, a \$0.2m decrease in non-controlling interest and a \$3.1 million reduction in the purchase consideration resulting in a \$6.1 million increase in goodwill from those amounts disclosed at 30 June 2013.

(ii) Goodwill

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 from the acquired workforce and other intangible assets that cannot be separately recognised. The goodwill recognised on acquisition is not considered deductible for tax purposes.

(iii) Acquired receivables

The fair value of acquired trade receivables is \$10.8 million. The gross contractual amount for trade receivables due is \$11.0 million of which \$0.2 million has been provided for potential impairment losses.

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Notes to the Financial Statements

30 June 2014 (continued)

Note 4. Business Combinations (continued)

(b) Acquisitions during the financial year ended 30 June 2013 where the acquisition accounting has been finalised during the current year (continued)

AGI-Shorewood acquisition (continued)

(iv) Non-controlling interest

In accordance with the accounting policy set out in note 1(d), the consolidated entity elected to recognise the non-controlling interests in AGI-Shorewood at its proportionate share of the acquired net identifiable assets.

Details of the purchase consideration, the fair value of net assets acquired and goodwill are as follows:

\$ million

Purchase consideration	
Cash paid	111.3
Completion adjustments	(3.1)
Total purchase consideration	108.2

The assets and liabilities recognised as a result of the acquisition are as follows:

\$ million

	Fair value
Fair value of net assets acquired	
Trade and other receivables	12.5
Inventories	9.6
Property, plant and equipment	55.7
Deferred tax assets	6.1
Intangible assets	4.2
Other non-current assets	0.2
Trade and other payables	(6.4)
Current tax liabilities	(0.7)
Current provisions	(5.1)
Deferred tax liabilities	(5.5)
Non-current provisions	(2.2)
Retirement benefits	(1.3)
Fair value of net identifiable assets acquired	67.1
Less non-controlling interest	(3.4)
Add goodwill	44.5
Fair value of net assets acquired	108.2

Total purchase consideration paid in respect of the acquisition was \$111.3 million of which \$3.1 million was received from the vendor during the financial year ended 30 June 2014 as a result of the post-close adjustment process.

(v) Purchase Consideration

\$ million

Outflow of cash to acquire entities, net of cash acquired:	
Cash consideration	111.3
Less: Balances acquired	
Cash	(3.1)
Outflow of cash	108.2

(vi) Acquisition Costs

During the twelve months to 30 June 2013 \$1.9 million of acquisition costs were recognised as an expense and classified as 'general and administration' expenses in the income statement. No further acquisition costs were incurred in the twelve months to 30 June - 2014.

(c) Acquisitions finalised during the financial year ended 30 June 2013

- During the 12 months ended 30 June 2013, the consolidated entity finalised the acquisition accounting of the 100% acquisition of the Aperio Group, one of Asia Pacific's leading producers of flexible packaging products. The acquisition was successfully completed on 11 May 2012 and brought together two leaders in flexible packaging in Australasia. Total purchase consideration paid was \$240.9 million, and the fair value of net identifiable assets acquired was \$118.0 million, with final goodwill recorded of \$122.9 million.
- On 2 July 2012, the consolidated entity acquired 100% of IPC Tobacco Argentina S.A., a tobacco packaging business in Piso, Argentina. In addition, the consolidated entity acquired the business and assets of Aluprint on 17 July 2012 which included a tobacco packaging plant in Monterrey, Mexico. Both of these acquired businesses are included in the Flexibles reporting segment and will help strengthen the consolidated entity's value proposition to clients by establishing a local presence in the Latin American market.
- On 3 July 2012, the Australian Corrugated Specialty division acquired the business assets of Wayne Richardson Sales, an independently owned packaging and industrial distributor with eight distribution centres across Australia. The business is a distributor of a broad range of industrial packaging and packaging consumables to small and medium sized customers and is included in the Amcor Australasia and Packaging Distribution operating segment.
- On 15 November 2012, the Flexibles reporting segment acquired Uniglobe, a flexible packaging company operating from a single site located in India. The acquisition sees Amcor's footprint in the high-growth Indian market expand to five manufacturing sites.

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Notes to the Financial Statements

30 June 2014 (continued)

Note 5. Revenue, Other Income and Finance Income

\$ million	2014	2013 Restated ⁽¹⁾
Revenue from continuing operations		
Sales revenue		
Revenue from sale of goods	10,853.4	9,485.8
Other income		
Dividend received/receivable	0.5	0.1
Net gain on disposal of property, plant and equipment	21.6	9.4
Net foreign exchange gains	15.9	11.6
Fair value gains on other financial assets designated at fair value through income statement	-	0.2
Government grants	1.0	1.7
Supplier early payment discounts	4.7	3.8
Service income	2.6	3.4
Curtailment gains and settlements	20.5	10.1
Bargain purchase on acquisition of business	2.8	-
Refund of acquisition break fee	2.0	-
Indirect tax credits and research and development claims	8.8	16.6
Gain on sale of option	4.6	-
Rebates, incentives and claims	18.6	17.3
Other	23.3	38.9
Total other income	126.9	113.1
Finance income		
Retirement benefit interest income	3.2	4.5
Interest received/receivable	27.6	16.2
Total finance income	30.8	20.7
Total revenue from continuing operations	11,011.1	9,619.6

(1) The prior period comparative has been restated as a result of a change in the accounting standard for defined benefit obligations and discontinued operation presentation. Refer to note 1(b), 1(z) and note 3.

Note 6. Expenses from continuing operations

Profit before related income tax includes the following specific expenses. These amounts include those disclosed as significant items from continuing operations (refer note 7).

\$ million	2014	2013 Restated ⁽¹⁾
Depreciation and amortisation		
Depreciation:		
– Property, plant and equipment	378.0	332.2
– Leased assets	1.3	1.6
Amortisation:		
– Other intangibles	30.2	23.9
Total depreciation and amortisation	409.5	357.7
Finance expenses		
Interest paid/payable:		
– Finance charges on leased assets	0.9	0.8
– Unwind of discount on provisions	2.5	1.1
– Retirement benefit interest expense	10.9	11.9
– External	203.3	169.3
	217.6	183.1
Borrowing costs	23.6	28.7
Total finance expenses	241.2	211.8
Net impairment of trade receivables	0.6	1.3
Net write-down/(back) of inventories	(2.4)	(1.5)
Employee benefits expense		
– Wages and salaries	1,900.7	1,635.0
– Workers' compensation and other on-costs	168.9	141.0
– Retirement benefit funds	15.7	14.9
– Superannuation costs - accumulation funds	38.7	34.2
– Other employment benefits expense	7.7	3.1
– Share-based payments expense	33.0	35.8
Total employee benefits expense	2,164.7	1,864.0
Rental expense relating to operating leases		
– Minimum lease payments	106.9	100.3
– Contingent rentals	5.6	4.5
Total rental expense relating to operating leases	112.5	104.8
Restructuring costs	7.8	12.9
Asset impairment reversal - property, plant and equipment and non-current assets	(0.2)	-
Asset impairments - property, plant and equipment and non-current assets	0.3	1.4
Net loss on liquidation of businesses	1.3	-
Fair value losses on other financial assets designated at fair value through income statement	0.3	-

(1) The prior period comparative has been restated as a result of a change in the accounting standard for defined benefit obligations and discontinued operation presentation. Refer to note 1(b), 1(z) and note 3.

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Notes to the Financial Statements

30 June 2014 (continued)

Note 7. Significant Items

\$ million	2014			2013		
	Before tax	Tax (expense)/ benefit	Net of tax	Before tax	Tax (expense)/ benefit	Net of tax
Income						
Gain on demerger of the Australasia and Packaging Distribution business ⁽¹⁾	111.0	(126.6)	(15.6)	-	-	-
Gain arising on disposal of Fairfield property	-	-	-	57.3	(9.7)	47.6
	111.0	(126.6)	(15.6)	57.3	(9.7)	47.6
Expense						
Asset impairments, net of reversals ⁽²⁾	(210.0)	62.6	(147.4)	(88.2)	26.4	(61.8)
Transaction and separation costs relating to demerger ⁽²⁾	(51.0)	1.2	(49.8)	-	-	-
Legal costs ⁽³⁾	(16.6)	3.7	(12.9)	-	-	-
Australasia restructuring ⁽²⁾	-	-	-	(83.5)	11.2	(72.3)
Costs to achieve synergies relating to Alcan Packaging acquisition ⁽²⁾	-	-	-	(2.4)	-	(2.4)
	(277.6)	67.5	(210.1)	(174.1)	37.6	(136.5)
Total significant items	(166.6)	(59.1)	(225.7)	(116.8)	27.9	(88.9)

(1) The gain on demerger included recycling of foreign currency translation reserve and foreign exchange translation of the demerged business. Included in the income tax expense figure is an expense of \$114.0 million being the derecognition of deferred tax assets relating to carried forward tax losses. Refer to note 3.

(2) Tax benefits are assessed for certain significant item expenses and not recognised where the resultant tax loss is not considered probable of recovery.

(3) Legal costs relate to expenditure associated with the defence and settlement of claims with respect to Australian Competition and Consumer Commission and New Zealand Commerce Commission matters.

The following table represents a segmental analysis of significant items before income tax (expense)/benefit; refer note 2:

\$ million	Business restructure and rationalisation	Impairment of assets, net of reversals	Disposal of business and property	Transaction and separation costs	Alcan Packaging synergy costs	Legal costs	Total
2014							
Australasia and Packaging Distribution	-	(210.0)	111.0	(51.0)	-	(16.6)	(166.6)
Total	-	(210.0)	111.0	(51.0)	-	(16.6)	(166.6)
2013							
Australasia and Packaging Distribution	(83.5)	(88.2)	57.3	-	-	-	(114.4)
Other/Investments	-	-	-	-	(2.4)	-	(2.4)
Total	(83.5)	(88.2)	57.3	-	(2.4)	-	(116.8)

Note 8. Income Tax Expense

(a) Recognised in the income statement

\$ million	2014	2013 Restated ⁽¹⁾
Current tax (expense)/benefit		
Current period	(130.6)	(151.1)
Adjustments to current tax expense relating to prior periods	(94)	44.0
Tax losses, tax credits and temporary differences not recognised for book in prior years now recouped	131	16.7
Tax losses and credits derecognised	(114.0)	-
Total current tax expense	(240.9)	(90.4)
Deferred tax (expense)/benefit		
Origination and reversal of temporary differences	(44.3)	(73.6)
Change in applicable tax rates	3.9	0.6
Total deferred tax expense	(40.4)	(73.0)
Total income tax expense	(281.3)	(163.4)
Deferred income tax (expense)/benefit included in income tax expenses comprises:		
Decrease in deferred tax assets	(120.5)	(35.8)
Decrease/(Increase) in deferred tax liabilities	80.1	(37.2)
Deferred income tax expense included in income tax (note 18)	(40.4)	(73.0)

(1) The prior period comparative has been restated as a result of a change in the accounting standard for defined benefit obligations and discontinued operation presentation. Refer to note 1(b), 1(z) and note 3.

(b) Numerical reconciliation of income tax expense to prima facie tax payable

\$ million	2014	2013 Restated ⁽¹⁾
Profit from continuing operations	966.9	790.0
Loss from discontinued operations	(89.3)	(15.2)
Profit before related income tax expense	877.6	774.8
Tax at the Australian tax rate of 30% (2013: 30%)	(263.3)	(232.4)
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:		
Net operating items non-deductible/non-assessable for tax	17.5	17.1
Goodwill tax adjustments	0.9	-
Net significant items non-deductible/non-assessable for tax	4.9	(12.2)
Capital structures	27.1	29.6
Tax losses, tax credits and temporary differences not recognised for book in prior years now recouped	13.1	16.7
Tax losses and credits derecognised	(114.0)	-
Effect of local tax rate change	3.9	0.6
	(309.9)	(180.6)
Over provision in prior period	25.2	13.3
Foreign tax rate differential	3.4	3.9
Total income tax expense	(281.3)	(163.4)
Less income tax (expense) / benefit attributable to discontinued operations	(82.9)	9.6
Total income tax expense attributable to continuing operations	(198.4)	(173.0)

(1) The prior period comparative has been restated as a result of a change in the accounting standard for defined benefit obligations and discontinued operation presentation. Refer to note 1(b), 1(z) and note 3.

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Notes to the Financial Statements

30 June 2014 (continued)

Note 8. Income Tax Expense (continued)

(c) Amounts recognised directly in other comprehensive income

\$ million	2014	2013 Restated ⁽¹⁾
Deferred tax benefit/(expense) recognised directly in other comprehensive income		
Tax on cash flow hedges	(0.8)	(0.3)
Tax on exchange differences on translating foreign operations	7.5	67.3
Tax on actuarial losses on defined benefit plans	6.2	12.9
Total income tax benefit recognised directly in other comprehensive income (Note 18)	12.9	79.9

(1) The prior period comparative has been restated as a result of a change in the accounting standard for defined benefit obligations and discontinued operation presentation. Refer to note 1(b), 1(z) and note 3.

Note 9. Auditors' Remuneration

\$ thousand	2014	2013
Auditors of the Company – PwC Australia		
<i>Audit and other assurance services</i>		
Audit and review of financial reports	3,090	3,255
Other assurance services	1,057	46
<i>Other services</i>		
Taxation services, transaction related taxation advice and due diligence	2,651	2,343
Other advisory services	84	50
	6,882	5,694
Network firms of PwC Australia		
<i>Audit and other assurance services</i>		
Audit and review of financial reports	838	837
Other regulatory audit services	4,205	3,669
Other assurance services	-	579
<i>Other services</i>		
Taxation services, transaction related taxation advice and due diligence	2,201	2,011
Other advisory services	-	400
	7,244	7,496
Non-PwC Audit Firms		
<i>Audit and other assurance services</i>		
Other regulatory services	533	399
<i>Other services</i>		
Taxation services and transaction related taxation advice	243	217
	776	616
Total auditors' remuneration	14,902	13,806

Note 10. Earnings per Share

cents	2014	2013 Restated ⁽¹⁾
Basic earnings per share		
From continuing operations attributable to the ordinary equity holders of the Company	61.1	48.9
From discontinued operations	(14.3)	(0.5)
Attributable to the ordinary equity holders of Amcor Limited	46.8	48.4
Diluted earnings per share		
From continuing operations attributable to the ordinary equity holders of the Company	60.0	48.1
From discontinued operations	(14.0)	(0.5)
Attributable to the ordinary equity holders of Amcor Limited	46.0	47.6

(1) The prior period comparative has been restated as a result of a change in the accounting standard for defined benefit obligations and discontinued operation presentation. Refer to note 1(b), 1(z) and note 3.

(a) Reconciliation of earnings used in calculating earnings per share

\$ million	2014	2013 Restated ⁽¹⁾
Basic earnings per share		
Profit from continuing operations	768.5	617.0
Profit from continuing operations attributable to non-controlling interests	(31.5)	(27.8)
Profit from continuing operations attributable to the ordinary equity holders of the Company used in calculating basic earnings per share	737.0	589.2
Profit/(loss) from discontinued operations	(172.2)	(5.5)
Profit attributable to the ordinary equity holders of Amcor Limited used in calculating basic earnings per share	564.8	583.7
Diluted earnings per share		
Profit from continuing operations attributable to the ordinary equity holders of the Company used in calculating diluted earnings per share	737.0	589.2
Profit/(loss) from discontinued operations	(172.2)	(5.5)
Profit attributable to the ordinary equity holders of Amcor Limited used in calculating diluted earnings per share	564.8	583.7

(1) The prior period comparative has been restated as a result of a change in the accounting standard for defined benefit obligations and discontinued operation presentation. Refer to note 1(b), 1(z) and note 3.

(b) Weighted average number of shares used as denominator

Number million	2014	2013
Weighted average number of ordinary shares for basic earnings per share	1,205.9	1,206.1
Effect of employee options and performance rights	22.1	18.9
Weighted average number of ordinary shares and potential ordinary shares for diluted earnings per share	1,228.0	1,225.0

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Notes to the Financial Statements

30 June 2014 (continued)

Note 10. Earnings per Share (continued)

(c) Information concerning classification of securities

In the calculation of basic earnings per share, only ordinary shares, excluding treasury shares, have been included in the calculation. The following securities have been classified as potential ordinary shares and their effect included in diluted earnings per share as at 30 June 2014:

- ordinary shares (excluding treasury shares); and
- employee options and rights.

(d) Details of securities

(i) Options and rights

Options and rights granted to employees under the Amcor Limited employee share/option and rights plans are considered to be potential ordinary shares and have been included in the determination of diluted earnings per share to the extent to which they are dilutive. The options and rights have not been included in the determination of basic earnings per share. Details relating to the options and rights plans are set out in note 29.

(ii) Treasury shares

Treasury shares are held by the Amcor Employee Share Trust for the purpose of issuing shares to employees under the consolidated entity's Employee Share Plans. These shares have been excluded in the determination of basic and diluted earnings per share. Details of the treasury shares are set out in note 25.

Note 11. Cash and Cash Equivalents

\$ million	2014	2013
Cash on hand and at bank	414.1	292.2
Short-term deposits	7.8	7.2
Deposits at call	119.2	95.5
Total cash and cash equivalents	541.1	394.9

The consolidated entity operates in 43 countries around the world, some of which may impose restrictions over cash. The estimated restricted cash balance at 30 June 2014 is between \$70 million and \$80 million (2013 between \$40.0 million and \$50.0 million).

Short-term deposits and deposits at call for the consolidated entity across various jurisdictions bear floating interest rates between 0.0% and 10.5% (2013: 0.0% and 10.3%). Details regarding interest rate risk, foreign currency risk, credit risk and the fair value of cash and cash equivalents are disclosed in note 28.

Note 12. Trade and Other Receivables

\$ million	2014	2013
Trade receivables	1,316.6	1,630.7
Less provision for impairment losses	(18.0)	(23.0)
	1,298.6	1,607.7
Loans and other receivables ⁽¹⁾	175.6	211.8
Receivable on divested property ⁽²⁾	8.4	10.0
Total current trade and other receivables	1,482.6	1,829.5

(1) These amounts generally arise from transactions outside the usual operating activities of the consolidated entity. Interest may be charged at commercial rates where the terms of repayment exceed six months. Collateral is not normally obtained.

(2) Prior year proceeds from receivable related to divested property were received on 24 July 2013.

Credit risks related to receivables

Customer credit risk is managed by each business group in accordance with the procedures and controls set out in the consolidated entity's credit risk management policy. 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.

For the sale of products and associated trade receivables, the consolidated entity minimises where possible its concentration of risk by undertaking transactions with a large number of customers and counterparties in various countries with policies in place to ensure that sales of products and services are made to customers with appropriate credit history.

In respect of these financial assets and the credit risk embodied within them, the consolidated entity holds no significant collateral as security. The credit quality of trade receivables that are neither past due nor impaired is consistently monitored in order to identify any potential adverse changes in credit quality. The consolidated entity has no material exposure to any individual customer.

The carrying amount of financial assets recognised in the statement of financial position (excluding equity securities) best represents the consolidated entity's maximum exposure to credit risk at the reporting date.

Impairment of financial assets

As at 30 June 2014, current trade receivables of the consolidated entity with a nominal value of \$23.2 million (2013: \$24.9 million) were impaired. The amount of the provision was \$18.0 million (2013: \$23.0 million). The individually impaired receivables relate to transactions which have been disputed by customers, or receivables owing from customers experiencing financial difficulties. It has been assessed that a portion of the receivables is expected to be recovered.

The continuing operations of the consolidated entity have recognised a loss of \$0.6 million (2013: \$1.3 million) in respect of impaired trade receivables during the financial year ended 30 June 2014. The loss has been included in 'general and administration' expenses in the income statement.

As at 30 June 2014, current trade receivables of \$123.4 million (2013: \$231.9 million) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing of trade receivables, according to their due date, is as follows:

\$ million	Impaired Receivables		Not Impaired	
	2014	2013	2014	2013
Not past due	0.6	1.0	1,170.0	1,373.9
Past due 0-30 days	1.7	0.6	89.2	135.4
Past due 31-120 days	2.7	3.2	24.4	93.6
More than 121 days	18.2	20.1	9.8	2.9
	23.2	24.9	1,293.4	1,605.8

Movements in the provision for impairments of receivables are as follows:

\$ million	2014	2013
Opening balance	23.0	24.2
Bad debts expense - charge to expense	4.1	4.7
Reversal of impairment	(1.6)	(1.6)
Receivables written off during the period as uncollectible	(4.4)	(5.9)
Additions through business acquisitions	-	0.2
Unused amount reversed	(0.3)	-
Demerger of Australasia and Packaging Distribution business	(2.5)	-
Effects of movement in exchange rate	(0.3)	1.4
Closing balance	18.0	23.0

In assessing an appropriate provision for impairments of receivables consideration is given to historical experience of bad debts, based on the ageing of receivables, knowledge of debtor insolvency or other credit risk and individual account assessment.

Details regarding interest rate risk, foreign currency risk and fair values of receivables are disclosed in note 28.

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Notes to the Financial Statements

30 June 2014 (continued)

Note 13. Inventories

\$ million	2014	2013
Raw materials and stores at cost	580.7	741.2
Work in progress at cost	201.3	199.8
Finished goods at cost	555.6	773.5
	1,337.6	1,714.5
Raw materials and stores at net realisable value	36.1	41.2
Work in progress at net realisable value	10.0	15.0
Finished goods at net realisable value	27.3	43.9
	73.4	100.1
Total inventories	1,411.0	1,814.6

During the period the continuing operations of the consolidated entity recognised a net reversal of \$2.4 million with regard to the net realisable value of inventories (2013: net reversal of \$1.5 million). Both the expense and reversal have been included in 'cost of sales' expense in the income statement. As a result of the demerger of the Australasia and Packaging Distribution business, a write-down of \$8.9 million with regard to the net realisable value of inventories was recognised in discontinued operation during the period. As at 30 June 2014, no inventory of the consolidated entity is pledged as security over any borrowing (2013: nil).

Note 14. Other Financial Assets

\$ million	2014	2013
Current		
Derivative financial instruments - fair value through profit and loss:		
Forward exchange contracts	8.6	23.3
Derivative financial instruments - cash flow hedges:		
Forward exchange contracts	0.3	13.5
Total current other financial assets	8.9	36.8
Non-current		
Investments in companies listed on stock exchanges at fair value	-	4.6
Investments in companies not listed on stock exchanges at cost	1.0	1.0
	1.0	5.6
Derivative financial instruments - fair value through profit and loss:		
Hedge contracts for cash settled Employee Share Plan Options ('American' style contracts)	0.2	0.4
Interest rate swaps	54.9	-
Other non-current financial assets	0.4	0.3
	55.5	0.7
Receivable on divested property ⁽¹⁾	97.3	91.5
Loans and other receivables	9.6	18.3
Total non-current other financial assets	163.4	116.1

(1) This amount relates to deferred consideration in respect of the disposal of property.

Details regarding the interest rate risk, foreign currency risk, commodity price risk, employee share plan risk and fair values of the other financial assets are disclosed in note 28.

In relation to the cash settled Employee Share Plan Options, the Employee Bonus Payment Plan and the Senior Executive Retention Payment Plan, the consolidated entity is exposed to movements in the value of the underlying ordinary shares of Amcor Limited. The consolidated entity has economically hedged its exposure by entering into cash settled equity share option or equity share swap contracts that mirror the terms and conditions of the employee benefit.

Note 15. Other Assets

\$ million	2014	2013
Current		
Contract incentive payments ⁽¹⁾	6.2	21.8
Prepayments	78.6	97.2
Other current assets	3.3	2.7
Total current other assets	88.1	121.7
Non-current		
Contract incentive payments ⁽¹⁾	170	76.6
Prepayments	104	14.2
Other non-current assets	93.5	122.0
Total non-current other assets	120.9	212.8

(1) Contract incentives are provided to customers to secure long-term sale agreements and are amortised over the period of the contractual arrangement.

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Notes to the Financial Statements

30 June 2014 (continued)

Note 16. Investments Accounted for Using the Equity Method

The consolidated entity holds interests in the following material associates:

				Ordinary share ownership interest	
				2014	2013
Name	Principal activity	Incorporated	Reporting date	%	%
Associates					
AMVIG Holdings Limited	Tobacco packaging	Cayman Islands	31 December	48.0	47.9

The consolidated entity accounts for investments in associates and joint ventures using the equity accounting method.

\$ million	2014	2013
Interests in AMVIG Holdings Limited (AMVIG)	500.0	486.6
Aggregate carrying amount of individually immaterial joint ventures	16.8	12.9
Consolidated entity's carrying value of equity accounted investments	516.8	499.5

(a) Summarised financial information related to AMVIG

The financial information below represents 100% of the investees⁽¹⁾:

\$ million	2014	2013
Summarised statement of comprehensive income		
Revenues	528.4	451.4
Profit after tax from continuing operations	61.7	57.0
Other comprehensive income	15.3	1.3
Total comprehensive income	77.0	58.3
Dividends received from AMVIG	10.5	70.1
Financial Position		
Current assets	459.6	368.2
Non-current assets	528.1	534.7
Total assets	987.7	902.9
Current liabilities	203.0	143.8
Non-current liabilities	213.5	226.4
Total liabilities	416.5	370.2
Net assets reported by AMVIG	571.2	532.7
Commitments		
Share of capital commitments contracted but not provided for or payable:		
Within one year	2.8	1.3
	2.8	1.3
Share of other expenditure commitments contracted but not provided for or payable (including operating lease commitments):		
Within one year	1.6	1.4
Between one and five years	4.4	2.8
More than five years	2.4	0.3
	8.4	4.5

(1) The summarised financial information is based on the latest publicly available set of financial statements dated 31 December 2013 (2013: 31 December 2012).

(b) Reconciliation to carrying value of AMVIG

	2014	2013
Group's share in %	48.0	47.9
Group's share of net assets, \$ million ⁽¹⁾	274.2	255.2
Notional goodwill, \$ million	236.0	218.3
Effects of movement in foreign exchange rates and other adjustments	(10.2)	13.1
Carrying amount at the end of the financial year, \$ million	500.0	486.6

(1) The Group's share of net assets is based on the latest publicly available set of financial statements dated 31 December 2013 (2013: 31 December 2012).

The Amcor carrying value of AMVIG when expressed in Hong Kong dollars per share is greater than the Hong Kong dollar per share quoted for AMVIG on the Hang Seng at 30 June 2014.

Management's view is that AMVIG's quoted share price does not accurately reflect the fundamental value of the business. Accordingly, Amcor management has assessed the recoverable amount measured at the higher of fair value less costs of disposal and value in use. Value in use is calculated from cash flow projections for five years using management's best estimates based on historical publicly available information from AMVIG. The value in use calculation included a pre-tax discount rate of 13.7% and the perpetual growth rate of 5%. Based on this value in use assessment management believes that the recoverable amount of the investment in AMVIG exceeds the consolidated entity's carrying value of the investment at 30 June 2014.

(c) Individually immaterial joint ventures

\$ million	2014	2013
Aggregate amounts of group's share of:		
Profit/(loss) from operations	-	(0.1)
Other comprehensive income	-	(0.2)
Total comprehensive income	-	(0.3)

(d) Acquisitions and disposals**30 June 2014***AMVIG Holdings Limited*

During December 2013 and January 2014 AMVIG Holdings Limited repurchased 1.6 million shares on market and cancelled the shares. This increased the Amcor ownership percentage to 48.0%.

30 June 2013*Discma AG*

On 14 September 2012 the consolidated entity acquired a 50.0% interest in the joint venture entity Discma AG for \$11.8 million. Discma AG is principally engaged in the development and licensing of packaging product innovations.

(e) Reporting date

The balance date for AMVIG Holdings Limited (AMVIG) is 31 December, which is different to that of the consolidated entity due to commercial reasons and the listing requirements of this entity on the Hong Kong Stock Exchange. In determining the consolidated entity's share of profits of AMVIG for the financial year ended 30 June 2014, the consolidated entity has used the latest publicly available financial information, being the audited results for the year ended 31 December 2013 plus management's best estimate for the six months ended 30 June 2014.

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Notes to the Financial Statements

30 June 2014 (continued)

Note 17. Property, Plant and Equipment

\$ million	Land	Land improve- ments	Buildings	Plant and equipment	Assets under construction	Finance leases	Total
2014							
Cost							
Opening balance	260.1	20.1	1,445.1	7,785.7	-	18.5	9,529.5
Additions for the period	1.1	-	37.1	354.5	-	0.2	392.9
Disposals during the period	(8.8)	-	(111.9)	(523.8)	-	(0.1)	(644.6)
Additions through business acquisitions	1.2	-	3.3	32.0	-	-	36.5
Disposal of businesses and controlled entities	(73.8)	(11.3)	(459.5)	(2,748.4)	-	-	(3,293.0)
Other transfers	7.3	-	42.3	(49.6)	-	-	-
Effect of movements in foreign exchange rates	2.4	0.2	14.1	55.9	-	0.7	73.3
Closing balance	189.5	9.0	970.5	4,906.3	-	19.3	6,094.6
Accumulated depreciation and impairment							
Opening balance	(0.9)	(6.8)	(402.7)	(4,227.4)	-	(8.7)	(4,646.5)
Depreciation charge	(0.2)	(0.6)	(37.0)	(396.3)	-	(1.3)	(435.4)
Disposals during the period	0.1	-	72.2	499.1	-	-	571.4
Disposal of businesses and controlled entities	0.4	3.2	113.2	1,619.9	-	-	1,736.7
Impairment loss	(0.2)	-	(34.2)	(143.5)	-	-	(177.9)
Reversal of impairment loss	-	-	-	0.2	-	-	0.2
Effect of movements in foreign exchange rates	-	(0.1)	(3.1)	(39.4)	-	(0.3)	(42.9)
Closing balance	(0.8)	(4.3)	(291.6)	(2,687.4)	-	(10.3)	(2,994.4)
Carrying value 30 June 2014	188.7	4.7	678.9	2,218.9	-	9.0	3,100.2
2013							
Cost							
Opening balance	268.9	22.2	1,197.7	6,961.0	594.7	15.6	9,060.1
Additions for the period	1.0	0.1	16.2	360.0	90.3	1.1	468.7
Disposals during the period	(27.0)	(3.6)	(75.0)	(497.0)	-	(0.3)	(602.9)
Additions through business acquisitions	0.8	0.1	18.2	65.1	-	-	84.2
Disposal of businesses and controlled entities	(0.9)	-	(1.4)	(13.4)	-	-	(15.7)
Other transfers	-	0.5	198.3	486.2	(685.0)	-	-
Effect of movements in foreign exchange rates	17.3	0.8	91.1	423.8	-	2.1	535.1
Closing balance	260.1	20.1	1,445.1	7,785.7	-	18.5	9,529.5
Accumulated depreciation and impairment							
Opening balance	(0.7)	(8.6)	(368.5)	(4,008.4)	-	(6.3)	(4,392.5)
Depreciation charge	(0.2)	(0.8)	(52.4)	(386.9)	-	(1.6)	(441.9)
Disposals during the period	0.2	2.9	48.2	475.1	-	0.1	526.5
Disposal of businesses and controlled entities	-	-	-	5.7	-	-	5.7
Impairment loss	-	-	(0.4)	(76.1)	-	-	(76.5)
Effect of movements in foreign exchange rates	(0.2)	(0.3)	(29.6)	(236.8)	-	(0.9)	(267.8)
Closing balance	(0.9)	(6.8)	(402.7)	(4,227.4)	-	(8.7)	(4,646.5)
Carrying value 30 June 2013	259.2	13.3	1,042.4	3,558.3	-	9.8	4,883.0

(a) Non-current assets pledged as security

At 30 June 2014, property, plant and equipment with a carrying value of \$20.9 million (2013: \$14.5 million) was provided as security for certain interest-bearing borrowings. Refer to note 21 for more information on non-current assets pledged as security by the consolidated entity.

In addition, property with a carrying value of \$11.0 million has been pledged as security with regards to the consolidated entity's Brazil excise and income tax claims (2013: \$14.7 million).

(b) Non-current asset impairments

30 June 2014

During the year ended 30 June 2014, the consolidated entity's continuing operations recorded impairments of property, plant and equipment totalling \$0.3 million within 'general and administration' expense in the income statement, whilst \$186.2 million was recorded in the discontinued operations. The impairments were recognised in the following segments with the recoverable amount of the assets based on management's historical experience of the sale of similar assets with reference to current market conditions, which represents fair value less costs of disposal:

- Amcor Australasia and Packaging Distribution (AAPD) recognised impairments totalling \$186.2 million during the period as a result of the demerger of the business. The impairment was recognised in relation to the corrugated converting operations of the Fibre CGU due to the change in key assumptions reflecting AAPD as a standalone entity, in the form of a demerged Orora, with the main change being an increase in the discount rate.
- Amcor Flexibles recognised impairments totalling \$0.3 million during the period relating to specific items of property, plant and equipment that were written off due to mechanical failure or identified as surplus to current requirements.

30 June 2013

During the year ended 30 June 2013, the consolidated entity recorded impairments of property, plant and equipment totalling \$76.5 million within 'general and administration' expense in the income statement (\$14 million continuing operations and \$75.1 million discontinued operation). The impairments were recognised in the following segments with the recoverable amount of the assets based on management's historical experience of the sale of similar assets with reference to current market conditions, which represents fair value less costs of disposal:

- Amcor Australasia and Packaging Distribution recognised impairments totalling \$75.1 million during the period as a result of restructuring activities undertaken within the business. An impairment of \$2.2 million was recognised on the closure of the Thomastown Metal Closures business in Victoria, Australia and an impairment of \$72.9 million has been recognised on the announcement of the closure of the Petrie recycled cartonboard manufacturing plant in Queensland, Australia.
- Amcor Flexibles recognised impairments totalling \$14 million during the period relating to specific items of property, plant and equipment that were identified idle and surplus to current requirements.

(c) Non-current asset impairment reversals

30 June 2014

During the year ended 30 June 2014, the consolidated entity reversed \$0.2 million of previously recognised impairments.

30 June 2013

During the year ended 30 June 2013, the consolidated entity did not reverse any previously recognised impairments.

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30 June 2014 (continued)

Note 18. Deferred Tax Assets and Liabilities

(a) Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

\$ million	2014			2013		
	Assets	Liabilities	Net	Assets	Liabilities	Net
Property, plant and equipment	17.8	(281.3)	(263.5)	20.0	(371.4)	(351.4)
Impairment of trade receivables	4.1	(0.8)	3.3	4.8	(1.0)	3.8
Intangibles	0.2	(171.9)	(171.7)	-	(163.5)	(163.5)
Valuation of inventories	9.8	(74)	2.4	22.5	(9.3)	13.2
Employee benefits	75.1	(8.6)	66.5	94.4	(6.4)	88.0
Provisions	52.1	(1.9)	50.2	66.5	(0.8)	65.7
Financial instruments at fair value and net investment hedges	116.7	(77.5)	39.2	142.2	(128.2)	14.0
Tax losses carried forward	99.6	-	99.6	224.0	-	224.0
Accruals and other items	15.7	(8.4)	7.3	54.9	(53.2)	1.7
Tax assets/(liabilities)	391.1	(557.8)	(166.7)	629.3	(733.8)	(104.5)
Set off of tax	(290.1)	290.1	-	(452.1)	452.1	-
Net deferred tax asset/(liability)	101.0	(267.7)	(166.7)	177.2	(281.7)	(104.5)

(b) Movement in temporary differences during the year

\$ million	Net asset/ (liability) at 1 July	Recognised in income statement	Recognised in other compre- hensive income	Acquired balances	Included in disposal group	Other ⁽¹⁾	Exchange difference	Net asset/ (liability) at 30 June
2014								
Property, plant and equipment	(351.4)	91.5	-	(1.8)	0.2	-	(2.0)	(263.5)
Impairment of trade receivables	3.8	0.3	-	0.2	(0.9)	-	(0.1)	3.3
Intangible assets	(163.5)	(22.6)	-	(0.5)	13.1	-	1.8	(171.7)
Valuation of inventories	13.2	1.6	-	0.1	(12.1)	-	(0.4)	2.4
Employee benefits	88.0	(4.2)	6.2	1.2	(25.3)	-	0.6	66.5
Provisions	65.7	2.5	-	0.4	(18.0)	-	(0.4)	50.2
Financial instruments at fair value and net investment hedges	14.0	25.6	6.7	-	(2.1)	(5.1)	0.1	39.2
Tax losses carried forward	224.0	(121.6)	-	-	(5.4)	-	2.6	99.6
Accruals and other items	1.7	(13.5)	-	0.3	18.9	-	(0.1)	7.3
	(104.5)	(40.4)	12.9	(0.1)	(31.6)	(5.1)	2.1	(166.7)
2013								
Property, plant and equipment	(321.5)	(6.1)	-	5.4	-	-	(29.2)	(351.4)
Impairment of trade receivables	2.6	1.0	-	-	-	-	0.2	3.8
Intangible assets	(137.6)	(5.7)	-	(4.4)	-	-	(15.8)	(163.5)
Valuation of inventories	15.0	(1.6)	-	-	-	-	(0.2)	13.2
Employee benefits	93.2	(24.4)	12.9	0.9	-	-	5.4	88.0
Provisions	85.2	(25.8)	-	4.2	-	-	2.1	65.7
Financial instruments at fair value	(51.6)	(22.9)	110.9	-	-	(22.7)	0.3	14.0
Tax losses carried forward	254.3	5.2	(43.9)	-	-	-	8.4	224.0
Accruals and other items	(11.1)	7.3	-	2.0	-	-	3.5	1.7
	(71.5)	(73.0)	79.9	8.1	-	(22.7)	(25.3)	(104.5)

(1) Amounts in 'Other' represents the deferred tax recognised directly in equity in respect of the forward contracts that the consolidated entity has entered into for the future on-market purchase of ordinary shares of the Company, for the purpose of managing the consolidated entity's obligations under the Employee Share Plans (refer notes 26 and 29).

(c) Unrecognised deferred tax assets and liabilities**(i) Unrecognised deferred tax assets**

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

\$ million	2014	2013
Unused tax losses for which no deferred tax asset has been recognised	1,059.4	796.1
Potential tax benefits at applicable rates of tax	309.9	229.5
Unrecognised tax credits	32.5	12.4
Deductible temporary differences not recognised	33.5	36.6
Total unrecognised deferred tax assets	375.9	278.5

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 against which the consolidated entity can utilise the benefits.

(ii) Unrecognised deferred tax liabilities

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

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

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Notes to the Financial Statements

30 June 2014 (continued)

Note 19. Intangible Assets

\$ million	Product development	Computer software	Goodwill	Customer relationships	Other intangible assets	Total
2014						
Cost						
Opening balance	22.8	296.8	1,937.0	292.0	18.6	2,567.2
Additions through internal activities	5.3	0.3	-	-	-	5.6
Additions for the period	-	15.8	-	-	0.3	16.1
Additions through business acquisitions	-	-	57.2	-	14	58.6
Disposals during the period	-	(3.9)	-	-	-	(3.9)
Disposal of business and controlled entities	-	(151.4)	(218.9)	(1.0)	(6.0)	(377.3)
Effect of movements in foreign exchange rates	(0.2)	4.8	25.2	2.6	0.6	33.0
Closing balance	27.9	162.4	1,800.5	293.6	14.9	2,299.3
Accumulated amortisation and impairment						
Opening balance	(4.5)	(187.9)	(13.4)	(46.2)	(14.5)	(266.5)
Amortisation charge	(1.2)	(18.1)	-	(15.5)	(0.7)	(35.5)
Disposals during the period	-	2.4	-	-	-	2.4
Disposal of business and controlled entities	-	123.0	7.9	0.1	6.0	137.0
Impairment loss	-	(14.9)	-	-	-	(14.9)
Effect of movements in foreign exchange rates	(0.1)	(1.8)	0.2	(0.2)	(0.5)	(2.4)
Closing balance	(5.8)	(97.3)	(5.3)	(61.8)	(9.7)	(179.9)
Carrying value 30 June 2014	22.1	65.1	1,795.2	231.8	5.2	2,119.4
2013						
Cost						
Opening balance	13.2	268.8	1,657.8	248.6	32.6	2,221.0
Additions through internal activities	18.0	14.4	-	-	-	32.4
Additions for the period	-	6.2	-	-	0.4	6.6
Additions through business acquisitions	-	-	113.5	0.3	-	113.8
Disposals during the period	(8.8)	(9.0)	-	-	(0.2)	(18.0)
Disposal of businesses and controlled entities	-	-	(1.0)	-	-	(1.0)
Other transfers	-	-	-	14.4	(14.4)	-
Effect of movements in foreign exchange rates	0.4	16.4	166.7	28.7	0.2	212.4
Closing balance	22.8	296.8	1,937.0	292.0	18.6	2,567.2
Accumulated amortisation and impairment						
Opening balance	(5.2)	(162.5)	(13.0)	(27.2)	(13.6)	(221.5)
Amortisation charge	(0.1)	(19.7)	-	(13.6)	(0.8)	(34.2)
Disposals during the period	1.2	8.2	-	-	0.1	9.5
Impairment loss	-	(5.4)	-	-	-	(5.4)
Effect of movements in foreign exchange rates	(0.4)	(8.5)	(0.4)	(5.4)	(0.2)	(14.9)
Closing balance	(4.5)	(187.9)	(13.4)	(46.2)	(14.5)	(266.5)
Carrying value 30 June 2013	18.3	108.9	1,923.6	245.8	4.1	2,300.7

As at 30 June 2014 the consolidated entity does not hold any indefinite life intangible assets, other than goodwill.

(a) Intangible asset impairments and impairment reversals

30 June 2014

During the year ended 30 June 2014, as a result of the demerger of the Australasia and Packaging Distribution business, an impairment totalling \$14.9 million was recognised in relation to computer software. No impairment reversals were recognised by the consolidated entity during the period.

30 June 2013

During the year ended 30 June 2013, Amcor Australasia and Packaging Distribution recognised an impairment totalling \$5.4 million, within 'general and administration' expense in the income statement, as the result of the announcement of the closure of the Petrie recycled cartonboard manufacturing plant in Queensland, Australia. No impairment reversals were recognised by the consolidated entity during the period.

(b) Impairment tests for goodwill

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to cash generating units or groups of cash generating units (CGUs) according to the level at which management monitors goodwill.

The goodwill amounts allocated below are tested annually or semi-annually if there are indicators of impairment, by comparison with the recoverable amount of each CGU or group of CGU's assets. Recoverable amounts for CGUs are measured at the higher of fair value less costs of disposal and value in use. Value in use is calculated from cash flow projections for five years using data from the consolidated entity's latest internal forecasts. The key assumptions for the value in use calculations are those regarding discount rates, growth rates and expected changes in margins.

The forecasts used in the value in use calculations are management's estimates in determining income, expenses, capital expenditure and cash flows for each asset and CGU. Changes in selling prices and direct costs are based on past experience and management's expectation of future changes in the markets in which the consolidated entity operates. Cash flows beyond the five year period are extrapolated using estimated growth rates.

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

	Goodwill Allocation		Pre-Tax Discount Rate		Growth Rate	
	2014	2013	2014	2013	2014	2013
CGU	\$ million	\$ million	%	%	%	%
Continuing Operations						
Rigid Plastics						
Rigid Plastics	712.7	725.2	11.8	12.2	1.1	-
Flexibles						
Flexibles Europe & Americas	515.3	500.1	7.6	7.6	-	-
Tobacco Packaging	321.0	303.7	7.6	7.6	-	-
Flexibles Asia Pacific	246.2	192.4	9.6	9.9	3.0	3.0
Discontinued Operations						
Australasia and Packaging Distribution						
Australasia	-	85.6	-	9.1	-	-
Packaging Distribution	-	116.6	-	8.9	-	3.0
	1,795.2	1,923.6				

The discount rate used in performing the value in use calculations reflects the consolidated entity's weighted average cost of capital, as adjusted for specific risks relating to each geographical region in which the CGUs operate. The pre-tax discount rates are disclosed above. The growth rate represents the average rate applied to extrapolate CGU cash flows beyond the five year forecast period. These growth rates are determined with regard to the long-term performance of each CGU in their respective market and are not expected to exceed the long-term average growth rates in the applicable market.

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Notes to the Financial Statements

30 June 2014 (continued)

Note 20. Trade and Other Payables

\$ million	2014	2013
Current		
Trade creditors	1,897.4	2,187.7
Deferred grant income	0.7	0.5
Other creditors and accruals	745.8	899.3
Total current trade and other payables	2,643.9	3,087.5
Non-current		
Deferred grant income	4.3	4.1
Other unsecured creditors	0.7	17.9
Total non-current trade and other payables	5.0	22.0

Details regarding interest rate risk, foreign currency risk and fair values of payables are disclosed in note 28.

Note 21. Interest-Bearing Liabilities

\$ million	Footnote	2014	2013
Current			
Secured borrowings:			
Other loans		-	0.6
Lease liabilities (refer note 32)		1.6	2.6
	(1)	1.6	3.2
Unsecured borrowings:			
Bank overdrafts		4.8	28.4
Bank loans	(2)	102.1	445.5
Commercial paper	(3)	253.2	707.2
US dollar notes	(4)	191.1	-
Other loans		1.2	0.5
		552.4	1,181.6
Total current interest-bearing liabilities		554.0	1,184.8
Non-current			
Secured borrowings:			
Other loans		11.7	1.2
Lease liabilities (refer note 32)		7.6	8.2
	(1)	19.3	9.4
Unsecured borrowings:			
Bank loans	(2)	483.1	393.7
US dollar notes	(4)	1,033.3	1,215.6
Euro notes	(4)	217.3	210.9
Eurobond	(5)	1,254.1	1,177.1
Swiss bond	(6)	177.7	169.9
Other loans		1.7	1.0
		3,167.2	3,168.2
Total non-current interest-bearing liabilities		3,186.5	3,177.6
Reconciliation of consolidated net debt			
Current		554.0	1,184.8
Non-current		3,186.5	3,177.6
Total interest-bearing liabilities		3,740.5	4,362.4
Cash and cash equivalents (refer note 11)		(541.1)	(394.9)
Net debt		3,199.4	3,967.5

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Notes to the Financial Statements

30 June 2014 (continued)

Note 21. Interest-Bearing Liabilities (continued)

Footnotes:

- (1) Property, plant and equipment is provided as security over certain borrowings including lease liabilities, which are effectively secured, as the rights to the leased assets revert to the lessor in the event of default. The total value of property, plant and equipment secured is \$20.9 million (2013: \$14.5 million) which represents the carrying value of the secured assets.
- (2) Bank loans principally include the following borrowings:
- An amount of \$458.0 million (2013: \$311.0 million) drawn under a US\$740.0 million (2013: US\$740.0 million) committed global syndicated multi-currency facility maturing October 2016.
 - An amount of \$89.0 million (2013: \$104.1 million) drawn under a \$100.0 million (2013: \$200.0 million) committed multi-currency facility maturing in July 2014 which is in various currencies and bears interest at the applicable BBSY, HIBOR or LIBOR rate plus an applicable credit margin.
 - No amount has been drawn (2013: nil) under a committed US\$900.0 million (2013: US\$900.0 million) syndicated multi-currency facility supporting the uncommitted commercial paper programs (refer footnote 3) maturing in August 2015.
 - A committed global syndicated multi-currency facility of US\$370.0 million (2013: US\$370.0 million) was cancelled in February 2014. In 2013, an amount of \$389.4 million was drawn under this facility.
- (3) Borrowings in commercial paper markets include the following:
- AUD Uncommitted Promissory Note facility of \$600.0 million (2013: \$600.0 million), of which \$104.6 million is drawn at 30 June 2014 (2013: \$383.6 million). This facility continues indefinitely until it is terminated by giving written notice to the dealer panel members; and
 - US Uncommitted Commercial Paper Program of US\$400.0 million (2013: US\$400.0 million), of which \$148.6 million (2013: \$323.6 million) is drawn at 30 June 2014. The commercial paper borrowings are classified as a current interest-bearing liability due to the short term rollover nature of the borrowings. The US\$900 million syndicated multi-currency facility tranche due in August 2015 (refer footnote 2) acts as a liquidity back stop to the commercial paper should there be any difficulty in rolling over the commercial paper. Usage of these facilities reduces the available facilities under the syndicated multi-currency facility discussed in footnote 2.
- (4) The following senior unsecured notes were issued in the United States Private Placement Market where interest on the notes is payable semi-annually at a fixed rate:
- US\$280.0 million notes issued in 2002 with final bullet maturities between 2014 and 2017;
 - US\$850.0 million notes issued in 2009 with final bullet maturities between 2016 and 2021; and
 - €150.0 million notes issued in 2010 with final bullet maturities between 2015 and 2020.
- (5) This amount represents unsecured notes issued in the Eurobond market consisting of €550.0 million (2013: €550.0 million) maturing in April 2019 and €300.0 million (2013: €300.0 million) maturing in March 2023.
- (6) This amount represents unsecured notes issued in the Swiss Bond market of CHF150.0 million (2013: CHF 150.0 million) maturing in April 2018.
- (7) A five year (April 2019) US denominated bank syndicated facility for US\$500 million has been entered into during the year ended 30 June 2014. This will support the US commercial paper program. This facility was fully undrawn at 30 June 2014.

Details of the interest rate risk, foreign currency risk, committed and uncommitted facilities and fair value of interest-bearing liabilities for the consolidated entity are set out in note 28.

Note 22. Other Financial Liabilities

\$ million	2014	2013
Current		
Forward contracts to purchase own equity to meet share plan obligations ⁽¹⁾	55.0	73.8
Derivative financial instruments – fair value through profit and loss:		
Forward exchange contracts	7.8	10.0
Commodity contracts	1.4	5.0
Derivative financial instruments – cash flow hedges:		
Forward exchange contracts	2.6	0.7
Commodity contracts	-	0.6
Total current other financial liabilities	66.8	90.1
Non-current		
Derivative financial instruments – fair value through profit and loss:		
Interest rate swaps	-	12.4
Total non-current other financial liabilities	-	12.4

- (1) The consolidated entity has entered into forward contracts for the on-market purchase of ordinary shares of the Company, for the purpose of managing the consolidated entity's obligations under the Employee Share Plans (refer note 29). The financial liability 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 (refer notes 25 and 26). Refer note 28(a)(iv) for details for the forward purchase contracts.

Note 23. Provisions

\$ million	Employee entitlements	Insurance and other claims	Onerous contracts	Asset restoration	Restructuring	Other	Total
Balance at 1 July 2013⁽¹⁾	154.5	102.0	16.7	86.3	114.2	3.2	476.9
Provisions made during the period	44.5	32.0	2.3	1.1	50.1	0.8	130.8
Payments made during the period	(52.3)	(14.6)	(7.5)	(8.4)	(91.8)	(0.4)	(175.0)
Released during the period	(2.8)	(5.2)	-	(16.9)	(4.3)	(0.5)	(29.7)
Additions through business acquisitions	4.5	2.8	-	2.1	-	-	9.4
Disposal of businesses and controlled entities	(77.1)	(28.0)	(2.1)	(20.1)	(28.4)	-	(155.7)
Unwinding of discount	-	-	0.2	1.6	1.1	-	2.9
Effect of movement in foreign exchange rate	3.2	(0.1)	0.7	1.2	0.9	-	5.9
Balance at 30 June 2014	74.5	88.9	10.3	46.9	41.8	3.1	265.5
Current	43.1	36.3	7.6	0.2	41.0	2.8	131.0
Non-current	31.4	52.6	2.7	46.7	0.8	0.3	134.5
Balance at 1 July 2012⁽¹⁾	162.2	96.5	13.7	83.1	113.8	3.1	472.4
Provisions made during the period	59.3	38.0	1.2	3.0	137.2	3.9	242.6
Payments made during the period	(67.9)	(31.7)	(6.3)	(6.3)	(141.0)	(3.3)	(256.5)
Released during the period	(2.2)	(4.2)	-	(6.7)	(0.6)	(0.7)	(14.4)
Disposal of businesses and controlled entities	(2.9)	-	-	-	-	(0.1)	(3.0)
Additions through business acquisitions	0.9	-	6.3	6.1	1.9	0.1	15.3
Unwinding of discount	-	-	0.4	1.4	-	-	1.8
Effect of movement in foreign exchange rate	5.1	3.4	1.4	5.7	2.9	0.2	18.7
Balance at 30 June 2013⁽¹⁾	154.5	102.0	16.7	86.3	114.2	3.2	476.9
Current	118.4	48.1	10.8	8.6	106.1	2.9	294.9
Non-current	36.1	53.9	5.9	77.7	8.1	0.3	182.0

(1) The prior period comparative has been restated as a result of a change in the accounting standard for defined benefit obligations. Refer to note 1(b) and 1(z).

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Notes to the Financial Statements

30 June 2014 (continued)

Note 23. Provisions (continued)

Description of provisions

Employee entitlements

Employee entitlements include the liability for annual leave and long service leave of employees.

Insurance and other claims

Insurance and other claims include provisions for workers' compensation, insurance and other claims and are based on claims received and claims expected to be received in relation to incidents occurring prior to 30 June 2014, based on historical claim rates. Estimated net future cash flows are based on the assumption that all claims will be settled and the weighted average cost of historical claims adjusted for inflation will continue to approximate future costs.

Onerous contracts

Onerous contract provisions relate to rental of land and buildings which are not able to be fully used or sublet by the consolidated entity, and certain customer and supply contracts procured through business acquisitions. The provision reflects only the onerous element of these commitments.

Asset restoration

Provisions for asset restoration or decommissioning relate to either make-good provisions included in lease agreements or decommissioning costs associated with environmental risks for which the consolidated entity has a legal or constructive obligation to make-good.

Where lease agreements include requirements to return the property to its original condition, the consolidated entity has made a provision based on an estimate of these costs.

At a number of sites, there are areas of contamination caused by past practice, many of which relate to operations prior to the consolidated entity's ownership. 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.

In addition, the consolidated entity recognises the environmental risks associated with underground storage tanks. The provision includes costs associated with the decommissioning, removal or repair of any tanks which may fail integrity tests.

Restructuring provisions

The following tables provide a segmental analysis of the restructuring provision at the end of the reporting period:

\$ million	Continuing Operations			Discontinued Operations		Total
	Amcor Rigid Plastics	Amcor Flexibles	Other	Continuing Total	Australasia and Packaging Distribution	
Balance at 1 July 2013	5.5	19.7	7.5	32.7	81.5	114.2
Provisions made during the period	0.3	6.1	36.3	42.7	74	50.1
Payments made during the period	(5.8)	(12.9)	(29.8)	(48.5)	(43.3)	(91.8)
Released during the period	-	(4.3)	-	(4.3)	-	(4.3)
Disposal of businesses and controlled entities	-	-	-	-	(28.4)	(28.4)
Unwinding of discount	-	-	1.1	1.1	-	1.1
Other transfers	-	0.3	16.9	17.2	(17.2)	-
Effect of movement in foreign exchange rate	-	0.7	0.2	0.9	-	0.9
Balance at 30 June 2014	-	9.6	32.2	41.8	-	41.8
Current	-	8.8	32.2	41.0	-	41.0
Non-current	-	0.8	-	0.8	-	0.8

Balance at 1 July 2012	19.8	57.8	6.1	83.7	30.1	113.8
Provisions made during the period	-	6.1	5.3	114	125.8	137.2
Payments made during the period	(14.4)	(48.0)	(4.2)	(66.6)	(74.4)	(141.0)
Released during the period	-	(0.5)	(0.1)	(0.6)	-	(0.6)
Additions through business acquisitions	-	1.9	-	1.9	-	1.9
Effect of movement in foreign exchange rate	0.1	2.4	0.4	2.9	-	2.9
Balance at 30 June 2013	5.5	19.7	7.5	32.7	81.5	114.2
Current	5.5	17.5	7.5	30.5	75.6	106.1
Non-current	-	2.2	-	2.2	5.9	8.1

During the period Amcor Rigid Plastics continued to utilise restructuring provisions relating to activities associated with the streamlining and reorganisation of operations in North and Latin Americas, attributable to the closure of a number of plants in prior periods.

The Australasia and Packaging Distribution restructuring provision primarily relates to associated costs upon closure of the Thomastown Metal Closures business in Victoria, Australia, and the closure of the Petrie recycled cartonboard manufacturing plant in Queensland, Australia. In addition restructuring provisions have also been recognised in relation to cost reduction and reorganisation activities associated with the Australasia operations.

The Amcor Flexibles restructuring provision includes costs associated with the realisation of expected synergies from the Alcan acquisition. The restructuring costs incurred in the current year are in relation to the streamlining and rationalisation of the European operations which included the closure of certain manufacturing plants.

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Notes to the Financial Statements

30 June 2014 (continued)

Note 24. Retirement Benefit Assets and Obligations

During the year, the consolidated entity maintained 58 defined benefit arrangements providing benefits for its co-workers and their dependants. These arrangements include both pension plans and post-retirement plans. Of the pension plans, 22 plans are funded. This note sets out the financial information in relation to the consolidated entity's defined benefit arrangements, including the funding policy for its funded defined benefit arrangements.

\$ million	2014	2013 Restated ⁽¹⁾
Present value of unfunded defined benefit obligation	175.4	168.4
Present value of funded defined benefit obligation	1,421.0	1,483.1
Liabilities for defined benefit obligations	1,596.4	1,651.5
Fair value of plan assets	(1,307.8)	(1,346.5)
	288.6	305.0
Restrictions on asset recognised	0.7	0.4
Net liability arising from defined benefit obligations	289.3	305.4
Non-current asset	(43.9)	(35.6)
Non-current liability	333.2	341.0
	289.3	305.4

(1) The prior period comparative has been restated as a result of a change in the accounting standard for defined benefit obligations. Refer to note 1(b) and 1(z).

(a) Description of plans

Globally, the consolidated entity is progressively moving away from defined benefit plans because of the increased financial risk and uncertainty associated with these arrangements. The consolidated entity has closed some defined benefit plans to current co-workers in a number of countries including Australia, Canada, Germany, Ireland, New Zealand, Switzerland, the United Kingdom and the USA. To the extent possible within local country legislation, for those defined benefit arrangements that are now closed to current co-workers, their benefits are no longer increasing in real terms. The vast majority of co-workers receive defined contribution benefits.

In relation to the funded pension plans, some plans have funding surpluses and some have funding deficits. Surpluses and deficits arise from many diverse factors and can vary significantly over time. These variations are attributed to movements in asset values resulting from the performance of the underlying investment markets and movements in liability values resulting from actual experience differing from the assumptions used to discount and project the future cash flows required to pay the benefits when they become due. The consolidated entity continuously monitors the funded status of its defined benefit plans. If any deficits are identified in the funded pension plans, the consolidated entity agrees with the trustees and plan fiduciaries to undertake suitable funding programmes to provide additional contribution and payment periods in accordance with local country requirements. These funding programmes are undertaken based on advice from suitably qualified professionals in each country.

The characteristics and risks associated with the material plans of the consolidated entity are described below:

(i) Switzerland

The Switzerland pension plan is a cash balance funded retirement plan. Contributions expressed as a fixed percentage of salary are paid into the plan by both the Company and the co-workers to build up cash balances in the name of each co-worker who is employed by the consolidated entity on a local contract in Switzerland. The plan is compliant with pension and tax legislation in Switzerland. Interest is credited each year to co-workers' cash balances. Interest credits can be positive or nil. Negative credits are not permitted. At retirement age, co-workers' cash balances are converted at a fixed rate into a retirement annuity. The retirement annuity is paid monthly from the plan directly to the retired former co-workers or to their beneficiaries, in the event the former co-workers are deceased.

The plan is not a traditional defined benefit plan since the sponsoring entity is not required to make additional contributions to finance any funding shortfall. In the event there is deficit in funding, the Pension Fund Board must either:

- suspend crediting interest to cash balances;
- request an increased contribution from current co-workers;
- reduce benefits; or
- implement a combination of all of the above options.

Funding surpluses belong to the members of the pension plan and are not refundable to the sponsoring employer. If a co-worker leaves the consolidated entity, its accumulated cash balance must be transferred out of the pension plan to another employers' plan or to an independent arrangement.

A plan amendment occurred in May 2014 when the Pension Foundation Board formally agreed to change the factor for converting cash balances into annuities, on the advice of the actuarial adviser to the plan. The main purpose of this measure is to reduce cross subsidies between generations of co-workers and mitigate the long-term longevity risk in the pension plan. Transitional arrangements were introduced for those members close to retirement.

(ii) United Kingdom

The consolidated entity has two funded defined benefit plans in the UK. Both plans are closed to new entrants and no longer accrue service-related or salary-related benefits. Under local legislation it is a requirement that most of the benefits increase both before and after the pension commences, at least in line with statutory indexation.

The plans are compliant with pension and tax legislation in the UK. Under statutory funding regulations in the UK, the local sponsoring entities are required to make additional contributions to finance any funding shortfall. In the event that a funding deficit arises, the trustees of the plans are required to consult with the Company and agree a contribution schedule that is both reasonable and affordable. One of the plans has a small funding surplus on the local statutory basis while the other plan has a funding deficit on the balance sheet date. The schedule of contributions agreed between the Company and the trustees of the plans sets out the amount and term of the cash funding arrangements.

The trustees are responsible for the plans' assets, both in terms of the investment strategy and decisions on the asset allocation. At least once every three years, the Statement of Investment Principles (SIP) is reviewed by the trustees in consultation with the Company. The SIPs are kept under review and the trustees inform, and agree with, the Company an amended SIP before implementing any changes.

(iii) Other Europe

The consolidated entity has defined benefit plans located across Europe, including Germany, France, Belgium, Italy and Ireland. The significant plans are in Germany and France and they are described below.

Germany

There are 16 defined benefit plans in Germany and 14 of these are closed to new entrants. A group of 228 employees who are approaching retirement age continue to accrue service-related or salary-related benefits. Legislation requires that pensions in payment must be reviewed every three years and adjusted based on the increase in the Retail Price Index.

Defined benefits in Germany are typically unfunded and are financed through statutory local accounting provisions. However, six of these unfunded defined benefit plans are partially indemnified by Rio Tinto Limited which assumes responsibility for its former employees' retirement entitlements as at 1 February 2010 when the consolidated entity acquired Alcan Packaging from Rio Tinto Limited. Rio Tinto Limited pays monthly pension instalments to a significant proportion of the plans' retirees via a Contractual Trust Agreement between the consolidated entity and Rio Tinto Limited.

France

The consolidated entity has six defined benefit plans in France, of which two are closed to new entrants. Two of these are partially indemnified by Rio Tinto Limited which assumes responsibility for its former employees' retirement entitlements as at 1 February 2010 when the consolidated entity acquired Alcan Packaging from Rio Tinto Limited. Eleven of the plans in France provide unfunded lump sum benefits at retirement as required under collective employee agreements.

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Notes to the Financial Statements

30 June 2014 (continued)

Note 24. Retirement Benefit Assets and Obligations (continued)

(a) Description of plans (continued)

(iv) North America

USA

There are two defined benefit plans in the USA: a retirement plan and a post-retirement medical plan. The defined benefit retirement plan is closed to future accrual. The consolidated entity has agreed to provide contributions to finance the funding shortfall in line with local funding standards. Following the introduction of significant legislation changes to medical insurance arrangements in the USA, the consolidated entity has terminated the benefit for the majority of plan participants. This plan amendment resulted in a partial settlement during the year. A small number of retirees are still eligible for the benefit until 31 December 2015 only.

Canada

There are five defined benefit plans in Canada. Four of these plans provide retirement benefits and one provides post-retirement medical benefits. The retirement plans are no longer accruing future benefits and provide benefit indexation in line with inflation and salaries where it is required under local legislation. One of the retirement plans was amended to remove the link to future salary increases for the past service liabilities.

(v) Australia and Asia

The defined benefit section of the Australian superannuation plan has been closed to new entrants for over 10 years. In 2012 the Company transferred salaried members from the defined benefit section to the defined contribution section of the Australian plan. In 2013 the Company also transferred the hourly paid members to the defined contribution section. The Company's remaining defined benefits in the Australian plan were crystallised as lump sums in December 2013 resulting in a full plan settlement.

In November 2013 and leading up to the demerger of the Australasia and Packaging Distribution business, the Company also wound-up the New Zealand Superannuation Plan which provided hybrid defined benefit and defined contribution retirement pensions and lump sum amounts. The plan had a funding surplus which was allocated to augment member's benefits resulting in a full plan settlement.

(b) Movements of defined benefit obligation and fair value of plan assets

The amounts recognised in the balance sheet and the movements in the net defined benefit obligation over the year are as follows:

\$ million	Defined benefit obligation	Fair value of plan assets	Net defined benefit liability/ (asset)
Balance at 1 July 2013⁽¹⁾	1,651.5	(1,346.1)	305.4
<i>Included in profit or loss</i>			
Current service cost	22.7	-	22.7
Past Service Cost - Plan Amendments	(19.6)	-	(19.6)
Past Service Cost - Curtailments / Settlements	(155.5)	148.0	(7.5)
Interest expense/(income)	56.3	(48.4)	7.9
Total amount recognised in profit or loss	(96.1)	99.6	3.5
<i>Included in other comprehensive income</i>			
Remeasurements:			
– loss/(gain) from change in demographic assumptions	4.4	-	4.4
– loss/(gain) from change in financial assumptions	29.7	-	29.7
– experience loss/(gain)	6.1	-	6.1
– return on plan assets, excluding amounts included in interest expense/(income)	-	(12.0)	(12.0)
– restrictions on assets recognised	-	0.3	0.3
Effect of movements in exchange rates	79.9	(78.6)	1.3
Total amount recognised in other comprehensive income	120.1	(90.3)	29.8
<i>Other</i>			
Contributions:			
- paid by the employer	-	(49.4)	(49.4)
- paid by participants	8.0	(8.0)	-
Benefits paid	(87.1)	87.1	-
Total other	(79.1)	29.7	(49.4)
Balance at 30 June 2014	1,596.4	(1,307.1)	289.3
Australia/Asia	7.0	(2.3)	4.7
UK	601.6	(637.1)	(35.5)
Switzerland	479.2	(398.5)	80.7
Other Europe	362.2	(175.6)	186.6
North America	146.4	(93.6)	52.8
	1,596.4	(1,307.1)	289.3
Actives	525.3		
Vested Terminées	495.7		
Retirees	575.4		
	1,596.4		

(1) The prior period comparative has been restated as a result of a change in the accounting standard for defined benefit obligations. Refer to note 1(b) and 1(z).

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Notes to the Financial Statements

30 June 2014 (continued)

Note 24. Retirement Benefit Assets and Obligations (continued)

(b) Movements of defined benefit obligation and fair value of plan assets (continued)

\$ million	Defined benefit obligation	Fair value of plan assets	Net defined benefit liability/ (asset)
Balance at 1 July 2012⁽¹⁾	1,488.5	(1,221.4)	267.1
<i>Included in profit or loss</i>			
Current service cost	30.0	-	30.0
Past Service Cost - Plan Amendments	(5.1)	-	(5.1)
Past Service Cost - Curtailments / Settlements	(131.5)	110.6	(20.9)
Interest expense/(income)	52.6	(44.6)	8.0
Total amount recognised in profit or loss	(54.0)	66.0	12.0
<i>Included in other comprehensive income</i>			
Remeasurements:			
– loss/(gain) from change in demographic assumptions	39.0	-	39.0
– loss/(gain) from change in financial assumptions	123.7	-	123.7
– experience loss/(gain)	0.4	-	0.4
– return on plan assets, excluding amounts included in interest expense/ (income)	-	(105.3)	(105.3)
– restrictions on assets recognised	-	0.4	0.4
Effect of movements in exchange rates	128.4	(99.6)	28.8
Total amount recognised in other comprehensive income	291.5	(204.5)	87.0
<i>Other</i>			
Contributions:			
– paid by the employer	-	(62.0)	(62.0)
– paid by participants	8.4	(8.4)	-
Benefits paid	(84.2)	84.2	-
Business acquisitions	1.3	-	1.3
	(74.5)	13.8	(60.7)
Balance at 30 June 2013 Restated	1,651.5	(1,346.1)	305.4
Australia/Asia	176.4	(149.5)	26.9
UK	546.4	(570.4)	(24.0)
Switzerland	443.4	(369.7)	73.7
Other Europe	337.1	(167.6)	169.5
North America	148.2	(88.9)	59.3
	1,651.5	(1,346.1)	305.4
Actives	656.2		
Vested Terminées	467.3		
Retirees	525.2		
Other	2.8		
	1,651.5		

(1) The prior period comparative has been restated as a result of a change in the accounting standard for defined benefit obligations. Refer to note 1(b) and 1(z).

(c) Movement of irrecoverable surplus

\$ million	2014	2013 Restated ⁽¹⁾
Irrecoverable Surplus at 1 July	0.4	-
Interest Cost on Irrecoverable Surplus	-	-
Change in Irrecoverable Surplus in Excess of Interest	0.3	0.4
Effect of movements in exchange rates	-	-
Irrecoverable Surplus at 30 June	0.7	0.4

(d) Estimated future contributions and weighted average duration

	2014
Weighted average duration of defined benefit obligation, years	18.3
Contributions next period, \$ million	27.8

(e) Principal actuarial assumptions

The principal actuarial assumptions (expressed as weighted averages) used for the purposes of reporting under AASB 119 *Employee Benefits* for the consolidated entity's defined benefit plans are as follows:

	2014	2013 Restated ⁽¹⁾
Discount rate	3.31%	3.49%
Rate of inflation	2.46%	2.43%
Longevity at age 65 for current pensioners	Years	Years
Males	18.9 – 24.5	18.8 – 24.1
Females	21.2 – 27.6	20.7 – 29.6

The sensitivities of the carrying amount of the defined benefit obligation of the consolidated entity to movements in the above principal assumptions are summarised below:

	2014	
	Impact on defined benefit obligation	
\$ million	Increase in assumption	Decrease in assumption
Discount rate (10% movement)	(93.0)	100.5
Rate of inflation (10% movement)	38.7	(37.5)
Future mortality (1 year movement)	48.6	(49.7)

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

(1) The prior period comparative has been restated as a result of a change in the accounting standard for defined benefit obligations. Refer to note 1(b) and 1(z).

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Notes to the Financial Statements

30 June 2014 (continued)

Note 24. Retirement Benefit Assets and Obligations (continued)

(f) Expected maturity analysis

The expected maturity analysis of undiscounted defined benefit obligations for the following years is as follows:

\$ million	2014	2013 Restated ⁽¹⁾
Defined benefit payments payable:		
Within one year	60.0	65.8
Between 1 and 2 years	59.4	67.6
Between 2 and 5 years	203.5	222.8
More than 5 years	432.1	455.1
	755.0	811.3

(g) Categories of plan assets

The major categories of plan assets are as follows:

\$ million	2014			2013 Restated ⁽¹⁾		
	Quoted	Unquoted	Total	Quoted	Unquoted	Total
Equity instruments:	354.6	-	354.6	398.9	-	398.9
North American	52.0	-	52.0	47.4	-	47.4
European	118.0	-	118.0	126.0	-	126.0
Emerging Markets	59.3	-	59.3	50.2	-	50.2
Other ⁽²⁾	125.3	-	125.3	175.3	-	175.3
Government Bonds - fixed interest	334.1	-	334.1	257.6	-	257.6
North American	26.5	-	26.5	26.7	-	26.7
European	294.5	-	294.5	220.1	-	220.1
Emerging Markets	13.1	-	13.1	10.8	-	10.8
Corporate Bonds	240.5	-	240.5	239.2	-	239.2
North American	4.2	-	4.2	6.1	-	6.1
European	236.3	-	236.3	233.1	-	233.1
Real Estate	62.9	0.2	63.1	57.0	0.3	57.3
Cash and Cash-Equivalents	12.6	-	12.6	159.7	(0.2)	159.5
Indemnified Assets	-	115.0	115.0	-	111.5	111.5
Other	170.0	17.9	187.9	105.1	17.4	122.5
	1,174.7	133.1	1,307.8	1,217.5	129.0	1,346.5

(1) The prior period comparative has been restated as a result of a change in the accounting standard for defined benefit obligations. Refer to note 1(b) and 1(z).

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

Note 25. Contributed Equity

\$ million	Note	2014	2013
Issued and paid-up:			
1,206,684,923 ordinary shares with no par value (2013: 1,206,684,923) ⁽¹⁾	25(a)	2,900.6	3,831.9
Nil partly-paid ordinary shares with no par value (2013: nil) ⁽²⁾	25(b)	-	-
		2,900.6	3,831.9
Treasury shares:			
1,507,134 ordinary shares with no par value (2013: 1,121,967) ⁽³⁾	25(c)	(15.2)	(10.6)
Total contributed equity		2,885.4	3,821.3

(1) Fully-paid ordinary shares carry one vote per share and carry the right to dividends.

(2) There are no partly-paid ordinary shares at 30 June 2014 (2013: nil). During the financial year ended 30 June 2013, partly-paid ordinary shares comprising 415,000 shares paid to five cents and 64,000 shares paid to one cent under Employee Share/Option Plans, representing an aggregate uncalled capital of \$34 million, were brought to account.

(3) 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 consolidated entity's Employee Share Plans (refer note 29).

(a) Reconciliation of fully-paid ordinary shares

	2014		2013	
	No. '000	\$ million	No. '000	\$ million
Balance at beginning of period	1,206,685	3,831.9	1,206,685	3,802.1
Calls on partly-paid shares	-	-	479	34
Issue of shares under the Employee Share Purchase Plan (note 29(a))	-	-	171	-
Restriction lifted on shares issued under the Employee Share Purchase Plan	-	-	-	2.3
Loan repayments under the Employee Share Option Plan (note 29(b)(i))	-	-	-	1.1
Exercise of options under the Long Term Incentive Plan (note 29(b)(ii))	9,637	66.9	14,438	98.2
Exercise of performance rights under the Long Term Incentive Plan (note 29(b)(ii))	1,085	5.3	2,784	11.7
Exercise of performance rights under the Equity Management Incentive Plan (note 29(c)(iv))	2,459	15.7	1,811	11.0
Exercise of options under the Employee Share Option Plan (note 29(b)(i))	-	-	1,358	8.3
Forward contract to purchase own equity to meet share plan obligations	-	(55.0)	-	(59.6)
Forward contract settled to satisfy exercise of options and rights under Employee Share Plans	-	-	(14,750)	-
Shares purchased on-market to satisfy exercise of options and rights under Employee Share Plans	-	-	(3,157)	(23.7)
Treasury shares used to satisfy exercise of options and rights under Employee Share Plans	(13,181)	(55.3)	(3,134)	(22.9)
Capital reduction on demerger of Australasia Packaging and Distribution business ⁽⁴⁾	-	(908.9)	-	-
Balance at end of period	1,206,685	2,900.6	1,206,685	3,831.9

(4) The demerger of the AAPD business on 31 December 2013 was implemented through a capital reduction which reduced the contributed equity of the Company by \$908.9 million and the establishment of a demerger reserve of \$564.5 million (refer note 3). The capital reduction, together with the demerger dividend, were applied to provide Amcor shareholders with one share of demerged business, Orora Limited, for each share held in the Company.

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Notes to the Financial Statements

30 June 2014 (continued)

Note 25. Contributed Equity (continued)

(b) Reconciliation of partly-paid ordinary shares

	2014		2013	
	No. '000	\$ million	No. '000	\$ million
Balance at beginning of period	-	-	479	-
Converted to fully paid ordinary shares	-	-	(479)	-
Balance at end of period	-	-	-	-

(c) Reconciliation of treasury shares

	2014		2013	
	No. '000	\$ million	No. '000	\$ million
Balance at beginning of period	1,122	10.6	2,500	17.7
Acquisition of shares by the Amcor Employee Share Trust	5,642	59.9	1,756	15.8
Forward contract settled	7,924	-	-	-
Employee Share Plan issue	(13,181)	(55.3)	(3,134)	(22.9)
Balance at end of period	1,507	15.2	1,122	10.6

Note 26. Reserves and Retained Earnings

(a) Reserves

\$ million	Available- for-sale revaluation reserve	Cash flow hedge reserve	Share- based payments reserve	Demerger Reserve	Exchange fluctuation reserve ⁽¹⁾	Total reserves
Balance at 1 July 2013	(1.5)	(3.1)	80.4	-	(852.3)	(776.5)
<i>Other comprehensive income/(loss):</i>						
Net change in fair value	2.8	-	-	-	-	2.8
Reclassification to profit or loss	-	5.2	-	-	-	5.2
Reclassified to non-financial assets	-	0.1	-	-	-	0.1
Effective portion of changes in fair value	-	(2.2)	-	-	-	(2.2)
Transfer to accruals for deferred cash settlement	-	-	(4.4)	-	-	(4.4)
Currency translation differences	-	-	-	-	6.6	6.6
Deferred tax	-	(0.8)	-	-	7.5	6.7
Total other comprehensive income/(loss)	2.8	2.3	(4.4)	-	14.1	14.8
<i>Transactions with owners in their capacity as owners:</i>						
Tax effect on forward contracts entered into to purchase own equity to meet share plan obligations	-	-	(5.1)	-	-	(5.1)
Settlement of performance rights	-	-	(36.2)	-	-	(36.2)
Share-based payments expense	-	-	35.0	-	-	35.0
Demerger of Australasia and Packaging Distribution Segment	(1.3)	(2.9)	-	(564.5)	(18.9)	(587.6)
Balance at 30 June 2014	-	(3.7)	69.7	(564.5)	(857.1)	(1,355.6)
Balance at 1 July 2012	(1.2)	(4.9)	117.8	-	(1,105.6)	(993.9)
<i>Other comprehensive income/(loss):</i>						
Net change in fair value	(0.3)	-	-	-	-	(0.3)
Reclassification to profit or loss	-	3.9	-	-	-	3.9
Reclassified to non-financial assets	-	(2.0)	-	-	-	(2.0)
Effective portion of changes in fair value	-	0.2	-	-	-	0.2
Currency translation differences	-	-	-	-	186.0	186.0
Deferred tax	-	(0.3)	-	-	67.3	67.0
Total other comprehensive income/(loss)	(0.3)	1.8	-	-	253.3	254.8
<i>Transactions with owners in their capacity as owners:</i>						
Tax effect on forward contracts utilised to purchase own equity to meet share plan obligations	-	-	(28.2)	-	-	(28.2)
Tax effect on forward contracts entered into to purchase own equity to meet share plan obligations	-	-	5.4	-	-	5.4
Settlement of performance rights	-	-	(49.0)	-	-	(49.0)
Share-based payments expense	-	-	34.4	-	-	34.4
Balance at 30 June 2013	(1.5)	(3.1)	80.4	-	(852.3)	(776.5)

(1) The prior period comparative has been restated as a result of a change in the accounting standard for defined benefit obligations. Refer to note 1(b) and 1(z).

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Notes to the Financial Statements

30 June 2014 (continued)

Note 26. Reserves and Retained Earnings (continued)

(b) Retained earnings

\$ million	2014	2013 Restated ⁽¹⁾
Retained earnings at the beginning of the period	565.5	507.7
Net profit attributable to members of the owners of Amcor Limited	564.8	583.7
Non-controlling interest buy-out	-	(16.3)
Actuarial losses on defined benefit plans, net of tax	(22.0)	(44.9)
	1,108.3	1,030.2
Ordinary dividends:		
– Interim paid	(235.4)	(235.4)
– Final paid	(247.5)	(229.3)
	(482.9)	(464.7)
Retained earnings at the end of the period	625.4	565.5

(1) The prior period comparative has been restated as a result of a change in the accounting standard for defined benefit obligations. Refer to note 1(b) and 1(z).

Note 27. Dividends

Dividends recognised in the current period by the consolidated entity are:

	Cents per share	Total amount \$ million	Date of payment
2014			
2014 Interim dividend per fully paid share	19.5	235.4	26 March 2014
2013 Final dividend per fully paid share	20.5	247.5	30 September 2013
		482.9	
2013			
2013 Interim dividend per fully paid share	19.5	235.4	27 March 2013
2012 Final dividend per fully paid share	19.0	229.3	25 September 2012
		464.7	

In addition to the above dividends, since the end of the financial year, the Directors have declared the following final dividend. The financial effect of this dividend has not been brought to account in the consolidated financial statements for the year ended 30 June 2014 and will be recognised in subsequent consolidated financial statements.

	Cents per share	Total amount \$ million	Date of payment
2014			
2014 Final dividend per fully paid share ⁽¹⁾	23.5	283.6	30 September 2014
2013			
2013 Final dividend per fully paid share ⁽¹⁾	20.5	247.4	30 September 2013

(1) Estimated final dividend payable, subject to variations in number of shares up to record date.

Franking Account

There are insufficient franking credits available for distribution from the franking account. Accordingly, the final dividend for 2014 is unfranked (2013: unfranked).

Conduit Foreign Income Account

For non-resident shareholders for Australian tax purposes, dividends will not be subject to Australian withholding tax to the extent that they are franked or sourced from the parent entity's Conduit Foreign Income Account. For the dividend payable on 30 September 2014, 100% of the dividend to non-residents is sourced from the parent entity's Conduit Foreign Income Account (2013: 100%). As a result, 100% of the dividend paid to a non-resident will not be subject to Australian withholding tax.

Note 28. Financial Risk Management

The consolidated entity's activities expose it to a variety of financial risks: market risk (including foreign currency risk, interest rate risk, commodity price risk and employee share plan risk), liquidity risk and credit risk. This note presents information about the consolidated entity's exposure to each of the above risks, the consolidated entity's objectives, policies and processes for measuring and managing risk, and the consolidated entity's management of capital.

Financial risk management is carried out by Amcor Group Treasury under policies approved by the Board which set out the principles and procedures with respect to risk tolerance, delegated authority levels, internal controls, management of foreign currency, interest rate and counterparty credit exposures and the reporting of exposures. The Board has determined written policies for overall risk management, as well as written policies covering specific areas such as mitigating foreign exchange risk, interest rate risk, credit risk and use of derivative financial instruments. The Group Treasury policies, including risk threshold benchmarks, are reviewed at least annually and approved by the Board.

The overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the consolidated entity's financial performance. Appropriate commercial terms are negotiated or derivative financial instruments are used, such as foreign exchange contracts and interest rate swaps, to hedge these risk exposures. Amcor Group Treasury identifies, evaluates and hedges financial risks in conjunction with the finance departments of the consolidated entity's business groups. Derivatives are exclusively used for hedging purposes – i.e. not as trading or other speculative instruments. Derivatives are designated as hedges under AASB 139 *Financial Instruments: Recognition and Measurement*, refer note 1(j).

(a) Market risk

(i) Foreign currency risk

The consolidated entity operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the United States (US) dollar, euro, British pound, Swiss franc and New Zealand (NZ) dollar. Foreign currency exposures arise from future commercial transactions (transaction risk) and translation of balance sheet items of foreign subsidiaries (translation risk).

Foreign currency transaction risk

To manage the foreign currency exchange risk arising from commercial transactions, management has a policy to use forward exchange contracts to hedge forecast or actual foreign currency exposures greater than A\$500,000, where the exposure is measured at forecast or actual transactional cash flows in currencies other than the functional currency of the business. This limit applies to both an individual transaction and to a number of individual exposures relating to the one transaction that totals more than A\$500,000. Local management may elect to hedge exposures of less than A\$500,000. All capital expenditure exposures greater than A\$100,000, whether forecast or committed, are hedged or must have a hedging strategy in place. In the presence of contractual certainty of a foreign currency transaction greater than the threshold, 100% of the foreign currency exposure is hedged.

Where there is contractual uncertainty, the proportion of a forecasted foreign currency exposure hedged is dependent upon the timeframe of the forecasted transaction. Forecast hedge proportions are as follows:

- | | |
|----------------------|-----|
| • Up to six months | 75% |
| • Seven to 12 months | 50% |
| • One to two years | 25% |
| • Over two years | Nil |

Forecast exposure greater than two years from the forecast date must not be hedged unless specifically approved by the Executive Vice President Finance and Chief Financial Officer.

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Notes to the Financial Statements

30 June 2014 (continued)

Note 28. Financial Risk Management (continued)

(a) Market risk (continued)

(i) Foreign currency risk (continued)

The following table details the maturity of the receipts/payments of forward currency contracts (Australian dollar equivalents) outstanding at balance date for those currency exposures that the consolidated entity is primarily exposed to:

	Weighted average rate		Contract amounts	
	2014	2013	2014 \$ million	2013 \$ million
Buy USD Sell AUD 0-12 months	0.94	0.98	292.4	251.8
Buy USD Sell AUD 1-2 years	-	1.02	-	-
Sell USD Buy AUD 0-12 months	-	0.96	-	(6.7)
Net USD position - Buy USD			292.4	245.1
Buy USD Sell EUR 0-12 months	1.38	1.30	8.2	12.7
Sell USD Buy EUR 0-12 months	0.73	1.32	(48.4)	(79.0)
Sell USD Buy EUR 1-2 years	-	1.33	-	(1.2)
Net USD position - Sell USD			(40.2)	(67.5)
Buy EUR Sell AUD 0-12 months	0.69	0.75	773.9	375.7
Buy EUR Sell AUD 1-2 years	0.69	-	0.1	-
Sell EUR Buy AUD 0-12 months	0.68	-	(3.0)	-
Net EUR position - Buy EUR			771.0	375.7
Buy EUR Sell GBP 0-12 months	1.21	1.19	25.3	14.0
Buy EUR Sell GBP 1 - 2 years	1.22	1.22	-	3.2
Sell EUR Buy GBP 0-12 months	1.24	1.18	(192.7)	(221.4)
Net EUR position - Sell EUR			(167.4)	(204.2)
Buy CHF Sell EUR 0-12 months	1.22	1.24	32.0	10.7
Sell CHF Buy EUR 0-12 months	-	1.22	-	(8.2)
Net CHF position - Buy CHF			32.0	2.5
Buy CHF Sell USD 0-12 months	0.90	0.92	175.0	177.7
Sell CHF Buy USD 0-12 months	0.93	0.93	(13.9)	(11.5)
Sell CHF Buy USD 1 - 2 years	0.89	0.93	(2.8)	(4.0)
Net CHF position - Buy CHF			158.3	162.2
Buy GBP Sell USD 0-12 months	0.60	0.64	60.2	5.3
Net GBP position - Buy GBP			60.2	5.3
Buy SGD Sell AUD 0-12 months	1.16	-	80.4	-
Net SGD position - Buy SGD			80.4	-
Buy MXN Sell USD 0-12 months	12.94	-	43.5	-
Buy MXN Sell USD 1-2 years	12.98	-	10.8	-
Net MXN position - Buy MXN			54.3	-
Buy NZD Sell AUD 0-12 months	1.09	1.23	0.9	11.8
Sell NZD Buy AUD 0-12 months	1.10	1.24	(1.0)	(6.2)
Net NZD position - (Sell)/Buy NZD			(0.1)	5.6
Buy CAD Sell USD 0-12 months	1.07	1.03	93.0	33.1
Buy CAD Sell USD 1-2 years	1.05	1.03	6.7	5.1
Sell CAD Buy USD 0-12 months	-	1.02	-	(1.6)
Sell CAD Buy USD 1 - 2 years	-	1.00	-	(0.2)
Net CAD position - Buy CAD			99.7	36.4

Forward exchange contracts are measured at fair value with gains and losses taken to the cash flow hedge reserve until such time as the hedged item affects profit or loss or they are included in the costs of hedged inventory purchases or other asset acquisitions.

During the 12 months to 30 June 2014, the continuing operations of the consolidated entity transferred a \$5.2 million loss (2013: \$3.9 million loss) from equity to operating profit while a \$0.1 million loss was added to the measurement of non-financial assets (2013: \$2.0 million gain). The amounts that were transferred to operating profit have been included in the following income statement lines:

\$ million	2014	2013
Cost of sales	(5.2)	(3.1)
Financial expenses	-	(0.8)
Loss	(5.2)	(3.9)

Foreign currency translation risk

The consolidated entity has certain investments in foreign operations whose net assets are exposed to foreign currency translation risk. Currency exposure arising from the net assets of the consolidated entity's foreign operations is managed primarily through borrowings denominated in the relevant foreign currency. Refer to note 1(k) for further comments regarding the accounting treatment of effective and ineffective portions of hedges of net investments in foreign operations, and treatment of disposals of foreign operations.

The following table details the denomination of the net assets and net debt (Australian dollar equivalents) at the end of the financial period:

\$ million	USD	EURO	GBP	CHF	NZD	Other	Total Restated ⁽¹⁾
2014							
Designated hedges	637.8	1,441.5	198.9	177.7	88.5	23.9	2,568.3
Natural hedges	883.6	145.3	(26.2)	(29.8)	(17.8)	(324.0)	631.1
Net debt	1,521.4	1,586.8	172.7	147.9	70.7	(300.1)	3,199.4
Net assets, excluding net debt	1,545.5	1,625.4	194.9	194.4	139.9	1,770.4	5,470.5
Net assets	24.1	38.6	22.2	46.5	69.2	2,070.5	2,271.1
2013							
Designated hedges	691.1	1,398.8	181.0	169.9	79.8	24.4	2,545.0
Natural hedges	809.9	29.8	(26.4)	(16.1)	(0.9)	626.2	1,422.5
Net debt	1,501.0	1,428.6	154.6	153.8	78.9	650.6	3,967.5
Net assets, excluding net debt	1,857.7	1,638.6	174.8	184.9	320.3	3,495.0	7,671.3
Net assets	356.7	210.0	20.2	31.1	241.4	2,844.4	3,703.8

(1) The prior period comparative has been restated as a result of a change in the accounting standard for defined benefit obligations. Refer to note 1(b) and 1(z).

No portion of hedges of net investments in foreign currency operations were ineffective for the consolidated entity for the financial years ended 30 June 2014 and 30 June 2013.

Exchange rate sensitivity

The following table illustrates the sensitivity of the debt and financial derivatives of the consolidated entity of movements in the value of the Australian dollar against the relevant foreign currencies, with all other variables held constant, taking into account all underlying exposures and related hedges. The translation of net assets in subsidiaries with a functional currency other than the Australian dollar has not been included as part of the equity movement in the sensitivity analysis.

Consistent with Amcor's hedging policy it applies a prudent cash flow hedging policy approach where all forward contracts that do not have an underlying exposure already within the balance sheet are designated as cash flow hedges at inception when entering a forward exchange contract. Subsequent testing of effectiveness ensures that all effective hedge movements flow through the cash flow hedge reserve within equity. Consistent with this approach the sensitivity for movements in foreign exchange rates will flow through equity and will therefore have minimal pre-tax impact on profit.

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Notes to the Financial Statements

30 June 2014 (continued)

Note 28. Financial Risk Management (continued)

(a) Market risk (continued)

(i) Foreign currency risk (continued)

Exchange rate sensitivity (continued)

	Change in foreign exchange rate increase/(decrease)		Impact on equity decrease/(increase)	
	2014	2013	2014	2013
	%	%	\$ million	\$ million
United States dollar	7.2	12.1	1.1	35.6
euro	7.6	11.2	44.7	29.8
British pound	7.9	10.9	20.2	2.1
Swiss franc	8.2	11.8	18.4	5.0
New Zealand dollar	5.9	6.9	2.6	16.0

The sensitivity assumption is considered reasonable given the percentages used are based on the 30 June one year volatility used in pricing foreign exchange option markets sourced independently. These sensitivities are shown for illustrative purposes only and it should be noted that it is unlikely that all currencies would move in the same direction at any given time.

(ii) Interest rate risk

The consolidated entity is exposed to interest rate risk as it invests and borrows funds at both fixed and floating rates. Interest rate risk is the risk that the consolidated entity's financial position will be adversely affected by movements in floating interest rates that will increase the cost of floating rate debt or opportunity losses that may arise on fixed borrowings in a falling interest rate environment.

Ammor Group Treasury manages the consolidated entity'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 consolidated entity's policy is to hold up to 75.0% fixed rate debt. At 30 June 2014 approximately 54.0% of the consolidated entity's debt is fixed rate (2013: 54.0%).

Interest rate swaps are entered into by the consolidated entity to effectively convert borrowings from floating rates into fixed rates and vice versa. The consolidated entity uses swaps contracts to maintain a designated proportion of fixed to floating debt.

Interest rate sensitivity

The sensitivity analysis below has been determined based on the exposure to interest rates for both derivative and non-derivative instruments at the end of the reporting period. The following table summarises the impact on the post-tax profit of a movement of 100 basis points in the floating interest 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 analysis below shows the sensitivity of movements subject to cash flow risk and the impact on profit. For the consolidated entity, no financial assets or liabilities that are subject to interest rate risk have been designated at fair value through other comprehensive income or as available-for-sale therefore there is no impact upon equity. These sensitivities are shown for illustrative purposes only.

\$ million	Interest rate increase		Interest rate decrease ⁽¹⁾	
	2014	2013	2014	2013
Impact on post-tax profit				
Australian dollar	(1.4)	(5.3)	1.4	5.3
United States dollar	(7.6)	(7.3)	-	-
euro	(4.7)	(4.4)	-	-
British pound	(2.0)	(1.8)	-	-
Hong Kong dollar	(0.2)	(0.2)	-	-
New Zealand dollar	(0.9)	(0.8)	0.9	0.8
Other currencies	(0.2)	(0.3)	0.2	0.3

(1) The above table excludes 100 basis point declines in the relevant interest rate yield curve where this would result in a rate less than zero.

The 100 basis points movement has been determined as reasonable based on the consolidated entity's current credit rating and mix of debt in Australia and foreign countries, relationships with financial institutions, the level of the 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) Commodity price risk

The consolidated entity 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 consolidated entity is ordinarily able to pass on the price risk contractually to customers through rise and fall adjustments. In the case of aluminium, some hedging is undertaken using fixed price swaps on behalf of certain customers. Hedging undertaken is based on customer instructions and all related benefits and costs are passed onto the customer on maturity of the transaction.

Movements in commodity hedges are recognised within equity. The cumulative amount of the hedge is recognised in the income statement when the forecast transaction is realised. However, there is no impact on profit as a result of movements in commodity prices where hedges have been put in place as the consolidated entity passes the price risk contractually through to customers through rise and fall adjustments in customer contractual arrangements. As the consolidated entity ultimately passes on the risk associated with the movements in commodity prices, no sensitivity has been performed.

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Notes to the Financial Statements

30 June 2014 (continued)

Note 28. Financial Risk Management (continued)

(a) Market risk (continued)

(iv) Employee share plan risk

Employee share trust

The consolidated entity is exposed to movements in the value of the ordinary shares of Amcor Limited in respect of the Group's obligations under the consolidated entity's Employee Share Plans (refer note 29).

To mitigate this risk the consolidated entity formed the Amcor Employee Share Trust (the 'Trust') to manage and administer the consolidated entity's responsibilities under the Employee Share Plans through the acquiring, holding and transferring of 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 consolidated entity. All shares held by the Trust are disclosed as treasury shares and deducted from contributed equity. As at 30 June 2014, the Trust held 1,507,134 of the Company's shares (2013: 1,121,967 shares), refer note 25.

In addition to utilising the Trust to manage movements in the underlying value of ordinary shares of Amcor Limited, the consolidated entity has entered into forward contracts for the on-market purchase of ordinary shares of the Company. The following table sets out the details of the forward contract arrangements for the consolidated entity:

Forward purchase contracts

	2014			2013		
	Expiry date	Contract volume	Average hedged price \$	Expiry date	Contract volume	Average hedged price \$
Less than one year	-	-	-	31 Aug 13	1,888,877	7.22
Between one and five years	May-17	5,300,000 ⁽¹⁾	10.38	31 Oct 16	35,777 ⁽¹⁾	7.03
				31 Oct 16	6,000,000 ⁽¹⁾	9.93

(1) The forward contract for the on-market purchase of ordinary shares is expected to be called within 12 months and has been classified as current (refer note 22).

The financial liability of the forward contract (refer note 22) 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 (refer notes 25 and 26).

(b) Liquidity risk

Liquidity risk arises from the possibility that the consolidated entity might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. Liquidity risk management involves maintaining available funding and ensuring the consolidated entity has access to an adequate amount of committed credit facilities.

Due to the dynamic nature of the underlying businesses, Amcor Group Treasury aims to maintain flexibility within the funding structure through the use of bank overdrafts, bank loans, commercial paper and corporate bonds. The consolidated entity manages this risk through the following:

- maintaining minimum undrawn committed liquidity of at least A\$330.0 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.

(i) Financing arrangements

The committed and uncommitted standby arrangements and unused credit facilities of the consolidated entity are analysed in the table below. 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 the bank agrees in principle to make funding available but is under no obligation to provide funding.

\$ million	2014			2013		
	Committed	Uncommitted	Total	Committed	Uncommitted	Total
<i>Financing facilities available:</i>						
Bank overdrafts	-	132.9	132.9	56.2	143.3	199.5
Unsecured bill acceptance facility/standby facility	955.5	-	955.5	970.9	-	970.9
Loan facilities and term debt	4,289.2	96.7	4,385.9	4,270.9	67.2	4,338.1
	5,244.7	229.6	5,474.3	5,298.0	210.5	5,508.5
<i>Facilities utilised:</i>						
Bank overdrafts	-	4.8	4.8	-	28.4	28.4
Unsecured bill acceptance facility/standby facility	253.2	-	253.2	707.2	-	707.2
Loan facilities and term debt	3,419.5	63.0	3,482.5	3,573.6	53.2	3,626.8
	3,672.7	67.8	3,740.5	4,280.8	81.6	4,362.4
<i>Facilities not utilised:</i>						
Bank overdrafts	-	128.1	128.1	56.2	114.9	171.1
Unsecured bill acceptance facility/standby facility	702.3	-	702.3	263.7	-	263.7
Loan facilities and term debt	869.7	33.7	903.4	697.3	14.0	711.3
	1,572.0	161.8	1,733.8	1,017.2	128.9	1,146.1

For the purposes of reporting on management's internal liquidity targets to the Board, undrawn committed facility capacity excludes bank overdrafts and other short-term subsidiary loan borrowings. Refer to note 21 for further details of the major funding arrangements of the consolidated entity.

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Notes to the Financial Statements

30 June 2014 (continued)

Note 28. Financial Risk Management (continued)

(b) Liquidity risk (continued)

(ii) Maturity of financial liabilities

The table below analyses the consolidated entity's financial liabilities and net and gross settled derivative financial instruments into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows, including principal and/or interest, calculated at 30 June.

\$ million	1 year or less	1-2 years	2-5 years	More than 5 years	Total
2014					
<i>Non-derivatives</i>					
Non-interest-bearing	2,643.9	5.0	-	-	2,648.9
Variable rate	375.7	50.3	463.7	5.7	895.4
Fixed rate	316.3	190.7	1,828.7	1,098.1	3,433.8
Total non-derivatives	3,335.9	246.0	2,292.4	1,103.8	6,978.1
<i>Derivatives</i>					
Gross settled					
– Inflow	2,060.0	36.9	-	-	2,096.9
– Outflow	(2,042.0)	(33.4)	-	-	(2,075.4)
Total financial liabilities	18.0	3.5	-	-	21.5
2013					
<i>Non-derivatives</i>					
Non-interest-bearing	3,087.5	22.0	-	-	3,109.5
Variable rate	1,202.3	397.7	5.8	5.9	1,611.7
Fixed rate	127.5	316.3	961.9	2,103.1	3,508.8
Total non-derivatives	4,417.3	736.0	967.7	2,109.0	8,230.0
<i>Derivatives</i>					
Gross settled					
– Inflow	1,461.5	26.3	-	-	1,487.8
– Outflow	(1,427.7)	(24.6)	-	-	(1,452.3)
Total financial liabilities	33.8	1.7	-	-	35.5

Actual and forecasted cash flows of each business segment are regularly monitored to assess the funding requirements of the consolidated entity to enable management to ensure that the consolidated entity 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 consolidated entity.

(c) Counterparty credit risk

The consolidated entity is exposed to credit risk arising from its operating activities (primarily from customer receivables) and financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments. Credit risk represents the loss that would be recognised if a counterparty failed to fulfil their obligation under a financial instrument contract or a debtor relationship.

The consolidated entity manages credit risk through procedures including utilisation of systems for approval, granting and renewal of credit limits, regular monitoring of exposures against such credit limits and assessing the overall financial stability and competitive strength of the counterparty on an on-going basis. Credit policies cover exposures generated from the sale of products and the use of derivative instruments.

Credit risks related to balances with banks and financial institutions are managed by Amcor Group Treasury in accordance with Board approved policies. Such policies only allow financial derivative instruments to be entered into with high credit quality financial institutions with a minimum long-term credit rating of A- or better by Standard & Poor's. In addition, 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 investment of surplus funds is made only with approved counterparties and within credit limits assigned to each counterparty. The consolidated entity has no significant concentration of credit risk in relation to derivatives undertaken in accordance with the consolidated entity's hedging and risk management activities.

The maximum exposure to credit risk by class of recognised financial assets at the end of the reporting period, excluding the value of any collateral or other security held, is equivalent to the carrying amount and classification of financial assets (net of any provisions) as presented in the statement of financial position. Credit risk also arises in relation to financial guarantees given to certain parties securing the liabilities of certain subsidiaries, and are only provided in exceptional circumstances (refer note 35).

Credit risks exposures related to trade and other receivables are discussed in note 12.

(d) Capital risk management

The key objectives of the consolidated entity when managing capital is to safeguard its ability to continue as a going concern and maintain optimal returns to shareholders and benefits for other stakeholders. Management also aims to maintain an optimal capital and funding structure that ensures the lowest cost of capital available to the consolidated entity. The consolidated entity defines capital as including equity and net debt of the Group, refer note 21.

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 consolidated entity 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 consolidated entity.

The capital management strategy aims to achieve an investment grade rating and this has been confirmed by the Board. The ratings as at 30 June 2014 were investment grade BBB/Baa2 (2013: BBB/Baa2). The consolidated entity uses a range of financial metrics to monitor the efficiency of its capital structure, including leverage ratio, Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) interest cover (pre non-cash significant items) and bank debt to total debt, and ensures that its capital structure provides sufficient financial strength to allow it to secure access to debt finance at reasonable cost.

At 30 June, the consolidated entity's on-balance sheet leverage ratio was 2.0 times (2013: 2.5 times). The EBITDA interest cover (pre significant items) was 7.5 times (2013: 7.3 times). The consolidated entity aims to keep the targeted leverage ratio between 2.25 to 2.75 times, the EBITDA interest cover (pre non-cash significant items) above 6.0 times. EBITDA is accounting profit before Interest, Tax, Depreciation and Amortisation, pre significant items, after adding back depreciation and amortisation. Metrics are maintained in excess of any debt covenant restrictions.

The consolidated entity does not have a defined share buy-back plan. From time to time the consolidated entity purchases its own shares on the market to neutralise any potential dilution that would otherwise occur from the issuance of shares under employee share plans (refer note 29) and dividend reinvestment program.

There were no changes to the consolidated entity's approach to capital management during the year.

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Notes to the Financial Statements

30 June 2014 (continued)

Note 28. Financial Risk Management (continued)

(e) Fair value of financial instruments

Determination of fair values

The fair values of cash and cash equivalents and short-term monetary financial assets and financial liabilities approximate their carrying value. The fair values of other monetary financial assets and liabilities are either based upon market prices, where a market exists, or have been determined by discounting the expected future cash flows by the current interest rate for financial assets and financial liabilities with similar risk profiles.

The fair value of listed equity investments has been valued by reference to market prices prevailing at reporting date. The quoted market price used is the current bid price. The fair value of unquoted equity investments is assessed based on the underlying net assets, future maintainable earnings and any special circumstances pertaining to the particular investment.

The carrying value of trade and other receivables less impairment provisions and trade payables is a reasonable approximation of their fair values due to the short-term nature of trade receivables and payables. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the consolidated entity for similar financial instruments.

The fair value of derivative financial assets and liabilities detailed below reflects the estimated amounts which the consolidated entity would be required to pay or receive to terminate the contracts or replace the contracts at their current market rates at reporting date. This is based on internal valuations using standard valuation techniques. As the purpose of these derivative financial instruments is to hedge the consolidated entity's underlying assets and liabilities denominated in foreign currencies and to hedge against risk of interest rate fluctuations, it is unlikely that, in the absence of abnormal circumstances, these contracts would be terminated prior to maturity. For details relating to methods and significant assumptions applied in determining fair values of financial assets and liabilities, refer to note 1(w).

The carrying amount and fair values of financial assets and liabilities by category and class for the consolidated entity at 30 June are:

\$ million	Note	Loans and receivables	Available-for-sale	Fair value - hedging instruments	Designated at fair value through profit or loss	Other financial assets and liabilities	Total carrying value	Total fair value
2014								
Financial assets								
Cash and cash equivalents	11	541.1	-	-	-	-	541.1	541.1
Trade and other receivables	12, 14	1,589.6	-	-	-	-	1,589.6	1,589.6
Derivative financial instruments	14	-	-	0.5	63.5	-	64.0	64.0
Other financial assets	14	0.4	-	-	-	1.0	1.4	1.4
		2,131.1	-	0.5	63.5	1.0	2,196.1	2,196.1
Financial liabilities								
Trade and other payables	20	-	-	-	-	2,648.9	2,648.9	2,648.9
Bank and other loans	21	-	-	-	-	604.5	604.5	604.5
Commercial paper	21	-	-	-	-	253.2	253.2	253.2
US dollar notes	21	-	-	-	-	1,224.4	1,224.4	1,391.7
Euro notes	21	-	-	-	-	217.3	217.3	250.9
Eurobond	21	-	-	-	-	1,254.1	1,254.1	1,373.0
Swiss bond	21	-	-	-	-	177.7	177.7	185.9
Lease liabilities	21	-	-	-	-	9.2	9.2	9.2
Forward contracts to purchase own equity to meet share plan obligations	22	-	-	-	-	55.0	55.0	55.0
Derivative financial instruments	22	-	-	2.6	9.2	-	11.8	11.8
		-	-	2.6	9.2	6,444.3	6,456.1	6,784.1
2013								
Financial assets								
Cash and cash equivalents	11	394.9	-	-	-	-	394.9	394.9
Trade and other receivables	12, 14	1,939.3	-	-	-	-	1,939.3	1,939.3
Available-for-sale financial assets	14	-	4.6	-	-	-	4.6	4.6
Derivative financial instruments	14	-	-	13.9	23.3	-	37.2	37.2
Other financial assets	14	0.3	-	-	-	1.0	1.3	1.3
		2,334.5	4.6	13.9	23.3	1.0	2,377.3	2,377.3
Financial liabilities								
Trade and other payables	20	-	-	-	-	3,109.5	3,109.5	3,109.5
Bank and other loans	21	-	-	-	-	870.9	870.9	870.9
Commercial paper	21	-	-	-	-	707.2	707.2	707.2
US dollar notes	21	-	-	-	-	1,215.6	1,215.6	1,419.7
Euro notes	21	-	-	-	-	210.9	210.9	241.8
Eurobond	21	-	-	-	-	1,177.1	1,177.1	1,279.2
Swiss bond	21	-	-	-	-	169.9	169.9	174.0
Lease liabilities	21	-	-	-	-	10.8	10.8	10.8
Forward contracts to purchase own equity to meet share plan obligations	22	-	-	-	-	73.8	73.8	73.8
Derivative financial instruments	22	-	-	1.3	27.4	-	28.7	28.7
		-	-	1.3	27.4	7,545.7	7,574.4	7,915.6

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Notes to the Financial Statements

30 June 2014 (continued)

Note 28. Financial Risk Management (continued)

(e) Fair value of financial instruments (continued)

Determination of fair values (continued)

The fair value of the US dollar notes, the Eurobond and the Swiss bond reflects the revaluation of these instruments, at prevailing market rates. The US dollar notes mature between December 2014 and December 2021 while the Eurobonds mature between April 2019 and March 2023, and the Swiss bond in April 2018 (refer note 21).

For all other assets and liabilities, based on the facts and circumstances existing at reporting date and the nature of the consolidated entity's assets and liabilities, including hedged positions, the consolidated entity has no reason to believe that any of the above assets could not be exchanged, or any of the above liabilities could not be settled in an 'arm's length' transaction at an amount approximating its carrying value having considered those routinely held to maturity.

(f) Fair value measurements

Financial assets and liabilities carried at fair value are detailed in the table below by valuation method. The different levels are defined as follows:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as over the counter prices) or indirectly (i.e. derived from over the counter prices).

Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value of financial instruments traded in active markets (such as available-for-sale securities) is based on quoted market prices at the end of the reporting period.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The consolidated entity 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 consolidated entity holds no level 3 instruments at 30 June 2014 (2013: nil).

The following table presents the consolidated entity's assets and liabilities measured and recognised at fair value.

		Level 1		Level 2		Level 3	
\$ million	Note	2014	2013	2014	2013	2014	2013
Financial assets							
<i>Available-for-sale financial assets:</i>							
Investments in companies listed on stock exchanges at fair value	14	-	4.6	-	-	-	-
<i>Derivative financial instruments:</i>							
Forward exchange contracts	14	-	-	8.9	36.8	-	-
Interest rate swaps	14	-	-	54.9	-	-	-
Contracts for cash settled employee share plan options ('American' style contracts)	14	-	-	0.2	0.4	-	-
		-	4.6	64.0	37.2	-	-
Financial liabilities							
<i>Derivative financial instruments:</i>							
Forward exchange contracts	22	-	-	10.4	10.7	-	-
Interest rate swaps	22	-	-	-	12.4	-	-
Commodity contracts	22	-	-	14	5.6	-	-
		-	-	11.8	28.7	-	-

Note 29. Share-Based Payments

(a) Employee Share Purchase Plans

In 1985, the consolidated entity established the Employee Share Purchase Plan (ESPP). The following sub-plans have been implemented pursuant to this plan.

(i) Employee Incentive Share Plan

Under the Employee Incentive Share Plan (EISP), shares were offered for the benefit of all full-time employees, permanent part-time employees and executive Directors of the Company with more than 12 months service. The number of shares offered depended upon the Company's annual increase in earnings per share (before significant items).

The EISP has been discontinued and during the 30 June 2013 period the plan was wound up. There were no commitments at 30 June 2014 to issue shares under the EISP (2013: nil) and none were granted or exercised during the year ended 30 June 2014 (2013: nil).

(ii) Senior Executive Retention Share Plan

Under the Senior Executive Retention Share Plan (SERSP), 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 SERSP carry full dividend entitlements and voting rights.

The weighted average fair value for these SERSP's is calculated using the market value at the date the shares were issued.

Details of the total movement in shares issued under the SERSP during the current and comparative period are as follows:

	Weighted average 2014 fair value		Weighted average 2013 fair value	
	No.	\$	No.	\$
Restricted shares at beginning of financial period	268,750	7.70	454,303	6.63
Issued during the period	-	-	171,250	8.18
Restriction lifted	(30,000)	6.35	(356,803)	6.57
Forfeited shares due to demerger of Australasia and Packaging Distribution business	(178,750)	8.13	-	-
Restricted shares at end of financial period	60,000	7.11	268,750	7.70

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Notes to the Financial Statements

30 June 2014 (continued)

Note 29. Share-Based Payments (continued)

(b) Employee Share Plans

(i) Employee Share Option Plan

In 1985, the consolidated entity established the Employee Share Option Plan (ESOP). Under the ESOP, partly-paid shares or options over shares in the Company can be issued to executive officers and Directors (including Directors who are executives) and senior staff members at the discretion of the Board.

The partly-paid shares are issued at the closing market price on the allotment date. The call outstanding only becomes payable on termination, death or at the Directors' discretion. Voting rights exercisable by holders of partly-paid ordinary shares are reduced pro rata to the portion of the issue price paid up on those shares as per the Australian Securities Exchange (ASX) Listing Rules. As at 30 June 2014 there are nil partly-paid shares outstanding, the remaining 479,000 were converted to ordinary shares during the financial year ended 30 June 2013 leaving nil outstanding at that date.

The ESOP was discontinued and the plan wound up during the financial year ended 30 June 2013.

Details of the total movement in options issued under the ESOP during the current and comparative period are as follows:

	Weighted average 2014 fair value		Weighted average 2013 fair value	
	No.	\$	No.	\$
Outstanding at beginning of financial period	-	-	1,514,244	2.02
Exercised	-	-	(1,358,236)	2.03
Cancelled	-	-	(156,008)	2.00
Outstanding at end of financial period	-	-	-	-

(ii) Long Term Incentive Plan

In June 2006, the consolidated entity established the Amcor Long Term Incentive Plan (LTIP). Under the LTIP, share options or performance rights over shares in the Company, or performance shares, may be issued to executive officers, senior executives and senior co-workers. The exact terms and conditions of each award are determined by the Directors of the Company at the time of granting.

In 2010 the Alcan Acquisition Award was granted under the LTIP to executive officers, senior executives and senior staff members selected by the Directors. The movements in the share options and performance rights or performance shares issued under this award are included in the table below.

Share Options

Share options granted under the LTIP give the co-worker the right to acquire a share at a future point in time upon meeting specified vesting conditions that are both time and performance-based and require payment of an exercise price. The share options 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. The number of share options that ultimately vest is subject to a Return on Average Funds Employed (RoAFE) test and the satisfaction of a relative Total Shareholder Return (TSR) test.

Share options that have vested following satisfaction of time and performance conditions will remain exercisable until the expiry date. On expiry, any vested but unexercised share options will lapse.

Unvested awards are forfeited if the co-worker voluntarily ceases employment or is dismissed for poor performance.

Performance Rights and Performance Shares

Performance rights or performance shares granted under the LTIP give the co-worker the right to receive a share at a future point in time upon meeting specified vesting conditions that are both time and performance-based with no exercise price payable. The performance rights or performance shares 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. The number of performance rights or performance shares that ultimately vest is subject to a relative TSR test.

Performance rights or performance shares that have vested following satisfaction of time and performance conditions will remain

exercisable until the expiry date. On expiry, any vested but unexercised performance rights or performance shares will lapse.

Unvested awards are forfeited if the co-worker voluntarily ceases employment or is dismissed for poor performance.

CEO Special Equity Award

Share rights granted under this plan give the co-worker the right to receive fully paid ordinary shares upon meeting specified vesting conditions that are both time and performance-based with no exercise price payable. The share rights 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. The number of share rights that ultimately vest is subject to alignment of performance with the Amcor Values as assessed by the Company Managing Director and Chief Executive Officer. The performance period is for a defined period from 1 July 2013 to 30 June 2016.

Details of the total movement in share options and performance rights or performance shares issued under the LTIP during the current and comparative period is as follows:

Weighted average fair value	Options		Rights		CEO Awards	
	No.	\$	No.	\$	No.	\$
2014						
Outstanding at beginning of financial period	40,981,096	1.25	4,563,070	4.30	-	-
Granted	5,996,000	1.75	1,496,100	6.00	704,700	9.59
Exercised	(8,455,650)	1.62	(1,007,034)	4.29	-	-
Cancelled	(1,269,800)	1.20	(168,716)	4.41	-	-
<i>Demerger of Australasia and Packaging Distribution business</i>						
Vested early and exercised ⁽¹⁾	(1,181,600)	1.21	(77,800)	4.46	-	-
Forfeited award replaced by deferred cash settlement ⁽¹⁾	(1,631,000)	1.03	(85,800)	4.66	-	-
Forfeited ⁽¹⁾	(869,200)	1.05	(247,900)	4.21	-	-
Additional rights allocated due to the change in capital structure post demerger ⁽¹⁾	-	-	545,280	-	-	-
Outstanding at end of financial period	33,569,846	1.26	5,017,200	4.34	704,700	9.59
Exercisable at end of financial period	1,160,400	1.56	32,500	4.23	-	-
2013						
Outstanding at beginning of financial period	48,039,977	1.42	5,418,450	4.28		
Granted	8,527,600	1.05	2,027,400	4.21		
Exercised	(14,438,281)	1.68	(2,783,780)	4.19		
Cancelled	(1,148,200)	1.41	(99,000)	4.54		
Outstanding at end of financial period	40,981,096	1.25	4,563,070	4.30		
Exercisable at end of financial period	713,500	1.78	57,500	4.31		

(1) Details of these options and rights are included in the tables under (b)(iii) and (b)(iv), respectively.

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Notes to the Financial Statements

30 June 2014 (continued)

Note 29. Share Based Payments (continued)

(b) Employee Share Plans (continued)

(iii) Movement table for Employee Share Options

The following table provides detail of the options granted under the ESOP and LTIP for the consolidated entity during the current year ended 30 June 2014:

Granted between	Expiry date	Exercise price ⁽¹⁾	Balance at beginning of period	Options lapsed/ cancelled				Options exercised				Weighted average share price at exercise date	Balance at end of period				Proceeds received		
				Options granted	Non Demerger	Demerger related	No.	Non Demerger	Demerger related ⁽⁴⁾	No.	On issue		Exerciseable	No.					
30 June 2014																			
1 Dec 08 to 2 Jan 09	29 Sep 13	5.09	111,000	-	-	-	-	(111,000)	-	-	10.51	-	-	-	564,990				
24 Nov 09 to 8 Jun 10	29 Sep 16	3.51	8,916,996	-	(189,500)	-	(4,965,050)	(280,600)	-	-	10.67	3,481,846	460,800	24,780,937					
12 Apr 10	29 Sep 16	4.64	2,973,100	-	-	-	(1,509,900)	-	-	-	10.63	1,463,200	365,600	8,220,324					
5 Aug to 22 Sep 10	29 Sep 16	5.17	1,976,000	-	-	-	(1,642,000)	-	-	-	10.69	334,000	334,000	10,309,380					
23 May 11	29 Sep 16	5.57	239,600	-	-	-	(135,700)	-	-	-	10.49	103,900	-	921,403					
7 Jun 11	29 Sep 16	5.83	92,000	-	-	-	(92,000)	-	-	-	10.58	-	-	648,600					
9 Dec 11 to 12 Jun 12	30 Nov 17	5.81	3,968,400	-	(274,900)	-	-	(901,000)	-	-	11.19	2,792,500	-	6,334,030					
9 Dec 11 to 12 Jun 12	30 Nov 18	5.81	14,176,400	-	(401,600)	(1,631,000) ⁽²⁾	-	-	-	-	-	12,143,800	-	-					
30 Nov 12	31 Oct 19	6.09	8,527,600	-	(339,800)	(869,200) ⁽³⁾	-	-	-	-	-	7,318,600	-	-					
30 Nov 13	30 Oct 20	9.31	-	5,996,000	(64,000)	-	-	-	-	-	-	5,932,000	-	-					
			40,981,096	5,996,000	(1,269,800)	(2,500,200)	(8,455,650)	(1,181,600)				33,569,846	1,160,400	51,779,664					

(1) Exercise price has been adjusted due to the change in capital structure post demerger of the Australasia and Packaging Distribution business. The exercise price was reduced by \$122 which represented the 5-day Volume Weighted Average Price of the demerged business, Orora Limited, post demerger. This adjustment was made to maintain the relative entitlements of the option holders at the same level pre and post demerger.

(2) Options forfeited in return for a deferred cash award due to the demerger of the Australasia and Packaging Distribution business. The Company will reimburse Orora Limited the cash paid to these employees provided they remain employed by Orora Limited at the time of payment in March 2015. This is in accordance with the terms and conditions of the Demerger Deed.

(3) Options forfeited on demerger of the Australasia and Packaging Distribution business and were replaced by awards provided by the demerged business post demerger.

(4) Options that vested early and exercised on demerger of the Australasia and Packaging Distribution business.

The following table provides detail of the options granted under the ESOP and LTIP for the consolidated entity during the comparative year ended 30 June 2013:

Granted between	Expiry date	Exercise price \$	Balance at beginning of period No.	Options granted No.	Options lapsed/ cancelled No.	Options exercised No.	Weighted average share price at exercise date \$	Balance at end of period			Proceeds received \$
								On issue	Vested & Exercisable	No.	
30 June 2013											
1 Nov to 31 Dec 07	18 Sep 12	6.54	840,266	-	-	(840,266)	7.63	-	-	-	5,495,340
13 Oct 03 ⁽¹⁾	1 Nov 12	7.67	79,200	-	-	(79,200)	7.67	-	-	-	607,464
1 Nov 02 ⁽¹⁾	1 Nov 12	7.67	1435,044	-	(156,008)	(1,279,036)	7.79	-	-	-	9,810,206
1 Dec 08 to 2 Jan 09	29 Sep 13	5.09	2,310,940	-	-	(2,199,940)	7.85	111,000	111,000	-	11,197,695
24 Nov 09 to 8 Jun 10	29 Sep 16	4.73	17,389,971	-	(185,000)	(8,287,975)	7.59	8,916,996	449,000	-	39,202,122
12 Apr 10	29 Sep 16	5.86	5,899,600	-	-	(2,926,500)	8.30	2,973,100	153,500	-	17,149,290
18 Jun 10	29 Sep 16	6.53	494,000	-	(494,000)	-	-	-	-	-	-
5 Aug to 22 Sep 10	29 Sep 16	6.39	2,178,000	-	(202,000)	-	-	1,976,000	-	-	-
23 May 11	29 Sep 16	6.79	423,200	-	-	(183,600)	7.66	239,600	-	-	1,246,644
7 Jun 11	29 Sep 16	7.05	92,000	-	-	-	-	92,000	-	-	-
9 Dec 11 to 12 Jun 12	30 Nov 17	7.03	4,109,000	-	(140,600)	-	-	3,968,400	-	-	-
9 Dec 11 to 12 Jun 12	30 Nov 18	7.03	14,303,000	-	(126,600)	-	-	14,176,400	-	-	-
30 Nov 12	31 Oct 19	7.31	-	8,504,300	-	-	-	8,504,300	-	-	-
30 Nov 12	31 Oct 19	7.61	-	23,300	-	-	-	23,300	-	-	-
			49,554,221	8,527,600	(1,304,208)	(15,796,517)		40,981,096	713,500		84,708,761

(1) Fixed exchange rates apply to overseas participants on these share option grants.

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Notes to the Financial Statements

30 June 2014 (continued)

Note 29. Share Based Payments (continued)

(b) Employee Share Plans (continued)

(iv) Movement table for Employee Share Right Plans

The following table provides detail of the rights granted under the LTIP for the consolidated entity during the current year ended 30 June 2014:

Granted between	Expiry date	Balance at beginning of period	Rights granted		Rights allocated due to Demerger ⁽¹⁾				Rights lapsed/cancelled				Rights exercised		Weighted average share price at exercise date	Balance at end of period	
			No.	No.	Demerger	Non Demerger	Demerger related	Non Demerger	Demerger related	Non Demerger	Demerger related ⁽⁴⁾	No.	No.	No.		\$	On issue
30 June 2014																	
4 Nov 09 to 18 Jun 10	30 Jun 16	1,419,470	-	61,780	(25,000)	-	-	(848,150)	(37,200)	10.64	570,900	17,500					
5 Aug 10	30 Jun 16	157,600	-	3,900	(9,456)	-	-	(137,044)	-	10.51	15,000	15,000					
23 May to 7 Jun 11	30 Jun 16	33,000	-	1,300	(360)	-	-	(21,840)	-	10.51	12,100	-					
9 Dec to 12 Jun 12	30 Nov 17	179,800	-	17,000	(12,900)	-	-	-	(40,600)	11.19	143,300	-					
9 Dec to 12 Jun 12	30 Nov 18	745,800	-	78,600	(21,700)	(85,800) ⁽²⁾	-	-	-	-	716,900	-					
30 Nov 12	31 Oct 19	2,027,400	-	206,400	(82,100)	(247,900) ⁽³⁾	-	-	-	-	1,903,800	-					
20 Nov 13	30 Oct 20	-	1,496,100	176,300	(17,200)	-	-	-	-	-	1,655,200	-					
		4,563,070	1,496,100	545,280	(168,716)	(333,700)	(1,007,034)	(77,800)			5,017,200	32,500					

(1) Additional rights were allocated due to the change in capital structure post demerger of the Australasia and Packaging Distribution business. The number of rights pre demerger were increased by 12%, rounded to the nearest hundred. These allocations were made to maintain the relative entitlements of the rights holders at the same level pre and post demerger.

(2) Rights forfeited in return for a deferred cash award due to the demerger of the Australasia and Packaging Distribution business. The Company will reimburse Orora Limited the cash paid to these employees provided they remain employed by Orora Limited at the time of payment in March 2015. This is in accordance with the terms and conditions of the Demerger Deed.

(3) Rights forfeited on demerger of the Australasia and Packaging Distribution business and were replaced by awards provided by the demerged business post demerger.

(4) Rights that vested early and exercised on demerger of the Australasia and Packaging Distribution business.

The following table provides detail of the rights granted under the LTIP for the consolidated entity during the comparative year ended 30 June 2013:

Granted between	Expiry date	Balance at beginning of period No.	Rights granted No.	Rights lapsed/ cancelled No.	Rights exercised No.	Weighted average share price at exercise date \$	Balance at end of period	
							On issue No.	Vested & Exercisable No.
30 June 2013								
1 Dec 08 to 2 Jan 09	30 Jun 13	1,401,080	-	-	(1,401,080)	769	-	-
4 Nov 09 to 18 Jun 10	30 Jun 16	2,852,970	-	(69,500)	(1,364,000)	757	1,419,470	57,500
5 Aug 10	30 Jun 16	174,000	-	(16,400)	-	-	157,600	-
23 May to 7 Jun 11	30 Jun 16	51,700	-	-	(18,700)	766	33,000	-
9 Dec to 12 Jun 12	30 Nov 17	186,200	-	(6,400)	-	-	179,800	-
9 Dec to 12 Jun 12	30 Nov 18	752,500	-	(6,700)	-	-	745,800	-
30 Nov 12	31 Oct 19	-	2,027,400	-	-	-	2,027,400	-
		5,418,450	2,027,400	(99,000)	(2,783,780)		4,563,070	57,500

(c) Other compensation plans

Entitlement plans are an alternative to the ESPP and the ESOP and are in place in countries where the Company is unable to issue shares or options. Participants are offered entitlements and, over the period during which employees hold their entitlements, their value will mirror the fluctuating value of Amcor Limited shares, including (in the case of the Employee Bonus Payment Plan) all dividends paid on the shares during this time.

(i) Employee Bonus Payment Plan

The Employee Bonus Payment Plan (EBPP) is equivalent to the EISP and enables the Company to offer employees, in certain countries, an equivalent plan where the EISP is unavailable. Offers of new entitlements under the EBPP have been discontinued and during the period the plan was wound up.

(ii) Senior Executive Retention Payment Plan

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

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

	Weighted average 2014 fair value		Weighted average 2013 fair value	
	No.	\$	No.	\$
Outstanding at beginning of financial period	70,000	7.62	-	-
Granted	-	-	70,000	7.62
Additional allocation due to the change in capital structure post demerger of Australasia and Packaging Distribution business ⁽¹⁾	8,400	-	-	-
Outstanding at end of financial period	78,400	7.62	70,000	7.62

(1) The pre demerger awards were increased by 12%, rounded to the nearest hundred. These allocations were made to maintain the relative entitlements of the holders at the same level pre and post demerger.

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Notes to the Financial Statements

30 June 2014 (continued)

Note 29. Share Based Payments (continued)

(c) Other compensation plans (continued)

(iii) Cash Settled Employee Share Plan Options

Cash settled employee share plan options are issued to employees residing in jurisdictions that, for statutory reasons, are not covered by option plans described above. The cash settled employee share plan options operate in a manner similar to other option plans, although no entitlements to actual shares or options exist.

The following table summarises the entitlements issued during the current and comparative period under the Cash Settled Employee Share Plan (Cash Settled):

	Weighted average 2014 fair value		Weighted average 2013 fair value	
	No.	\$	No.	\$
Outstanding at beginning of financial period	-	-	180,400	0.15
Exercised	-	-	(114,400)	0.15
Lapsed	-	-	(17,600)	0.15
Cancelled	-	-	(48,400)	0.15
Outstanding at end of financial period	-	-	-	-

(iv) Management Incentive Plan – Equity

The Management Incentive Plan – Equity (EMIP) provides an additional short-term incentive opportunity to selected executives, globally, in the form of rights to Amcor Limited shares.

The number of rights that are allocated to each eligible executive is based on:

- 50% of the value of the cash bonus payable under the EMIP, following the end of the performance period;
- the volume weighted average price of Amcor Limited ordinary shares for the five trading days prior to 30 June, being the end of the performance period; and
- where cash bonuses are determined in currencies other than Australian dollars, the average foreign exchange rate for the same five day period.

An executive will forfeit allocated performance rights if either they voluntarily leave Amcor employment during the restriction period or their employment is terminated for cause. Board discretion applies in the case of involuntary termination of employment and change of control.

For the year ended 30 June 2014, the equity outcomes will be determined and allocated in September 2014. For the year ended 30 June 2014, the consolidated entity recognised an expense of \$3.9 million (2013: \$4.2 million) in relation to this incentive plan.

The following table summarises the entitlements issued during the current and comparative period under the Management Incentive Plan (EMIP):

	Weighted average 2014 fair value		Weighted average 2013 fair value	
	No.	\$	No.	\$
Outstanding at beginning of financial period	4,224,145	6.44	4,025,914	6.07
Granted	1,885,300	9.47	2,186,462	6.80
Exercised	(2,080,591)	6.09	(1,810,936)	6.08
Cancelled	(210,315)	6.91	(177,295)	6.14
<i>Demerger of Australasia and Packaging Distribution business</i>				
Vested early and exercised	(378,498)	8.09	-	4.46
Additional rights allocated due to the change in capital structure post demerger ⁽¹⁾	411,611	-	-	-
Outstanding at end of financial period	3,851,652	7.23	4,224,145	6.44

(1) The pre demerger rights were increased by 12%, rounded to the nearest hundred. These allocations were made to maintain the relative entitlements of the holders at the same level pre and post demerger. The post demerger combined weighted average fair value of these additional rights and their corresponding original rights is maintained at the same weighted average fair value of the original rights pre demerger.

(d) Fair value of options and rights granted

Fair value of options

The fair value of each option granted is estimated on the date of grant using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the vesting and performance criteria, and where applicable the market condition criteria, the impact of dilution, the non-tradeable nature of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

The following weighted average assumptions were used for options granted in the current and comparative period:

	2014	2013
Expected dividend yield (%)	4.40	5.10
Expected price volatility of the Company's shares (%)	21.00	21.00
Share price at grant date (\$)	11.02	7.90
Exercise price (\$)	10.53	7.31
Historical volatility (%)	21.00	21.00
Risk-free interest rate (%)	3.75	2.87
Expected life of option (years)	4.00	4.00

The dividend yield reflects the assumption that the current dividend payout will continue with no anticipated changes. The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may not necessarily be the actual outcome. For specific details of grant dates and exercise prices, refer note 29(b).

Fair value of rights

The fair value of each grant is estimated at grant date using a Monte-Carlo valuation model which simulates the date of vesting, the percentage vesting, the share price and total shareholder return. Once the simulated date of vesting is determined, a Black-Scholes methodology is utilised to determine the fair value of the rights granted. For specific details of grant dates, refer note 29(b).

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Notes to the Financial Statements

30 June 2014 (continued)

Note 29. Share Based Payments (continued)

(e) Expenses arising from share-based payment transactions

Total expenses arising from share-based payment transactions recognised during the period as part of employee benefit expense were as follows:

\$ thousand	2014	2013
Equity settled share-based payment transactions		
Options issued	10,566	14,782
Performance rights issued and other compensation plans	22,428	19,663
<i>Demerger of Australasia and Packaging Distribution business</i>		
Forfeited options and rights replaced by deferred cash settlement on demerger	979	-
Options and rights vested early and exercised	1,530	-
Options and rights forfeited	(535)	-
Cash settled share-based payment transactions		
Cash settled share-based payments	(5)	1,396
Total share-based payment expense	34,963	35,841
Share-based payment expense reported in note 7 'Significant Items'	1,974	-
Share-based payment expense reported in note 6 'Expenses from continuing operations'	32,989	35,841

(f) Liabilities for share-based payments

\$ thousand	2014	2013
Cash settled share-based payments liability		
Shares	645	710
Shares – Overseas	-	1
<i>Demerger of Australasia and Packaging Distribution business</i>		
Additional awards allocated due to the change in capital structure post demerger	62	-
Forfeited award replaced by deferred cash settlement on demerger	4,394	-
Total carrying amount of liabilities for cash settled arrangements	5,101	711

Note 30. Related Party Disclosures

(a) Key Management Personnel compensation

The following table details the compensation paid to Key Management Personnel (KMP) included in 'employee benefits expense', refer note 6.

\$ thousand	2014	2013
Short term employee benefits	14,420	16,011
Long term employee benefits	156	125
Post employment benefits	1,166	1,053
Termination benefits	19	39
Share-based payments expense	7,960	8,714
	23,721	25,942

(b) Individual Directors' and Executives' compensation disclosures

Detailed remuneration disclosures are provided in the Remuneration Report section of the Directors' Report. 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 \$100,000 with the consolidated entity (2013: nil). No impairment losses have been recognised in relation to any loans made to KMP (2013: nil) and no loans were advanced during the current year (2013: nil).

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

(c) Other disclosures

Subsidiaries

Details of investments in associates, jointly controlled entities and controlled entities are disclosed in notes 16 and 33.

Equity accounted investments

During the year ended 30 June 2014, the consolidated entity incurred research and development expenditure totalling \$4.8 million (2013: \$3.9 million) on behalf of Discma AG, a jointly controlled entity (refer note 16). These costs were on-charged during the period and as at 30 June 2014 an amount of \$1.0 million (2013: \$1.6 million) is due from the equity accounted investment.

During the 12 months to 30 June 2014, the consolidated entity received dividends of \$10.5 million from associates (2013: \$70.1 million).

Refer note 16 for further information on equity accounted investments and changes in ownership interest.

Other related parties

Contributions to superannuation funds on behalf of employees are disclosed in note 6.

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Notes to the Financial Statements

30 June 2014 (continued)

Note 31. Contingencies

Details of contingent liabilities where the probability of future payments/receipts is not considered remote are set out below:

\$ million	2014	2013
Contingent liabilities	55.4	6.5
Total contingent liabilities	55.4	6.5

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. Details of contingent liabilities are set out below.

- Under the terms of the ASIC Class Order 98/1418 (as amended) dated 13 August 1998, which relieved certain wholly-owned subsidiaries from the requirement to prepare audited financial statements, Amcor Limited and certain wholly-owned subsidiaries have entered into an approved deed for the cross guarantee of liabilities with those subsidiaries identified in note 34. No liabilities subject to the deed of cross guarantee at 30 June 2014 are expected to arise to Amcor Limited and subsidiaries, as all such subsidiaries were financially sound and solvent at that date.
- The consolidated entity operates in many territories around the globe under different direct and indirect tax regimes. From time to time the consolidated entity 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. Amcor believes that the likelihood of these having a material impact on the consolidated entity's financial position, results of operations or cash flows is remote.

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 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 continues to monitor with the support of external counsel and all means are being examined in order to minimise any exposure.

Note 32. Commitments

(a) Operating lease commitments

\$ million	2014	2013 Restated ⁽¹⁾
Lease expenditure contracted but not provided for or payable:		
Within one year	82.9	77.7
Between one and five years	192.4	174.5
More than five years	121.5	82.4
	396.8	334.6
Less sub-lease rental income	(7.8)	(6.6)
	389.0	328.0

(1) The prior period comparative has been restated as a result of discontinued operation presentation. Refer to note 3.

The consolidated entity leases motor vehicles, plant and equipment and property under operating leases. Leases generally provide the consolidated entity with a right of renewal at which time all terms are renegotiated.

Some leases provide for payment of incremental contingent rentals based on movements in a relevant price index or in the event that units produced by certain leased assets exceed a predetermined production capacity. Contingent rental paid during the period is disclosed in note 6.

(b) Finance lease commitments

\$ million	2014	2013 Restated ⁽¹⁾
Lease expenditure contracted and provided for due:		
Within one year	1.6	2.6
Between one and five years	3.5	4.1
More than five years	4.7	4.7
Minimum lease payments	9.8	11.4
Less future finance charges	(0.6)	(0.6)
	9.2	10.8
Current lease liability (refer note 21)	1.6	2.6
Non-current lease liability (refer note 21)	7.6	8.2
	9.2	10.8

(1) The prior period comparative has been restated as a result of discontinued operation presentation. Refer to note 3.

(c) Other expenditure commitments

At 30 June 2014 the continuing operations of the consolidated entity had capital commitments contracted but not provided for in respect of the acquisition of property, plant and equipment of \$23.9 million (2013: \$39.7 million) and \$6.3 million (2013: \$5.0 million) in respect of other supplies and services yet to be provided. In addition, at 30 June 2014 the consolidated entity had contractual capital commitments to provide additional cash contributions of \$11.0 million (2013: \$16.7 million) to the jointly controlled entity Discma AG.

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Notes to the Financial Statements

30 June 2014 (continued)

Note 33. Particulars in Relation to Controlled Entities and Businesses

The ultimate controlling party of the consolidated entity is Amcor Limited, a company incorporated in Australia. The companies listed below are those whose results or financial position principally affected the figures shown in the annual financial report.

Controlled entities	Country of incorporation	Amcor Group's effective interest	
		2014	2013
Amcor Fibre Packaging - Asia Pte Ltd	Singapore	100.0%	100.0%
Amcor Rigid Plastics USA, Inc.	United States of America	100.0%	100.0%
Amcor Rigid Plastics de Venezuela SA	Venezuela	61.0%	61.0%
Amcor Flexibles Inc	United States of America	100.0%	100.0%
Vinisa Fuego S.R.L	Argentina	100.0%	100.0%
Amcor Flexibles Transpac BVBA	Belgium	100.0%	100.0%
Amcor Flexibles UK Ltd	United Kingdom	100.0%	100.0%
Amcor Flexibles Denmark ApS	Denmark	100.0%	100.0%
Amcor Flexibles Italia S.r.l.	Italy	100.0%	100.0%
Amcor Flexibles Singen GmbH	Germany	100.0%	100.0%
Amcor Tobacco Packaging Novgorod	Russia	100.0%	100.0%
Amcor Tobacco Packaging Polska Spolka z.o.o	Poland	100.0%	100.0%
Amcor Tobacco Packaging Americas Inc.	United States of America	100.0%	100.0%
Amcor Flexibles Reflex Sp z.o.o	Poland	100.0%	100.0%
Amcor Packaging UK Ltd	United Kingdom	100.0%	100.0%
Amcor Flexibles Sarrebourg SAS	France	100.0%	100.0%
Amcor Flexibles Selestat SAS	France	100.0%	100.0%
Amcor Flexibles Packaging France SAS	France	100.0%	100.0%
Amcor Tobacco Packaging St.Petersburg LLC	Russia	100.0%	100.0%
Amcor Flexibles Kreuzlingen AG	Switzerland	100.0%	100.0%
Tscheulin-Rothal GmbH	Germany	98.8%	98.8%
Amcor Flexibles Bangkok Public Company Limited	Thailand	99.4%	99.4%
Amcor Flexibles Rorschach AG	Switzerland	100.0%	100.0%
Amcor Packaging Canada Inc	Canada	100.0%	100.0%
Amcor Flexibles Espana SL	Spain	100.0%	100.0%
Amcor Embalagens Da Amazonia SA	Brazil	100.0%	100.0%
Amcor Europe LLP	Australia	100.0%	100.0%
Amcor Tobacco Packaging Izmir Gravür Baski Sanayi Ticaret AS	Turkey	100.0%	100.0%
Amcor Flexibles (Australia) Pty Limited	Australia ⁽¹⁾	100.0%	100.0%
Amcor Flexibles (New Zealand) Limited	New Zealand	100.0%	100.0%
Amcor Flexibles Burgdorf GmbH	Switzerland	100.0%	100.0%
Amcor Tobacco Packaging Switzerland GmbH	Switzerland	100.0%	100.0%
Jiangyin Propack Packaging Co Ltd	China	100.0%	100.0%
Amcor Flexibles Capsules France SAS	France	100.0%	100.0%
Propack Huizhou Limited	China	100.0%	100.0%

(1) Amcor Limited and this subsidiary company have entered into an approved deed for the cross guarantee of liabilities, refer note 34.

Acquisition of controlled entities

The consolidated entity acquired the following entities during the year ended 30 June 2014:

- Jiangyiun Shenlong Packaging Material Company Limited
- Amcor Flexibles (Dandenong) Pty Ltd⁽¹⁾
- Amcor Flexibles (Port Melbourne) Pty Ltd⁽²⁾

(1) Renamed from Detmold Flexibles (Dandenong) Pty Ltd

(2) Renamed from Detmold Flexibles (Port Melbourne) Pty Ltd

Further information regarding the acquisitions are detailed in note 4.

Disposal of controlled entities

30 June 2014

The consolidated entity disposed of the following legal entities on 31 December 2013 as a result of the demerger of the Australasia and Packaging Distribution business:

Previously Controlled entities

- | | |
|--|--|
| • Orora Limited ⁽¹⁾ | • Amcor De Mexico SA de CV |
| • ACN002693843 Box Pty Ltd | • Kent H Landsberg Co De Mexico S.A. De C.V. |
| • AGAL Holdings Pty Ltd | • Sunclipse de Mexico S.A de C.V. |
| • Enviocrates Pty Ltd | • Amcor Sunclipse Texas LLC |
| • Lynyork Pty Ltd | • APD California LLC |
| • Fibre Containers (Queensland) Pty Ltd | • Box Builders Inc |
| • PP New Pty Ltd | • Corrugated Service Orange Inc |
| • AP Chase Pty Ltd | • Frantis Manufacturing Company Inc |
| • Pak Pacific Corporation Pty Ltd | • Hanson Staple Company Inc |
| • Rota Die International Pty Ltd | • Just In Time Inc |
| • Rota Die Pty Limited | • KDS Printing and Packaging Inc |
| • Specialty Packaging Group Pty Ltd | • Kent H Landsberg Co of Dallas LP |
| • ACN089523919 CCC Pty Ltd | • Kent H Landsberg Co of El Paso LP |
| • Amcor Closure Systems Pty Ltd | • Kent H Landsberg Co of Illinois LLC |
| • Chapview Pty Ltd | • Kent H Landsberg (Shanghai) CO Ltd |
| • Orora Packaging Australia Pty Ltd ⁽²⁾ | • Kent H Landsberg Singapore Pte Ltd |
| • Amcor Packaging (New Zealand) Ltd | • Kent H Landsberg Singapore Limited (Taiwan branch) |
| • AAPD NZ Holdings Limited ⁽³⁾ | • Kent H Landsberg Europe Limited |
| • AAPD DGP ⁽⁴⁾ | • Landsberg Canada Inc |
| • AAPD LLC ⁽⁵⁾ | • The Anle Box & Paper Company of Indiana Inc |
| • Amcor Packaging Distribution, Inc | • Zetco Inc |

(1) On 11 October 2013 Amcor Packaging (Australia) Pty Ltd became a liability company and on 21 October 2013 it changed its name from Amcor Packaging (Australia) Limited to Orora Limited.

(2) On 22 August 2013 the company A.C.N. 165 443 667 Pty Ltd was incorporated and on 14 October 2013 it changed its name to Orora Packaging Australia Pty Ltd.

(3) This entity was incorporated on 11 October 2013 to facilitate the restructure of the New Zealand business prior to demerger.

(4) This partnership was established on 15 October 2013 to facilitate the restructure of the United States business prior to demerger.

(5) This limited liability company was established on 15 October 2013 to facilitate the restructure of the United States business prior to demerger.

Financial Report

Notes to the Financial Statements

30 June 2014 (continued)

Note 33. Particulars in Relation to Controlled Entities and Businesses (continued)

Disposal of controlled entities (continued)

The following entities were liquidated/dissolved during the year ended 30 June 2014:

- Ampcor Packaging Holdco Limited
- Ampcor Services No.2
- Brontet BV
- Dravik BV
- Interglass Inc
- Strabo BV
- Ampcor Group Management France SAS – merged into Ampcor Flexibles Packaging France SAS
- Ampcor European Finance LLC

30 June 2013

The consolidated entity did not dispose of any legal entities during the year ended 30 June 2013. The following entities were liquidated during the period:

- Ampcor Flexibles Drammen AS
- Ampcor Flexibles Envi BV

Note 34. Deed of Cross Guarantee

Pursuant to ASIC Class Order 98/1418 (as amended) dated 13 August 1998, the wholly-owned subsidiaries listed below are relieved from the *Corporations Act 2001* requirements for preparation and lodgement of audited Financial Reports and Directors' Reports.

It is a condition of the Class Order that the holding entity, Ampcor Limited, and each of the relevant subsidiaries enter into a Deed of Cross Guarantee (the 'Deed'). The effect of the Deed is that, in the event of winding up any of these subsidiaries under certain provisions of the *Corporations Act 2001*, Ampcor Limited guarantees to each creditor of that subsidiary payment in full of any debt. If a winding up occurs under other provisions of the *Corporations Act 2001*, Ampcor Limited will only be liable in the event that after six months any creditor has not been paid in full. These subsidiaries have also given similar guarantees in the event that Ampcor Limited is wound up.

The holding entity, Ampcor Limited, and subsidiaries subject to the deed of cross guarantee are:

Ampcor Packaging (Asia) Pty Ltd	Ampcor European Holdings Pty Ltd
Ampcor Services Pty Ltd ⁽¹⁾	Ampcor Holdings (Australia) Pty Ltd
Ampcor Investments Pty Ltd	Techni-Chem Australia Pty Ltd
Ampcor Finance (NZ) Ltd	Ampcor Flexibles Group Pty Limited
Anfor Investments Pty Ltd	Ampcor Flexibles (Australia) Pty Limited
Packsys Pty Ltd	Packsys Holdings (Aus) Pty Ltd
Ampcor Flexibles (Dandenong) Pty Ltd ⁽²⁾	Ampcor Flexibles (Port Melbourne) Pty Ltd ⁽³⁾

Due to the demerger of the Australasia and Packaging Distribution business on 31 December 2013 the following entities were removed from the Deed of Cross Guarantee:

Ampcor Packaging (Australia) Pty Ltd	Ampcor Packaging (New Zealand) Ltd
AGAL Holdings Pty Ltd	Envirocrates Pty Ltd
PP New Pty Ltd	AP Chase Pty Ltd
Ampcor Closure Systems Pty Ltd	Pak Pacific Corporation Pty Ltd
ACN002693843 Box Pty Ltd	Lynyork Pty Ltd
Fibre Containers (Qld) Pty Ltd	Specialty Packaging Group Pty Ltd
Rota Die International Pty Ltd	Rota Die Pty Ltd Trustee of Rota Die Trust
ACN089523919 CCC Pty Ltd	

(1) Name changed from Ampcor Nominees Pty Ltd during the year.

(2) Name changed from Detmark Pty Ltd on 30 June 2014.

(3) Name changed from Detmold Flexibles Pty Ltd on 30 June 2014.

Financial statements for the Amcor Limited Deed of Cross Guarantee

The consolidated income statement, statement of comprehensive income and statement of financial position, comprising Amcor Limited and the wholly-owned subsidiaries party to the Deed, after eliminating all transactions between the parties, as at 30 June, are set out below:

(a) Income statement

\$ million	2014	2013 Restated ⁽¹⁾
Sales revenue	462.3	2,466.2
Cost of sales	(389.2)	(2,146.1)
Gross profit	73.1	320.1
Other income	565.6	508.5
Operating expenses	(526.8)	(568.6)
Profit from operations	111.9	260.0
Financial income	74.7	314
Financial expenses	(169.1)	(175.0)
Net finance costs	(94.4)	(143.6)
Profit before related income tax expense	17.5	116.4
Income tax (expense) / benefit	(127.6)	56.9
(Loss) / Profit for the financial period	(110.1)	173.3
Profit attributable to:		
Owners of Amcor Limited	(110.1)	173.3
	(110.1)	173.3

(1) The prior period comparative has been restated as a result of a change in the accounting standard for defined benefit obligations. Refer to note 1(b) and 1(z).

Financial Report

Notes to the Financial Statements

30 June 2014 (continued)

Note 34. Deed of Cross Guarantee (continued)

Financial statements for the Amcor Limited Deed of Cross Guarantee (continued)

(b) Statement of comprehensive income

\$ million	2014	2013 Restated ⁽¹⁾
Profit for the financial period	(110.1)	173.3
Other comprehensive income/(loss)		
Items that may be reclassified subsequently to profit or loss:		
<i>Available-for-sale financial assets</i>		
Net change in fair value of available-for-sale financial assets	-	(0.3)
<i>Cash flow hedges</i>		
Effective portion of changes in fair value of cash flow hedges	0.4	2.8
Net change in fair value of cash flow hedges reclassified to profit or loss	-	0.8
Tax on cash flow hedges	0.2	(0.7)
<i>Exchange differences on translating foreign operations</i>		
Exchange differences on translation of foreign operations	32.2	16.5
Net investment hedge of foreign operations	-	(0.7)
Exchange differences on translating foreign operations reclassified to profit or loss	8.0	-
Tax on exchange differences on translating foreign operations	-	0.2
Items that will not be reclassified to profit or loss:		
<i>Retained earnings</i>		
Actuarial (losses)/gains on defined benefit plans	(1.2)	13.5
Tax on actuarial losses/(gains) on defined benefit plans	0.4	(3.9)
Other comprehensive income/(loss) for the financial period, net of tax	40.0	28.2
Total comprehensive income for the financial period	(70.1)	201.5
Total comprehensive income attributable to:		
Owners of Amcor Limited	(70.1)	201.5
Non-controlling interest	-	-
	(70.1)	201.5

(c) Summarised income statement and retained profits

\$ million	2014	2013 Restated ⁽¹⁾
Profit before related income tax expense	17.5	116.4
Income tax benefit	(127.6)	56.9
Profit for the financial period	(110.1)	173.3
Retained (loss)/profits at beginning of financial period	(297.8)	(16.0)
Actuarial (losses)/gains recognised directly in equity	(0.8)	9.6
Movement predominantly due to demerger of the Australasia and Packaging Distribution business	707.8	-
	299.1	166.9
Dividends recognised during the financial period	(482.9)	(464.7)
Retained losses at the end of the financial period	(183.8)	(297.8)

(1) The prior period comparative has been restated as a result of a change in the accounting standard for defined benefit obligations. Refer to note 1(b) and 1(z).

(d) Statement of financial position

\$ million	2014	2013 Restated ⁽¹⁾
Current assets		
Cash and cash equivalents	60.9	90.1
Trade and other receivables	1,525.2	1,443.2
Inventories	734	406.0
Other financial assets	1.8	26.5
Other current assets	3.2	32.5
Total current assets	1,664.5	1,998.3
Non-current assets		
Other financial assets	4,776.3	4,593.3
Property, plant and equipment	123.3	1,781.2
Deferred tax assets	130.2	181.6
Intangible assets	160.8	272.6
Other non-current assets	4.2	76.2
Total non-current assets	5,194.8	6,904.9
Total assets	6,859.3	8,903.2
Current liabilities		
Trade and other payables	1454	485.9
Interest-bearing liabilities	2,237.5	2,377.2
Other financial liabilities	604	75.7
Current tax liabilities	470	-
Provisions	59.7	196.8
Total current liabilities	2,550.0	3,135.6
Non-current liabilities		
Trade and other payables	0.3	6.2
Interest-bearing liabilities	1,990.1	2,035.6
Other financial liabilities	-	124
Provisions	5.3	32.8
Retirement benefit obligations	-	22.3
Total non-current liabilities	1,995.7	2,109.3
Total liabilities	4,545.7	5,244.9
Net assets	2,313.6	3,658.3
Equity		
Contributed equity	2,900.6	3,831.9
Reserves	(403.2)	124.2
Retained profits	(183.8)	(297.8)
Total equity	2,313.6	3,658.3

(1) The prior period comparative has been restated as a result of a change in the accounting standard for defined benefit obligations. Refer to note 1(b) and 1(z).

Financial Report

Notes to the Financial Statements

30 June 2014 (continued)

Note 35. Amcor Limited Information

(a) Summary financial information

The individual financial statements for the parent entity show the following aggregate amounts:

\$ million	Amcor Limited	
	2014	2013 Restated ⁽¹⁾
Total current assets	6,620.2	10,193.4
Total assets	11,286.9	16,457.8
Total current liabilities	6,742.7	10,305.6
Total liabilities	8,796.6	12,477.4
Net assets	2,490.3	3,980.4
Equity		
Contributed equity	2,900.6	3,831.9
Reserves:		
Share-based payments reserve	69.9	80.4
Demerger reserve of Australasia and Packaging Distribution business	(564.5)	-
Cash flow hedge reserve	(0.5)	(1.4)
Retained profits	84.8	69.5
Total equity	2,490.3	3,980.4
Profit/(loss) before related income tax expense	632.8	(483.9)
Income tax (expense)/benefit	(126.8)	114.4
Profit/(loss) after tax	506.0	(369.5)
Total comprehensive income/(loss)	499.2	(359.9)

(1) The prior period comparative has been restated as a result of a change in the accounting standard for defined benefit obligations. Refer to note 1(b) and 1(z).

(b) Financial guarantees

Terms and face values of the liabilities guaranteed were as follows:

\$ million	Year of maturity	30 June 2014	30 June 2013
		Face value	Face value
Bank term loans of controlled entities	2016	5.4	14.3

The Company has guaranteed the bank overdrafts, finance leases and drawn components of bank loans of a number of subsidiaries. Under the terms of the financial guarantee contracts, the Company will make payments to reimburse the lenders upon failure of the guaranteed entity to make payments when due. As at 30 June 2014, the carrying value recognised in respect of these financial guarantees is nil (2013: nil).

The Company has also entered into a Deed of Cross Guarantee with certain subsidiaries. Under the terms of the Deed, the Company has guaranteed the repayment of all relevant current and future creditors in the event any of the entities party to the Deed are wound up. Details of the Deed and the consolidated financial position of the Company and the subsidiaries party to the Deed are set out in note 34. The method used in determining the fair value of these guarantees has been disclosed in the consolidated entity's accounting policy financial guarantee contracts, refer note 1(q).

(c) Contingent liabilities of Amcor Limited

Details of contingent liabilities, where the probability of future payments/receipts is not considered remote, are set out below:

\$ million	2014	2013
Contingent liabilities arising in respect of guarantees ⁽¹⁾	151.1	45.3
Total contingent liabilities	151.1	45.3

(1) Comprises guarantees given by Amcor Limited in respect of property leases and other financial obligations in wholly-owned subsidiaries including letter of credit to support the ongoing defence of tax cases in Brazil.

Details of other contingent liabilities for Amcor Limited are set out in note 31. 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.

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 2014 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 1(a) confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

2. At the date of this declaration, there are reasonable grounds to believe that the Company and the consolidated entities identified in note 34 will be able to meet any obligations or liabilities to which they are or may become subject to by virtue of the Deed of Cross Guarantee between the Company and those consolidated entities pursuant to ASIC Class Order 98/1418.
3. The Directors have been given the declarations required by Section 295A of the *Corporations Act 2001* from the chief executive officer and the chief financial officer for the financial year ended 30 June 2014.

Signed in accordance with a resolution of the Directors, dated at Melbourne Victoria, this 19th day of August 2014.



Graeme Liebelt

Chairman

Independent auditor's report to the members of Amcor Limited



Report on the financial report

We have audited the accompanying financial report of Amcor Limited (the company), which comprises the statement of financial position as at 30 June 2014, the income statement, statement of comprehensive income, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration for Amcor Limited Group (the consolidated entity). The consolidated entity comprises the company and the entities it controlled at year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

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

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

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

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

Liability limited by a scheme approved under Professional Standards Legislation

Independence

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

Auditor's opinion

In our opinion:

- (a) the financial report of Amcor Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.
- (b) the financial report and notes also comply with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

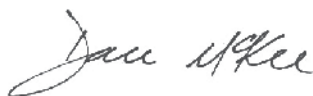
We have audited the remuneration report included in pages 32 to 49 of the directors' report for the year ended 30 June 2014. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion

In our opinion, the remuneration report of Amcor Limited for the year ended 30 June 2014 complies with section 300A of the *Corporations Act 2001*.



PricewaterhouseCoopers



Dale McKee
Partner

Melbourne
19 August 2014

Statement of Shareholdings

Statement pursuant to Australian Securities Exchange official list requirements:
Holders of shares in Amcor Limited as at 11 August, 2014.

Rank	Name	Shares Held	% held
1	HSBC Custody Nominees (Australia) Limited	326,485,164	27.06%
2	J P Morgan Nominees Australia Limited	325,540,964	26.98%
3	National Nominees Limited	168,014,137	13.92%
4	Citicorp Nominees Pty Limited	59,635,559	4.94%
5	BNP Paribas Noms Pty Ltd	28,456,497	2.36%
6	Australian Foundation Investment Company Limited	12,864,129	1.07%
7	Citicorp Nominees Pty Limited	11,736,737	0.97%
8	AMP Life Limited	5,057,281	0.42%
9	Argo Investments Limited	4,614,711	0.38%
10	RBC Investor Services Australia Nominees Pty Limited	4,287,598	0.36%
11	BNP Paribas Nominees Pty Ltd	3,330,648	0.28%
12	UBS Wealth Management Australia Nominees Pty Ltd	3,064,692	0.25%
13	UBS Nominees Pty Ltd	2,945,000	0.24%
14	The Senior Master Of The Supreme Court	2,769,033	0.23%
15	HSBC Custody Nominees (Australia) Limited	2,445,080	0.20%
16	UBS Nominees Pty Ltd	2,023,471	0.17%
17	National Nominees Limited	2,018,734	0.17%
18	Mr John Vincent Murray	1,850,000	0.15%
19	Custodial Services Limited	1,795,800	0.15%
20	HSBC Custody Nominees (Australia) Limited	1,561,356	0.13%
TOTAL		970,496,591	80.43%

Substantial Shareholders as at 11 August 2014

The Capital Group of Companies Inc, by notice dated 16 November 2011 has a relevant interest in 115,099,109 shares. BlackRock Inc. and subsidiaries, by notice dated 12 March 2014 has a relevant interest in 60,539,277 shares.

Distribution of Shareholdings

Fully-paid ordinary shares as at 11 August 2014

Size of Holding (Range)	Number of Holders	Number of Securities	% Issued Capital
100,001 and Over	147	1,014,942,288	84.11
10,001 to 100,000	3,173	63,344,907	5.25
5,001 to 10,000	5,682	40,025,798	3.32
1,001 to 5,000	32,002	74,999,495	6.22
1 to 1,000	29,148	13,372,435	1.11
Total	70,152	1,206,684,923	100.00
Unmarketable Parcels	2,432	39,558	0.00

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 – Issued pursuant to various Amcor Employee Incentive Plans as at 11 August 2014

Unquoted equity securities	Number of employees participating	Number of securities
Options over ordinary shares exercisable at various prices	97	33,569,846
Rights	266	8,050,452
Performance Shares	32	1,523,100

On market share acquisitions

During the 2013 – 2014 financial year, Amcor ordinary shares were purchased on market to satisfy obligations under various Amcor employee incentive plans. The shares were purchased on market rather than issued to avoid shareholder dilution. Refer to the Remuneration Report, pages 32 to 49 for further details of the Company's employee incentive plans.

Statistical Summary

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

For the years ended 30 June	2014 ⁽¹⁾	2013	2012	2011	2010	2009
Amcor Consolidated Results						
Net sales	10,853.4	12,425.3	12,192.9	12,412.3	9,849.5	9,535.4
Operating profit before interest and tax pre significant items	1,177.3	1,133.7	1,061.4	1,003.2	759.2	646.6
Operating profit before tax pre significant items	966.9	913.6	855.6	786.1	575.8	464.9
Net operating profit pre significant items	737.0	689.5	634.9	570.3	409.2	360.5
Net operating profit after significant items	737.0	600.6	412.6	356.7	183.0	211.7
Earnings per share (cents) pre significant items ⁽²⁾	61.1	57.2	52.3	46.5	35.2	40.9 ⁽³⁾
Earnings per share (cents) after significant items	61.1	49.8	34.0	29.1	15.8	24.0 ⁽³⁾
Return on average shareholders' equity pre significant items (% p.a.)	25.3	19.9	17.9	14.5	9.8	11.0
Dividend and distribution	482.9	464.7	438.4	416.7	295.9	284.2
Dividend per ordinary share (cents)	43.0	40.0	37.0	35.0	29.5	34.0
Dividend franking (% p.a.)	-	-	-	-	-	-
Dividend cover (times)	142	143	141	133	119	127
Financial Ratios						
Net tangible asset backing per share (\$)	(0.05)	0.94	0.96	1.37	1.50	1.60
Net PBITDA interest cover pre significant items (times)	7.5	7.3	7.6	7.0	6.6	6.0
Gearing (net debt/net debt and shareholders' equity) (%)	58.5	51.7	51.3	46.0	42.5	46.2
Financial Statistics						
Income from dividends and interest	31.3	27.6	22.4	19.4	22.9	12.0
Depreciation and amortisation provided during the year	409.5	476.1	495.5	511.0	454.7	442.1
Net finance costs	210.4	220.1	205.8	217.1	183.4	181.7
Cash flow from operations	1,171.0	1,046.5	1,040.2	785.8	784.1	673.7
Capital expenditure and acquisitions	480.5	697.5	956.1	1,095.9	2,956.0	716.1
Balance Sheet Data as at 30 June						
Current assets	3,531.7	4,197.5	3,728.1	3,660.3	3,545.7	2,317.9
Non-current assets	6,165.6	8,223.7	7,601.0	7,264.0	7,571.6	6,128.1
Total Assets	9,697.3	12,421.2	11,329.1	10,924.3	11,117.3	8,446.0
Current liabilities	3,499.3	4,700.8	4,195.7	3,350.5	4,214.9	2,952.3
Non-current liabilities	3,926.9	4,019.5	3,753.8	3,825.2	2,778.5	2,418.1
Total Liabilities	7,426.2	8,720.3	7,949.5	7,175.7	6,993.4	5,370.4
Net Assets	2,271.1	3,700.9	3,379.6	3,748.5	4,123.9	3,075.6
Shareholders' Equity						
Share capital	2,885.4	3,821.3	3,784.4	4,070.4	4,029.8	2,440.3
Reserves	(1,355.6)	(776.2)	(994.0)	(1,015.2)	(657.1)	(311.5)
Retained profits	625.4	562.3	500.7	633.2	695.2	883.8
Shareholders' equity attributable to Amcor Limited	2,155.2	3,607.4	3,291.1	3,688.4	4,067.9	3,012.6
Non controlling interests in controlled entities	115.9	93.5	88.5	60.2	56.0	63.0
Total Shareholders' equity	2,271.1	3,700.9	3,379.6	3,748.6	4,123.9	3,075.6
Other data as at 30 June:						
Fully paid shares (000's)	1,206,685	1,206,685	1,206,685	1,227,470	1,221,647	842,759
Amcor share price ⁽⁴⁾						
– year's high (\$)	10.83	9.27	6.94	6.62	6.06	5.36
– year's low (\$)	9.00	6.29	5.61	5.63	3.88	3.24
– close (\$)	10.43	9.10	6.37	6.46	5.73	4.15
Market capitalisation ⁽⁴⁾	12,585.7	10,986.4	7,681.8	7,935.3	6,998.2	3,498.4
Employee numbers	27,679	33,354	32,986	33,868	33,606	19,974
Number of shareholders	69,578	64,400	67,589	70,161	72,046	73,165

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

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

(3) The 2009 earnings per share figures have been restated to reflect the bonus element of the Entitlement Offer that was completed in September 2009.

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

Investor Information

Share registry enquiries

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

Contact details are:

Link Market Services Limited

Street Address:
Level 1, 333 Collins Street,
Melbourne VIC 3000

Postal Address:
Locked Bag A14,
Sydney South NSW 1235

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

Facsimile: +61 2 9287 0303

Email:
amcor@linkmarketservices.com.au

Website:
www.linkmarketservices.com.au

Online shareholder services

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

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

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

Dividends

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

The following alternatives are available to shareholders regarding payment of dividends:

- 1. By direct deposit to an Australian bank, building society or credit union account.** Shareholders may choose to have their dividends paid directly into a nominated bank, building society or credit union account anywhere in Australia. Payments are electronically credited on the dividend date and confirmed by a payment advice sent to the shareholder. Forms for this service are available from Amcor's Share Registry or Amcor's website.
- 2. By cheque payable to the shareholder.** Lost or stolen cheques should be reported, in writing, immediately to Amcor's Share Registry to enable a 'stop payment' and replacement.

- 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 have been provided to participants with 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 may not be able to participate in the DRP and will receive dividends by cheque. A booklet containing full details of the DRP and a DRP election form are available on request from Amcor's Share Registry, or they can be downloaded from Amcor's website in PDF format.

Tax file numbers

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

Stock exchange listings

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

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

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

American Depositary Receipts

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

Amcor publications

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

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

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

Senior Management and Corporate Directory

Website: www.ammcor.com

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President Ammcor Rigid Plastics

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Chairman AMVIG

Ron Delia
Executive Vice President
Finance and Chief Financial Officer

Steve Keogh
Executive Vice President
Human Resources

Julie McPherson
Senior Vice President
Corporate Governance, Group General
Counsel and Company Secretary

John Murray
Senior Vice President
Corporate Affairs

Ian Wilson
Executive Vice President
Strategy and Development

Share Registry

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

Telephone: +61 1 300 302 458
(available from all locations)

Facsimile: +61 2 9287 0303

Email: ammcor@linkmarketservices.com.au

American Depositary Receipts Registry

C/- JP Morgan Depositary Receipts
1 Chase Manhattan Plaza
New York, NY 10005

Telephone: 1 866 JPM ADRS

Financial Calendar

2014/15

Financial year 2013/14 ends	30 June 2014
Announcement of full year results for 2013/14	19 August 2014
Ex-dividend date for final dividend for 2013/14	2 September 2014
Record date for final dividend and DRP for 2013/14	4 September 2014
Final dividend payment date for 2013/14	30 September 2014
Annual General Meeting	23 October 2014
Financial half year 2014/15 ends	31 December 2014
Announcement of interim results for 2014/15	February 2015
Ex-dividend date for interim dividend for 2014/15	Late Feb/Early March 2015
Record date for interim dividend for 2014/15	Late Feb/Early March 2015
Interim dividend payment date for 2014/15	Late March 2015
Financial year 2014/15 ends	30 June 2015

Paper and printing of this annual report

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





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