Appendix 4E *Rule 4.3A*

Preliminary Final report

AMCOR LIMITED
ABN 62 000 017 372

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

Reporting Period:	Year Ended 30 June 2016
Previous Corresponding Period:	Year Ended 30 June 2015

2. Results for announcement to the market

				US$ million
2.1 Revenues from ordinary activities	Down	2.0%	to	9,421.3
2.2 Profit from ordinary activities after tax but before significant items, attributable to members	no change	0.0%	to	671.1
2.3 Net profit for the period attributable to members	Down	64.1%	To	244.1

Dividends	**Amount per security**	**Franked amount per security**
Current period		
2.4 Final dividend	22.0 US cents	nil
2.4 Interim dividend	19.0 US cents	nil
Previous corresponding period		
2.4 Final dividend	21.0 US cents	nil
2.4 Interim dividend	19.0 US cents	nil
2.5 Record date for determining entitlements to the dividend	Final dividend – 7 September 2016	

2.6 Brief explanation of figures in 2.1 to 2.4 –:

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

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

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

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

4. Statement of Financial Position – Refer attached

5. Statement of Cash Flows – Refer attached

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

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

8. Details of dividend reinvestment plan

The Dividend Reinvestment Plan (DRP) is in operation. No discount is available under the DRP. Issue price will be calculated on the arithmetic average of the weighted average market price for the nine ASX trading days September 12 to 22, 2016 inclusive. The last date for receipt of election notices for the DRP is 8 September 2016. Shares allotted under the DRP rank equally with existing fully paid ordinary shares of Amcor Limited.

9. Net tangible assets

	Current period	30 June 2015
Net tangible asset backing per ordinary security	(US$1.18)	(US$0.39)

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

11. Details of associates and joint venture entities – Refer attached, Note 4.3 Equity Accounted Investments

12. Significant information – Refer press release attached

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

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

15. This report is based on accounts which have been audited. The audit report, which is unmodified, will be made available with the Company's financial report, which also contains the Director's Report (including the audited Remuneration Report) and Director's Declaration. These will all be released at the same time as part of the Company's Annual Report which is nearing completion and will be released on approximately 15 September 2016.

J McPherson

.... Date: 25 August 2016

Julie McPherson
Company Secretary

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

ANNUAL FINANCIAL REPORT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

Contents

Income statement
for the financial year ended 30 June 2016

USD million	Note	2016	2015
Revenue from sale of goods	1.4	**9,421.3**	9,611.8
Cost of sales		**(7,426.5)**	(7,679.6)
Gross profit		**1,994.8**	1,932.2
Other income	1.4	**92.2**	136.9
Sales and marketing expenses		**(210.1)**	(214.7)
General and administration expenses		**(1,251.1)**	(747.1)
Research costs		**(67.4)**	(62.9)
Share of net profit of equity accounted investments		**17.3**	20.7
Profit from operations		**575.7**	1,065.1
Finance income	1.4	**34.4**	27.3
Finance expenses	1.4	**(201.2)**	(196.5)
Net finance costs		**(166.8)**	(169.2)
Profit before related income tax expense		**408.9**	895.9
Income tax expense	1.5	**(135.3)**	(188.0)
Profit for the financial period		**273.6**	707.9
Profit attributable to:			
Owners of Amcor Limited		**244.1**	680.3
Non-controlling interest		**29.5**	27.6
		273.6	707.9
		Cents	**Cents**
Earnings per share for profit attributable to the ordinary equity holders of Amcor Limited			
Basic earnings per share	1.1	**21.0**	56.6
Diluted earnings per share	1.1	**20.7**	55.5

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

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

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

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

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

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

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

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

		Attributable to owners of Amcor Limited					
USD million	Note	**Contributed equity**	**Reserves**	**Retained earnings**	**Total**	**Non-controlling interest**	**Total equity**
Balance at 1 July 2015	3.5, 3.6	**1,680.6**	**(666.5)**	**452.1**	**1,466.2**	**120.8**	**1,587.0**
Profit for the financial period		**-**	**-**	**244.1**	**244.1**	**29.5**	**273.6**
Total other comprehensive income/(loss)		**-**	**(130.7)**	**(90.1)**	**(220.8)**	**(48.6)**	**(269.4)**
Total comprehensive income for the financial period		**-**	**(130.7)**	**154.0**	**23.3**	**(19.1)**	**4.2**
Transactions with owners in their capacity as owners:							
Contributions of equity, net of transaction costs and related tax		**34.8**	**-**	**-**	**34.8**	**-**	**34.8**
Purchase of treasury shares	3.5	**(53.2)**	**-**	**-**	**(53.2)**	**-**	**(53.2)**
Dividends paid	1.2	**-**	**-**	**(466.7)**	**(466.7)**	**(13.6)**	**(480.3)**
Forward contracts to purchase own equity to meet share plan obligations and related tax		**(41.4)**	**-**	**-**	**(41.4)**	**-**	**(41.4)**
Share buy-back		**(204.1)**	**-**	**-**	**(204.1)**	**-**	**(204.1)**
Settlement of options and performance rights	3.6	**28.4**	**(27.2)**	**-**	**1.2**	**-**	**1.2**
Share-based payments expense	3.6	**-**	**24.2**	**-**	**24.2**	**-**	**24.2**
Change in non-controlling interest		**-**	**-**	**(0.4)**	**(0.4)**	**(26.5)**	**(26.9)**
Balance at 30 June 2016	3.5, 3.6	**1,445.1**	**(800.2)**	**139.0**	**783.9**	**61.6**	**845.5**

USD million	Note	**Contributed equity**	**Reserves**	**Retained earnings**	**Total**	**Non-controlling interest**	**Total equity**
Balance at 1 July 2014	3.5, 3.6	2,072.0	(414.3)	370.4	2,028.1	111.0	2,139.1
Profit for the financial period		-	-	680.3	680.3	27.6	707.9
Total other comprehensive income/(loss)		-	(250.1)	(123.9)	(374.0)	(4.6)	(378.6)
Total comprehensive income/(loss) for the financial period		-	(250.1)	556.4	306.3	23.0	329.3
Transactions with owners in their capacity as owners:							
Contributions of equity, net of transaction costs and related tax		44.2	-	-	44.2	-	44.2
Shares purchased on-market to satisfy exercise of options and rights under share-based payment plans		(14.0)	-	-	(14.0)	-	(14.0)
Purchase of treasury shares	3.5	(77.7)	-	-	(77.7)	-	(77.7)
Dividends paid	1.2	-	-	(472.3)	(472.3)	(7.8)	(480.1)
Forwards contract to purchase own equity to meet share plan and related tax		(78.7)	-	-	(78.7)	-	(78.7)
Share buy-back		(295.6)	-	-	(295.6)	-	(295.6)
Settlement of options and performance rights	3.6	30.4	(30.4)	-	-	-	-
Share-based payments expense	3.6	-	28.3	-	28.3	-	28.3
Non-controlling interest buy-out		-	-	(2.4)	(2.4)	(5.4)	(7.8)
Balance at 30 June 2015	3.5, 3.6	1,680.6	(666.5)	452.1	1,466.2	120.8	1,587.0

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

Cash flow statement
for the financial year ended 30 June 2016

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

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

Cash flow statement (continued)
for the financial year ended 30 June 2016

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

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

Reconciliation of cash and cash equivalents

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

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

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

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

Section 1: Key Performance Metrics

In this section

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

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

[(1)] after Significant Items (refer note 1.4)

1.1 Earnings per share

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

Calculation methodology

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

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

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

1.2 Dividends

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

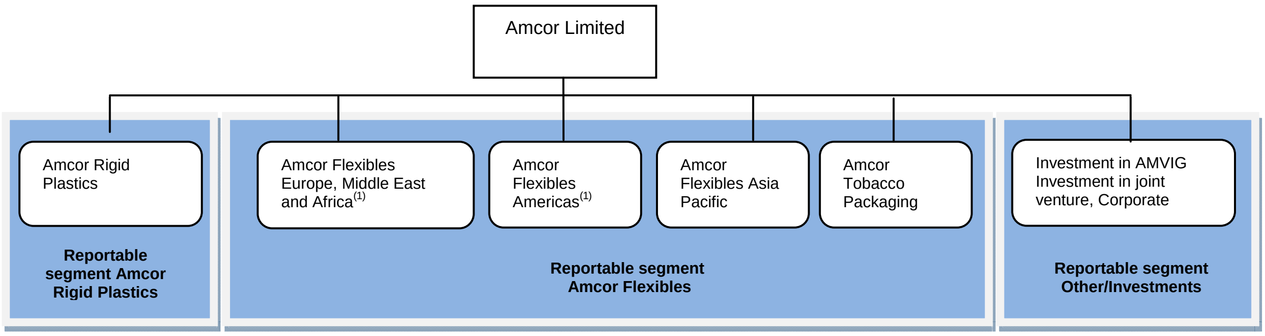
[(1)] Estimated final dividend payable, subject to variations in number of shares up to record date. This dividend has not been recognised as a liability as at 30 June 2016 and will be recognised in subsequent consolidated financial statements.
[(2)] Estimated final 2015 dividend amount was USD 247.7million,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

Franking credits and Conduit Foreign Income Account

There are insufficient franking credits available for distribution from the franking account. For the dividend payable on 29 September 2016, 100% of the dividend to non-residents is sourced from the parent entity's Conduit Foreign Income Account (2015: 100%). As a result, 100% of the dividend paid to a non-resident will not be subject to Australian withholding tax.

1.3 Segment performance

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



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

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

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

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

1.3 Segment performance (continued)

Segment information provided to the GMT

The following segment information was provided to the GMT for the reportable segments for the financial years ended 30 June 2016 and 2015:

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

1.3 Segment performance (continued)

Product segment revenue

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

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

Geographic segments

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

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

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

Revenues in the United States of America and included within the North America geographical segment amounted to USD 2,865.5 million in 2016 (2015: USD 2,869.9 million) and represented more than 10% of the Group's revenue. There was no other individual country with more than 10% of the Group's revenue.

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

USD million	2016	2015
Western Europe	**1,464.1**	1,684.1
North America	**1,731.8**	1,519.6
Emerging Markets	**1,905.3**	1,544.1
Australia and New Zealand	**280.6**	261.3
Consolidated non-current assets[(1)]	**5,381.8**	5,009.1

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

Non-current assets in Australia amounted to USD 180.4 million (2015: 187.4 million). Non-current assets in the United States of America in 2016: USD 1,589.6 million (2015: USD 1,440.2 million) and included within the North America geographical segment represented more than 10% of the Group's non-current assets.

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

1.3 Segment performance (continued)

Reconciliation of segment information to consolidated results

Segment receivables

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

Segment payables

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

Segment acquisition of property, plant and equipment and intangible assets

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

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

1.4 Income and expenses

Income

Revenue from sale of goods

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

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

[1] Other is mainly made up of dividend income, bargain purchase on acquisition of business and refunds.

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

Expenses

Profit before related income tax includes the following specific expenses:

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

[1] Included in general and administration expenses

1.4 Income and expenses (continued)

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

Lease payments
Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease, while any lease incentive is recognised as an integral part of the total lease expense, over the term of the lease. Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding lease liability. The interest element of the finance cost is recognised in the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

1.5 Taxation

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

Key judgements and estimates
The Group is subject to income taxes in Australia and foreign jurisdictions and as a result the calculation of the Group's tax charge involves a degree of estimation and judgement in respect of certain items. There are transactions and calculations relating to the ordinary course of business for which the ultimate tax determination is uncertain. The Group recognises liabilities for potential tax audit issues based on management's estimate of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, these differences impact the current and deferred tax provisions in the period in which such determination is made.

Current tax

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

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

Deferred tax

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

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

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

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

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

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

1.5 Taxation (continued)

Income tax expense for the year

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

Numerical reconciliation of income tax expense to prima facie tax payable

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

Tax on items recognised directly in equity

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

Tax on Significant Items

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

1.5 Taxation (continued)

Deferred tax assets and liabilities reconciliation

Deferred tax relates to the following:

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

Unrecognised deferred tax assets

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

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

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

Unrecognised deferred tax liabilities

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

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

Section 2: Operating assets and liabilities

In this section

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

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

2.1 Trade and other receivables

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

Trade and other receivables as at 30 June comprise:

USD million	Not Impaired		Impaired		Total	
	2016	2015	**2016**	2015	**2016**	2015
Not past due	**1,082.0**	1,090.0	**1.1**	0.9	**1,083.1**	1,090.9
Past due 0-30 days	**62.5**	71.8	**3.5**	0.4	**66.0**	72.2
Past due 31-120 days	**19.7**	24.8	**5.2**	1.0	**24.9**	25.8
More than 121 days	**7.3**	3.0	**14.5**	15.9	**21.8**	18.9
Trade receivables	**1,171.5**	1,189.6	**24.3**	18.2	**1,195.8**	1,207.8
Less provision for impairment losses					**(15.5)**	(14.7)
					1,180.3	1,193.1
Prepayments					**72.3**	82.8
Other receivables					**159.0**	192.6
Total trade and other receivables					**1,411.6**	1,468.5

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

Credit risk – customer contracts

Nature of credit risk

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

Credit risk management

Customer-related credit risk is managed by each business group in accordance with procedures and controls set out in the Group's credit risk management policy. These include:

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

While the Group holds no significant collateral as security, it also has no material exposure to any individual customer contract. The Group undertakes transactions with a large number of customers and counterparties in various countries with policies in place to ensure that sales are made to customers with appropriate credit history.

Financial difficulty of a customer, default in payments and the probability that a customer will enter bankruptcy are considered indicators that outstanding customer invoices on which Amcor is awaiting payment may be impaired. Where it is considered unlikely that the full amount of a customer invoice will be paid, a provision is raised for the amount that is doubtful. An impairment provision is recognised when there is objective evidence that the Group will be unable to collect amounts due and is recognised in the income statement within general and administration expense. Individual customer debts which are known to be uncollectable are written off when identified.

2.2 Inventories

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

USD million	**2016**	2015	**Costs included to bring each product to its present location and condition** [1]
Raw materials and stores	**599.1**	533.4	Purchase cost on a first-in first-out or weighted average basis
Work in progress	**146.1**	166.4	Direct materials and labour and a proportion of manufacturing overheads incurred in the normal course of business
Finished goods	**499.2**	514.1	
Total inventories	**1,244.4**	1,213.9	

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

Inventory pledged as security

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

2.3 Property, plant and equipment

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

Key judgements and estimates

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

Leased assets

Leases under which the Group assumes substantially all the risks and benefits of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of the fair value of the leased asset and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is depreciated over the shorter of the asset's useful life and the lease term, unless it is reasonably certain that ownership will be obtained by the end of the lease term where it is depreciated over the period of the expected use which is the useful life of the asset.

All other leases are operating leases and are expensed to the income statement over the lease term.

Derecognition of property, plant and equipment

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Gains and losses on disposals are determined by comparing disposal proceeds with the carrying amount of the disposed asset and are recognised within other income in the income statement in the period the disposal occurs.

2.3 Property, plant and equipment (continued)

Property, plant and equipment is analysed as follows:

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

Non-current assets pledged as security

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

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

2.4 Intangible assets

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

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

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

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

Key judgements and estimates

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

		Other intangible assets				
USD million	**Goodwill**	**Customer relationships**	**Computer software**	**Product development**	**Other**	**Total**
Amortisation policy	Not applicable	10 - 20 years	3 - 10 years	Less than 10 years	Less than 10 years	
2016						
Cost						
Opening balance	**1,560.1**	**255.1**	**161.4**	**24.6**	**20.5**	**2,021.7**
Additions through internal activities	-	**-**	**19.3**	**-**	**-**	**19.3**
Additions for the period	-	**-**	**-**	**-**	**0.3**	**0.3**
Additions through business acquisitions	**249.0**	**31.0**	**-**	**-**	**9.6**	**289.6**
Disposals during the period	**-**	**-**	**(0.5)**	**-**	**-**	**(0.5)**
Other transfers	**-**	-	**(11.0)**	**11.0**	**-**	**-**
Effect of movements in foreign exchange rates	**(14.8)**	**0.4**	**(6.4)**	**(1.3)**	**0.1**	**(22.0)**
Closing balance	**1,794.3**	**286.5**	**162.8**	**34.3**	**30.5**	**2,308.4**
Accumulated amortisation and impairment						
Opening balance	**(4.1)**	**(65.7)**	**(89.5)**	**(8.8)**	**(8.3)**	**(176.4)**
Amortisation charge [(1)]	**-**	**(15.1)**	**(10.7)**	**(6.2)**	**(0.5)**	**(32.5)**
Disposals during the period	**-**	**-**	**0.5**	**-**	**-**	**0.5**
Impairment loss	**-**	**-**	**(2.5)**	**-**	**-**	**(2.5)**
Effect of movements in foreign exchange rates	**0.1**	**0.2**	**3.8**	**0.4**	**0.1**	**4.6**
Closing balance	**(4.0)**	**(80.6)**	**(98.4)**	**(14.6)**	**(8.7)**	**(206.3)**
Carrying value 30 June 2016	**1,790.3**	**205.9**	**64.4**	**19.7**	**21.8**	**2,102.1**

2.4 Intangible assets (continued)

USD million	Goodwill	Other intangible assets: Customer relationships	Computer software	Product development	Other	Total
Amortisation policy	Not applicable	10 - 20 years	3 - 10 years	Less than 10 years	Less than 10 years	
2015						
Cost						
Opening balance	1,695.7	276.5	153.0	26.3	14.0	2,165.5
Additions through internal activities	-	-	25.6	-	-	25.6
Additions for the period	-	-	0.8	-	-	0.8
Additions through business acquisitions	40.7	5.2	-	-	9.5	55.4
Disposals during the period	-	-	(4.2)	-	-	(4.2)
Other transfers	-	-	0.2	(0.2)	-	-
Effect of movements in foreign exchange rates	(176.3)	(26.6)	(14.0)	(1.5)	(3.0)	(221.4)
Closing balance	1,560.1	255.1	161.4	24.6	20.5	2,021.7
Accumulated amortisation and impairment						
Opening balance	(4.8)	(58.2)	(91.6)	(5.5)	(9.1)	(169.2)
Amortisation charge [(1)]	-	(13.6)	(10.0)	(4.2)	(0.7)	(28.5)
Disposals during the period	-	-	3.9	-	-	3.9
Impairment loss	-	-	(0.2)	-	-	(0.2)
Other transfers	-		(0.2)	0.2	-	-
Effect of movements in foreign exchange rates	0.7	6.1	8.6	0.7	1.5	17.6
Closing balance	(4.1)	(65.7)	(89.5)	(8.8)	(8.3)	(176.4)
Carrying value 30 June 2015	1,556.0	189.4	71.9	15.8	12.2	1,845.3

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

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

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

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

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

Key judgements and estimates

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

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

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

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

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

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

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

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

Recognised impairment

Property, plant and equipment

During the year ended 30 June 2016, the Group recorded impairments totalling USD 25.5 million (2015: USD 17.8 million) within general and administration expense in the income statement. The impairments recognised during the period related to specific items of property, plant and equipment that were identified as surplus to current requirements.

Intangibles

During the year ended 30 June 2016, the Group recorded impairments totalling USD 2.5 million (2015: USD 0.2 million) within general and administration expense in the income statement.

Reversal of impairment

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

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

2.6 Provisions

Provisions are:

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

The present value of a provision is determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as a financing cost in the income statement.

Provision	Description	Key judgements and estimates
Employee entitlements	Liabilities for wages and salaries, including non-monetary benefits, and annual leave which are expected to be settled with 12 months of the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. All other short-term employee benefit obligations are presented as payables. Liabilities for long service leave are measured as the present value of estimated future payments for the services provided by employees up to the reporting date. Liabilities which are not expected to be settled within 12 months are discounted at the reporting date using market yields of high quality corporate bonds or government bonds for countries where there is no deep market for corporate bonds. The rates used reflect the terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.	Expected future wages and salary levels Experience of employee departures Periods of service (long service leave provisions only)
Insurance and other claims	The Group is self-insured for insurance and other claims. Provisions are recognised based on claims reported and claims expected to be reported in relation to incidents occurring prior to reporting date, based on historical claim rates.	Likelihood of settling customer and insurance claims
Onerous contracts	Onerous contract provisions relate to rental of land and buildings which are not able to be fully used or sublet by the Group, and certain customer and supply contracts procured through business acquisitions. A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable costs of meeting the obligations under the contract. The provision is measured as the lower of the cost of fulfilling the contract and any compensation or penalties arising from the failure to fulfil it and is recognised only in respect of the onerous element of the contract.	Surplus lease space which the Group is not using and contracts the Group has entered into that are now unprofitable

2.6 Provisions (continued)

Provision	Description	Key judgements and estimates
Asset restoration	The asset restoration provision comprise mainly: • make-good provisions included in lease agreements for which the Group has a legal or constructive obligation • decommissioning costs associated with environmental risks. At a number of sites, there are areas of contamination caused by past practice, many of which relate to operations prior to the Group's ownership. In addition, the Group recognises the environmental risks associated with underground storage tanks. The provision includes costs associated with the clean-up of sites it owns, or contamination that it caused, to enable on-going use of the land as an industrial property and costs associated with the decommissioning, removal or repair of any tanks which may fail integrity tests. The present value of the estimated costs of dismantling and removing the asset and restoring the site is recognised as a provision with a corresponding increase to the related item of property, plant and equipment. At each reporting date, the liability is remeasured in line with changes in discount rates, estimated cash flows and the timing of those cash flows. Any changes in the liability are added to or deducted from the related asset, other than the unwinding of the discount, which is recognised as a financing cost in the income statement.	Future costs associated with dismantling and removing assets and restoring sites to their original condition
Restructuring	Restructuring provisions are recognised when the Group has a detailed formal plan identifying the business or part of the business concerned, the location and approximate number of employees affected, a detailed estimate of the associated costs, and an appropriate timeline, and the restructuring has either commenced or been publicly announced. Payments falling due greater than 12 months after the reporting date are discounted to present value. During the period Amcor continued to adapt the organisation within developed markets. This will result in the restructuring or closure of several plants in developed markets and streamlining the organisation, particularly for the Flexibles segment in Europe, to enable greater customer focus and speed to market. The provisions made during the period mainly relate to these restructuring initiatives as announced in June 2016.	Future costs associated with the restructuring and time line the restructure will take

Provisions as at 30 June are analysed as follows:

USD million	Employee entitlements	Insurance and other claims	Onerous contracts	Asset restoration	Restructuring	Other	Total
Balance at 1 July 2015	**62.4**	**42.6**	**4.8**	**36.3**	**32.7**	**2.5**	**181.3**
Provisions made during the period	29.0	31.8	0.6	0.1	95.1	6.9	163.5
Payments made during the period	(23.0)	(18.6)	(2.5)	(0.8)	(21.4)	(0.7)	(67.0)
Released during the period	(0.6)	(3.8)	-	0.2	(8.7)	(0.1)	(13.0)
Additions through business acquisitions	9.1	-	0.8	4.2	-	2.5	16.6
Unwinding of discount	-	-	-	0.2	0.2	-	0.4
Effect of movement in foreign exchange rate	(1.2)	(1.9)	(0.4)	(1.0)	(2.6)	-	(7.1)
Balance at 30 June 2016	**75.7**	**50.1**	**3.3**	**39.2**	**95.3**	**11.1**	**274.7**
Current	**40.0**	**33.2**	**2.4**	**0.2**	**95.3**	**8.2**	**179.3**
Non-current	**35.7**	**16.9**	**0.9**	**39.0**	**0.0**	**2.9**	**95.4**

Section 3: Group's capital and risks

In this section

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

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

Management uses the following metrics to assist in maintaining an efficient capital structure:
- Leverage Ratio: net debt/profit before interest, tax, depreciation and amortisation (PBITDA) pre significant items
- PBITDA interest cover: PBITDA pre significant items / interest expense

3.1 Capital management

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

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

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

The capital management strategy aims to achieve an investment grade rating. The ratings at 30 June 2016 were investment grade BBB/Baa2 (2015: BBB/Baa2). The Group uses a range of financial metrics to monitor the efficiency of its capital structure, including leverage ratio (net debt/ PBITDA) and PBITDA interest cover.

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

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

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

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

3.2 Net debt

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

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

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

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

3.2 Net debt (continued)

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

USD million	2016	2016	2015	2015	Facility Details	Facility Limit million	Maturity	2016	2015
	Current	**Non-current**	**Current**	**Non-current**					
Secured borrowings:									
Bank loans	**-**	**-**	9.6	-	Land, plant and buildings				
Other loans	**0.8**	**11.0**	-	11.0	Mortgages	USD 11.0	May 2021 - USD 8.0 million Nov 2053 - USD 2.7 million	**11.0**	11.0
Lease liabilities	**3.7**	**9.9**	0.9	5.5	Property, plant and equipment is provided as security for lease liabilities. Refer note 2.3				
Total secured borrowings	**4.5**	**20.9**	10.5	16.5					
Unsecured borrowings:									
Bank overdrafts	**2.3**	**-**	7.4	-					
Bank loans	**25.0**	**879.9**	100.7	333.1	Bank Loans				
					- committed multi-currency facility	AUD 100.0	Jan 2016	**-**	65.1
					- committed multi-currency facility	AUD 100.0	Jun 2018	**67.6**	25.0
					- committed syndicated multi-currency facility to support uncommitted commercial paper programs.	USD 565.4	July 2020	**48.3**	-
					- committed global syndicated multi-currency facility.	USD 776.6	October 2018	**493.8**	310.7
					- Syndicated facility entered into in April 2014 to support US commercial paper program	USD 750.0	April 2019	**255.0**	-
					- Other loans			**40.2**	33.0
Commercial paper	**587.6**	**-**	837.0	-	Commercial paper markets borrowing - Uncommitted promissory note facility	AUD 600.0	Footnote 1	**332.7**	237.2
					Commercial paper markets borrowing - Uncommitted commercial paper program	USD 600.0	Footnote 1	**254.9**	599.8
US dollar notes	**274.9**	**682.4**	-	953.7	United States Private Placement borrowing - Senior unsecured notes issued 2002	USD 100.0	Maturity in December 2017	**99.9**	99.9
					United States Private Placement borrowing - Senior unsecured notes issued 2009	USD 850.0	Bullet maturities between 2016 and 2021	**857.4**	853.8
Euro notes	**-**	**111.1**	56.2	112.3	United States Private Placement borrowing - Senior unsecured notes issued 2010	EUR 50.0	1 September 2015 Euro 50 million	**-**	56.2
						EUR100.0	1 September 2020 Euro 100 million	**111.1**	112.3
Eurobond	**-**	**975.3**	-	971.5	Eurobond market borrowings - unsecured notes	EUR 550.0	April 2019	**608.7**	614.9
					Eurobond market borrowings - unsecured notes	EUR 300.0	March 2023	**366.6**	356.6
144A	**-**	**596.2**	-	-	144A / Regulation S - Senior unsecured notes issued 2016	USD 600.0	April 2026	**596.2**	-
Swiss bond	**-**	**152.6**	-	161.5	Swiss bond market borrowings - unsecured notes	CHF 150.0	April 2018	**152.6**	161.5
Other loans	**22.4**	**10.0**	0.9	24.0					
Total unsecured borrowings	**912.2**	**3,407.5**	1,002.2	2,556.1					
Total interest-bearing liabilities	**916.7**	**3,428.4**	1,012.7	2,572.6					
Total Current and Non-current interest-bearing liabilities		**4,345.1**		3,585.3					
Cash on hand and at Bank		**(420.5)**		(596.3)	Footnote 2				
Deposits - Short term and at call		**(95.2)**		(108.6)	Short-term deposits and short-term money market investments				
Total cash and cash equivalents		**(515.7)**		(704.9)					
Net Debt		**3,829.4**		2,880.4					

Footnotes:

1. Commercial paper borrowings are classified as a current interest-bearing liability due to the short term rollover nature of the borrowings. Two syndicated global multicurrency tranches of USD 565.4 million due in July 2020 along with the USD 750 million Syndicated Facility due in April 2019 act as a liquidity back stop to the commercial paper should there be any difficulty in rolling over the commercial paper. Usage of these facilities reduces the available capacity to be drawn under the syndicated multi-currency facility.
2. Deposits for the Group bear floating interest rates based on prevailing market rates of the respective jurisdictions.

3.2 Net debt (continued)

Risks Associated with net debt

(i) **Liquidity risk**

Nature of liquidity risk

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

Liquidity risk management

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

- maintaining minimum undrawn committed liquidity of at least USD 300 million (in various currencies) that can be drawn upon at short notice;
- regularly performing a comprehensive analysis of all cash inflows and outflows in relation to operational, investing and financing activities;
- generally using tradeable instruments only in highly liquid markets;
- maintaining a reputable credit profile;
- managing credit risk related to financial assets;
- monitoring duration of long-term debt;
- only investing surplus cash with major financial institutions; and
- to the extent practicable, spreading the maturity dates of long-term debt facilities.

Financing arrangements

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

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

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

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

3.2 Net debt (continued)

Maturity of financial liabilities

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

USD million	1 year or less	1-2 years	2-5 years	More than 5 years	Total
2016					
Non-interest-bearing	**2,418.4**	**-**	**-**	**-**	**2,418.4**
Variable rate	**903.0**	**91.0**	**568.4**	**10.1**	**1,572.5**
Fixed rate	**389.6**	**356.4**	**1,208.5**	**1,375.9**	**3,330.4**
Total non-derivatives	**3,711.0**	**447.4**	**1,776.9**	**1,386.0**	**7,321.3**
2015					
Non-interest-bearing	2,345.7	-	-	-	2,345.7
Variable rate	1,283.0	314.7	50.6	15.6	1,663.9
Fixed rate	101.8	157.6	1,509.4	913.5	2,682.3
Total non-derivatives	3,730.5	472.3	1,560.0	929.1	6,691.9

(ii) Interest rate risk

Nature of interest rate risk

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

Interest rate risk management

Amcor Group Treasury manages the Group's exposure to interest rate risk by maintaining an appropriate mix between fixed and floating rate borrowings, monitoring global interest rates and, where appropriate, hedging floating interest rate exposure or borrowings at fixed interest rates through the use of interest rate swaps and forward interest rate contracts. The Group's policy is to hold up to 75.0% fixed debt. At 30 June 2016 approximately 48.0% of the Group's debt is fixed rate. (2015:43.0%).

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

Interest rate sensitivity

A sensitivity analysis has been performed regarding the exposure to interest rates, for both derivative and non-derivative instruments at the end of the financial year, utilising a 100 basis points movement in the floating rate on the relevant interest rate yield curve applicable to the underlying currency in which the borrowings are denominated, with all other variables held constant. No individual currency has an impact to the post-tax profit greater than USD 10 million increase/decrease, with the most significant exposure to the United States dollar which has a movement of USD 8.9 million (2015: USD 9.8 million). 100 basis points has been determined reasonable based on the Group's current credit rating and mix of debt in Australia and foreign countries, relationships with financial institutions, the level of debt that is expected to be renewed as well as a review of historical movements and economic forecasters' expectations.

3.2 Net debt (continued)

(iii) Credit risk

Nature of credit risk

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

Credit risk management

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

3.3 Financial risk management

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

(i) Foreign exchange risk

Key judgements and estimates

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

Foreign exchange risk – transaction management

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

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

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

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

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

Exposure

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

3.3 Financial risk management (continued)

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

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

Key judgement and estimates

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

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

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

Foreign exchange risk – translation management

The Group has investments in foreign operations whose net assets are exposed to foreign currency translation risk. Currency exposure arising from the net assets of the Group's foreign operations is managed primarily through borrowings denominated in the relevant currency. The following table details the denomination of the net assets and net debt (US dollar equivalents) at the end of the financial period:

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

3.3 Financial risk management (continued)

Foreign exchange risk – Venezuela

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

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

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

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

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

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

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

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

Key judgements and estimates

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

Hedge of net investment in foreign operation

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

3.3 Financial risk management (continued)

Exchange rate sensitivity

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

	Change in foreign exchange rate (annual volatility)		Impact on equity	
	2016	2015	**2016**	2015
	%	%	**USD million**	USD million
Euro	**9.8**	10.8	**12.0**	43.4
British pound	**12.8**	7.9	**22.9**	18.7
Swiss franc	**9.4**	11.2	**5.9**	8.4
New Zealand dollar	**13.3**	12.0	**5.4**	5.8

(ii) **Commodity price risk**
The Group is exposed to commodity price risk from a number of commodities, including aluminium, resin and certain other raw materials.

In managing commodity price risk, the Group is ordinarily able to pass on the price risk contractually to customers through rise and fall adjustments. In the case of aluminium, some hedging is undertaken using fixed price swaps on behalf of certain customers. Hedging undertaken is based on customer instructions and all related benefits and costs are passed onto the customer on maturity of the transaction.

Movements in commodity hedges are recognised within equity. The cumulative amount of the hedge is recognised in the income statement when the forecast transaction is realised. However, there is no impact on profit as a result of movements in commodity prices where hedges have been put in place as the Group entity passes the price risk contractually through to customers through rise and fall adjustments in customer contractual arrangements. As the Group ultimately passes on the risk associated with the movements in commodity prices, no sensitivity has been performed.

(iii) **Employee share plan risk**
The Group's Employee Share Plans require the delivery of shares to employees in the future when rights vest or options are exercised. The Group currently acquires shares on market to deliver shares to employees to satisfy vesting or exercising commitments, this exposes the Group to cash flow risk, i.e. as the share price increases it costs more to acquire the shares on market.

Management of risk

The Amcor Employee Share Trust (the 'Trust') manages and administers the Group's responsibilities under the Employee Share Plans through acquiring, holding and transferring shares or rights to shares, in the Company to participating employees.

The Trust is consolidated as the substance of the relationship is that the Trust is controlled by the Group. All shares held by the Trust are disclosed as treasury shares and deducted from contributed equity. As at 30 June 2016, the Trust held 2,390,937 (2015: 3,433,629) of the Company's shares, refer note 3.5.

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

	2016			2015		
	Expiry date	**Contract volume**	**Average hedged price AUD**	Expiry date	Contract volume	Average hedged price AUD
Less than one year	**May-17**	**3,600,000.0**	**16.01**	May-16	7,400,000	13.91

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

3.3 Financial risk management (continued)

(iv) **Derivative financial instruments**

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

The Group has two types of hedges:

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

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

3.3 Financial risk management (continued)

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

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

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

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

USD million	1 year or less	1-2 years	Total
2016			
Derivatives			
Gross settled			
- Inflow	**2,026.5**	**21.8**	**2,048.3**
- Outflow	**(2,025.4)**	**(22.2)**	**(2,047.6)**
Total financial assets/(liabilities)	**1.1**	**(0.4)**	**0.7**
2015			
Derivatives			
Gross settled			
- Inflow	1,293.2	21.4	1,314.6
- Outflow	(1,271.4)	(25.6)	(1,297.0)
Total financial assets/(liabilities)	21.8	(4.2)	17.6

3.4 Fair value measurement

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

Key judgements and estimates

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

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

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

The fair value of the US dollar notes, 144A Senior unsecured notes, Euro notes, the Eurobond, and the Swiss bond reflects the revaluation of these instruments, at prevailing market rates. The US dollar notes mature between December 2016 and December 2021, the 144A Senior unsecured notes mature in April 2026, the Euro notes mature between September 2016 and September 2020, while the Eurobonds mature between April 2019 and March 2023, and the Swiss bond in April 2018.

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

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2 – inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as over the counter prices) or indirectly (i.e. derived from over the counter prices).
Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).
The fair value of financial instruments traded in active markets (such as available-for-sale securities) is based on quoted market prices at the end of the reporting period.

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

Where a valuation technique for these instruments is based on significant unobservable inputs, such instruments are included in level 3. The Group holds no level 1 or level 3 instruments at 30 June 2016 (2015: nil).
The derivative financial instruments in note 3.3 were recognised at fair value using level 2 valuation method.

3.5 Contributed equity

Ordinary shares

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

Treasury shares

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

Repurchase of share capital

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

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

(1) Share buy-back

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

3.6 Reserves

Amcor has the following reserves:

Cash flow hedge reserve

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

Share-based payments reserve

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

Demerger reserve

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

Exchange fluctuation reserve (EFR)

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

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

Section 4: Business portfolio

In this section

This section provides further insight into the business portfolio of the Group, including the value-creating acquisition opportunities which the Group has secured to improve industry structures and strengthen its leadership positions in chosen market segments. With the acquisition of Alusa and further businesses across all segments and geographies, the Group could grow its footprint in developed as well as in emerging markets.

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

4.1 Businesses acquired

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

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

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

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

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

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

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

4.1 Businesses acquired (continued)

Significant acquisition during the period:

Alusa

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

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

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

Plastic Moulders Limited

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

Nampak Flexibles

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

Souza Cruz tobacco packaging operations

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

Encon

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

Deluxe Packages

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

4.2 Subsidiaries

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

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

4.3 Equity accounted investments

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

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

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

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

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

Name of entity	Principal activity	Country of incorporation	Ordinary share ownership interest (%)		Nature of relationship	Carrying amount USD million	
			2016	2015		**2016**	2015
AMVIG Holdings Limited	Tobacco packaging	Cayman Islands	**47.6**	47.6	Associate	**427.7**	437.4
Aggregate carrying amount of individually immaterial equity accounted investments						**18.8**	20.8
Total equity accounted investments						**446.5**	458.2

Summarised financial information for AMVIG Holdings Limited

The balance date for AMVIG is 31 December which is different to that of the Group due to the listing requirements of this entity on the Hong Kong Stock Exchange. In determining the Group's share of profits of AMVIG for the financial year ended 30 June 2016, the Group has used the latest publicly available financial information, being the audited results for the year ended 31 December 2015 plus management's best estimate for the six months ended 30 June 2016. The Group's share of net assets is based on the latest publicly available set of financial statements dated 31 December 2015 (2015: 31 December 2014).

4.3 Equity accounted investments (continued)

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

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

Reconciliation to carrying value of AMVIG

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

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

Key judgements and estimates
The Group's view is that AMVIG's quoted share price does not accurately reflect the fundamental value of the business. Accordingly, the Group has assessed the recoverable amount measured at the higher of fair value less costs of disposal and value in use. Value in use is calculated from cash flow projections for five years using management's best estimates based on historical publicly available information from AMVIG. The value in use calculation included a pre-tax discount rate of 12.9% (2015: 10.8%) and a perpetual growth rate of 5% (2015: 5%). Based on the value in use assessment including sensitivity analysis over key assumptions, the Group believes that the recoverable amount of the investment in AMVIG exceeds the Group's carrying value of the investment at 30 June 2016.

Acquisitions and disposals

In 2016, there were no acquisitions or disposals of AMVIG shares or other changes in the Group's share of AMVIG. In 2015, AMVIG issued additional shares to one of its Directors, resulting in a dilution of the Group's ownership percentage to 47.6%.

Transactions with equity accounted investments

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

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

Section 5: Employee remuneration

In this section

This section provides financial insight into employee remuneration arrangements.

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

5.1 Share based payments

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

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

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

Equity-settled share-based payments

Description of plans

A description of plans is contained in table 5.1. The only additional equity plan not listed in the table is the Retention Share / Payment Plan. Under this plan, the Board nominates certain Senior Executives as eligible to receive fully-paid ordinary shares in part satisfaction of their remuneration for the relevant financial year. The number of shares issued is at the discretion of the Board. The restrictions on these shares do not allow the employee to dispose of the shares for a period of up to five years (or otherwise as determined by the Board), unless the employee ceases employment later than three years after the shares were issued. Any right or interest in the shares will be forfeited if the employee voluntarily ceases employment within three years from the date the shares were issued or, if the employee is dismissed during the restriction period, for cause or poor performance. The shares subject to the Retention Share / Payment Plan carry full dividend entitlements and voting rights.

The weighted average fair value is calculated using the market value at the date the shares were issued.

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

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

5.1 Share based payments (continued)

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

	Long Term Incentive			**Short Term Incentive Deferred Equity**
	Options	*Performance Rights or Performance Shares*	*CEO Special Equity Awards*	*Share Rights*
Overview	Give the co-worker the right to acquire a share at a future point in time upon meeting specified vesting conditions described below and require payment of an exercise price. They are granted at no consideration and carry no dividend entitlement or voting rights until they vest and are exercised to ordinary shares on a one-for-one basis.	Give the co-worker the right to acquire a share at a future point in time upon meeting specified vesting conditions described below with no exercise price payable. They are granted at no consideration and carry no dividend entitlement or voting rights until they vest and are exercised to ordinary shares on a one-for-one basis.	Give the co-worker the right to receive fully paid ordinary shares upon meeting specified vesting conditions described below with no exercise price payable. They are granted at no consideration and carry no dividend entitlement or voting rights until they vest into ordinary shares on a one-for-one basis.	Give the co-worker the right to acquire a share at a future point in time upon meeting specified vesting conditions described below with no exercise price payable. They are granted at no consideration and carry no dividend entitlement or voting rights until they vest into ordinary shares on a one-for-one basis.
Vesting conditions	Subject to a Return on Average Funds Employed (RoAFE) test, a Share Price Condition, and the employee remaining in employment of the Company	Subject to a a relative Total Shareholder Return (TSR) test and the employee remaining in employment of the Company	Subject to alignment of performance with the Amcor Values as assessed by the Managing Director and Chief Executive Officer and the employee remaining in employment of the Company	Subject to the employee remaining in employment of the Company
Vesting period	4 years	4 years	3 years	2 years
Vested awards	Vested Options will remain exercisable until the expiry date. On expiry, any vested but unexercised Options will lapse.	Vested Performance Rights or Performance Shares will remain exercisable until the expiry date. On expiry, any vested but unexercised Performance Rights or Performance Shares will lapse.	Vested awards will remain exercisable until the expiry date. On expiry, any vested but unexercised awards will lapse.	Shares are issued upon vesting.
Unvested awards	Unvested awards are forfeited if the co-worker voluntarily ceases employment or is dismissed for poor performance.	Unvested awards are forfeited if the co-worker voluntarily ceases employment or is dismissed for poor performance.	Unvested awards are forfeited if the co-worker voluntarily ceases employment or is dismissed for poor performance.	Unvested awards are forfeited if the co-worker voluntarily ceases employment or is dismissed for poor performance.

5.1 Share based payments (continued)

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

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

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

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

(1) Includes awards that were modified to SERPs or cash payment upon employees' departure.
(2) Includes awards that were lapsed and converted to cash payment upon departure of certain key executives.

5.1 Share based payments (continued)

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

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

Weighted average remaining contractual life of options outstanding at end of the period	**2.8 years**	3.9 years

Cash-settled share-based payments

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

Description of plans

Senior Executive Retention Payment Plan

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

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

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

Liabilities for share-based payments

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

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

5.2 Retirement benefit obligations

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

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

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

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

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

Plan funding requirements are generally determined by local regulation and/or best practice and differ between countries – the local statutory funding positions are not necessarily consistent with the funded status disclosed in the statement of financial position. For any funded plans in deficit (as measured under local country guidelines), the Group agrees with the trustees and plan fiduciaries to undertake suitable funding programmes to provide additional contributions over time in accordance with local country requirements.

Movements in defined benefit obligation and fair value of plan assets

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

Items	Description	Recognised in
Current service cost	The cost to the Group of future benefits resulting from employee service in the current period.	Operating costs in the income statement.
Past service cost	Refers to the cost or credit as a result of changes in the benefits offered to members (Plan amendments), a reduction in the number of employees (Curtailments) covered by the plan or transactions entered into by the Group to eliminate all further legal or constructive obligations for some or all of the benefits provided by the schemes (Settlement). Settlement gains or losses can arise from the transfer of member benefits into alternative pension arrangements, fully insuring benefits or on business disposals.	Operating costs in the income statement.
Interest (expense)/income	Interest expense is the unwinding of the discount on the present value of the obligation. Interest income on plan assets is based on the value of the scheme assets at the beginning of the year multiplied by the same rate as the discount rate applied to the obligation.	Net finance costs in the income statement.

5.2 Retirement benefit obligations (continued)

Items	Description	Recognised in
Experience (gains)/losses	In order to value the Group's defined benefit obligation at the end of the period, it is necessary to apply certain assumptions in relation to demographic and financial trends. Actuarial gains or losses arise when there is a difference between previous estimates and actual experience, or a change in assumptions.	Other comprehensive income.
Re-measurement return on plan assets	Arise from differences between actual and the expected final asset values.	Other comprehensive income.
Contributions	The Group's contributions and cash contributions by the scheme participants are paid into the schemes to be managed and invested.	Statement of financial position.
Benefits paid	Any benefits paid out by the scheme will lower the obligations of those plans.	Statement of financial position.

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

5.2 Retirement benefit obligations (continued)

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

Principal plans

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

United Kingdom	• The previous two plans were merged into one combined funded plan on 1 June 2016 • Closed to new entrants and no longer accruing service-related or salary-related benfits • Benefits increase in line with at least the statutory indexation as required by local legislation • The Company is required to finance any funding shortfall • The Trustee consults with the Company and agrees an affordable and reasonable funding plan for cash injections by the Company • The Trustee is responsible for the plan's assets in terms of investment strategy and asset allocations • At least once every three years, the Statement of Investment Principles (SIP) is reviewed by the Trustee in consultation with the Company • SIPs are kept under review and the Trustee informs, and agrees with, the Company an amended SIP before implementing any changes
Switzerland	• Cash balance funded retirement plan • Contributions based on a fixed percentage of salary are paid by both the Company and the co-worker to build a cash balance in the name of the co-worker • Interest is credited to each co-workers cash balance each year • Interest credits can be positive or nil, negative credits are not permitted. Due to accounting rules this causes the fund to be recorded as a defined benefit fund despite the Company not being responsible for any funding deficit • Funding surpluses belong to the members and are not refundable to the Company • At retirement, co-workers' cash balances are converted at a fixed rate into a retirement annuity or if they leave the Company, transferred to another fund of the co-worker's choice • The Pension Fund Board is responsible for managing funding and ensuring no funding deficit
Other Europe - France	• There are 4 defined benefit plans of which 1 is closed to new entrants • 2 Plans are partially indemnified by Rio Tinto Limited on the same basis as in Germany below • 10 entities in France provide unfunded lump sum benefits at retirement as required under collective employee agreements, these are considered 1 plan for purposes of the above

5.2 Retirement benefit obligations (continued)

Other Europe - Germany	• There are 16 defined benefit plans of which 10 are closed to new entrants • A group of 158 employees who are approaching retirement age continue to accrue service-related or salary-related benefits • Legislation requires that the pensions in payment must be reviewed every three years and adjusted based on the increase in the Retail Price Index • 4 plans are funded and 12 plans unfunded • 6 of the unfunded plans are partially indemnified by Rio Tinto Limited which assumes responsibility for its former employees' retirement entitlements as at 1 February 2010 when the Group acquired Alcan Packaging from Rio Tinto Limited • Rio Tinto Limited pays monthly pension instalments to a significant proportion of the plans' retirees via a Contractual Trust Agreement
North America - Canada	• There are 5 defined benefit plans, 4 provide retirement benefits and one provides post-retirement medical benefits • The 4 retirement plans are funded, the post-retirement plan is unfunded. • The retirement plans no longer accrue future benefits and provide indexation in line with inflation and salaries where required under local legislation • Post retirement medical plan is closed to new entrants
North America - United States of America	• There are 2 funded defined benefit plans, a retirement plan and a post-retirement medical plan • The retirement plan is closed to future accrual • The Group has agreed to provide contributions to finance the funding shortfall in line with local funding standards • Following the introduction of significant legislation changes to medical insurance arrangements in the United States in 2014, the Group has terminated the benefit for a majority of plan participants • A small number of retirees are still eligible for the benefit until 31 December 2016 only

Categories of plan assets

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

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

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

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

5.2 Retirement benefit obligations (continued)

Key judgements and estimates

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

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

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

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

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

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

Amount and timing of future cash flows

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

Maturity analysis of benefits expected to be paid

USD million	**1 year or less**	**1-2 years**	**2-5 years**	**More than 5 years**	**Total**
2016	**65.5**	**63.2**	**200.0**	**400.7**	**729.4**
2015	58.3	59.1	194.0	399.4	710.8

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

5.3 Key Management Personnel

Key Management Personnel compensation

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

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

Individual Directors' and Executives' compensation disclosures

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

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

Section 6: Other disclosures

In this section

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

6.1 Auditors' remuneration

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

6.2 Commitments and contingencies

Commitments

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

Contingencies

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

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

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

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

6.3 Amcor Limited – parent entity

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

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

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

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

Summary financial information

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

[1] Amcor Limited's functional currency is Australian dollars.

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

(a) Financial guarantees

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

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

(b) Contingent liabilities of Amcor Limited

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

6.3 Amcor Limited – parent entity (continued)

Tax consolidation

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

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

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

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

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

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

6.4 Deed of Cross Guarantee

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

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

By entering into the Deed, the wholly owned subsidiaries have been relieved from the requirement to prepare a financial report and directors' report under class order 98/1418 (as amended) dated 13 August 1998 issued by the Australian Securities and Investment Commission.

6.4 Deed of Cross Guarantee (continued)

Financial statements for the Amcor Limited Deed of Cross Guarantee

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

Income statement

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

Statement of comprehensive income

USD million	2016	2015
Profit for the financial period	**547.9**	424.3
Other comprehensive income/(loss)		
Items that may be reclassified subsequently to profit or loss:		
Cash flow hedges		
Changes in fair value of cash flow hedges	**(0.3)**	1.1
Tax on cash flow hedges	**0.1**	(0.2)
Exchange differences on translating foreign operations		
Exchange differences on translation of foreign operations	**64.9**	450.5
Tax on exchange differences on translating foreign operations	**(21.0)**	-
Other comprehensive income/(loss) for the financial period, net of tax	**43.7**	451.4
Total comprehensive income for the financial period	**591.6**	875.7

Summarised income statement and accumulated losses

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

6.4 Deed of Cross Guarantee (continued)

Statement of financial position

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

6.5 Basis of preparation and compliance

Basis of preparation

Throughout the financial report, *the Company* refers to Amcor Ltd and *the Group* includes its subsidiaries. The Company is domiciled in Australia and the Group is a for-profit entity for the purpose of preparing the financial statements. The consolidated financial statements were approved by the Board of Directors on 25 August 2016.

The financial report:

- is a general purpose financial report;
- has been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards (AASBs) including Australian Accounting Interpretations, adopted by the Australian Accounting Standards Board (AASB) and International Financial Reporting Standards (IFRS) and Interpretations as issued by the International Accounting Standards Board;
- has been prepared on a going concern basis using historical cost conventions except for the following items in the statement of financial position measured at fair value:
  - available-for-sale financial assets;
  - derivative financial instruments;
  - non-derivative financial instruments at fair value through profit or loss;
  - liabilities for cash settled share-based payment arrangements; and
  - defined contribution plan assets, refer note 5.2 for more details;
- is presented in United States Dollars with all values rounded to the nearest 100,000 or, where the amount is USD 50,000 or less, zero, unless otherwise stated, in accordance with the ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 dated 1 April 2016;
- presents reclassified comparative information where required for consistency with the current year's presentation;
- adopts all new and amended AASBs and Interpretations issued by the AASB that are relevant to the operations of the Group and effective for reporting periods beginning on or after 1 July 2015;
- does not early adopt any AASBs and Interpretations that have been issued or amended but are not yet effective with the exception of those mentioned below; and
- has all intercompany balances, income and expenses, unrealised gains and losses and dividends resulting from intercompany transactions eliminated in full.

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

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

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

The Group also elected to early adopt the following Standards:

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

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

6.5 Basis of preparation and compliance (continued)

New and amended standards and interpretations issued but not yet effective

Certain new accounting standards and interpretations have been published that are non-mandatory for the year ended 30 June 2016. The table below outlines an assessment of the impact of these new standards and interpretations relevant for the Group:

Title of Standard	Summary and impact on Group's financial statements	Application date of Standard	Application date for Group for financial year ending
AASB 2014-10 *Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	The amendments require a full gain or loss to be recognised by the investor where non-monetary assets sold or contributed to an associate or joint venture constitute a 'business'. If the assets do not meet the definition of a business, the gain or loss is recognised by the investor to the extent of the other investors' interests. The amendments will only apply if the Group sells or contributes assets to its associate or joint venture.	1 January 2016	30 June 2017
AASB 2016-2 *Disclosure Initiative: Amendments to AASB 107*	The amendment to AASB 107 introduces additional disclosures that will enable users of financial statements to evaluate changes in liabilities arising from financing activities. The amendment requires disclosure of changes arising from: • cash flows, such as drawdowns and repayments of borrowings, and • non-cash changes, such as acquisitions, disposals and unrealised exchange differences. The Group has decided not to early adopt AASB 2016-2. Once adopted, the Group will disclose additional information on liabilities arising from financing cash flows and non-cash changes during the period.	1 January 2017	30 June 2018
AASB 16 *Leases*	AASB 16 introduces three main changes: 1. Enhanced guidance on identifying whether a contract contains a lease. 2. A completely new lease accounting model for lessees that requires lessees to recognise all leases on balance sheet, except for short-term leases and leases of low value assets. 3. Enhanced disclosures. The Group has decided not to early adopt AASB 16, this is in line with the requirement to adopt AASB 15 at the same time. Once adopted, the structure of cash flows and the presentation of the balance sheet and income statement will change, with no material impact on overall cash flows and net profits.	1 January 2019	30 June 2020
AASB 15 *Revenue from contract with customers*	AASB 15 replaces AASB 111 *Construction Contracts*, AASB 118 *Revenue* and related Interpretations. The core principle of AASB 15 is that revenue is recognised when control of a good or service transfers to a customer at the transaction price. An entity recognises revenue by applying the following steps: Step 1: Identify the contract with a customer Step 2: Identify the performance obligations in the contract Step 3: Determine the transaction price Step 4: Allocate the transaction price to the performance obligations in the contract Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation. The Group has decided not to early adopt AASB 15 as a detailed assessment of the impact, additional disclosures and reporting requirements is still in progress.	1 January 2018	30 June 2019

6.5 Basis of preparation and compliance (continued)

Title of Standard	Summary and impact on Group's financial statements	Application date of Standard	Application date for Group for financial year ending
AASB 9 *Financial Instruments*	AASB 9 replaces AASB 139 and addresses the classification, measurement and derecognition of financial assets and financial liabilities. It also addresses the new hedge accounting requirements, including changes to hedge effectiveness testing, treatment of hedging costs and risk components that can be hedged. AASB 9 introduces a new expected-loss impairment model that will require entities to account for expected credit losses at the time or recognising the asset. The Group does not expect the adoption of the new Standard to have a material impact on its classification and measurement of the financial assets and liabilities, its hedging arrangements or its results on adoption of the new impairment model. The new Standard will result in extended disclosures in the financial statements. The Group has decided not to early adopt AASB 9.	1 January 2018	30 June 2019