



A world of opportunities

Annual Report 2011



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Annual General Meeting

The Annual General Meeting of Amcor Limited will be held at the Park Hyatt, 1 Parliament Square, Melbourne at 11.00am (Melbourne time), Thursday 20 October 2011.

Formal notice of the meeting is sent to each shareholder.

Julie McPherson
Company Secretary
Amcor Limited

About this Report

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

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

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In this report, 'the year', '2010/11' and '2011' refer to the financial year ended 30 June 2011. '2009/10' and '2010' refer to the financial year ended 30 June 2010.

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

The Financial Report was authorised for issue by the Directors on 22 August 2011. The Directors have the power to amend and reissue the Financial Report.



From the Chairman,
Mr Chris Roberts and the
Managing Director and CEO,
Mr Ken MacKenzie.



Message to our shareholders

Earnings for the 2010/11 year were \$570.3 million (after tax and before significant items), up 39.4% on the previous year's \$409.2 million. This was a strong performance, driven predominantly by solid execution of the integration of the former Alcan Packaging and Ball Plastics Packaging businesses and synergy benefits that exceeded expectations.

Earnings per share (before significant items) were up 32.1% to 46.5 cents per share.

The Company again generated excellent operating cash flow of \$440.0 million. This follows similarly strong performances in the previous five years. Aggregate operating cash flow over the past six years has been in excess of \$3 billion.

Strong operating cash flow and substantially higher earnings per share have enabled the Board to declare an increase in the final dividend of 6% to 18 cents per share. The full year dividend was 35 cents per share, up 19%.

Amcor has a strong balance sheet with gearing, measured as net debt over net debt plus equity, of 46% at year end. This strong balance sheet, combined with

another year of substantial operating cash flow and proceeds received in July from the sale of the Glass Tubing business, has enabled the Company to undertake a \$150 million on-market share buy-back.

The dividend increase and share buy-back reflects confidence in the future and achieves a balance between returning capital to shareholders, maintaining flexibility to pursue growth and retaining strong credit metrics.

Significant items

Significant items for the year were an expense of \$213.6 million (after tax), primarily related to costs associated with achieving synergy benefits from the acquisition of the former Alcan Packaging assets, the settlement of legal matters, insurance costs related to the floods in eastern Australia, asset impairments partly offset by the profit on the sale of the Glass Tubing business.

Review of operations

There is a detailed review of operational performance on pages 8 to 13 of this report.

Given that economic conditions were generally subdued across a number of key markets, business performance was particularly pleasing.

The key drivers for this success were:

Volumes

Amcor has approximately 85% of sales in the consumer staples markets of food, beverage, tobacco and healthcare. Demand in these markets is generally less volatile and during the 2010/11 year, volumes in most segments were either higher than or consistent with the volumes achieved in the 2009/10 year.

The major exception to this was the corrugated box operations in Australia, where volumes were 4% lower, mainly due to severe floods across eastern Australia in the second half of the year. A key positive for the year was a 12% increase in the higher value custom PET container volumes for the legacy business in North America. This improvement was due to strong growth in the isotonic sports drink and vitamin water segments.

Message to our shareholders continued

During the year, the businesses continued to improve the product mix, having an increased proportion of sales in higher value-add products. This improvement is driven by a deeper understanding of the customer value proposition, which is a key component of 'The Amcor Way'. As part of this process, the businesses elected to discontinue manufacturing some low margin, commodity products.

Synergies

At the time of the announcement of the Alcan Packaging acquisition in August 2009, the three-year synergy target was \$200 to \$250 million. The vast majority of these synergies were to be derived in either Euros or US dollars.

As at 30 June 2011, the annualised run rate of cost synergies was approximately \$200 million. Given that the Australian dollar has appreciated approximately 25% since the time the acquisition was announced, the cost synergies achieved, expressed in local currency terms, are significantly higher than envisaged at the time of the acquisition.

Not only are the synergies greater than anticipated, but they have also been obtained approximately 12 to 18 months ahead of schedule. For the 2010/11 year, the positive impact of these benefits on profit before tax was approximately \$142 million.

Raw material cost increases

Raw materials are typically 30% to 60% of the total cost of production. The largest categories of raw materials are resins, resin-based films, aluminium, cartonboard

and inks. In 2010/11, the cost of nearly all raw material inputs increased substantially. Across Amcor it is estimated that these increases were more than \$800 million on an annualised basis.

These cost increases are passed on to customers, usually by way of contractual agreements however, there is a lag in obtaining full recovery due to some contracts having periodic price reset mechanisms. For the 2010/11 year, there was a relatively modest impact from the lag in recovering these higher costs of approximately \$35 million (€25 million).

This was an outstanding achievement and is a direct result of the processes and systems implemented over the past five years.

Capital projects / restructuring

Amcor made two transformational acquisitions during the global economic slowdown, Alcan Packaging and Ball Plastics Packaging.

Both of these acquisitions created opportunities to rationalise the manufacturing footprint and improve the cost position of the businesses.

Since acquiring the Alcan Packaging business, there have been eight plant closures announced, of which six have been completed. A substantial proportion of the volume at the plants closed has been transferred to other Amcor sites. This has helped improve manufacturing efficiencies and lower costs at the receiving sites.

Within the Rigid Plastics business, there have been two plant closures announced following the acquisition of the Ball Plastics Packaging operations. One, in California, was completed in the second half of 2010/11 and the other, in New Jersey, will be closed in December.

Over the past 12 months, there have also been a number of new capital projects either completed or under construction. These include:

- Completion of the \$150 million third glass furnace at the plant in Gawler, South Australia. This furnace is producing bottles for both wine and beer;
- Construction of a new Rigid Plastics plant in Suape in Brazil. Costing US\$21 million, this plant will increase manufacturing capabilities in this fast-growing market;
- A new \$33 million beverage can line in New Zealand. This plant is being commissioned in the first quarter of the 2011/12 year and will meet increasing demand in that market;
- Construction of the new recycled paper mill in Botany, New South Wales. This plant is expected to commence commissioning in the second half of the 2011/12 year; and
- Expansion of a plant in Thailand with a new press to meet ongoing growth in that market.

Business unit performance

The Flexibles segment had an excellent

The dividend increase and share buy-back reflects confidence in the future.

year, with earnings up 78%. This increase was driven by a combination of benefits from cost synergies, the full year impact of earnings from the Alcan Packaging acquisition and operating improvements, partially offset by the lag in achieving full recovery of rising raw material input costs.

The Rigid Plastics segment also had an excellent year, with earnings up 29%. This improvement was driven by growth in the high value-add custom beverage market, as well as the benefit from the Ball Plastics Packaging acquisition.

The Australasia and Packaging Distribution segment achieved earnings in line with the previous year. This was a solid performance, given the particularly difficult economic conditions experienced in the second half of the year with floods and cyclones in northern Australia, a strong Australian dollar and a weakening Australian economy.

Currency sensitivity

Amcor operates more than 300 plants in 42 countries and translates the non-Australian dollar denominated earnings into Australian dollars for reporting purposes. The main currencies Amcor is exposed to when translating overseas earnings into Australian dollars for reporting purposes are US dollars and Euros. These two currencies represented approximately 70% of the \$80 million negative translation impact on profit after tax before significant items for the 2010/11 year.

For the 2011/12 financial year the profit after tax sensitivity for a one cent movement against the Euro is expected

to be \$6.0 million. The sensitivity for a one cent movement against the US dollar is expected to be \$3.0 million.

From an operational perspective, there are some trade exposed businesses in Australia. This exposure is predominantly in the cartonboard and carton converting operations in Australia. The appreciation in the Australian dollar and the inability to fully recover higher costs in the market have resulted in lower earnings for the Australian cartonboard operations and, at year end, the Amcor Board decided to book an impairment and restructuring charge of \$65 million for this business. This has been classified as a significant item in the 2010/11 result.

Balance sheet

The Company has a strong balance sheet and debt profile.

Gearing measured as net debt as a percentage of net debt plus equity at 30 June 2011 was 46.0%. Interest cover measured as PBITDA pre significant items to net interest was 7.0 times.

In addition, the Company has \$1,159 million committed but undrawn debt facilities.

In March 2011, the Company raised €550 million in the Eurobond market. The bonds are listed on the Singapore Exchange and have eight years duration from date of issue and a coupon rate of 4.6%. This debt refinancing follows the December 2009, US\$850 million US Private Placement for seven, nine and 12 years duration, and an average interest rate of 5.7%, and completion

of a US\$1.85 billion multi-currency revolving facility in December 2010.

Following these debt raisings, the duration of the non-current debt is 5.6 years.

Amcor is currently rated BBB by Standard and Poor's and Baa2 by Moody's. These are both considered investment grade ratings.

Cash flow and capital management

One of The Amcor Way core competencies is capital discipline. This involves a focus on all aspects of cash generation and uses of cash. Over the past six years, there has been a substantial improvement in capital discipline and 2010/11 is the sixth consecutive year of positive free cash flow, after the payment of dividends. Over that period, the aggregate free cash flow has been \$1.1 billion.

Operating cash flow for the year, after cash significant items and base capital expenditure, was \$440 million, and free cash flow after the \$433 million payment of dividends was \$7 million.

The final dividend of 18 cents per share is 6% higher than the final dividend last year, and represents a total payout of \$221 million. Combined with an interim dividend payment of 17 cents per share, the total dividend for the year is 35 cents per share.

Future opportunities

Over the past six years, Amcor has changed substantially.

Message to our shareholders continued

The strategy going forward is to accelerate revenue growth to drive higher earnings.

In 2005 'The Way Forward' program was introduced with the aim of improving core competencies within the Company and narrowing the portfolio of businesses.

Following the success of this program, in 2009 the principles of The Way Forward were embedded within the new operating model The Amcor Way.

The acquisitions of Alcan Packaging in February 2010 and Ball Plastics Packaging in August 2010 further transformed the Company, and the focus over the past year has been to ensure that these businesses are successfully integrated and the expected cost synergies are achieved.

While there is still work to be done to deliver further benefits from these acquisitions, the businesses are well advanced against the initial objectives and the improvements already achieved will underpin earnings growth for the next two years.

The strategy going forward is to accelerate revenue growth to drive earnings. This will predominantly be achieved, in three ways:

- Leveraging market leadership to create a differentiated position in product innovation;
- Expanding in emerging markets; and
- Further value-creating acquisitions.

Underpinning the ability to achieve these objectives is the strong cash generation expected from 2013.

Innovation

Markets are constantly evolving and customers are continually adapting their product offering to meet changing consumer needs. As a market leader, with an extensive global footprint and strong customer relationships, Amcor's businesses are uniquely positioned to work with customers to develop solutions and bring them to commercial reality.

Amcor has dedicated centres of excellence with talented people and a number of technology leadership positions. In a journey of continuous improvement, the businesses will apply the same dedication to innovation as other elements of The Amcor Way. This requires ongoing advances in processes and technical capabilities as well as further improvement in customer relationships.

Moving forward, the objective is to be seen as the innovation leader for the packaging industry. This focus underpins the commitment to customers to continually improve the value proposition offered.

Emerging markets

Amcor has an extensive footprint in emerging markets, with 65 plants and more than 8,000 co-workers in 24 countries across Asia, including China and India, South and Central America, Eastern Europe and Russia. This position has been developed over 20 years and is built around strong local management and partnering with customers.

The businesses have a long history of success in delivering good returns and this creates the confidence to accelerate growth in these regions.

Over the past ten years, compound sales have grown at 18% per annum and, today approximately 17% of total Company revenue is derived from emerging markets.

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

The objective is to achieve organic growth of between 10% to 15% in emerging markets.

Acquisitions

The focus on acquisitions is in three areas:

- To expand the footprint in emerging markets. There are a number of rationales for making acquisitions in emerging markets: creating a platform in a new country, increasing critical mass in existing markets or adding a new technology or market segment to fill out the product portfolio;
- To improve industry structure. This is primarily in developed markets with returns driven by substantial synergy capture, increasing scale and the benefits from a more consolidated industry; and

- To add new technologies and capture additional value. These tend to be niche opportunities that allow the businesses to either vertically or horizontally integrate the acquisition into the existing operations, thereby capturing additional value.

Summary

2011 has been another great year for Amcor.

Against a backdrop of rapidly rising raw material costs, and at best, muted economic conditions, a 39% improvement in profit was a strong result. A key component of this performance was earnings from the recent acquisitions which exceeded expectations.

Although economic conditions remain uncertain, the momentum of cost synergies already achieved and ongoing operational improvements in the acquired businesses underpin earnings growth for the next two years.

With higher earnings and the completion of the integration restructuring programs, free cash flow is anticipated to improve substantially from 2013.

Going forward, the objective is to leverage market leadership positions to accelerate growth. The key drivers will be focusing on innovation as a value differentiator and expanding in emerging markets.

The strong cash generation creates the opportunity for ongoing capital management, including further share buy-backs and ongoing increases in the dividend.

This is an exciting time for the Company as all the building blocks are in place for sustained growth and continued improvement in shareholder returns.



Chris Roberts
Chairman



Ken MacKenzie
Managing Director
and Chief Executive Officer

The world of **Amcor**

The hard work of the last few years has transformed Amcor. Our opportunity is to build on the foundation we have today, to drive more customer value for tomorrow.

Sales

A\$12 billion

Employees

33,000

Countries

42

Sites

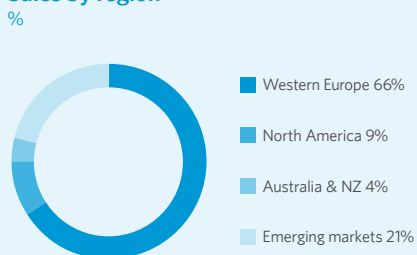
300+



Flexibles

| | 2011 |
|-------------------|---------------|
| Sales (€ million) | 4,577 |
| Number of plants | 112 |
| Countries | 33 |
| Employees | 19,495 |

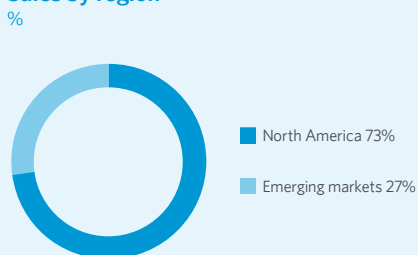
Sales by region*



Rigid Plastics

| | 2011 |
|----------------------|--------------|
| Sales (US\$ million) | 3,110 |
| Number of plants | 75 |
| Countries | 13 |
| Employees | 6,995 |

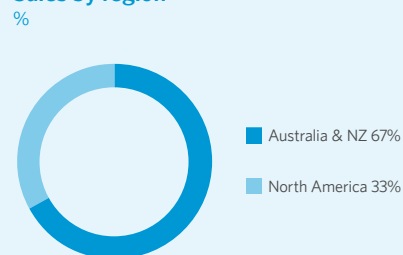
Sales by region



Australasia and Packaging Distribution

| | 2011 |
|---------------------|--------------|
| Sales (A\$ million) | 2,836 |
| Number of plants | 121 |
| Countries | 6 |
| Employees | 6,204 |

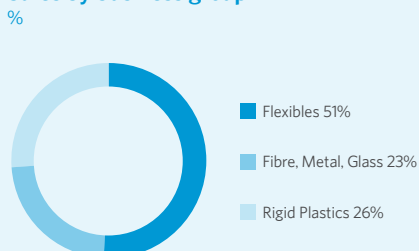
Sales by region



Amcor Group

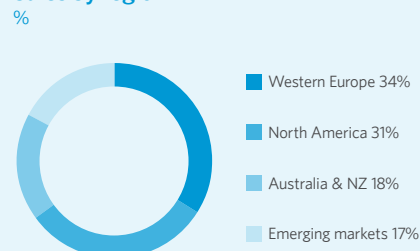
Focused portfolio

Sales by business group



Global footprint

Sales by region*



*Sales include Amcor's share of AMVIG sales.



Review of Operations Flexibles

Profit

| A\$ million | 2011 | 2010 | Change (%) |
|-------------------------------|--------------|-------|------------|
| Sales | 6,310 | 4,422 | 42.7 |
| PBIT* | 620.5 | 397.1 | 56.3 |
| Operating Margin (%) | 9.8 | 9.0 | |
| Average funds employed | 3,045 | 2,303 | 32.2 |
| PBIT*/AFE (%) | 20.4 | 17.2 | |
| € million | | | |
| Sales | 4,577 | 2,809 | 62.9 |
| PBIT* | 450.2 | 252.3 | 78.4 |
| Operating Margin (%) | 9.8 | 9.0 | |
| Average funds employed | 2,209 | 1,463 | 51.0 |
| PBIT*/AFE (%) | 20.4 | 17.2 | |
| Average exchange rate (cents) | 0.73 | 0.64 | |

*Before significant items

Flexibles is one of the world's largest suppliers of flexible packaging and folding carton packaging for tobacco. It has three operating divisions: Flexible Europe & Americas, Flexibles Asia Pacific and Global Tobacco Packaging. The business has approximately 19,500 co-workers and 112 sites, and supplies a wide range of products to the food, beverage, healthcare and tobacco packaging end markets. These products include packaging for fresh foods such as meat, fish, bread, produce and dairy, processed foods such as confectionary, snack foods, coffee and ready meals, as well as high value-added resin and aluminium-based packaging for industrial markets, hospital supplies, pharmaceuticals and personal and home care products.

The Flexibles segment had a strong year, with PBIT up 78.4% to €450.2 million. This improvement included synergy benefits from the Alcan Packaging acquisition of approximately €91 million. This was partly offset by a negative impact of €25 million from the lag in passing on rising raw material costs.

The operating margin for the year was 9.8%. This was a significant improvement on the 9.0% achieved in 2010, given that in 2011 there was a full 12 months contribution from the lower margin former Alcan Packaging business compared to only five months in the prior period.

Returns for the year, measured as PBIT over average funds employed, were 20.4%. This was an outstanding outcome for the first full year of ownership of the former Alcan Packaging assets.

Cash Flow

| € million | 2011 |
|-----------------------------|--------------|
| PBITDA* | 610.9 |
| Base Capital Expenditure | (82.5) |
| Movement in Working Capital | 1.0 |
| Significant items | (80.5) |
| Operating Cash Flow | 448.9 |

*Before significant items

Flexibles Europe & Americas

Earnings for the Flexibles Europe & Americas business were substantially higher than for the same period last year, predominantly due to the acquisition of the former Alcan Packaging operations and significant progress in the realisation of synergy benefits.

The plant rationalisation program is ongoing, with plants in Russia, the United Kingdom, Italy and Ireland already closed and a plant in Germany currently in the process of closing. This extensive program has required the business to relocate volumes to other sites and, where this is not a feasible option, to assist the customer in moving volumes to other suppliers. During the plant closure process, the business has elected to withdraw from

Left to right

Peter Brues

President, Amcor Flexibles – Europe & Americas

Peter Konieczny

President, Amcor Tobacco Packaging

Ralf Wunderlich

President, Amcor Flexibles – Asia Pacific

manufacturing some low margin, commodity products.

Aggregate volumes, inclusive of lower margin volumes forgone, have been broadly the same as the prior year. In Europe, underlying demand was solid, with the economies of Central and Northern Europe generally stronger than those of Southern Europe. This resulted in good loading across most plants. In North America, volumes were higher due to growth in healthcare and high performance food applications.

The business also benefited from improved performance at a number of plants. This was primarily due to a better allocation of volumes across the plants to optimise performance and a focus on lowering costs.

Tobacco Packaging

The Tobacco Packaging business had a strong year, with earnings substantially higher. The key drivers for this improvement were a full year impact from the former Alcan Packaging, synergies and significantly improved product mix. Volumes for the year were higher.

The key trend for the year was an ongoing move by customers to higher value-add cartons with new design features, including varnishes, lacquering, embossing and hot foil stamping. This trend has been evident for a number of years, but has accelerated in the past year. The business was successful in winning a substantial portion of this new volume, a proportion of which was on a spot basis and is unlikely to be repeated in the 2012 year. In Russia, the introduction of health warnings significantly

increased complexity and adversely impacted manufacturing efficiency. It is anticipated that these issues will be resolved by the end of the first quarter of the 2012 financial year.

In North America, the business benefited from the full year impact of contracted volumes awarded in 2009 and new products supplied into the local market but destined for export markets when filled. There has also been a selective move into non-tobacco end markets that require high quality, large volume gravure printing that can be produced on existing equipment.

During the year, plant efficiencies improved across a number of locations as production was better allocated across sites. This resulted in improved earnings for these sites. The business also rationalised the operations in Malaysia from two sites to one.

Flexibles Asia Pacific

The Flexibles Asia Pacific business had a very strong year, with both earnings and returns significantly higher. This was primarily due to the contribution from the former Alcan Packaging businesses, cost synergies and increased volumes.

The business in China consists of seven plants and holds market leading positions across China's major regional centres. Earnings for the year were higher, with a key driver being growth in the attractive pharmaceutical end markets. The business is focused on accelerating growth in this sector by expanding sales coverage across other regions in China.

The Thailand business had an excellent year. Strong demand meant that all three plants were at full capacity. A new press was commissioned in March 2011 and is already fully loaded. Continued strong customer support will underpin ongoing growth in this market.

The business unit that comprises the operations in Indonesia, Singapore and India had a good year with all four plants having increased volumes. With the ongoing improvement in performance, strong platforms have been created in these markets for accelerated profitable growth.

Volumes in the Australia and New Zealand business were flat. Good rainfall in both Australia and New Zealand resulted in a strong dairy season, however, demand was weak in other seasonal consumer product segments and some higher margin industrial products. The closure of the plant in Regents Park, NSW, is progressing, with the transfer of volumes to other sites well advanced.

Outlook

At the time of the Alcan Packaging acquisition, the Flexibles segment targeted a PBIT to sales margin in line with Flexible global peers of around 11% to 12%.

For the 2012 year, on the assumption that economic conditions and raw material input costs both remain stable at current levels, the business should deliver a PBIT to sales margin of between 11% and 11.5%. The expected improvement in margin will be achieved by a combination of factors, including additional synergy benefits and operating improvements.



Left to right

Bill Long

President, Amcor Rigid Plastics
Until 30 June 2011

Mike Schmitt

President, Amcor Rigid Plastics
Effective 1 July 2011

Review of Operations Rigid Plastics

Profit

| A\$ million | 2011 | 2010 | Change (%) |
|------------------------|--------------|-------|------------|
| Sales | 3,142 | 2,578 | 21.9 |
| PBIT* | 242.8 | 212.8 | 14.1 |
| Operating Margin (%) | 7.7 | 8.3 | |
| Average funds employed | 1,823 | 1,667 | 9.4 |
| PBIT*/AFE (%) | 13.3 | 12.8 | |

| US\$ million | | | |
|-------------------------------|--------------|-------|------|
| Sales | 3,110 | 2,258 | 37.7 |
| PBIT* | 240.3 | 186.4 | 28.9 |
| Operating Margin (%) | 7.7 | 8.3 | |
| Average funds employed | 1,804 | 1,460 | 23.6 |
| PBIT*/AFE (%) | 13.3 | 12.8 | |
| Average exchange rate (cents) | 0.99 | 0.88 | |

*Before significant items

Cash Flow

| US\$ million | 2011 |
|-----------------------------|----------------|
| PBITDA* | 406.6 |
| Base Capital Expenditure | (163.0) |
| Movement in Working Capital | 20.3 |
| Significant items | (19.6) |
| Operating Cash Flow | 244.3 |

*Before significant items

Rigid Plastics employs approximately 7,000 co-workers at 75 sites, including 33 on or near site manufacturing facilities in 12 countries. Rigid Plastics is one of the world's largest producers of polyethylene terephthalate (PET) containers, used for a broad range of predominantly food and beverage applications. The business also supplies PET containers to the pharmaceutical, personal care, household chemical and agri-chemical industries.

The Rigid Plastics business had a strong year. PBIT was 29% higher at US\$240 million, driven by improved custom beverage volumes in North America, benefits from the acquisitions of the Ball Plastics and Alcan Packaging businesses and another year of improved earnings from the operations in South America.

The results include a full year of the former Alcan Packaging business and 11 months of the Ball Plastics business. These two acquisitions have significantly diversified the sales base adding new technologies, products and customers, and better positioning the business group for future growth.

For the legacy operations, total beverage volumes for the year were up 1%. Custom container volumes increased 9%, while Carbonated Soft Drink and Water (CSDW) volumes were 2% lower.

Capital expenditure was US\$163 million net of disposals, in line with depreciation of US\$166 million.

Following the acquisitions of Ball Plastics and Alcan Packaging, the business is

undertaking a number of cost reduction and operating improvement initiatives across North and South America. A key input is expected demand across the different regions in terms of volume, location and product mix. The program predominantly focuses on manufacturing footprint and overhead reductions, and will be largely completed during the 2012 financial year. It includes the integration of both Ball Plastics and Alcan Packaging, and is expected to have a total cash cost of approximately US\$50 million and a non-cash write-down of US\$50 million, both of which will be treated as significant items.

Returns, measured as PBIT over average funds employed, increased from 12.8% to 13.3%.

The business generated a strong cash flow of US\$244 million.

North America

The North American business, including Mexico, delivered a strong operating performance, predominantly due to higher custom beverage volumes and the positive contribution from acquisitions.

Beverage

Custom Beverage container volumes were 27% higher with a 12% increase in the legacy business and the balance of the increase due to the Ball Plastics acquisition. The particularly hot summer in 2010 resulted in a substantial increase in volumes, off a low base, during the first half of the year. In the second half, volume growth was lower due to more subdued economic conditions in the US and a higher prior year comparative.

CSDW volumes increased 31%, with the legacy CSDW business down 5% and a positive contribution from the acquired Ball Plastics business.

The acquisition of the Ball Plastics business provides the opportunity to rationalise the CSDW manufacturing footprint in North America. The plant in Lathrop, California, was closed during the second half of the year and the plant at Delran, New Jersey, will close in December 2011. Management continues to evaluate options to further optimise the North American footprint.

Diversified Products

The Diversified Products segment consists of rigid plastic containers predominantly for the distilled spirits and wine, food, personal care / home care and pharmaceutical / healthcare markets.

The acquisitions of Alcan Packaging and Ball Plastics substantially broadened the product offering adding new multi-material, multi-platform capability. Sales revenue for the Diversified Products segment was US\$416 million. This is a substantial increase on the US\$175 million in sales prior to the acquisitions.

South America

The business in South America had a good year, with sales up 18% and earnings significantly higher. The business benefited from higher volumes, effective commercial management and cost reduction programs.

Bericap

The majority-owned joint venture, Bericap North America, is managed and reported within the Rigid Plastics segment.

Volumes for the year were higher, driven in part by new lightweight closures. The volume growth resulted in higher capacity utilization, and earnings for the year were higher.

Outlook

Given the current subdued economic conditions in the US, beverage volume growth in North America is likely to be modest in the 2012 financial year. There will be a continued mix shift into the attractive Custom Beverage segment and lower volumes in the CSDW segment.

Volumes across South America are expected to be higher, driven by ongoing growth across most of the region. A partial offset could be the challenging economic conditions in Venezuela.

The Diversified Products business is expected to achieve improved earnings due to benefits from the restructuring and operating improvement program, recent capital expenditure and ongoing growth in these market segments.

Operational improvements and synergy benefits, from integrating Ball Plastics, will represent a substantial component of earnings growth for the year.

Overall earnings for the Rigid Plastics segment in the 2012 financial year are expected to be higher. The magnitude of the increase will depend on volume growth in the attractive Custom Beverage and Diversified Products segments and the ability to execute the restructuring program on schedule and obtain the expected cost benefits in the current year.



Nigel Garrard
President, Amcor Australasia
and Packaging Distribution

Review of Operations Australasia and Packaging Distribution

Profit

| A\$ million | 2011 | 2010 | Change (%) |
|------------------------|--------------|-------|------------|
| Sales | 2,836 | 2,800 | 1.3 |
| PBIT* | 159.7 | 161.2 | (0.9) |
| Operating Margin (%) | 5.6 | 5.8 | |
| Average funds employed | 1,592 | 1,605 | |
| PBIT*/AFE (%) | 10.0 | 10.0 | |

*Before significant items

Australasia and Packaging Distribution is a diverse packaging business that includes the fibre, glass and beverage can operations within Australia and New Zealand, and distribution and corrugated manufacturing businesses in North America, Europe and Asia. The business employs approximately 6,200 co-workers across 121 sites. Products include corrugated boxes, point of purchase displays, cartons and folding cartons, paper, carton board, paper recycling services, aluminium beverage cans, plastic and metal closures, glass wine and beer bottles, and multiwall sacks. The North American distribution business unit is a major supplier of packaging products and equipment, industrial and janitorial supplies to businesses in the region.

Australasia and Packaging Distribution achieved a PBIT of \$159.7 million. This was a solid result, given the particularly difficult operating conditions in the second half of the year.

Returns, measured as PBIT over average funds employed, were 10.0%.

Capital expenditure was \$260.4 million, comprising \$77.6 million for base capital, \$163.0 million for the recycled paper mill at Botany, NSW, and final payment of \$19.8 million for the new glass furnace. Construction of the new recycled paper machine has been delayed due to extensive rain over the winter months, and completion is now expected in the first half of the 2012 calendar year. Operating cash flow for the year was \$187.1 million.

Impact of the weather

There was severe flooding across a large portion of eastern Australia during the November 2010 to February 2011 period. This adversely affected volumes in the fruit, produce and meat end markets. For a number of these markets, volumes will not return to normal levels until the next growing season is completed.

In February 2011, Cyclone Yasi devastated the banana crops in northern Queensland. Given that recovery of the crops is expected to take up to 12 months, the negative impact of Cyclone Yasi for the corrugated business on volumes and earnings, will continue into the 2012 fiscal year.

Cash Flow

| A\$ million | 2011 |
|-----------------------------|----------------|
| PBITDA* | 280.2 |
| Base Capital Expenditure | (77.6) |
| Movement in Working Capital | (11.3) |
| Significant items | (4.2) |
| Operating Cash Flow | 187.1 |
| Growth capital expenditure | (182.8) |

*Before significant items

The summer months were particularly cool and wet across eastern Australia and this adversely affected volumes in the beverage sector.

Impact of high Australian dollar

The high Australian dollar negatively impacted those parts of the business that are trade exposed either directly via Amcor's own manufacturing or indirectly via the impact it has on customers' volumes.

Within the Australian operations, the main business that is directly trade exposed is the cartonboard and carton converting operations. This business is vertically integrated, manufacturing recycled cartonboard at the Petrie Mill in Queensland. The business has also been impacted by substantial energy cost increases, higher recycled paper input costs and continual annual increases in labour costs. The business has been unable to fully recover these increases in the market.

As a result, the decision has been made to book an impairment and restructuring charge of \$65.0 million in the cartons

business. This has been classified as a significant item in the current period.

The Australian operations were also adversely effected by the indirect impact of the high Australian dollar reducing customer volumes. In particular, industry exports of filled wine bottles are approximately 17% lower than last year, and this had implications for the performance of the wine glass bottle business.

Should the Australian dollar remain at current levels, there will be an ongoing impact on volumes.

Weakening Australian economy

From October 2010, the Australian economy began to slow, and the pace of this slowdown accelerated through the January to June 2011 period. The Australian operations predominantly supply the more defensive food and beverage end market segments, however, there is an industrial customer base in the corrugated operations. During the year, volumes were under pressure in some segments due to the weakening Australian economy.

Fibre

Volumes for the year were 4% lower, with a number of adverse impacts being partially offset by a modest gain in market share.

There was continued cost pressure, with increases in recycled paper, labour and energy. To assist in recovering these increases, the business increased prices for non-contracted business by 2% in each of

July 2010 and January 2011 and by 4.5% in July 2011. Further price increases will be required to recover ongoing cost increases.

Rigids

For the beverage can business, volumes were 1% higher than the prior year. Lower weather related demand in the beer and soft drink end markets was more than offset by strong growth in the energy drink category. The new \$33 million can line in New Zealand is currently being commissioned and will ramp up to full production over the next 12 months.

The glass bottle business had a difficult year. There were manufacturing inefficiencies as the plant commissioned the third glass furnace, and wine volumes were impacted by the higher Australian dollar. For the 2012 financial year, new contracts for wine bottles and additional beer bottle volumes mean the three furnaces are expected to operate at near full capacity. With the high Australian dollar, overall glass demand in Australia is well supplied and there is unlikely to be any further growth capital expenditure for the foreseeable future.

Packaging Distribution

This business, based in the US, had a strong year, with earnings, expressed in US dollars, significantly higher. The strategy developed and implemented over the past three years to broaden the channels to market has been a key driver in achieving higher volumes. The business had another year of excellent cost management so that improved volumes were reflected in

increased earnings. Earnings for the year included a US\$6 million profit from the sale and leaseback of property.

Outlook

Earnings in the 2012 financial year for the Australasia and Packaging Distribution business are expected to be impacted by the following factors:

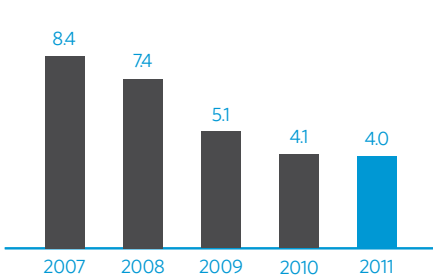
- Higher volumes in the glass operations, with the third glass furnace operational for the full year;
- In the fibre businesses there will be the continuing impact of the loss of the banana crop and a full year impact of the weaker Australian economy and high Australian dollar. Partially offsetting this will be recovery from the floods in eastern Australia;
- Underlying improvement is expected in the Packaging Distribution business, provided the US economy remains at current levels, however, this will be offset by the absence of the US\$6 million one off gain from the sale of a property; and
- Earnings in the beverage can business are largely dependent on weather through the summer period.

There are a considerable number of variables in determining earnings for 2012, and expectations are likely to evolve as the year progresses. At this stage the combined negative impact of an ongoing high Australian dollar and a weakening Australian economy means that earnings in 2012 will likely be in line with 2011.

Review of Operations Sustainability

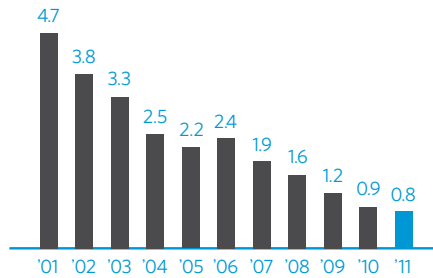
Recordable Case Frequency Rate*

Number of recordable cases per million hours worked



Lost Time Injury Frequency Rate*

Number of full work days lost per million hours worked



* Frequency rates reported above cover full-time employees and contractors.

Responsible packaging is a critical component of Amcor's sustainability efforts.

Amcor's approach to sustainability starts with our Belief Statement: 'We Believe in Responsible Packaging'. As the world's largest packaging company, we can leverage our knowledge and expertise in responsible packaging to drive value for our customers and contribute to a better world for today and tomorrow.

Responsible packaging ensures that a product reaches the end user, protecting the resources invested in the product and reducing waste across the supply chain and throughout the product's lifecycle.

Responsible packaging delivers beyond basic functionality by protecting, informing and performing:

Responsible packaging protects by keeping products clean, fresh, safe and secure. It reduces waste by protecting products and extending their shelf-life.

Responsible packaging informs by sharing information with consumers about where a product comes from and how to reduce its impact.

Responsible packaging performs beyond its basic function to provide additional benefits by reinventing the way products can be used, picked up, stored, frozen, carried, handled, opened, heated or perceived.

Our approach to sustainability

We value social responsibility and our approach to sustainability recognises the interests of our broad range of stakeholders. We address these interests via specific plans and actions across five areas: Environment, Community, Workplace, Marketplace and Economy. Our disclosures in these areas allow for benchmarking against international standards and our corporate peers.

Importantly, sustainability risks and opportunities are identified, assessed, prioritised and managed using our Enterprise Risk Management (ERM) framework. Accordingly, a robust risk management approach underpins our sustainability strategy.

Details of Amcor's sustainability activities and performance are included in this year's Sustainability Report (published on Amcor's website: www.amcor.com). Following are some of Amcor's key highlights for sustainability in 2010/11.

Environment

EnviroAction is Amcor's global environmental improvement program, designed to drive continuous improvement in the environmental performance of Amcor's operations. It was launched in 2008, with reduction targets for greenhouse gas emissions, waste to landfill and water use. It is pleasing to report that we achieved our waste to landfill reduction target a year early and that our Australian sites achieved their water use reduction targets. We have reported an increase in our GHG intensity. This increase is due to the acquisition of a more GHG intensive product portfolio and the unavailability of data required to adjust our baseline to reflect the acquisition of these products. Full details can be found in Amcor's Sustainability Report.

The EnviroAction program was refreshed in 2011 with the launch of new EnviroAction targets covering all Amcor businesses.

New EnviroAction targets

EnviroAction includes a series of environmental improvement targets:

Greenhouse gas (GHG) emissions

- 10% reduction in GHG emissions intensity by 2015/16 from 2010/11; and

- 60% reduction in GHG emissions intensity by 2030 from 2005/06.

Waste to landfill

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

Water use

- 25% reduction in potable water use intensity (Australia only); and
- Water management plans implemented in all regions by the end of calendar year 2011.

Sustainability Leaders from each business group implement action plans and coordinate activities for achieving these targets and driving continuous improvement. Detailed reporting and analysis of energy, GHG emissions, waste and water use at each Amcor site allows Amcor businesses to prioritise projects. Regular conference calls amongst members of the Sustainability Leadership Council facilitate sharing of best practice initiatives, tools and processes for reducing operational impacts, and dissemination of sustainability information across the entire Amcor Group.

Incidents

In 2010/11, reported non-compliance with environmental laws or regulations resulted in two Amcor sites in North America incurring fines totalling US\$55,700 and one Amcor site in Europe incurring a fine totalling €1,600.

Workplace

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

Safety

This year, we continued to roll out our four strategic safety and environment objectives, supported by a five-year strategic plan. The strategic objectives are:

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

All Amcor sites have annual action plans in place to support our safety and environment strategy.

This year, we revised our global standards for safety, environment and security. The standards provide a Company-wide best practice approach that defines the minimum performance expectations of each of our sites. The standards provide a risk-based approach to identifying

Review of Operations Sustainability

deficiencies and prioritising action. They were developed as a collaborative effort by many Amcor co-workers, reflecting our proud expertise and tireless efforts in these important areas.

The global standards include a renewed focus on environmental performance. Three new environmental standards have been issued for environmental discharges; community impact; and cooling tower management.

Safety performance

Amcor's safety performance is measured using two criteria – Lost Time Injury Frequency Rate (LTIFR) and Recordable Case Frequency Rate (RCFR). The severity rate of any lost time injuries is also measured.

Amcor's LTIFR is measured by calculating the number of injuries resulting in at least one full work day lost per million hours worked. In 2010/11, the LTIFR was 0.8 compared to the previous financial year's result of 0.9. This result takes account of all the former Alcan Packaging sites. The result, when compared to that of the previous year, represents an overall improvement of 11%.

Amcor's RCFR is measured by calculating the number of medical treatment cases and lost time injuries per million hours worked. In 2010/11, the RCFR was 4.0, compared to the previous financial year's result of 4.1. This result takes account of all the former Alcan Packaging sites. The result, when compared to that of the previous year, represents an overall improvement of 2.4%.

Amcor did not have any workplace fatalities during 2010/11.

Fines and prosecutions

Amcor did not have any material fines or prosecutions for workplace safety violations in 2010/11.

Talent management

Amcor continues to recruit and develop co-workers who are fully engaged and passionate about the business and its customers. Amcor also manages employee performance and career development by utilising best practice tools, ensuring differentiation and pay for performance.

Our key areas of focus are:

Employee engagement

We continuously measure and manage the level of employee engagement within Amcor with surveys and resultant actions. This year, we completed surveys of all co-workers within three of our five businesses. Our other businesses have undergone enormous change as a result of acquisitions and were not in a position to complete an engagement survey.

The engagement surveys were supplemented with a 'Pulse' survey across the entire business leadership.

Performance management

Utilising our online tools and processes, we continually monitor performance management, ensuring co-workers have scorecards and development goals, thereby facilitating effective performance

enhancement outcomes and succession planning.

Diversity

Amcor has adopted a policy on diversity, 'Talent through Diversity'. Refer to page 61 of the Corporate Governance Statement for further discussion.

Marketplace

As the world's largest packaging company, we have the technical insight and product development capability to take the lead on responsible packaging. Our expansive global supply network and customer and market insights place us in a unique position. This enhances our capacity to engage with customers on responsible packaging and will help us to drive sustainability throughout the supply chain.

In 2010/11, we continued to provide responsible packaging solutions for our customers. Using our Asset lifecycle assessment tool, we help customers make data-based decisions about responsible packaging that take into account sustainability impacts throughout the value chain and across the product lifecycle.

This year, we continued to participate in many industry forums, such as the Sustainable Packaging Coalition and the Consumer Goods Forum's Global Packaging Project, where industry governance frameworks and standards are developed.

Our efforts were recognised this year with various industry and customer awards for sustainable product design and customer

service. For example, we received the Packaging Council of Australia's Sustainability Award for Amcor SureFresh®, a film and paper laminate carton that provides a sustainable alternative to wax dipped cartons for the packing, transporting and display of fresh produce. Our innovative Amcor Flexidity® flexible rigid pouch won a German Packaging Award. This product combines a flexible pouch with a carton sleeve, ensuring that the product stays fresh and food waste is reduced. Easy opening and reclose features, combined with easy pouring and handling, make it suitable for people of all abilities.

Community

As an employer, neighbour, customer, supplier and investor in 42 countries, Amcor strives to have a positive impact in the communities in which we operate. Investing our packaging expertise and capabilities, time, talent or funds in our local communities allows Amcor co-workers to live the Company's core value of Social Responsibility.

Investments in communities are managed at site-level within Amcor. Examples of activities during the 2010/11 financial year included:

- Amcor Rigid Plastics' site in Franklin, IN, USA, donated over 10 tonnes of food for the local community, the largest donation of its type in Indiana history; and
- Amcor Flexibles Asia Pacific donated items such as hats, water bottles, watches, umbrellas and bags to children at the Vatsalya Vatika orphanage in India.

At the global level, our long relationship with the EarthWatch organisation celebrated its 10th year. During this period, over 90 co-workers have participated in 44 research projects in various locations around the world. Not only has this helped the EarthWatch research projects and built cross-business unit relationships but it also demonstrates Amcor's Social Responsibility value in action.



C I (Chris) Roberts

(BCom)

Independent Non-Executive Director and Chairman

Skills and experience

Mr Roberts has substantial knowledge of fast moving consumer products, where the packaging component is significant, gained through executive roles in Australia, New Zealand, the United Kingdom and Indonesia.

Mr Roberts previous roles have included Chairman and MD of Arnotts Limited, Chairman of Email Ltd and Winifred West Schools Ltd, MD of Orlando Wyndham Wines Ltd, Director of Telstra Corporation Ltd, MLC Life Ltd and Petaluma Wines.

Directorships of listed entities within the last three years, other directorships and offices (current & recent)

- Director of Control Risks Group Holdings Limited (since September 2006)
- Deputy Chairman of The Centre for Independent Studies (since August 2004)
- Director of Australian Agricultural Company Limited (June 2001 to May 2008 and from June 2009)

Board Committee membership

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

Term of office

- Director since February 1999 – appointed Chairman 2000
- Appointed Executive Chairman from December 2004 to June 2005
- Continues as Non-Executive Chairman from July 2005

K N (Ken) MacKenzie

(BEng., FIEA)

Managing Director and Chief Executive Officer

Skills and experience

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

Former positions: Group Managing Director, Amcor Rentsch and Closures (2001-2005); Group General Manager Amcor Flexibles Australasia (1999-2001); General Manager Sales and Marketing, Amcor Australasia (1997-1999); Senior finance and operational roles, Amcor Rigid Plastics (1992-1997).

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

Board Committee memberships

- Member of the Executive Committee

Term of office

- Appointed Managing Director & CEO July 2005

K J (Karen) Guerra

(BSc)

Independent Non-Executive Director

Skills and experience

Mrs Guerra has held senior executive positions in Europe including President and Director General of Colgate Palmolive France, as well as Chairman and Managing Director of Colgate Palmolive UK Ltd. Ms Guerra is currently a Non-Executive Director of Swedish Match AB, Davide Campari-Milano S.p.A and Samlerhuset BV. Mrs Guerra holds a degree in Management Sciences from the University of Manchester and is based in Switzerland.

Directorships of listed entities within the last three years, other directorships and offices (current & recent)

- Director of Davide Campari-Milano S.p.A (since April 2010)
- Director of Samlerhuset BV (since January 2009)
- Director of Swedish Match AB (since April 2008)
- Director of Inchcape plc (January 2006 to May 2009)

Board Committee membership

- Member of the Human Resources Committee

Term of office

- Director since April 2010



Dr Armin Meyer

(Dr. sc. techn. Dipl. El. Ing. ETH)
Independent Non-Executive Director

Skills and experience

Dr Meyer has broad international corporate experience and is based in Switzerland. Until 2009, Dr Meyer was the Chairman of the Board of Ciba Ltd, a position he had held since 2000. He was also Chief Executive Officer of that company between 2001 and 2007. From 1995 until 2000, Dr Meyer was Executive Vice President of ABB Ltd and a member of that group's executive committee. He is a Director of Zurich Financial Services, a global insurance company and a member of the executive committee and the foundation Board of the International Institute for Management Development, IMD, in Lausanne Switzerland.

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

Directorships of listed entities within the last three years, other directorships and offices (current & recent)

- Director of Zurich Financial Services Limited (since May 2001)
- Director of Zurich Insurance Company Ltd (since April 2001)
- Director of Ciba Speciality Chemicals (April 1997 to April 2009), Chairman (November 2000 to April 2009) and CEO (January 2001 to December 2007)

Board Committee membership

- Member of the Audit & Compliance Committee

Term of office

- Director since April 2010

G J (John) Pizzey

(B.E. (Chem), Dip. Mgt., FTSE)
Independent Non-Executive Director

Skills and experience

Mr Pizzey has extensive knowledge of the international resources industry and general management. Formerly Executive Vice President and Group President Primary Products for Alcoa Inc. and Chairman of London Metal Exchange.

Directorships of listed entities within the last three years, other directorships and offices (current & recent)

- Director of Alumina Ltd (since June 2007)
- Chairman (since 21 May 2010), Deputy Chairman (July 2009 – May 2010) and Director (since November 2005) of Iluka Resources Ltd
- Chairman of the Amcor Superannuation Fund (February 2006 to November 2008)

Board Committee membership

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

Term of office

- Director since September 2003

E J J (Ern) Pope

(BSc)
Independent Non-Executive Director

Skills and experience

Broad international experience over 38 years in the food and beverage manufacturing industries, including senior executive positions based in Australia, the Philippines, USA, New Zealand and Switzerland, plus regional responsibilities over many years throughout Europe, Asia, Africa and the Middle East. This includes 22 years with the Nestlé Group (1983 – March 2005) and 16 years with Kraft Foods Limited (1967 – 1982).

Directorships of listed entities within the last three years, other directorships and offices (current & recent)

- Director of Alesco Corporation Ltd (since December 2004)
- Deputy Chairman and former Chairman of Golden Circle Ltd (May 2005 to December 2008)

Board Committee membership

- Member of the Audit & Compliance Committee
- Member of the Nomination Committee

Term of office

- Director since October 2005

The Board of Directors and Company Secretary



J L (Jeremy) Sutcliffe

(LLB (Hons), OAMP, MAICD)
Independent Non-Executive Director

Skills and experience

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

Directorships of listed entities within the last three years, other directorships and offices (current & recent)

- Chairman, CSR Limited (since July 2011), and Director (since December 2008)
- Member of the Advisory Board of Veolia Environmental Services Australia (since June 2010)
- Advisory Director, Scholz AG (since November 2009)
- Vice President Ferrous Division Bureau of International Recycling, Brussels (2002 - 2009)
- Director of Sims Metal Management Limited (2002 – 2009)

Board Committee membership

- Member of the Human Resources Committee

Term of office

- Director since October 2009

J G (John) Thorn

(FCA)
Independent Non-Executive Director

Skills and experience

Mr Thorn is a chartered accountant and brings expertise to the Board in the areas of accounting and financial services, business advisory, risk and general management. He has had over 37 years professional experience with PricewaterhouseCoopers, where he was a partner from 1982 to 2003, acting for major international and local companies. During this period, he served as the Managing Partner of PricewaterhouseCoopers' Assurance and Business Advisory Service practice from 1998 to 2001. He was the National Managing Partner of PricewaterhouseCoopers until 2003.

Mr Thorn is a Fellow of the Institute of Chartered Accountants in Australia.

Directorships of listed entities within the last three years, other directorships and offices (current & recent)

- Director of Caltex Australia Limited (since June 2004)
- Director of National Australia Bank Limited (since October 2003) (Audit Committee Chairman)
- Director of Salmat Limited (since September 2003)

Board Committee membership

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

Term of office

- Director since December 2004

J F (Julie) McPherson

(Dip Law SAB, M AppFin, LL.M)
Company Secretary and Group General Counsel

Skills and experience

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

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

Directorships of listed entities within the last three years, other directorships and offices (current & recent)

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

Term of office

- Company Secretary since April 2005

Directors' Report

Your Directors present their report together with the financial report of Amcor Limited, being the Company and its controlled entities, for the year ended 30 June 2011 and the independent audit report thereon.

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Board of Directors

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

C I (Chris) Roberts
K N (Ken) MacKenzie
K J (Karen) Guerra
A (Armin) Meyer
G J (John) Pizzey
E J J (Ern) Pope
J L (Jeremy) Sutcliffe
J G (John) Thorn

The qualifications, experience, special responsibilities of Directors, and other directorships held by them during the previous three years, are set out on pages 18 to 20 of this report.

Company Secretaries

J F (Julie) McPherson was the Company Secretary of Amcor Limited during the whole of the financial year and up to the date of this report. Her qualifications and experience are set out on page 20 of this report.

Ann Stubbings, BA LLB, was appointed as an additional Company Secretary in

February 2009. Ms Stubbings also holds a position as Senior Group Legal Counsel. Prior to joining Amcor, Ms Stubbings held legal positions at Insurance Australia Group and has experience as a Company Secretary within the former CGU Insurance Group.

Officers

The names and roles of other Officers of the Company during the year are disclosed in Table 7 in section D of the Remuneration Report on page 40 of this report.

Table 1: Directors Meetings

01 July 2010 – 30 June 2011

| | Board | | Executive Committee | | Audit and Compliance Committee | | Human Resources Committee | | Nomination Committee | |
|----------------------|-------|---|---------------------|---|--------------------------------|---|---------------------------|---|----------------------|---|
| | A | B | A | B | A | B | A | B | A | B |
| Scheduled Meetings | 9 | | 2 | | 4 | | 4 | | 1 | |
| Unscheduled Meetings | | | 3 | | | | | | | |
| K J Guerra | 9 | 9 | - | - | - | - | 3 | 4 | 1* | - |
| K N MacKenzie | 9 | 9 | 5 | 5 | 3* | - | 4* | - | 1* | - |
| A Meyer | 8 | 9 | - | - | 4 | 4 | - | - | 1* | - |
| G J Pizzey | 9 | 9 | 5 | 5 | - | - | 4 | 4 | 1 | 1 |
| E J J Pope | 9 | 9 | - | - | 4 | 4 | - | - | 1 | 1 |
| C I Roberts | 9 | 9 | 5 | 5 | 4 | 4 | 4 | 4 | 1 | 1 |
| J L Sutcliffe | 9 | 9 | 1* | - | - | - | 4 | 4 | 1* | - |
| J G Thorn | 9 | 9 | 5 | 5 | 4 | 4 | - | - | 1* | - |

A Number of meetings attended

B Number of meetings held during the time the Director held office or was a member of the committee during the year

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

Principal Activities

The general activities of the consolidated entity (comprising Amcor Limited and its controlled entities) are set out on pages 1 to 17 of this report. There were no significant changes in the nature of the principal activities of the consolidated entity during the year under review.

Operating and Financial Review

A review of operations of the consolidated entity during the financial year and the results of these operations are contained on pages 8 to 17 of this report.

State of Affairs

Significant changes in the state of affairs of the consolidated entity that occurred during the financial year ended 30 June 2011 were as follows:

- Asset sales and acquisitions included:
 - The acquisition of a cast polypropylene film manufacturer based in Italy, B Pack Due, announced by Amcor on 1 October 2010. The acquisition price was €43.0 million. The business is a leading manufacturer of film for high performance applications using complimentary technology to Amcor's existing platform. As part of the acquisition, Amcor also entered into an exclusive supply agreement with Colines S.p.A., a world leading manufacturer of extrusion lines, and supplier to B Pack Due. The exclusivity agreement, which covers large capacity lines, provides Amcor with protected access to a world leading cast polypropylene (CPP) manufacturing technology that will serve as a platform for anticipated further expansion in CPP films.

- The finalisation of an agreement to purchase the assets of Ball Plastics Packaging Americas from Ball Corporation, announced in the previous year.
- An agreement to divest Tobepal operations to Constantia Packaging AG for a consideration of €92.0 million, announced on 21 July 2010.
- On 3 May 2011 the consolidated entity announced that it had received an offer and entered into a period of exclusivity with Nipro Corporation to divest the Glass Tubing business acquired as part of the Alcan Packaging acquisition for US\$161.0 million (\$150.9 million*). The Glass Tubing business comprised two legal entities in Europe and certain assets in North America.

An unconditional Sale Agreement was signed on 23 June 2011 at which point all required approvals for the transaction had been received and therefore the sale was recognised. A profit of US\$95.6 million (\$89.6 million) was recognised upon disposal of the Glass Tubing business. The proceeds from the disposal were received on 25 July 2011.

*Converted at an exchange rate of A\$/US\$ = 1.067

- Amcor announced on 3 December 2010 that it had executed a new US\$1,850.0 million Syndicated Multi Currency Revolving Facility. The facility comprises three tranches with maturities of two, three and four years and amounts of US\$740.0 million, US\$740.0 million and US\$370.0 million respectively. Funds from the initial drawing under the facility were used for general corporate purposes and to refinance the then existing US\$1,250.0 million globally syndicated facility

and the US\$425.0 million acquisition facility. Both facilities have since been terminated.

- On 8 March 2011, Amcor announced the completion of an eight year, one month €550.0 million Eurobond issue with a 4.625% annual coupon, listed on the Singapore Stock Exchange. Funding occurred on 16 March 2011 with a maturity of 16 April 2019.
- Amcor increased its shareholdings in AMVIG from 46.0% to 47.9%.
- Mr Ron Delia was appointed the Executive Vice President Finance and Chief Financial Officer of Amcor commencing 1 February 2011. On 9 June 2011, Amcor also announced that Mike Schmitt had been appointed as the new President of Amcor Rigid Plastics, effective 1 July 2011.
- On 10 March 2011, Amcor announced that it had entered into a Settlement Deed and would pay an amount totalling \$80.0 million in full settlement of the Jarra Creek class action claim. The settlement amount comprises damages of \$37.7 million, interest of \$25.6 million and a proportion of the applicant's legal and other costs of \$16.7 million.

The Settlement Deed provides for a full release of the Jarra Creek claim and was subject to the approval of the court which was granted on 15 June 2011.

All costs relating to the class action have been included in 'general and administration' expenses in the income statement and presented as a significant item, refer to note 7 for further detail. The history of the class action can be found within note 30 of the 2010 Annual Report.

Directors' Report

Statutory Matters

Table 2: Dividends

Dividends paid or declared by the Company to members during the financial year were as follows:

| Type | Cents per share | Total amount \$ million | Franked | Conduit Foreign Income* | Date of payment |
|-------------------------------------|-----------------|----------------------------|---------|----------------------------|-------------------|
| Declared and paid during the year: | | | | | |
| Final 2010 | 170 | 208.0 | - | 100% | 1 October 2010 |
| Interim 2011 | 170 | 208.7 | - | 100% | 31 March 2011 |
| Declared after end of year: | | | | | |
| Final 2011 | 18.0 | 220.9** | - | 100%* | 28 September 2011 |
| Dealt with in the Annual Report as: | | | | | |
| Dividends (Note 27) | | 416.7 | | 100% | |
| For subsequent report (Note 27) | | 220.9** | | | |

* 100% of the final dividend for 2010/11, payable 28 September 2011, will be sourced from the Conduit Foreign Income Account. This is of benefit to foreign shareholders as Australian Withholding Tax on dividends is not payable on any franked portion or the portion sourced from the Conduit Foreign Income Account.

** Approximate amount dependent on variations in share numbers prior to record date.

Events Subsequent to the end of the Financial Year

On 22 August 2011, the consolidated entity announced that after considering the cash forecasts and current strong balance sheet position, the proceeds received from the sale of the Glass Tubing business would be used for an on-market share buy-back of up to \$150.0 million.

Likely Developments

Mr Ernest John James Pope intends to retire as a Director at Amcor's 2011 Annual General Meeting. Mr Pope has been a Director since 2005 and Amcor thanks him for the contribution he has made over his period on the Board. Amcor is in the process of identifying a candidate to replace Mr Pope.

Environmental Performance and Reporting

Commentary regarding the Company's performance on environmental regulations is outlined in the Corporate Governance Statement on page 64 and also in the Review of Operations – Sustainability section on pages 14 to 17.

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

Amcor will also participate in the Australian Carbon Tax Scheme, which will be implemented by 30 June 2012. As Emissions Intensive Trade Exposed (EITE) businesses, Amcor's Australian Paper and Glass business operations expect to receive an allocation of free trading permits to offset some of the potential loss in profitability due to the introduction of the Carbon Tax. In 2009, Amcor worked with the Australian Government to assess the level of assistance available as an EITE business.

Amcor's Australian business has applied and is eligible for EITE assistance from the Australian Government for the increase in the Mandatory Renewable Energy Target (MRET) which has increased from 2% to 20% by 2020.

In Australia, Amcor is subject to the reporting requirements of both the *Energy Efficiency Opportunities (EEO) Act 2006* and the *National Greenhouse and Energy Reporting (NGER) Act 2007*.

The EEO Act requires the Australian business to assess its energy usage, including the identification, investigation and evaluation of energy saving opportunities, and to report publicly on the assessments undertaken, including what action the Group intends to take as a result. Amcor complied with its reporting obligations under the EEO Act during the reporting period.

The NGER Act requires the Australian business to report its annual greenhouse gas emissions and energy use. Systems and processes have been implemented for the collection and calculation of data required and Amcor submitted its initial report to the Greenhouse and Energy Data Officer in October 2010. Amcor will submit its 2011 report by 31 October 2011.

Table 3: Directors' Interests

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

| Name | Balance at date of 2010 Annual Report | Received during the year on the exercise of performance rights and options | Other changes during the year | Balance as at the date of this report |
|-----------------------------------|--|---|----------------------------------|--|
| Directors of Amcor Limited | | | | |
| C I Roberts | 245,409 | - | 42,373 | 287,782 |
| K N MacKenzie | 570,250 | 16,691 | 187,529 | 774,470 |
| K J Guerra | 1,000 | - | 10,328 | 11,328 |
| A Meyer | 18,000 | - | 4,000 | 22,000 |
| G J Pizzey | 26,262 | - | 1,324 | 27,586 |
| E J J Pope | 30,279 | - | 28,240 | 58,519 |
| J L Sutcliffe | 35,416 | - | 8,330 | 43,746 |
| J G Thorn | 14,994 | - | 6,000 | 20,994 |

Directors' Report

Statutory Matters

Table 4: Unissued Shares Under Option

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

| Date options granted | Expiry date⁽¹⁾ | Exercise price of shares (\$) | Number under options |
|-----------------------------|----------------------------------|--------------------------------------|-----------------------------|
| 1 November 2002 | 1 November 2012 | 7.67 ⁽²⁾ | 1,823,800 |
| 13 October 2003 | 1 November 2012 | 7.67 ⁽²⁾ | 79,200 |
| 4 August 2006 | 19 September 2011 | 6.25 | 161,200 |
| 4 August 2006 | 31 December 2011 | 6.25 | 233,200 |
| 27 October 2005 | 19 September 2011 | 6.25 | 205,000 |
| 27 October 2005 | 31 December 2011 | 6.25 | 250,000 |
| 1 February 2007 | 31 December 2011 | 6.66 | 3,210,364 |
| 5 March 2007 | 31 December 2011 | 6.66 | 56,880 |
| 1 November 2007 | 30 June 2012 | 6.54 | 165,000 |
| 1 December 2007 | 30 June 2012 | 6.54 | 1,008,985 |
| 31 December 2007 | 30 June 2012 | 6.54 | 63,205 |
| 1 December 2008 | 30 June 2013 | 5.09 | 2,336,000 |
| 2 January 2009 | 30 June 2013 | 5.09 | 110,000 |
| 24 November 2009 | 30 June 2016 | 4.73 | 2,760,000 |
| 18 February 2010 | 30 June 2012 | 6.21 | 38,472 |
| 12 April 2010 | 30 June 2016 | 4.73 | 12,873,000 |
| 12 April 2010 | 30 June 2016 | 5.86 | 6,560,000 |
| 17 May 2010 | 30 June 2016 | 4.73 | 1,411,000 |
| 8 June 2010 | 30 June 2016 | 4.73 | 1,300,000 |
| 18 June 2010 | 30 June 2016 | 6.53 | 494,000 |
| 5 August 2010 | 30 June 2016 | 6.39 | 2,374,000 |
| 22 September 2010 | 30 June 2016 | 6.39 | 98,000 |
| 23 May 2011 | 30 June 2016 | 6.79 | 423,200 |
| 7 June 2011 | 30 June 2016 | 7.05 | 92,000 |
| Total Options | | | 38,126,506 |

(1) Options with an expiry date of 19 September 2011 listed were extended by Amcor so that the expiry date of the options aligned with the close of Amcor's trading window. With the exception of those options with an expiry date of 1 November 2012, Amcor proposes to make a similar extension to the expiry date of the remaining options listed. This proposal is subject to shareholder approval, the resolution of which is to be put to the shareholders at the 2011 Amcor Annual General Meeting. No extension is sought for options with an expiry date of 1 November 2012 as these options expire within a trading window. Refer to page 35 - Extension of Expiry Date of Certain Options of the Remuneration Report for further details on the extension.

(2) Certain overseas plans are at fixed exchange rates.

Table 5: Shares Issued on Exercise of Options

The following ordinary shares of Amcor Limited were issued during the year ended 30 June 2011 on the exercise of options granted:

| Date options granted | Issue price of shares (\$) | Number of shares issued |
|----------------------|----------------------------|-------------------------|
| 2 August 2004 | 6.31 | 1,544,030 |
| 2 May 2005 | 6.31 | 25,800 |
| 27 October 2005 | 6.25 | 190,000 |
| 4 August 2006 | 6.25 | 2,551,104 |
| 22 September 2006 | 6.25 | 89,536 |
| 1 February 2007 | 6.66 | 380,876 |
| 5 March 2007 | 6.66 | 37,600 |

Note: Fixed rates did not apply to issue price of shares.

Indemnification and Insurance of Officers

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

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

The Company provided indemnities to Mr Peter Sutton, Mr Peter Brown and Mr Russell Jones for reasonable legal expenses incurred by them in their personal capacity in respect of investigations by the ACCC and the New Zealand Commerce Commission and by the Company into possible breaches of competition law. The indemnities granted to Mr Sutton and Mr

Brown are each limited to \$100,000. As at 30 June 2011, Mr Sutton had reached the limit of that indemnity, and Mr Brown and Mr Jones have been reimbursed for legal fees in the amount of \$14,597 and \$15,755 respectively.

Non-audit services

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

- All non-audit services were subject to the corporate governance procedures adopted by the Company and have been reviewed by the Audit and Compliance Committee to ensure they do not impact upon the impartiality and objectivity of the auditor; and
- The non-audit services provided do not undermine the general principles relating to auditor independence as

set out in APES 110 Code of Ethics for Professional Accountants, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the Company, acting as an advocate for the Company or jointly sharing risks and rewards. A copy of the auditor's independence declaration as required under Section 307C of the *Corporations Act 2001* is included in the Directors' Report on page 66.

Details of the amounts paid to the auditors of the Company, PricewaterhouseCoopers, and its related practices for audit and non-audit services provided during the year are set out in note 9 to the Financial Statements on page 101. A significant proportion of the non-audit services during the year relates to taxation advice and tax compliance services provided by PricewaterhouseCoopers to the Company and its subsidiaries in multiple jurisdictions. In each case the engagement of PricewaterhouseCoopers was made on its merits (based on service level, expertise, cost and geographical spread) and after careful consideration of the factors noted above. During the year, the ratio of non-audit services to statutory audit services provided by PricewaterhouseCoopers to the Company was 0.66:1.

Directors' Report

Statutory Matters

Rounding Off

The Company is of a kind referred to in Class Order 98/0100 dated 10 July 1998 issued by the Australian Securities and Investments Commission. In accordance with that Class Order, amounts in the Financial Statements and the Directors' Report have been rounded off to the nearest \$100,000 or, where the amount is \$50,000 or less, to zero, unless specifically stated.

Loans to Directors and Senior Executives

Information on loans to Directors and Senior Executives, including amounts, interest rates and repayment terms is set out in note 30 to the Financial Statements.

Chairman's Introduction to the Remuneration Report

Dear Shareholder,

I am pleased to be able to present to you the Remuneration Report. The purpose of including an introductory statement this year is to highlight key elements or changes that occurred during the year and to help you navigate through this section of the Annual Report. I would like to also note a change to the report this year, aimed at improving its readability. In an attempt to reduce the amount of content and to provide a shorter report that contains succinct key data, detailed information on Long Term Incentive Plan awards previously communicated has been removed. This information is contained in our 2010 Annual Report and can be accessed easily via our website.

There are two notable points in the following report:

- We are seeking approval from Amcor shareholders for a Long Term Incentive award for our CEO. The current awards only extend to 2014 and we would like to offer an award that matures in 2015. In parallel, we would like to move to a 4 year vesting term for this and future awards – which is considered best practice here and abroad. To achieve this, we need to make the award now.
- The appointment of a new Executive Vice President Finance and Chief Financial Officer, Ron Delia, has meant his inclusion in the report this year. Ron has been with Amcor for 6 years, and most recently successfully managed the South American operations of our Rigid Plastics division.

The past year has been one of the most exciting and successful in Amcor's history. Amcor is now the global leader in the packaging industry and the benefits of the Alcan acquisition are exceeding expectations despite very challenging and uncertain global economic conditions. Our remuneration programs must allow us to compete for talent globally and are therefore designed to be competitive across the geographic regions in which we operate. The rewards programs are designed to attract, retain and motivate the Company's leaders. We look to our management to continue to ensure the delivery of value to shareholders as we believe they have been able to do in the past year. We believe that we have a talented management team fully capable of leading the Company to continued success in the future. I speak on behalf of the Board in commending the following report to you.



Chris Roberts
Chairman

Directors' Report

Remuneration Report

Introduction and Summary of Contents

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

Key Management Personnel

For the purpose of this report, Key Management Personnel (KMP) are those persons having authority and responsibility for planning, directing and controlling the activities of the consolidated entity of Amcor Limited either directly or indirectly. They include all Directors (executive and non-executive) and selected members of the Global Management Team reporting to the Managing Director and Chief Executive Officer (CEO). The KMPs also represent the five highest paid executives of the Company and of the consolidated entity and are referred to as Senior Executives in this report.

Structure of this Report

Amcor's 2011 Remuneration Report is divided into the following sections:

- A. Overview of Amcor's executive remuneration arrangements
- B. Explanation of CEO and Senior Executive remuneration arrangements for the year ended 30 June 2011
- C. Company performance – the link to reward
- D. Details of CEO and Senior Executive remuneration for the year ended 30 June 2011
- E. CEO and Senior Executive service agreements
- F. Non-Executive Directors' remuneration

Appendix: LTI Awards

A. Overview of Amcor's Executive Remuneration Arrangements

Remuneration strategy

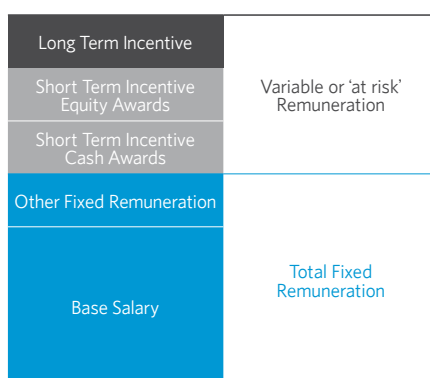
The principles of Amcor's executive remuneration strategy and supporting incentive programs and frameworks are:

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

Amcor benchmarks executives' fixed remuneration and total reward opportunity against a relevant market, determined by reference to primary geographic location and the complexity and degree of global reach of the role and (where relevant) the business unit. The positioning of remuneration against the relevant market is then considered on an individual basis, with fixed remuneration set at a competitive level and the 'at risk' components of reward reflecting both the complexity of the role and the degree of stretch in meeting Amcor's annual targets.

Remuneration structure

The diagram below illustrates the structure of Amcor's executive remuneration arrangements:



Total Fixed Remuneration (TFR)

TFR is made up of both base salary and benefits, and is set by reference to the relevant local salary market for comparable roles and levels of responsibility.

Variable or 'at risk' remuneration

Short Term Incentive (STI)

The Board Human Resources Committee (HR Committee) considers that a robust performance management system is essential in ensuring a strong link between remuneration and performance. Amcor's performance management process involves the setting of annual performance objectives, regular performance appraisal and continuing emphasis on living Amcor's Values.

The STI program incorporates both cash and deferred equity (share-based components). As such, this forms both the primary performance linked incentive and equity program for Amcor's general management population.

Details of the STI program are provided in Section B.

Long Term Incentive (LTI)

Under this Plan, the Board retains the discretion as to whether to make awards in each financial year, the award vehicle to be used and the performance measures to be applied.

Details of the LTI programs are provided in Section B and in the Appendix to this Remuneration Report.

Minimum Shareholding Policy

To further align the interests of Amcor's CEO and Senior Executives and shareholders, Amcor requires that the CEO and his direct reports build and maintain a minimum shareholding of Amcor shares.

The policy applies such that a minimum shareholding value must be held by these executives before they may dispose of shares acquired through Amcor's equity incentive programs in operation from 1 July 2007.

The minimum shareholding requirement was introduced from 1 July 2007 and applies on a graduated basis over a six year period. By the end of this period, the minimum shareholdings requirements will be as follows:

| Position | Minimum shareholding value |
|---------------------------|----------------------------|
| CEO | 100% of base salary |
| Direct reports to the CEO | 50% of base salary |

Hedging of securities

In accordance with Amcor's general share trading policy and employee share plan rules, participants are prohibited from engaging in hedging arrangements over unvested securities issued pursuant to any employee share plan (note - no Non-Executive Directors participate in our employee share plans). Further, this prohibition extends to vested securities over which the Minimum Shareholding Policy as described above applies.

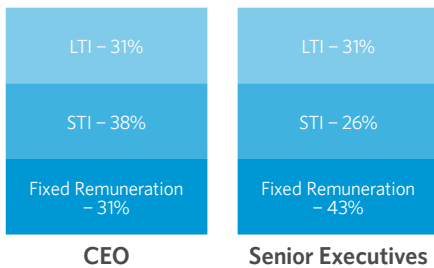
Directors' Report

Remuneration Report

B. Explanation of CEO and Senior Executive Remuneration Arrangements for the Financial Year Ended 30 June 2011

Remuneration provided to the CEO and Senior Executives comprised TFR and variable or 'at risk' remuneration. Variable remuneration formed a significant proportion of the total reward opportunity and was only paid subject to the satisfactory achievement of pre-determined performance measures.

The following table sets out the 'mix' of fixed and 'at risk' pay (as a proportion of 100%) for the CEO and Senior Executives.



Note: STI assumes on target performance and includes both the cash element and the portion deferred into time restricted share rights. LTI includes an assumed annual accounting value of the most recent LTI grant.

Total Fixed Remuneration (TFR)

TFR is structured as a total employment cost package, made up of base salary, retirement and other benefits.

Base salary levels for each executive are set with reference to the market and general salary levels in the regions in which they are located. We compare and consider the remuneration data of companies of comparable size and breadth when determining an appropriate benchmark – ultimately we evaluate individual remuneration against market median levels but adjust based on the scope and nature of the role, the individual's experience and their performance in that role.

Note: Retirement benefits are delivered under defined contribution funds for all new executives. These and other benefits are set by reference to regulatory and salary market requirements in the relevant employing jurisdictions.

Short Term Incentive (STI)

In accordance with Amcor's Senior Executive Reward Policy, STI awards for the CEO and Senior Executives are

determined based on the achievement of pre-determined key performance indicators (KPIs). These KPIs are designed to drive successful and sustainable financial business outcomes which bring value to the Company and its shareholders. In addition, the bonus targets include a safety improvement KPI for all executives which reinforces our commitment to the safety and welfare of our employees.

These performance KPIs are set based on Amcor Limited, relevant business group and individual performance targets for the year. In the case of the CEO, these were set by the Chairman and endorsed by the Board of Directors. KPIs for the Senior Executives were recommended by the CEO and approved by the HR Committee.

In order for STI awards to have been paid, a minimum behaviour/ethical standard is required. This is determined through the use of a 'Values Gateway' review that provides an assessment of the CEO's and Senior Executives' performance against Amcor's Values.

The KPIs for the CEO and Senior Executives are structured as per Table 1 below:

Table 1: Key Performance Indicators

| Performance area | Weighting |
|--|------------|
| Safety - reduction in recordable cases from previous year | 5% |
| Financial (Earnings Per Share; Profit Before Significant Items, Interest & Tax; Free Cash Flow; Operating Cash Flow; Return on Average Funds Employed) | 65% to 75% |
| Strategic and Business Group specific goals aligned to The Amcor Way | 20% to 30% |

Note: STI opportunity ranges for individual executives can be found in Table 4 of this Remuneration Report at Section C.

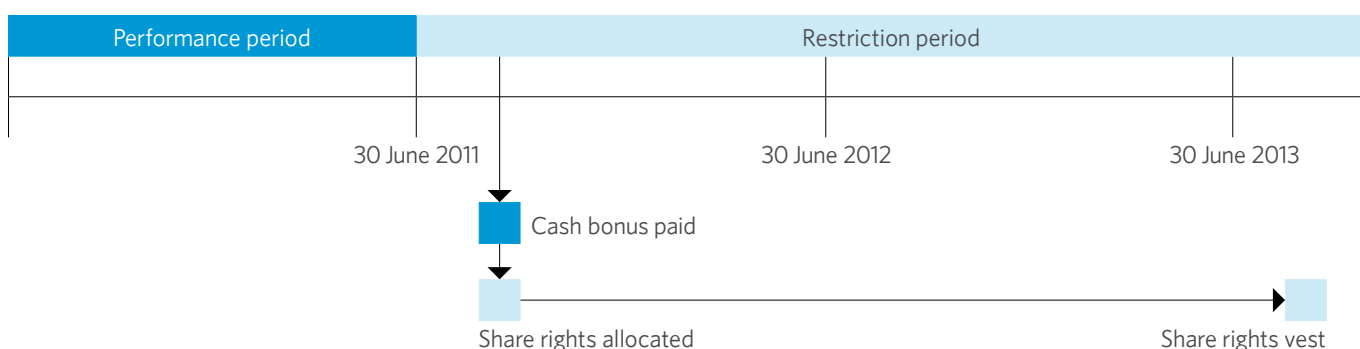
Following the end of the year, the HR Committee reviews the performance of the CEO and Senior Executives against the pre-determined KPIs and determines STI payments based on actual performance.

STI cash and deferred equity awards

The HR Committee believes that the use of equity reward programs provides strong alignment with the interests of Amcor's shareholders.

Accordingly, Amcor's STI program is structured to deliver cash awards, payable in September 2011, with deferral of a portion into share rights to be held for two years, as illustrated below.

STI for the Financial Year Ended 30 June 2011: Illustration



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

The number of rights to be allocated to Senior Executives is based on:

- 50% of the value of the Senior Executives' cash bonuses payable following the end of the performance period;
- The Volume Weighted Average Price of Amcor Limited ordinary shares for the five trading days prior to 30 June (the end of the performance period); and
- The average foreign exchange rate for the same five day period for those cash bonuses determined in currencies other than Australian dollars.

In relation to the year ended June 2011, STI deferred equity awards will be allocated in September 2011. These will be subject to a risk of forfeiture if a Senior Executive either voluntarily leaves Amcor employment during the restriction period or if the Senior Executive's employment is terminated for cause. Board discretion regarding vesting and/or forfeiture applies in the case of involuntary termination of employment and change of control.

Directors' Report Remuneration Report

Long Term Incentive (LTI) awards

The CEO and Senior Executives were not granted an LTI award in the year ended 30 June 2011 due to their existing participation in the Alcan Acquisition Award (details of this award can be found on our website in the 2010 Annual Report pages 31 to 33). The final performance period for this award ends 30 June 2014.

We are seeking the approval of Amcor shareholders for an award under the Amcor Long Term Incentive Plan to the CEO which will not vest until the year ended 30 June 2015. Senior Executives and other selected executives who are in a position to influence the outcome of the performance hurdles will also be invited to participate.

The desire to award on the basis of a four year term ensures that we respond to changing market trends and public perception towards longer vesting periods. The structure also aligns long term performance objectives with an associated award that matures in the year immediately following the end of existing awards.

Graph showing vesting periods of Alcan Acquisition Awards and proposed new award of Performance Rights and Options



The new award will use a mixture of Performance Rights and Options and be subject to achievement of performance hurdles over the relevant performance period, being relative Total Shareholder Return (TSR) for Performance Rights and improvement in Return on Average Funds Employed (RoAFE) for Options, which are also subject to a share price condition. The Board retains the discretion to alter the vesting conditions of the Performance Rights and Options in the event of any other material event (such as an acquisition or divestment) or other strategic initiative that affects Amcor's capital structure and the relevance of the vesting conditions. This is contemplated below in respect of Performance Rights (eg, potential alterations to the TSR hurdle peer group companies) and Options (eg, potential alterations to the proposed structure of the RoAFE hurdle).

Forfeiture conditions and provisions relating to termination of employment apply. In the event of termination of employment of plan participants, the Board retains overall

discretion to determine the appropriate level and timing of vesting. On termination of employment, to the extent that the Company is permitted by law to do so, the Company may elect to settle Performance Rights and Options by way of a cash payment (rather than by way of ordinary shares). In respect of a Performance Right, the amount of any such cash payment would be equal to the market value of an Amcor ordinary share as at the date of exercise of the Performance Right. In respect of an Option, the amount of any such cash payment would be equal to the difference between the market value of an Amcor ordinary share as at the date of exercise of the Option and the exercise price.

In the event of a change of control, the Board will determine in its discretion whether and, if appropriate, the extent to which outstanding awards will vest.

Performance Rights

Awards of Performance Rights will only vest where Amcor's relative TSR

performance meets satisfactory ratings relative to two peer groups of companies; one group comprising Australian listed companies and the other international industry peers, with half of each tranche tested against each peer group. The Company considers that relative TSR remains an appropriate measure of Amcor's long term performance as it directly aligns with the interests of shareholders and reflects the Company's performance as measured against the Peer Groups.

Options

Awards of Options will vest if both a RoAFE performance hurdle and share price condition are met. The use of a RoAFE performance hurdle is consistent with the Company's overall business strategy and is widely accepted as a strong measure of performance. The link to share price will also ensure that vested awards will only deliver reward outcomes to the extent that there is corresponding improvement in Amcor's share price over the relevant performance period.

RoAFE is a measure of the annualised profit before interest, tax and significant items (PBIT) earned by Amcor during a reporting period, as a percentage of the average funds employed by Amcor during the reporting period.

'Funds employed' is a balance sheet measure for management reporting and is the sum of:

- Working capital;
- Current assets (excluding cash and short term deposits);
- Non-current assets;
- Current liabilities (excluding borrowings); and
- Non-current liabilities (excluding borrowings).

'Average funds employed' is calculated in respect of a reporting period as the total of the funds employed each month from July to the end of the relevant reporting period, divided by the number of months from (and including) July to the end of the relevant reporting period.

Further details of this award and awards to other executives not published in the 2010 Annual Report are included in the appendix to the Remuneration Report.

The details of previous LTI awards have not been included in this report. They can be found on our website in the 2010 Annual Report pages 28 to 51.

Extension of Expiry Date of Certain Options

Options granted under two employee incentive plans, the 2004 Executive Option Plan (2004 EOP) and the 2006 Long Term Incentive Plan (05/06 LTIP) originally expired outside Amcor's formal trading windows. These options required the participants to pay the exercise price upon exercise of the options. In order to meet this payment, participants typically simultaneously exercise the options and sell the shares they receive on market.

On 28 June 2010, the Executive Committee of the Board resolved to amend Amcor's Share Trading Policy (the Policy). Under the revised Policy, employees, executives and Directors of the Company (and their associates) may only trade in Amcor securities at specified times, being the four weeks after each of the release of half year results and full year results and the holding of the Annual General Meeting (together called Trading Windows). Prior to these amendments, the Policy specifically allowed the simultaneous exercise of options granted by the Company under its

employee share plans and sale of some or all of the shares acquired where the options expired outside a Trading Window (subject to insider trading laws). The amendment to the Policy removed this exception so that such a simultaneous exercise of an option and sale of the shares acquired can only occur within a Trading Window. The Company considered that good governance required this amendment to the Policy so that the participants could not trade outside of Trading Windows.

To avoid unduly prejudicing the interests of the participants who hold these options, the Board resolved to extend the expiry date of the affected options to the last day of the next available Trading Window (as reflected in the 'New Expiry Date' column in the table below). The extension would mean that trading in Amcor shares via a simultaneous exercise of an option and sale of the shares acquired near the expiry date would be within Trading Windows (which the Board considered would be consistent with good governance and in the interests of Amcor investors). Table 2 shows details in relation to those options which were amended during the financial year ended 30 June 2011 which were granted as compensation to our CEO and the Senior Executives:

Directors' Report

Remuneration Report

Table 2: Options which were amended during the Financial Year Ended 30 June 2011

| KMP | Plan | Amcor Ordinary Shares Held Immediately Prior to Amendment Date | Exercise Price | Initial Expiry Date | New Expiry Date | Amendment Date | Market Price of Amcor Ordinary Shares at Amendment Date ⁽¹⁾ |
|---------------|------------|--|----------------|---------------------|-----------------|----------------|--|
| K N MacKenzie | 2004 EOP | 86,000 | \$6.31 | 2 Aug 10 | 23 Sep 10 | 28 Jun 10 | \$6.49 |
| | 05/06 LTIP | 190,000 | \$6.25 | 31 Dec 10 | 21 Mar 11 | 12 Oct 10 | \$6.28 |
| | 05/06 LTIP | 205,000 | \$6.25 | 30 Jun 11 | 19 Sep 11 | 12 Oct 10 | \$6.28 |
| P Brues | 2004 EOP | 30,100 | \$6.31 | 2 Aug 10 | 23 Sep 10 | 28 Jun 10 | \$6.49 |
| | 05/06 LTIP | 68,400 | \$6.25 | 31 Dec 10 | 21 Mar 11 | 12 Oct 10 | \$6.28 |
| R Delia | 05/06 LTIP | 5,400 | \$6.25 | 30 Jun 11 | 19 Sep 11 | 12 Oct 10 | \$6.28 |
| I G Wilson | 05/06 LTIP | 76,000 | \$6.25 | 31 Dec 10 | 21 Mar 11 | 12 Oct 10 | \$6.28 |
| | 05/06 LTIP | 82,000 | \$6.25 | 30 Jun 11 | 19 Sep 11 | 12 Oct 10 | \$6.28 |
| W J Long | 2004 EOP | 172,000 | \$6.31 | 2 Aug 10 | 23 Sep 10 | 28 Jun 10 | \$6.49 |
| | 05/06 LTIP | 91,200 | \$6.25 | 31 Dec 10 | 21 Mar 11 | 12 Oct 10 | \$6.28 |

(1) The closing price of Amcor Ordinary Shares on the Amendment Date.

Given the short period of these extensions, there is no difference between the total of the fair value of the options immediately before the amendment and the total of the fair value of those options immediately after the amendment. Details in relation to the other conditions in the terms of the above options that affect the vesting or exercise of those options are set out in Amcor's 2010 Annual Report pages 49 to 50.

Similar extensions of further options are proposed for equivalent reasons. These proposed extensions are subject to shareholder approval, the resolution for which is to be put to the shareholders at the 2011 Annual General Meeting.

Senior Executive Retention Share/ Payment Plan

The Senior Executive Retention Share Plan and its entitlement equivalent (Senior Executive Retention Payment Plan) are sub plans of the Employee Share Purchase Plan established by the Company in 1985. These plans were established to

award executives with fully paid ordinary shares (or cash entitlements when the location of executives prevented the use of shares) without the application of ongoing performance hurdles. However, shares cannot be disposed of by executives for restricted periods as determined by the Board, for up to five years.

These plans are used on a limited basis for either recruitment of executives to replace existing entitlements from their previous employers or as 'ad hoc' retention awards to existing executives. During the year to 30 June 2011, none of the awards made were to KMPs.

Share-based payments – earlier awards

In addition to equity awards under the STI program and LTI awards for the year ended 30 June 2011, the amounts disclosed as 'Share-Based Payments' in Table 7 in Section D of this Remuneration Report include the following:

- Long term incentive awards for the year ended 30 June 2010;

- Long term incentive awards for the year ended 30 June 2009;
- Long term incentive awards for the year ended 30 June 2008;
- Long term incentive awards for the two years ended 30 June 2007;
- Awards under the Senior Executive Retention Share/Payment Plan;
- Other previous awards under Legacy Share-Based Plans; and
- Medium term incentive plan award (CEO only).

Details of these awards can be found in the 2010 Annual Report.

C. Company Performance – The Link to Reward

Table 3 provides information regarding relevant shareholder return information over the past five financial years.

Table 3: Shareholder Return Information over the Past Five Financial Years

| | 2007 | 2008 | 2009 | 2010 | 2011 |
|--|-------|--------|--------|-------|-------|
| Net profit before significant items after tax (\$ million) | 397.0 | 369.1 | 360.5 | 409.2 | 570.3 |
| Basic EPS before significant items (cents) | 44.2 | 42.9 | 40.9 | 35.2 | 46.5 |
| Dividend paid (\$ million) | 305.7 | 294.2 | 284.2 | 295.9 | 416.7 |
| Dividends per share (cents) | 34.0 | 34.0 | 34.0 | 29.5 | 35.0 |
| Opening share price at 1 July (\$) | 6.68 | 7.47 | 5.05 | 4.99 | 6.38 |
| Change in share price (\$) | 0.79 | (2.42) | (0.06) | 1.39 | 0.82 |
| Closing share price at 30 June (\$) | 7.47 | 5.05 | 4.99 | 6.38 | 7.20 |
| Total Shareholder Return % pa ⁽¹⁾ | 16.9 | (27.8) | 5.5 | 33.8 | 18.3 |

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

Short Term Incentive (STI) – cash payments and deferred equity awards

Details of the range of potential STI cash payments, the proportion to be received at 'target' performance, actual STI cash payments made and the amounts forfeited by the CEO and Senior Executives in respect of the 2011 financial year are shown in Table 4 below:

Table 4: STI Cash and Deferred Equity Awards

| Name | STI % Range | STI % Target | Bonus (\$) | % Paid in Year | % Forfeited in Year | Deferred Equity Awarded (\$) | Deferred Equity Awarded (No: Rights) ⁽⁴⁾ |
|-------------------------------|---------------------------|--------------|------------|----------------|---------------------|------------------------------|---|
| Executive Directors | | | | | | | |
| K N MacKenzie | 0% to 120% of TFR | 80% | 1,995,240 | 76.4% | 23.6% | 997,620 | 141,908 |
| Senior Executives | | | | | | | |
| P Brues | 0% to 100% of Base Salary | 50% | 912,783 | 92.7% | 7.3% | 456,392 | 64,920 |
| L A Desjardins ⁽¹⁾ | 0% to 100% of Base Salary | 50% | 581,038 | 80.4% | 19.6% | 290,519 | 41,325 |
| R Delia ⁽²⁾ | 0% to 100% of Base Salary | 50% | 244,701 | 80.4% | 19.6% | 122,351 | 17,404 |
| W J Long ⁽³⁾ | 0% to 100% of Base Salary | 50% | 463,304 | 74.4% | 25.6% | 231,652 | 32,951 |
| N Garrard | 0% to 100% of Base Salary | 50% | 205,433 | 25.7% | 74.3% | 102,716 | 14,611 |
| I G Wilson | 0% to 100% of Base Salary | 50% | 701,254 | 73.6% | 26.4% | 350,627 | 49,875 |

(1) KMP until 31 January 2011. L A Desjardins received consideration based on her contribution during the current period.

(2) KMP from 1 February 2011.

(3) W J Long ceased to be a KMP from 1 July 2011 upon a change in his role from that date.

(4) Equity allocations determined based on the volume weighted average price of Amcor Limited shares for the five trading days prior to 30 June 2011 (A\$703 per share). Where bonuses are determined in currencies other than Australian dollars, the average foreign exchange rate for the same five day period was applied to determine the Australian dollar equivalent.

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LTI AWARDS

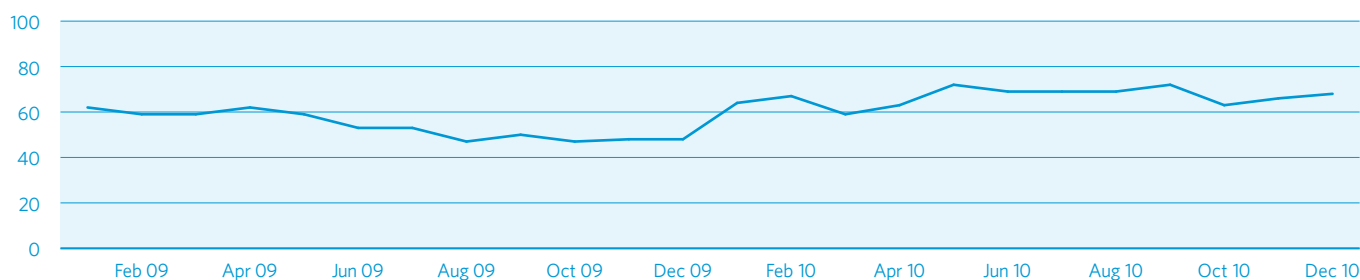
Testing on the LTI awards made in 2008 has not been finalised at the time of this Report, nor is testing yet due for awards made in 2009 or 2010.

2007 LTI AWARDS

As reported in our 2010 Annual Report, awards were made to Senior Executives (excluding the CEO and a limited number of Senior Executives).

Monthly testing of these awards by external consultants commenced January 2009 and ceased following the December 2010 test. The outcome of the testing is shown below in Table 5 below.

Table 5: Amcor's Relative TSR Percentile Performance to 31 December 2010



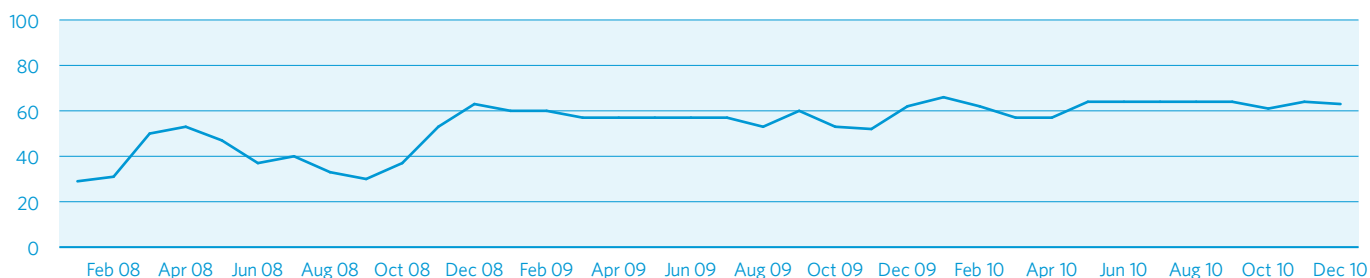
The highest percentile reached by the Average Amcor TSR during the vesting period relative to the Average Comparator TSR for each of the relevant stocks in the comparator group is the 72nd percentile. In accordance with the vesting schedule 94% of this award vested.

2006 LTI AWARDS

As reported in our 2010 Annual Report, awards were made in three tranches; Tranches 2 and 3 were made to the CEO and a limited number of Senior Executives.

Monthly testing of these awards by external consultants commenced January 2008 and ceased following the December 2009 test (Tranche 1), June 2010 (Tranche 2) and December 2010 (Tranche 3). Details of the outcome of Tranches 1 and 2 are detailed in the 2010 Annual Report page 36. The outcome of the testing of Tranche 3 is shown below in Table 6 below.

Table 6: Amcor's Relative TSR Percentile Performance to 31 December 2010



In relation to Tranche 3 of the 2006 awards, the highest percentile reached by the Average Amcor TSR during the vesting period relative to the Average Comparator TSR for each of the relevant stocks in the comparator group is the 66th percentile. In accordance with the vesting schedule 82% of this tranche of awards vested.

MTIP (CEO ONLY)

As noted in this report last year (see the 2010 Annual Report pages 36 and 51), in January 2010, the CEO was issued 179,193 Amcor Limited ordinary shares representing the vested first instalment of shares plus accrued dividends during the deferral period⁽¹⁾. In January 2011, the second instalment vested and as a result a further 154,459 Amcor Limited ordinary shares were issued. This represented the vested second instalment of shares plus accrued dividends during the deferral period less additional vesting that occurred as a result of re-testing of the 2005/06 Long Term Incentive Plan during the deferral period. This plan has now ended.

(1) In accordance with item 5 of the Explanatory Notes to the 2007 Notice of Annual General Meeting.

Directors' Report

Remuneration Report

D. Details of CEO and Senior Executive Remuneration for the Year Ended 30 June 2011

Table 7 shows the nature and amount of each component of remuneration received by the CEO and Senior Executives during the year ended 30 June 2011:

Table 7: Remuneration of CEO and Senior Executives

| Name | Position | Short Term Employee Benefits | | | | Post employment | | | Share-Based Payments | | | % of Total Employee Compensation Received as Options and/or Rights | Total Employee Compensation | |
|---------------------------------------|---|------------------------------|-----------------------|---------------------|----------------|-------------------------|----------------|----------------|----------------------|----------------|--------------------|--|-----------------------------|-------------------|
| | | Base Salary | Non Monetary Benefits | Relocation Expenses | Bonus | Superannuation Benefits | Other Payments | Cash Settled | Shares | Equity Settled | Options and Rights | | | |
| Executive Directors | | | | | | | | | | | | | | |
| K N MacKenzie | Managing Director and Chief Executive Officer | 2011 | 1,777,438 | 243,512 | 73,461 | 1,995,240 | 175,000 | - | - | - | - | 2,171,766 | 33.7% | 6,436,417 |
| | | 2010 | 1,777,438 | 224,629 | 108,855 | 1,848,645 | 179,167 | - | - | - | - | 1,922,774 | 31.7% | 6,061,508 |
| Other Key Management Personnel | | | | | | | | | | | | | | |
| P Brues | President, Amcor Flexibles Europe & Americas | 2011 | 964,578 | 127,805 | 445,216 | 912,783 | 196,280 | - | - | - | - | 1,396,746 | 34.5% | 4,043,408 |
| | | 2010 | 608,475 | 323,637 | - | 462,401 | 49,858 | - | - | - | - | 728,669 | 33.5% | 2,173,040 |
| L A Desjardins ⁽¹⁾ | Executive Vice President, Finance | 2011 | 415,300 | 60,036 | - | 581,038 | 291,67 | 536,037 | - | - | - | 618,661 | 27.6% | 2,240,239 |
| | | 2010 | 698,000 | 99,339 | - | 377,618 | 50,000 | - | - | - | - | 98,533 | 26.8% | 1,807,455 |
| R Delta ⁽²⁾ | Executive Vice President, Finance and Chief Financial Officer | 2011 | 332,618 | 37,293 | 221,171 | 244,701 | 17,558 | - | - | - | - | 156,432 | 15.5% | 1,009,773 |
| | | 2010 | 821,550 | 175,934 | - | 205,433 | 47,917 | - | - | - | - | 229,625 | 40.7% | 2,495,756 |
| N Garrard | President, Amcor Australasia and Packaging Distribution | 2011 | 821,550 | 175,934 | - | 205,433 | 47,917 | - | - | - | - | 229,625 | 40.7% | 2,495,756 |
| | | 2010 | 725,000 | 273,680 | - | 490,100 | 25,000 | - | - | - | - | 229,625 | 15.6% | 2,065,670 |
| W J Long ⁽³⁾ | President, Amcor Rigid Plastics | 2011 | 660,916 | 56,143 | - | 463,304 | 430,960 | - | - | - | - | 1,373,928 | 46.0% | 2,985,251 |
| | | 2010 | 733,075 | 51,885 | - | 423,586 | 349,055 | - | - | - | - | 783,341 | 33.5% | 2,340,942 |
| I G Wilson | Executive Vice President, Strategy & Development | 2011 | 889,473 | 242,452 | 11,045 | 701,254 | 77,827 | - | - | - | - | 592,180 | 37.5% | 4,020,522 |
| | | 2010 | 872,408 | 125,923 | - | 930,000 ⁽⁵⁾ | - | - | - | - | - | 438,181 | 23.3% | 3,087,247 |
| G Blatrix ⁽⁴⁾ | Managing Director, Amcor Flexibles Food | 2010 | 400,886 | 101,680 | - | 71,964 | 94,185 | - | - | - | - | 214,089 | 24.3% | 882,804 |
| J Czubak ⁽⁴⁾ | Managing Director, Amcor Rentsch | 2010 | 337,697 | 5,024 | - | 317,226 | 87,574 | - | - | - | - | 263,780 | 30.9% | 1,081,534 |
| Total | | 2011 | 5,861,873 | 943,175 | 750,893 | 5,103,753 | 974,709 | 536,037 | - | - | - | 8,218,051 | 35.5% | 23,231,366 |
| | | 2010 | 6,152,979 | 1,205,797 | 108,855 | 4,921,540 | 834,839 | - | - | - | - | 766,339 | 28.3% | 19,500,200 |

(1) L A Desjardins was a Key Management Personnel until 31 January 2011. Her other payment recorded in the current period includes her monthly base salary (under the terms of her contract) which continues to be payable up until the end of her notice period of 16 September 2011.

(2) R Delta was a Key Management Personnel from 1 February 2011.

(3) W J Long ceased to be a Key Management Personnel from 1 July 2011 upon a change in his role from that date.

(4) G Blatrix and J Czubak were Key Management Personnel until 2 February 2010. Remuneration amounts pro-rated for seven months from 1 July 2009 to 1 February 2010 to reflect the period of year in which Mr Blatrix and Mr Czubak were Key Management Personnel.

(5) Mr Wilson waived his right to receive a cash bonus in relation to the year ended 30 June 2010. Amcor has elected to make a contribution equal to the amount of bonus that would have been paid to the Amcor Executive Savings Plan, an Employer Financed Retirement Benefit Scheme (as defined by UK legislation).

Table 8: Terms and Conditions of Each Grant of Options and Rights Affecting Remuneration

Options

| Grant Date | Expiry Date ⁽¹⁾ | Fair Value per Option (\$) | Exercise Price (\$) | Share Price at Grant Date (\$) | Estimated Volatility | Risk Free Interest Rate | Date Exercisable |
|-----------------|----------------------------|----------------------------|---------------------|--------------------------------|----------------------|-------------------------|------------------|
| 1 November 2002 | 1 November 2012 | 2.43 | 7.67 | 7.64 | 22.00% | 5.40% | 1 November 2005 |
| 13 October 2003 | 1 November 2012 | 2.43 | 7.67 | 7.75 | 22.00% | 5.40% | 1 November 2005 |
| 27 October 2005 | 19 September 2011 | 1.12 | 6.25 | 6.69 | 22.00% | 5.40% | 30 June 2010 |
| 27 October 2005 | 31 December 2011 | 1.14 | 6.25 | 6.69 | 22.00% | 5.40% | 31 December 2010 |
| 4 August 2006 | 19 September 2011 | 1.03 | 6.25 | 6.55 | 22.00% | 5.80% | 30 June 2010 |
| 4 August 2006 | 31 December 2011 | 1.08 | 6.25 | 6.55 | 22.00% | 5.80% | 31 December 2010 |
| 1 February 2007 | 31 December 2011 | 1.16 | 6.66 | 7.38 | 20.00% | 6.04% | 31 December 2010 |
| 1 December 2007 | 30 June 2012 | 1.20 | 6.54 | 6.85 | 21.00% | 6.31% | 31 October 2011 |
| 1 December 2007 | 30 June 2012 | 1.20 | 6.54 | 6.85 | 21.00% | 6.31% | 31 October 2011 |
| 1 December 2007 | 30 June 2012 | 1.20 | 6.54 | 6.85 | 21.00% | 6.31% | 31 October 2011 |
| 1 December 2008 | 30 June 2013 | 1.10 | 5.09 | 5.75 | 26.00% | 3.84% | 31 October 2012 |
| 1 December 2008 | 30 June 2013 | 1.10 | 5.09 | 5.75 | 26.00% | 3.84% | 31 October 2012 |
| 4 November 2009 | 30 June 2016 | 1.43 | 4.73 | 5.56 | 32.00% | 5.53% | 31 October 2012 |
| 4 November 2009 | 30 June 2016 | 1.41 | 4.73 | 5.56 | 32.00% | 5.53% | 31 October 2013 |
| 4 November 2009 | 30 June 2016 | 1.36 | 4.73 | 5.56 | 32.00% | 5.53% | 31 October 2014 |
| 12 April 2010 | 30 June 2016 | 2.03 | 4.73 | 6.40 | 32.00% | 5.74% | 31 October 2012 |
| 12 April 2010 | 30 June 2016 | 1.99 | 4.73 | 6.40 | 32.00% | 5.74% | 31 October 2013 |
| 12 April 2010 | 30 June 2016 | 1.92 | 4.73 | 6.40 | 32.00% | 5.74% | 31 October 2014 |
| 12 April 2010 | 30 June 2016 | 1.55 | 5.86 | 6.40 | 32.00% | 5.74% | 31 October 2012 |
| 12 April 2010 | 30 June 2016 | 1.55 | 5.86 | 6.40 | 32.00% | 5.74% | 31 October 2013 |
| 12 April 2010 | 30 June 2016 | 1.50 | 5.86 | 6.40 | 32.00% | 5.74% | 31 October 2014 |
| 8 June 2010 | 30 June 2016 | 2.03 | 4.73 | 6.23 | 32.00% | 5.74% | 31 October 2012 |
| 8 June 2010 | 30 June 2016 | 1.99 | 4.73 | 6.23 | 32.00% | 5.74% | 31 October 2013 |
| 8 June 2010 | 30 June 2016 | 1.92 | 4.73 | 6.23 | 32.00% | 5.74% | 31 October 2014 |
| 5 August 2010 | 30 June 2016 | 0.93 | 6.39 | 6.52 | 27.00% | 4.42% | 31 October 2012 |
| 23 May 2011 | 30 June 2016 | 0.84 | 6.79 | 7.00 | 27.00% | 4.67% | 31 October 2012 |
| 23 May 2011 | 30 June 2016 | 1.05 | 6.79 | 7.00 | 27.00% | 4.69% | 31 October 2013 |
| 23 May 2011 | 30 June 2016 | 1.20 | 6.79 | 7.00 | 27.00% | 4.71% | 31 October 2014 |

(1) Expiry dates for options granted under two employee incentive plans, the 2004 Executive Option Plan (2004 EOP) and the 2006 Long Term Incentive Plan (05/06 LTIP) were extended, refer to page 35 - Extension of Expiry Date of Certain Options of the Remuneration Report.

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Rights

| Grant Date | Expiry Date | Fair Value per Right (\$) | Exercise Price (\$) | Share Price at Grant Date (\$) | Estimated Volatility | Risk Free Interest Rate | Date Exercisable |
|------------------|------------------|---------------------------|---------------------|--------------------------------|----------------------|-------------------------|------------------|
| 27 October 2005 | 31 December 2011 | 4.06 | - | 6.69 | - | - | 31 December 2010 |
| 4 August 2006 | 31 December 2011 | 3.99 | - | 6.55 | - | - | 31 December 2010 |
| 4 August 2006 | 31 December 2011 | 3.99 | - | 6.55 | - | - | 31 December 2010 |
| 1 February 2007 | 31 December 2011 | 4.83 | - | 7.38 | - | - | 31 December 2010 |
| 1 November 2007 | 30 June 2012 | 3.64 | - | 5.75 | - | - | 31 October 2011 |
| 1 December 2007 | 30 June 2012 | 3.64 | - | 7.38 | - | - | 31 October 2011 |
| 1 December 2007 | 30 June 2012 | 3.64 | - | 7.38 | - | - | 31 October 2011 |
| 1 September 2008 | 1 September 2010 | 5.00 | - | 5.49 | - | - | 1 September 2010 |
| 1 December 2008 | 30 June 2013 | 4.15 | - | 5.68 | - | - | 31 October 2012 |
| 1 December 2008 | 30 June 2013 | 4.15 | - | 5.68 | - | - | 31 October 2012 |
| 1 September 2009 | 1 September 2011 | 5.00 | - | 5.72 | - | - | 1 September 2011 |
| 4 November 2009 | 30 June 2016 | 3.20 | - | 5.56 | - | - | 31 October 2012 |
| 4 November 2009 | 30 June 2016 | 3.49 | - | 5.56 | - | - | 31 October 2012 |
| 4 November 2009 | 30 June 2016 | 3.11 | - | 5.56 | - | - | 31 October 2013 |
| 4 November 2009 | 30 June 2016 | 3.37 | - | 5.56 | - | - | 31 October 2013 |
| 4 November 2009 | 30 June 2016 | 3.00 | - | 5.56 | - | - | 31 October 2014 |
| 4 November 2009 | 30 June 2016 | 3.23 | - | 5.56 | - | - | 31 October 2014 |
| 12 April 2010 | 30 June 2016 | 4.28 | - | 6.40 | - | - | 31 October 2012 |
| 12 April 2010 | 30 June 2016 | 4.34 | - | 6.40 | - | - | 31 October 2012 |
| 12 April 2010 | 30 June 2016 | 4.11 | - | 6.40 | - | - | 31 October 2013 |
| 12 April 2010 | 30 June 2016 | 4.20 | - | 6.40 | - | - | 31 October 2013 |
| 12 April 2010 | 30 June 2016 | 3.95 | - | 6.40 | - | - | 31 October 2014 |
| 12 April 2010 | 30 June 2016 | 4.05 | - | 6.40 | - | - | 31 October 2014 |
| 8 June 2010 | 30 June 2016 | 4.28 | - | 6.23 | - | - | 31 October 2012 |
| 8 June 2010 | 30 June 2016 | 4.34 | - | 6.23 | - | - | 31 October 2012 |
| 8 June 2010 | 30 June 2016 | 4.11 | - | 6.23 | - | - | 31 October 2013 |
| 8 June 2010 | 30 June 2016 | 4.20 | - | 6.23 | - | - | 31 October 2013 |
| 8 June 2010 | 30 June 2016 | 3.95 | - | 6.23 | - | - | 31 October 2014 |
| 8 June 2010 | 30 June 2016 | 4.05 | - | 6.23 | - | - | 31 October 2014 |
| 5 August 2010 | 30 June 2016 | 5.51 | - | 6.52 | - | - | 31 October 2013 |
| 1 September 2010 | 1 September 2012 | 6.07 | - | 6.94 | - | - | 1 September 2012 |
| 23 May 2011 | 30 June 2016 | 6.63 | - | 7.00 | - | - | 31 October 2012 |
| 23 May 2011 | 30 June 2016 | 6.32 | - | 7.00 | - | - | 31 October 2013 |
| 23 May 2011 | 30 June 2016 | 6.02 | - | 7.00 | - | - | 31 October 2014 |

Details of Awards Granted, Vested and Exercised

The following tables provide further information and analysis relating to awards, as required by the *Corporations Act 2001*:

Table 9: Awards Granted, Vested and Exercised

Options

| Name | Number of Options granted during the year | | Number of Options vested during the year | | Number of Options exercised during the year | |
|----------------------------|---|-----------|--|--------|---|------|
| | 2011 | 2010 | 2011 | 2010 | 2011 | 2010 |
| Executive Directors | | | | | | |
| K N MacKenzie | - | 2,760,000 | - | 45,000 | 276,000 | - |
| Senior Executives | | | | | | |
| P Brues | - | 1,715,000 | - | 36,000 | 98,500 | - |
| L A Desjardins | - | 903,000 | - | - | - | - |
| R Delia | 423,200 | - | - | - | - | - |
| N Garrard | - | 1,100,000 | - | - | - | - |
| W J Long | - | 1,680,000 | - | 48,000 | 263,200 | - |
| I G Wilson | - | 1,300,000 | - | 18,000 | 76,000 | - |
| G Blatrix ⁽¹⁾ | - | - | - | 36,000 | - | - |
| J Czubak ⁽¹⁾ | - | - | - | 36,000 | - | - |

Rights

| Name | Number of Rights granted during the year | | Number of Rights vested during the year | | Number of Rights exercised during the year | |
|----------------------------|--|---------|---|--------|--|--------|
| | 2011 | 2010 | 2011 | 2010 | 2011 | 2010 |
| Executive Directors | | | | | | |
| K N MacKenzie | 142,642 | 414,419 | - | 18,000 | - | 18,000 |
| Senior Executives | | | | | | |
| P Brues | 35,678 | 215,238 | 38,548 | 12,000 | 38,548 | 12,000 |
| L A Desjardins | 29,137 | 138,066 | 42,172 | - | 42,172 | - |
| R Delia | 43,700 | - | - | - | - | - |
| N Garrard | 37,816 | 150,710 | - | - | - | - |
| W J Long | 32,683 | 179,100 | 63,794 | 16,000 | 63,794 | 16,000 |
| I G Wilson | 58,053 | 244,592 | 45,144 | 6,300 | 45,144 | 6,300 |
| G Blatrix ⁽¹⁾ | - | 9,938 | - | 12,000 | - | - |
| J Czubak ⁽¹⁾ | - | 65,652 | - | 12,000 | - | - |

(1) G Blatrix and J Czubak were Key Management Personnel until 2 February 2010.

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Details of ordinary shares in the Company provided as a result of the exercise of Share Options and Rights by the CEO and Senior Executives, together with the amounts paid per ordinary share at the date of exercise, are set out below:

Table 10: Details of Ordinary Shares Provided

Options

| Name | Date of exercise of Options | Amount paid per share (\$) | Number of ordinary shares issued on exercise of Options during the year | |
|----------------------------|-----------------------------|----------------------------|---|------|
| | | | 2011 | 2010 |
| Executive Directors | | | | |
| K N MacKenzie | 31 August 2010 | 6.31 | 6,517 | - |
| | 25 October 2010 | 6.25 | 10,174 | - |
| Senior Executives | | | | |
| P Brues | 28 February 2011 | 6.25 | 68,400 | - |
| W J Long | 28 February 2011 | 6.25 | 91,200 | - |
| I G Wilson | 21 March 2011 | 6.25 | 5,409 | - |

Rights

| Name | Date of exercise of Rights | Amount paid per share (\$) | Number of ordinary shares issued on exercise of Rights during the year | |
|----------------------------|----------------------------|----------------------------|--|--------|
| | | | 2011 | 2010 |
| Executive Directors | | | | |
| K N MacKenzie | 05 March 2010 | - | - | 6,000 |
| | 05 March 2010 | - | - | 12,000 |
| Senior Executives | | | | |
| P Brues | 07 September 2010 | - | 38,548 | - |
| | 30 April 2010 | - | - | 6,000 |
| | 03 June 2010 | - | - | 6,000 |
| L A Desjardins | 07 September 2010 | - | 42,172 | - |
| W J Long | 07 September 2010 | - | 63,794 | - |
| | 30 April 2010 | - | - | 8,000 |
| | 03 June 2010 | - | - | 8,000 |
| I G Wilson | 07 September 2010 | - | 45,144 | - |
| | 19 March 2010 | - | - | 2,100 |
| | 19 March 2010 | - | - | 4,200 |

Details of the vesting profile of the Options and Rights granted as remuneration to the CEO and Senior Executives are detailed below:

Table 11: Vesting Profile of Options and Rights Granted

Options

| Name | Number | Grant date | Vested % | Lapsed % | Financial year in which Options may vest | Minimum total value of grant yet to vest (\$) | Maximum total value of grant yet to vest (\$) |
|-------------------------------|-----------|------------------|----------|----------|--|---|---|
| Executive Directors | | | | | | | |
| K N MacKenzie | 165,000 | 01 November 2007 | - | - | 30 June 2012 | nil | 198,000 |
| | 280,000 | 01 December 2008 | - | - | 30 June 2013 | nil | 308,000 |
| | 1,380,000 | 04 November 2009 | - | - | 30 June 2013 | nil | 1,973,400 |
| | 828,000 | 04 November 2009 | - | - | 30 June 2014 | nil | 1,167,480 |
| | 552,000 | 04 November 2009 | - | - | 30 June 2015 | nil | 750,720 |
| Senior Executives | | | | | | | |
| P Brues | 46,380 | 01 December 2007 | - | - | 30 June 2012 | nil | 55,656 |
| | 103,000 | 01 December 2008 | - | - | 30 June 2013 | nil | 113,300 |
| | 857,500 | 12 April 2010 | - | - | 30 June 2013 | nil | 1,329,125 |
| | 514,500 | 12 April 2010 | - | - | 30 June 2014 | nil | 797,475 |
| | 343,000 | 12 April 2010 | - | - | 30 June 2015 | nil | 514,500 |
| L A Desjardins ⁽¹⁾ | 60,126 | 01 December 2007 | - | 4% | 30 June 2012 | nil | 72,151 |
| | 67,160 | 01 December 2008 | - | 27% | 30 June 2013 | nil | 73,876 |
| | 293,475 | 12 April 2010 | - | 35% | 30 June 2013 | nil | 595,754 |
| | 135,450 | 12 April 2010 | - | 50% | 30 June 2014 | nil | 269,546 |
| | 74,046 | 12 April 2010 | - | 59% | 30 June 2015 | nil | 142,168 |
| R Delia | 183,600 | 23 May 2011 | - | - | 30 June 2013 | nil | 154,224 |
| | 135,700 | 23 May 2011 | - | - | 30 June 2014 | nil | 142,485 |
| | 103,900 | 23 May 2011 | - | - | 30 June 2015 | nil | 124,680 |
| N Garrard | 550,000 | 12 April 2010 | - | - | 30 June 2013 | nil | 1,116,500 |
| | 330,000 | 12 April 2010 | - | - | 30 June 2014 | nil | 656,700 |
| | 220,000 | 12 April 2010 | - | - | 30 June 2015 | nil | 422,400 |
| W J Long | 65,702 | 01 December 2007 | - | - | 30 June 2012 | nil | 78,842 |
| | 145,000 | 01 December 2008 | - | - | 30 June 2013 | nil | 159,500 |
| | 840,000 | 12 April 2010 | - | - | 30 June 2013 | nil | 1,302,000 |
| | 504,000 | 12 April 2010 | - | - | 30 June 2014 | nil | 781,200 |
| | 336,000 | 12 April 2010 | - | - | 30 June 2015 | nil | 504,000 |
| I G Wilson | 84,897 | 01 December 2007 | - | - | 30 June 2012 | nil | 101,876 |
| | 141,000 | 01 December 2008 | - | - | 30 June 2013 | nil | 155,100 |
| | 650,000 | 08 June 2010 | - | - | 30 June 2013 | nil | 1,319,500 |
| | 390,000 | 08 June 2010 | - | - | 30 June 2014 | nil | 776,100 |
| | 260,000 | 08 June 2010 | - | - | 30 June 2015 | nil | 499,200 |

(1) L A Desjardins forfeited certain elements of her options upon termination of employment.

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Rights

| Name | Number | Grant date | Vested % | Lapsed % | Financial year in which Rights may vest | Minimum total value of grant yet to vest (\$) | Maximum total value of grant yet to vest (\$) |
|-------------------------------|-------------------|-------------------|----------|--------------|---|---|---|
| Executive Directors | | | | | | | |
| K N MacKenzie | 100,000 | 01 November 2007 | - | - | 30 June 2012 | nil | 364,000 |
| | 170,000 | 01 December 2008 | - | - | 30 June 2013 | nil | 705,500 |
| | 47,419 | 01 September 2009 | - | - | 30 June 2012 | nil | 237,095 |
| | 91,750 | 04 November 2009 | - | - | 30 June 2013 | nil | 293,600 |
| | 91,750 | 04 November 2009 | - | - | 30 June 2013 | nil | 320,208 |
| | 55,050 | 04 November 2009 | - | - | 30 June 2014 | nil | 171,206 |
| | 55,050 | 04 November 2009 | - | - | 30 June 2014 | nil | 185,519 |
| | 36,700 | 04 November 2009 | - | - | 30 June 2015 | nil | 110,100 |
| | 36,700 | 04 November 2009 | - | - | 30 June 2015 | nil | 118,541 |
| | 142,642 | 01 September 2010 | - | - | 30 June 2013 | nil | 865,837 |
| Senior Executives | | | | | | | |
| P Brues | 25,045 | 01 December 2007 | - | - | 30 June 2012 | nil | 91,164 |
| | 38,548 | 01 September 2008 | 100% | - | 30 June 2011 | nil | nil |
| | 62,000 | 01 December 2008 | - | - | 30 June 2013 | nil | 257,300 |
| | 58,238 | 01 September 2009 | - | - | 30 June 2012 | nil | 291,190 |
| | 39,250 | 12 April 2010 | - | - | 30 June 2013 | nil | 167,990 |
| | 39,250 | 12 April 2010 | - | - | 30 June 2013 | nil | 170,345 |
| | 23,550 | 12 April 2010 | - | - | 30 June 2014 | nil | 96,791 |
| | 23,550 | 12 April 2010 | - | - | 30 June 2014 | nil | 98,910 |
| | 15,700 | 12 April 2010 | - | - | 30 June 2015 | nil | 62,015 |
| | 15,700 | 12 April 2010 | - | - | 30 June 2015 | nil | 63,585 |
| 35,678 | 01 September 2010 | - | - | 30 June 2013 | nil | 216,565 | |
| L A Desjardins ⁽¹⁾ | 32,467 | 01 December 2007 | - | 4% | 30 June 2012 | nil | 118,180 |
| | 42,172 | 01 September 2008 | 100% | - | 30 June 2011 | nil | nil |
| | 40,880 | 01 December 2008 | - | 27% | 30 June 2013 | nil | 169,652 |
| | 18,066 | 01 September 2009 | - | - | 30 June 2012 | nil | 90,330 |
| | 19,500 | 12 April 2010 | - | 35% | 30 June 2013 | nil | 83,460 |
| | 19,500 | 12 April 2010 | - | 35% | 30 June 2013 | nil | 84,630 |
| | 9,000 | 12 April 2010 | - | 50% | 30 June 2014 | nil | 36,990 |
| | 9,000 | 12 April 2010 | - | 50% | 30 June 2014 | nil | 37,800 |
| | 4,920 | 12 April 2010 | - | 59% | 30 June 2015 | nil | 19,434 |
| | 4,920 | 12 April 2010 | - | 59% | 30 June 2015 | nil | 19,926 |
| 29,137 | 01 September 2010 | - | - | 30 June 2013 | nil | 176,862 | |
| R Delia | 18,700 | 23 May 2011 | - | - | 30 June 2013 | nil | 123,981 |
| | 14,200 | 23 May 2011 | - | - | 30 June 2014 | nil | 89,744 |
| | 10,800 | 23 May 2011 | - | - | 30 June 2015 | nil | 65,016 |

| Name | Number | Grant date | Vested % | Lapsed % | Financial year in which Rights may vest | Minimum total value of grant yet to vest (\$) | Maximum total value of grant yet to vest (\$) |
|------------|-------------------|-------------------|----------|--------------|---|--|--|
| N Garrard | 4,710 | 01 September 2009 | - | - | 30 June 2012 | nil | 23,550 |
| | 36,500 | 12 April 2010 | - | - | 30 June 2013 | nil | 156,220 |
| | 36,500 | 12 April 2010 | - | - | 30 June 2013 | nil | 158,410 |
| | 21,900 | 12 April 2010 | - | - | 30 June 2014 | nil | 90,009 |
| | 21,900 | 12 April 2010 | - | - | 30 June 2014 | nil | 91,980 |
| | 14,600 | 12 April 2010 | - | - | 30 June 2015 | nil | 57,670 |
| | 14,600 | 12 April 2010 | - | - | 30 June 2015 | nil | 59,130 |
| | 37,816 | 01 September 2010 | - | - | 30 June 2013 | nil | 229,543 |
| W J Long | 35,479 | 01 December 2007 | - | - | 30 June 2012 | nil | 129,144 |
| | 63,794 | 01 September 2008 | 100% | - | 30 June 2011 | nil | nil |
| | 88,000 | 01 December 2008 | - | - | 30 June 2013 | nil | 365,200 |
| | 25,100 | 01 September 2009 | - | - | 30 June 2012 | nil | 125,500 |
| | 38,500 | 12 April 2010 | - | - | 30 June 2013 | nil | 164,780 |
| | 38,500 | 12 April 2010 | - | - | 30 June 2013 | nil | 167,090 |
| | 23,100 | 12 April 2010 | - | - | 30 June 2014 | nil | 94,941 |
| | 23,100 | 12 April 2010 | - | - | 30 June 2014 | nil | 97,020 |
| | 15,400 | 12 April 2010 | - | - | 30 June 2015 | nil | 60,830 |
| | 15,400 | 12 April 2010 | - | - | 30 June 2015 | nil | 62,370 |
| | 32,863 | 01 September 2010 | - | - | 30 June 2013 | nil | 199,478 |
| I G Wilson | 45,844 | 01 December 2007 | - | - | 30 June 2012 | nil | 166,872 |
| | 45,144 | 01 September 2008 | 100% | - | 30 June 2011 | nil | nil |
| | 85,000 | 01 December 2008 | - | - | 30 June 2013 | nil | 352,750 |
| | 92,592 | 01 September 2009 | - | - | 30 June 2012 | nil | 462,960 |
| | 38,000 | 08 June 2010 | - | - | 30 June 2013 | nil | 162,640 |
| | 38,000 | 08 June 2010 | - | - | 30 June 2013 | nil | 164,920 |
| | 22,800 | 08 June 2010 | - | - | 30 June 2014 | nil | 93,708 |
| | 22,800 | 08 June 2010 | - | - | 30 June 2014 | nil | 95,760 |
| | 15,200 | 08 June 2010 | - | - | 30 June 2015 | nil | 60,040 |
| | 15,200 | 08 June 2010 | - | - | 30 June 2015 | nil | 61,560 |
| 58,053 | 01 September 2010 | - | - | 30 June 2013 | nil | 368,637 | |

(1) L A Desjardins forfeited certain elements of her rights upon termination of employment.

Directors' Report

Remuneration Report

Table 12: Value of Options and Rights Granted, Exercised or Lapsed During the Year

Options

| Name | Value of Options at Grant Date (\$) | Value of Options at Exercise Date (\$) | Value of Options at Lapse Date (\$) | Total |
|-------------------------------|-------------------------------------|--|-------------------------------------|------------------|
| Executive Directors | | | | |
| K N MacKenzie | - | 1,730,160 | - | 1,730,160 |
| Senior Executives | | | | |
| P Brues | - | 617,431 | - | 617,431 |
| L A Desjardins ⁽¹⁾ | - | - | 2,049,448 | 2,049,448 |
| R Delia ⁽²⁾ | 421,389 | - | - | 421,389 |
| N Garrard | - | - | - | - |
| W J Long ⁽³⁾ | - | 1,655,320 | - | 1,655,320 |
| I G Wilson | - | 475,000 | - | 475,000 |

Rights

| Name | Value of Rights at Grant Date (\$) | Value of Rights at Exercise Date (\$) | Value of Rights at Lapse Date (\$) | Total |
|-------------------------------|------------------------------------|---------------------------------------|------------------------------------|----------------|
| Executive Directors | | | | |
| K N MacKenzie | 865,837 | - | - | 865,837 |
| Senior Executives | | | | |
| P Brues | 216,565 | 192,740 | - | 409,305 |
| L A Desjardins ⁽¹⁾ | 176,862 | 210,860 | 289,613 | 677,335 |
| R Delia ⁽²⁾ | 278,741 | - | - | 278,741 |
| N Garrard | 229,543 | - | - | 229,543 |
| W J Long ⁽³⁾ | 198,386 | 318,970 | - | 517,356 |
| I G Wilson | - | 225,720 | - | 225,720 |

(1) KMP until 31 January 2011.

(2) KMP from 1 February 2011.

(3) W J Long ceased to be a KMP from 1 July 2011 upon a change in his role from that date.

E. CEO and Senior Executive Service Agreements

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

Table 13: Summary of Specific Terms of Executive Service Agreements

| Name | Term of agreement | Notice period | Redundancy/termination payment |
|----------------|--------------------------|----------------------|---|
| K N MacKenzie | Open | 12 months | Greater of amount payable required by law and 12 months' Total Remuneration. ⁽¹⁾ |
| P Brues | Open | 12 months | Greater of amount payable required by law and payment in lieu of notice (12 months' base salary). |
| L A Desjardins | Open | 12 months | Greater of amount payable required by law and payment in lieu of notice (12 months' base salary). |
| R Delia | Open | 12 months | Greater of amount payable required by law and payment in lieu of notice (12 months' base salary). |
| N Garrard | Open | 12 months | Greater of amount payable required by law and payment in lieu of notice (12 months' base salary). |
| W J Long | Open | 12 months | Greater of amount payable required by law and payment in lieu of notice (12 months' base salary). |
| I G Wilson | Open | 12 months | Greater of amount payable required by law and payment in lieu of notice (12 months' base salary). |

(1) Total Remuneration includes Total Fixed Reward plus target STI bonus, plus the annual actuarial value of long term incentive as reported in Amcor's Annual Report.

* Except where noted, these conditions have not changed for those who appeared previously in the 2010 Annual Report.

Directors' Report

Remuneration Report

F. Non-Executive Directors' Remuneration

Fee Policy

The Non-Executive Director fee policy enables the Company to attract and retain high quality directors with relevant experience. At the same time, the cost to the Company is managed in relation to the maximum aggregate fee limit. The current aggregate fee limit of \$2,500,000 was approved by shareholders at the 2008 Annual General Meeting and has not been considered by the shareholders since then.

Shareholders will note that whilst the aggregate fee limit was increased, no increase in fees was applied to existing Directors in the year ended 30 June 2011. Further, no increase was applied in the previous three financial years (years ended 30 June 2008, 30 June 2009 and 30 June 2010).

Non-Executive Directors receive a fixed 'base' fee for their role as Board members, plus additional fees for the role of a member or chairman on Board sub committees. The Chairman receives fees of up to three times the base fee, but does not receive additional fees for his involvement with Board sub committees.

The fee policy is reviewed annually by the HR Committee, which obtains advice on market practice from independent remuneration consultants. Non-Executive Director fees for the year to 30 June 2011 have been reviewed and no increase in fees will be applied. However, shareholders will be asked to increase the aggregate fee limit to \$3,000,000 in the 2011 Annual General Meeting as the remuneration payments are now approaching the maximum aggregate amount approved by the shareholders in 2008, predominantly due to an increase in Board size. It is not intended to fully utilise the proposed increase in the immediate future. Rather the proposed increase is to allow capacity to address factors such as:

- Following the Company's acquisition of the Alcan Packaging businesses, there is an increasing international nature of the Company's operations placing greater demands on Directors to deal with more complex and diverse issues on a global basis and increasing the amount time required from the Directors.
- The increased cost of attracting individuals of the highest calibre to be a Non-Executive Director following the expanding wide ranging requirements of corporate legislation, governance and regulatory authorities; and

- To provide scope for future adjustments in Directors' remuneration in line with market conditions.
- To accommodate any temporary increase in Directors during a transition period for the purposes of succession planning.

Performance Based Remuneration and Minimum Shareholding

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

Retirement Allowances

The 2006 Annual Report advised of the Board's decision to discontinue the accrual of retirement allowances to those Directors who were still participants of the Amcor Limited Non-Executive Director Retirement Plan. With effect from 30 June 2006, existing entitlements under the Plan were 'frozen' and no further accruals will be made to the Plan other than CPI indexed adjustments.

Non-Executive Directors' Remuneration for the 2011 Financial Year

Table 14: Details of Non-Executive Directors' Remuneration

| Non-Executive Directors | | Short Term Director Benefits | | Post Employment | | Total Compensation |
|------------------------------|-------------|------------------------------|-----------------------|-------------------------|-----------------------------------|--------------------|
| | | Salary and Fees | Non Monetary Benefits | Superannuation Benefits | Retirement Benefit ⁽¹⁾ | |
| C I Roberts | 2011 | 604,500 | 4,668 | 54,405 | 43,413 | 706,986 |
| | 2010 | 604,500 | 4,652 | 54,405 | 42,326 | 705,883 |
| K J Guerra | 2011 | 211,500 | 1,527 | 783 | - | 213,810 |
| | 2010 | 41,659 | 537 | - | - | 42,196 |
| A Meyer | 2011 | 216,500 | 1,534 | 957 | - | 218,991 |
| | 2010 | 42,644 | 533 | 2,848 | - | 46,025 |
| G J Pizzey | 2011 | 222,684 | 2,816 | 18,751 | - | 244,251 |
| | 2010 | 221,500 | 2,820 | 19,935 | - | 244,255 |
| E J J Pope | 2011 | 216,500 | 2,816 | 19,485 | - | 238,801 |
| | 2010 | 225,136 | 2,800 | 20,208 | - | 248,144 |
| J L Sutcliffe | 2011 | 211,500 | 2,800 | 19,035 | - | 233,335 |
| | 2010 | 146,608 | 1,941 | 13,195 | - | 161,744 |
| J G Thorn | 2011 | 248,036 | 2,800 | 15,199 | - | 266,035 |
| | 2010 | 247,038 | 2,784 | 14,305 | - | 264,127 |
| R K Barton ⁽²⁾ | 2010 | 70,500 | 700 | 6,345 | ⁽³⁾ | 77,545 |
| G A Tomlinson ⁽⁴⁾ | 2010 | 176,944 | 2,100 | 15,925 | 7,211 ⁽⁵⁾ | 202,180 |
| Total | 2011 | 1,931,220 | 18,961 | 128,615 | 43,413 | 2,122,209 |
| | 2010 | 1,776,529 | 18,867 | 147,166 | 49,537 | 1,992,099 |

(1) Amounts shown represent CPI indexed adjustments.

(2) R K Barton retired 22 October 2009.

(3) Retirement benefit of \$515,076 was received upon retirement.

(4) G A Tomlinson retired 20 April 2010.

(5) Retirement benefit of \$561,850 was received upon retirement.

Directors' Report

Remuneration Report

Appendix: LTI Awards

As noted earlier, details of previous LTI awards have not been included in this report. They can be found in the 2010 Annual Report.

1. Awards made in the year ending 30 June 2011 are shown below:

| Feature | Description |
|------------------------|--|
| Participation | Selected Senior Executives (excluding CEO and those Senior Executives participating in the Alcan Acquisition Award) |
| Performance period | Three years to 30 June 2013 |
| Vehicle | Performance Rights and Share Options |
| Performance conditions | Relative Total Shareholder Return (TSR) for Performance Rights; Return on Average Funds Employed (RoAFE) for Share Options |
| Re-tests | One for RoAFE (30 June 2014) |
| Expiry | For Performance Rights, 30 June 2016. In relation to options, the options currently have an expiry date of 30 June 2016 however subject to shareholder approval, the expiry date of the options will be extended to a date no later than 29 September 2016. |
| TSR peer group | <ul style="list-style-type: none"> Companies in the ASX 100 with market capitalisation generally between 50% and 200% of Amcor, less selected industry groupings (being 'Financial', 'Telecom Services', 'Metals & Mining', 'Media' and 'Chemicals'); plus A select list of international industry peers. <p>The peer group consisted of the following companies at the start of the performance period.</p> <p>ASX companies: Asciano Limited, Ansell Limited, Billabong International Limited, Boral Limited, Brambles Limited, Coca Cola Amatil Limited, ConnectEast Group, Cochlear Limited, CSL Limited, CSR Limited, Crown Limited, David Jones Limited, Downer EDI Limited, Elders Limited, Foster's Group Limited, Goodman Fielder Limited, Harvey Norman Holdings Limited, JB Hi Fi Limited, James Hardie Industries, Leighton Holdings Limited, MAP Group, Metcash Limited, Primary Health Care Limited, Qantas Airways Limited, Sonic Healthcare Limited, Tabcorp Holdings Limited, Transurban Group, Toll Holdings Limited, Transfield Services Limited, Tatts Group Limited, UGL Limited, Wesfarmers Limited, Woolworths Limited.</p> <p>International industry peers: Ball Corporation, Bemis Company Inc, Crown Holdings Inc, Graphic Packaging Holding Company, Huhtamäki Oyj, International Paper Company, MeadWestvaco Corp, Owens Illinois Inc, Rexam plc, RPC Group plc, Sealed Air Corp, Silgan Holdings Inc, Sonoco Products Company, Temple Inland Inc.</p> |

| | | |
|--|---|---|
| Vesting schedule for TSR performance (applicable to Performance Rights) | Relative TSR Performance | Vesting percentage |
| | Less than 50th percentile | Nil |
| | 50th percentile | 50% |
| | Between 50th and 75th percentile | 50% of the Performance Rights will vest plus an additional 2% for each 1 percentile increase above the 50th percentile |
| | 75th percentile and above | 100% |
| Vesting schedule for RoAFE performance (applicable to Share Options) | First Test | |
| | RoAFE percentage achieved over the year ending 30 June 2013 | Vesting percentage |
| | Less than 12.5% | 0% |
| | Equal to 12.5% | 50% |
| | Greater than 12.5% but less than 13.6% | Straight line basis applies between 50% and 100% |
| | Equal or greater than 13.6% | 100% |
| | Re-Test | |
| | RoAFE percentage achieved over the year ending 30 June 2014 | Vesting percentage |
| | Less than 13.5% | 0% |
| | Equal to 13.5% | 50% |
| | Greater than 13.5% but less than 15% | Straight line basis applies between 50% and 100% |
| | Equal or greater than 15% | 100% |
| | Share price condition (applicable to Share Options) | <p>First Test: The volume weighted average price (VWAP) of shares over the five trading days on which Amcor shares trade on the Australian Securities Exchange (ASX) prior to 30 June 2013 exceeds the Option exercise price. If the condition is not satisfied, testing continues at the end of each calendar month until the earlier of vesting or expiry of the Option.</p> <p>Re-Test: The VWAP of shares over the five trading days on which Amcor shares trade on the ASX prior to 30 June 2014 exceeds the Option exercise price. If the condition is not satisfied, testing continues at the end of each calendar month until the earlier of vesting or expiry of the Option.</p> |
| Option exercise price | \$6.39 (VWAP of shares over the five trading days on which Amcor shares trade on the ASX before 5 July 2010). | |

2. Awards to be made (including that proposed for the CEO pending shareholder approval in the Company's 2011 Annual General Meeting) in the year ending 30 June 2012 are shown below:

| Feature | Description |
|------------------------|---|
| Participation | Selected Executives (excluding CEO and those Senior Executives participating in the Alcan Acquisition Award) |
| Performance period | Three years to 30 June 2014 |
| Vehicle | Performance Rights and Share Options |
| Performance conditions | Relative Total Shareholder Return (TSR) for Performance Rights; Return on Average Funds Employed (RoAFE) for Share Options |
| Re-tests | None |
| Expiry | The expiry date of the Performance Rights and Share Options is the last day of the trading window following Amcor's Annual General Meeting in 2016. |

Directors' Report

Remuneration Report

| | |
|----------------|---|
| TSR peer group | <ul style="list-style-type: none"> Companies in the ASX 100 with exclusions to those companies either in (or with heavy exposure to) the financial, resources, media, and property trust sectors; plus A select list of international industry peers. |
|----------------|---|

Those companies will comprise:

ASX companies: Asciano Limited, Ansell Limited, Billabong International Limited, Boral Limited, Brambles Limited, Coca Cola Amatil Limited, Computershare Limited, ConnectEast Group, Cochlear Limited, CSL Limited, CSR Limited, Crown Limited, David Jones Limited, Downer EDI Limited, Elders Limited, Foster's Group Limited, Goodman Fielder Limited, Harvey Norman Holdings Limited, Incitec Pivot Limited, JB Hi Fi Limited, James Hardie Industries, Leighton Holdings Limited, Lend Lease Group, MAP Group, Metcash Limited, Myer Holdings Limited, Primary Health Care Limited, Qantas Airways Limited, Ramsay Health Care Limited, Resmed Inc, Sonic Healthcare Limited, Tabcorp Holdings Limited, Telstra Corporation Limited, Transurban Group, Toll Holdings Limited, Transfield Services Limited, Tatts Group Limited, UGL Limited, Wesfarmers Limited, Westfield Group Limited, Woolworths Limited.

International industry peers: Ball Corporation, Bemis Company, Inc., Crown Holdings, Inc., Graphic Packaging Holding Company, Huhtamäki Oyj, International Paper Company, Mayr Melnhof Karton AG, MeadWestvaco Corp., Owens Illinois Inc., Rexam plc, RPC Group plc, Sealed Air Corp., Silgan Holdings Inc., Sonoco Products Company, Temple Inland, Inc.

| | | |
|---|----------------------------------|--|
| Vesting schedule for TSR performance (applicable to Performance Rights) | Relative TSR Performance | Vesting percentage |
| | Less than 50th percentile | Nil |
| | 50th percentile | 50% |
| | Between 50th and 75th percentile | 50% of the Performance Rights will vest plus an additional 2% for each 1 percentile increase above the 50th percentile |
| | 75th percentile and above | 100% |

| | | |
|--|--|--|
| Vesting schedule for RoAFE performance (applicable to Share Options) | RoAFE percentage achieved over the year ending 30 June 2014 | Vesting percentage |
| | Less than 13.5% | 0% |
| | Equal to 13.5% | 50% |
| | Greater than 13.5% but less than 15.0% | Straight line basis applies between 50% and 100% |
| | Equal or greater than 15.0% | 100% |

| | |
|---|---|
| Share price condition (applicable to Share Options) | The volume weighted average price (VWAP) of shares over the five trading days on which Amcor shares trade on the Australian Securities Exchange (ASX) prior to 30 June 2014 exceeds the Option exercise price. If the condition is not satisfied, testing continues at the end of each calendar month until the earlier of vesting or expiry of the Option. |
|---|---|

| | |
|-----------------------|---|
| Option exercise price | \$703 (VWAP of shares over the five trading days on which Amcor shares trade on the ASX before 30 June 2011). |
|-----------------------|---|

| Feature | Description |
|--------------------|--|
| Participation | Selected Executives (including CEO and those Senior Executives participating in the Alcan Acquisition Award) |
| Performance period | Four years to 30 June 2015 |

| | |
|------------------------|---|
| Vehicle | Performance Rights and Share Options |
| Performance conditions | Relative Total Shareholder Return (TSR) for Performance Rights; Return on Average Funds Employed (RoAFE) for Share Options |
| Re-tests | None |
| Expiry | The expiry date of the Performance Rights and Share Options is the last day of the trading window following Amcor's Annual General Meeting in 2018. |
| TSR peer group | <ul style="list-style-type: none"> Companies in the ASX 100 with exclusions to those companies either in (or with heavy exposure to) the financial, resources, media, and property trust sectors; plus A select list of international industry peers. |

Those companies will comprise:

ASX companies: Asciano Limited, Ansell Limited, Billabong International Limited, Boral Limited, Brambles Limited, Coca Cola Amatil Limited, Computershare Limited, ConnectEast Group, Cochlear Limited, CSL Limited, CSR Limited, Crown Limited, David Jones Limited, Downer EDI Limited, Elders Limited, Foster's Group Limited, Goodman Fielder Limited, Harvey Norman Holdings Limited, Incitec Pivot Limited, JB Hi Fi Limited, James Hardie Industries, Leighton Holdings Limited, Lend Lease Group, MAP Group, Metcash Limited, Myer Holdings Limited, Primary Health Care Limited, Qantas Airways Limited, Ramsay Health Care Limited, Resmed Inc, Sonic Healthcare Limited, Tabcorp Holdings Limited, Telstra Corporation Limited, Transurban Group, Toll Holdings Limited, Transfield Services Limited, Tatts Group Limited, UGL Limited, Wesfarmers Limited, Westfield Group Limited, Woolworths Limited

International industry peers: Ball Corporation, Bemis Company, Inc., Crown Holdings, Inc., Graphic Packaging Holding Company, Huhtamäki Oyj, International Paper Company, Mayr Melnhof Karton AG, MeadWestvaco Corp., Owens Illinois Inc., Rexam plc, RPC Group plc, Sealed Air Corp., Silgan Holdings Inc., Sonoco Products Company, and Temple Inland, Inc.

Certain events may occur which could affect the structure of either of the Peer Groups and therefore whether a share in a Peer Group is considered to be a relevant share, for the purposes of calculating the TSR for each relevant share in each Peer Group (for example, takeovers, mergers & acquisitions, demergers, delisting, company failures and capital reconstructions, including any other material event or other strategic initiative that affects Amcor's capital structure and/or the relevance of a share in a Peer Group). The Board retains the discretion to determine how such events will be treated at the time they arise, including altering the composition of the companies contained in either of the Peer Groups.

| Vesting schedule for TSR performance (applicable to Performance Rights) | Relative TSR Performance | Vesting percentage |
|---|----------------------------------|--|
| | Less than 50th percentile | Nil |
| | 50th percentile | 50% |
| | Between 50th and 75th percentile | 50% of the Performance Rights will vest plus an additional 2% for each 1 percentile increase above the 50th percentile |
| | 75th percentile and above | 100% |

Directors' Report

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| Vesting schedule for RoAFE performance (applicable to Share Options) | <p>The table below sets out the indicative RoAFE hurdle, and the percentage of Options that will vest based on satisfaction of this indicative RoAFE hurdle (and the Share Price Condition), as determined by the Board.</p> <table border="1"> <thead> <tr> <th>RoAFE percentage achieved over the year ending 30 June 2015</th> <th>Vesting percentage</th> </tr> </thead> <tbody> <tr> <td>Less than or equal to 13.5%</td> <td>0%</td> </tr> <tr> <td>Greater than 13.5% but less than 16.0%</td> <td>4% of Options for each 0.1% above 13.5%</td> </tr> <tr> <td>Equal to or greater than 16.0%</td> <td>100%</td> </tr> </tbody> </table> <p>The Board will determine the final RoAFE hurdle, to be used for the purposes of determining the percentage of Options that may vest, by no later than 30 June 2014. This is to allow the Board flexibility to increase the RoAFE hurdle (e.g. in the event of a windfall following a divestment) or decrease the RoAFE hurdle (e.g. so as not to discourage management from pursuing acquisition opportunities in the event they have adverse consequences on RoAFE). The Board may also at its discretion change the structure of the RoAFE hurdle, in the event of any other material event or other strategic initiative that affects Amcor's capital structure and the relevance of the RoAFE hurdle as the Performance Condition.</p> | RoAFE percentage achieved over the year ending 30 June 2015 | Vesting percentage | Less than or equal to 13.5% | 0% | Greater than 13.5% but less than 16.0% | 4% of Options for each 0.1% above 13.5% | Equal to or greater than 16.0% | 100% |
|--|---|---|--------------------|-----------------------------|----|--|---|--------------------------------|------|
| RoAFE percentage achieved over the year ending 30 June 2015 | Vesting percentage | | | | | | | | |
| Less than or equal to 13.5% | 0% | | | | | | | | |
| Greater than 13.5% but less than 16.0% | 4% of Options for each 0.1% above 13.5% | | | | | | | | |
| Equal to or greater than 16.0% | 100% | | | | | | | | |
| Share price condition (applicable to Share Options) | The volume weighted average price (VWAP) of shares over the five trading days on which Amcor shares trade on the Australian Stock Exchange (ASX) prior to 30 June 2015 exceeds the Option exercise price. If the condition is not satisfied, testing continues at the end of each calendar month until the earlier of vesting or expiry of the Option. | | | | | | | | |
| Option exercise price | \$7.03 (VWAP of shares over the five trading days on which Amcor shares trade on the ASX before 30 June 2011) | | | | | | | | |

Legacy Share-Based Plans

Outlined below are a number of share-based plans (Legacy Plans) previously operated by Amcor. Due to the nature of these plans, time vesting requirements are still in place for a number of executives and consequently the plans are included for completeness.

Table 15: Legacy Share-Based Plans

| Plan titles | Purpose |
|-------------------------------|--|
| Short Term Plans | |
| Senior Executive Share Plan | Bonus conversion into shares |
| Senior Executive Payment Plan | Bonus conversion into share equivalents |
| Long Term Plans | |
| Employee Share/Option Plan | 'Umbrella' share/option plan designed to grant options at full market value (or cash equivalents) based on achievement of financial performance. Time vested only. |
| Employee Incentive Share Plan | All employee share plan |

Directors' Report

Corporate Governance Statement

The Board is committed to achieving and demonstrating the highest standards of corporate governance. The Board continues to refine and improve the governance framework and practices in place to ensure they meet the interests of shareholders. The Company complies with the Australian Securities Exchange Corporate Governance Council's Corporate Governance Principles and Recommendations 2nd Edition ('the ASX Principles').

This Statement incorporates the disclosures required by the ASX Principles, and generally follows the order of the ASX Principles. Amcor's main corporate governance practices are summarised in this Statement. All these practices, unless otherwise stated, were in place for the full reporting period. Copies of Amcor's board and board committee charters, and key corporate governance policies or summaries, are available in the Corporate Governance section of Amcor's website at www.amcor.com/about_us.

Principle 1: Lay solid foundations for management and oversight

Role of the Board and management

The Board of Directors of Amcor Limited is responsible for the corporate governance of the Company. The Board provides strategic guidance for the Company, and effective oversight of management. The Board guides and monitors the business and affairs of Amcor Limited on behalf of the shareholders by whom they are elected and to whom they are accountable. The Board operates in accordance with the principles set out in its Charter, which is available in the Corporate Governance section of Amcor's website.

Day to day management of the Group's affairs and the implementation of the corporate strategy and policy initiatives are formally delegated by the Board to the Chief Executive Officer and executive management. Responsibilities delegated to the Chief Executive Officer and executive

management, as well as those reserved to the Board, are set out in the Group's delegated authority policy and these delegations are reviewed on a regular basis.

Responsibilities of the Board

The responsibilities of the Board include:

- Overseeing the management of the Company and direction of its business strategy with the aim of increasing value for shareholders;
- Providing strategic direction for, and approving, the Company's business strategies and objectives;
- Providing oversight of the Company's occupational health and safety policies and standards;
- Monitoring the operational and financial position and performance of the Company;
- Overseeing the identification of the principal risks faced by the Company and taking reasonable steps designed to ensure that appropriate internal controls and monitoring systems are in place to manage and, to the extent possible, reduce the impact of these risks;
- Ensuring that financial and other reporting mechanisms are put in place by the Chief Executive Officer that result in adequate, accurate and timely information being provided to the Board and the Company's shareholders and the financial market as a whole being fully informed of all material developments relating to the Company;
- Appointing and, where appropriate, removing the Managing Director, approving other key executive appointments and planning for executive succession;
- Overseeing and evaluating the performance of the Managing Director, and other senior executives, having regard to the Company's business strategies and objectives;

- Instituting and implementing procedures for the annual review and evaluation of the performance of the Board;
- Reviewing and approving remuneration for the senior executives of the Company;
- Approving the Company's budgets and business plans and monitoring the management of the Company's capital, including the progress of any major capital expenditures, acquisitions or divestitures;
- Establishing procedures to ensure that financial results are appropriately and accurately reported on a timely basis in accordance with all legal and regulatory requirements;
- Adopting appropriate procedures to ensure compliance with all laws, governmental regulations and accounting standards;
- Approving, and reviewing, the Company's internal compliance procedures, including any codes of conduct and taking all reasonable steps to ensure that the business of the Company is conducted in an open and ethical manner; and
- Reviewing and amending the Board and Committee Charters.

Board processes

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

Standing items include the Managing Director's report, business group operating reports, financial reports, strategic matters and governance and compliance updates. All submissions are circulated in advance

Directors' Report

Corporate Governance Statement

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

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

- Audit and Compliance
- Executive
- Human Resources
- Nomination

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

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

The Company has an established process for the induction of new senior executives, to enable new senior executives to actively participate in decision making of the Company in accordance with their role, at the earliest opportunity following appointment.

A performance evaluation for senior executives takes place every six months and last took place in July 2011, in compliance with the established evaluation process, including emphasis on demonstrating Amcor's values. A description of the process for evaluation and remuneration of senior executives is set out in the Remuneration Report on pages 30 to 56. The Company's policy for senior executive reward and evaluation, upon which the evaluation process is based, is published on the Company's website.

Principle 2: Structure the Board to add value

The names of the members of the Board as at the date of this report are set out below. Details of the Board members' experience, expertise, qualifications, term of office and independence status, are set out in the Directors' profiles on pages 18 to 20.

C I Roberts (Chairman) –
Independent Non-Executive Director

K N MacKenzie –
Managing Director
and Chief Executive Officer

A Meyer –
Independent Non-Executive Director

K J Guerra –
Independent Non-Executive Director

G J Pizzev –
Independent Non-Executive Director

E J J Pope –
Independent Non-Executive Director

J L Sutcliffe –
Independent Non-Executive Director

J G Thorn –
Independent Non-Executive Director

Composition of the Board

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

- A minimum of seven directors, with a broad range of expertise both nationally and internationally;
- A majority of independent non-executive directors and a non-executive director as Chairman;
- A majority of Directors having extensive knowledge of the Company's industries, and those who do not, having extensive expertise in significant aspects of financial reporting and risk management of large companies; and
- Re-election of directors at least every three years (except for the Managing Director and Chief Executive Officer).

The Board seeks to ensure that:

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

Directors' independence

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

- Not be a substantial shareholder of the Company or otherwise associated

directly or indirectly with a substantial shareholder of the Company;

- Not, within the past three years, have been employed in an executive capacity by the Company or another group member, or have been a director after ceasing to hold any such employment;
- Not, within the past three years, have been a professional adviser to the Company or Group either as a principal, a material consultant, or an employee materially associated with the service provided;
- Not be a partner in or controlling shareholder, or executive officer of a material supplier or customer of the Company or another group member, or an officer of or otherwise associated, directly or indirectly (to any significant extent), with a material supplier or customer;
- Not have a material contractual relationship with the Company or another group member other than as a director of the Company;
- Being free from any interest and any business or other relationship that could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of the Company; and
- Have the capacity to devote the necessary time to the important tasks entrusted to him/her as a director of the Company.

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

The Board agreed in 2006 that, in the absence of special circumstances, the tenure for Non-Executive Directors

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

Two Directors Mrs Karen Guerra and Dr Armin Meyer, who were appointed to the Board in April 2010 were elected by shareholders in the Company's 2010 Annual General Meeting. Mr Ernest John James Pope will retire by rotation at the 2011 AGM. Mr Pope does not intend to seek re election.

Term of office held by each Director

The term of office of each Director in office at the date of this report is outlined in the Directors' profiles on pages 18 to 20.

The role of the Chairman

The Board Charter provides that the Chairman should be an independent director and should not be the Chief Executive Officer of the Company simultaneously. The Chairman is responsible for the leadership of the Board, including taking all reasonable steps to ensure that the Board functions effectively, and for communicating the views of the Board to the public. The particular responsibilities of the Chairman are outlined in the Board Charter, and include:

- Setting the agenda for the matters to be considered at meetings of the Board;
- Managing the conduct at, and frequency and length of, Board meetings so as to provide the Board with an opportunity to have a detailed understanding of issues affecting the Company; and

- Facilitating open and constructive communications between members of the Board and encouraging their contribution to Board deliberations.

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

Nomination Committee

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

The Nomination Committee's Charter, which is available in the Corporate Governance section of the Company's website, sets out the Committee's responsibilities, which include making recommendations to the Board on the appropriate skill mix, personal qualities, expertise and diversity of each position, following the annual assessment of the Board. When a vacancy exists or there is a need for particular skills, the Committee, in consultation with the Board, determines the selection criteria based on the skills deemed necessary. The Committee identifies potential candidates with advice from an external consultant where appropriate. The Board then appoints the most suitable candidate. Board appointees must stand for election at the next Annual General Meeting of shareholders.

The Committee also makes recommendations to the Board and oversees implementation of the procedure for evaluating the Board's performance, as well as oversees and makes recommendations to the Board in

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respect of on going training requirements of Directors.

The Nomination Committee comprises three Independent Non-Executive Directors, and the Chairman of the Board is Chairman of the Committee. The names of the members as at the date of this report are set out below and further details of their profiles are set out on pages 18 to 20.

Nomination Committee:

C I Roberts (Chairman) –
Independent Non-Executive Director

G J Pizzey –
Independent Non-Executive Director

E J J Pope –
Independent Non-Executive Director

The Nomination Committee met once during the year. Attendance at meetings is disclosed on page 22.

The Board undertakes an assessment of its collective performance, the performance of the Board committees and the Chairman, on an annual basis. The Chairman meets privately with individual Directors as part of the assessment process. The results of this assessment are documented and any action plans implemented. An assessment in accordance with the established process was undertaken in June 2011. Further details of the Nomination Committee's Charter, policies and processes, including those for appointing Directors and evaluating the Board's performance, are available on the Company's website.

Individual Director's responsibilities

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

interest, and the availability of independent professional advice.

Non-Executive Directors are expected to spend a reasonable time each year preparing for and attending Board and committee meetings and associated activities.

The Directors held nine Board meetings and fourteen committee meetings during the year. The number of meetings attended by each Director is disclosed on page 22 of this report. Directors visited operational sites of the Company in addition to attending Board meetings during the year.

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

The commitments of Non-Executive Directors are considered by the Nomination Committee prior to the Directors' appointment to the Board of the Company and are reviewed each year as part of the annual performance assessment. Prior to appointment or being submitted for re election, each Non-Executive Director is required to specifically acknowledge that they have and will continue to have the time available to discharge their responsibilities to the Company.

Director induction and education

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

Independent professional advice and access to information

Each Director has the right of access to all relevant Company information and to the Company's executives and, subject to prior consultation with and approval from the Chairman, may seek independent professional advice from an adviser suitably qualified in the relevant field at the Company's expense. A copy of the advice received by the Director is made available for all other members of the Board.

The Board and the Company Secretary

The Company Secretary is accountable to the Board and the appointment or removal of the Company Secretary is a matter for the Board as a whole.

Each Director is entitled to access the advice and services of the Company Secretary. The names and details of the Company Secretaries as at the date of this report are set out on page 22.

Executive Committee

The Executive Committee's Charter sets out the responsibilities of the Executive Committee. The Charter is available on the Company's website. The Committee deals with matters referred to it by the Board or with urgent matters which may not be deferred until the next meeting of the Board. A majority of the Committee must be independent. The names of the members of the Committee as at the date of this report are set out below and further details of their profiles are set out on pages 18 to 20.

Executive Committee:

C I Roberts (Chairman) –
Independent Non-Executive Director

K N MacKenzie – Executive Director

G J Pizzey –
Independent Non-Executive Director

J G Thorn –
Independent Non-Executive Director

All other Non-Executive Directors receive the Executive Committee agendas and papers and are encouraged to attend meetings of the Executive Committee as available. The Committee met five times during the year and members' attendance at these meetings is disclosed in the table of Directors' meetings on page 22.

Principle 3: Promote ethical and responsible decision making

Conflict of interest

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

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

Code of Conduct and Ethics

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

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

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

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

Whistleblower Policy

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

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

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

Fraud Policy

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

Trading in company securities by Directors and co-workers

Amcor has a Share Trading Policy that outlines insider trading laws and limits the times when Directors, co-workers and certain associates may trade in Amcor's securities to trading windows. The trading windows are four weeks after the release of the half year results, full year results and the holding of the Annual General Meeting. Trading of securities outside the trading windows can only occur in exceptional circumstances and with the approval of the Company Secretary. Under the policy, Directors and senior executives are required to certify their compliance with the policy at the end of each financial year. The policy also prohibits Directors, co-workers and certain associates from engaging in hedging arrangements over unvested securities issued pursuant to any employee option or share plans and certain vested securities that are subject to the Minimum Shareholding Policy. The policy meets the requirements of the ASX Listing Rule on trading policies and is available in the Corporate Governance section of the Company's website.

Diversity

The ASX Principles were amended in 2010 to incorporate recommendations on diversity. Whilst disclosure against these new recommendations will not be required until Amcor's 2012 Annual Report, the ASX has encouraged companies to make an early transition. Amcor strives to ensure talent through diversity within its organisation. However due to the recent

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acquisition of the Alcan Packaging assets increasing the number of Amcor's co-workers on a global basis, Amcor's focus in the 2010/11 financial year has been to collect data in relation to diversity. Amcor will adopt and report against the new diversity recommendations in the 2012 Annual Report. Amcor has also adopted a policy on diversity, Talent through Diversity, a copy of which is available in the Corporate Governance section of Amcor's website at www.amcor.com/about_us.

Principle 4: Safeguard integrity in financial reporting

Audit and Compliance Committee

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

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

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

provides that the Committee will have the authority and resources necessary to discharge its duties and responsibilities, including meeting with the auditors without management present.

The Committee is responsible for the appointment, compensation, retention and oversight of the external auditor, including the independence of the external auditor, and review of any non-audit services provided by the external auditor. The Company and Audit and Compliance Committee policy is to review the performance of the external auditor regularly regarding quality, costs and independence. PricewaterhouseCoopers was appointed as external auditor by the shareholders in 2007. It is a Company requirement for regular rotation of audit engagement partner and PricewaterhouseCoopers has a policy of rotation at least every five years. It is the policy of the external auditor to provide an annual declaration of their independence to the Audit Committee (page 66). Fees paid to the external auditor, including a break down of fees for non-audit services, are reported in note 9 to the Financial Statements.

The Audit and Compliance Committee is required under the Charter to meet at least quarterly and otherwise as necessary. The Committee met four times during the year and Committee members' attendance records are disclosed in the table of Directors' meetings on page 22.

The external auditor met with the Audit and Compliance Committee 4 times during the year without management being present.

The names of the members of the Committee as at the date of this report are set out below and further details of their profiles are set out on pages 18 to 20.

Audit and Compliance Committee:

J G Thorn (Chairman) –
Independent Non-Executive Director

A Meyer –
Independent Non-Executive Director

E J J Pope –
Independent Non-Executive Director

C I Roberts –
Independent Non-Executive Director

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

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

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

- The Annual Report, including relevant information about the operations of the consolidated entity during the year, key financial information, changes in the state of affairs and indications of future developments. The Annual Reports for the current year and for several previous years are available under the Investor Relations section of the Amcor website.
- The half year and full year financial results are announced to the ASX and are available to shareholders via the Amcor and ASX websites.
- All announcements made to the market, and related information (including presentations to investors and information provided to analysts or the media during briefings), are made available to all shareholders under the Investor Relations section of the Amcor website after they are released to the ASX.
- A live webcast of the Chairman's address is available on the Company's website at the time of the Annual General Meeting, and an archived webcast of the Chairman's address is available in the Investor Relations section of the Amcor website, together with other Annual General Meeting materials including notices of meetings and associated explanatory material.

All ASX announcements, media releases and financial information, including those of the previous three years, are available on Amcor's website within one day of public release.

The Board encourages full participation by shareholders at the Annual General Meeting to ensure a high level of Director accountability to shareholders and shareholder identification with the Company's strategy and goals. Notices for general meetings and other communications with shareholders are drafted to ensure that they are honest, accurate and not misleading, and that the nature of the business of the meeting

is clearly stated and explained where necessary. Important issues are presented to the shareholders as single resolutions. The shareholders are requested to vote on matters such as the election and aggregate remuneration of Directors, the adoption of the Company's Remuneration Report, the granting of options and shares to Directors and changes to the Constitution. The external auditor attends the Annual General Meeting to answer any questions concerning the audit and the content of the auditor's report.

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

eTree

Amcor supports the environmental initiative eTree. Under this program, Amcor shareholders can help reduce paper usage and company costs by electing to receive all shareholder information (including the Annual Report) online. For every email address registered on www.eTree.com.au/amcor, \$2 is donated to Landcare Australia on the shareholders' behalf to support native reforestation and restoration projects in Australia and New Zealand. Amcor has already helped to facilitate the planting of more than 23,971 native trees via this initiative.

Principle 7: Recognise and manage risk

Risk Management Framework

Amcor understands and recognises that rigorous risk and opportunity management is essential for corporate stability and for sustaining its competitive market position and long term performance.

The following objectives drive Amcor's approach to risk management:

- Having a culture that is risk aware and supported by high standards of accountability at all levels

- Achieving a truly integrated risk management approach in which risk management forms part of all key organisational processes
- Supporting more effective decision making through better understanding and consideration of risk exposures
- Enhancing shareholder value through improved share price and earnings growth in the short to medium term whilst building a sustainable business for the longer term
- Improving stakeholder confidence and trust
- Enhancing organisational efficiencies
- Safeguarding the Company's assets – human, property, reputation, knowledge
- Enabling the Board to fulfil its governance and compliance requirements, and
- Supporting the sign off for ASX Principles 4 and 7 by the MD/CEO and EVP Finance/CFO

Amcor has implemented an Enterprise Risk Management (ERM) framework to improve its ability to meet the above objectives and achieve the desired outcomes. Amcor's approach incorporates the principles of effective risk management, as set out in the Global Risk Management Standard ISO31000.

In achieving effective risk management, Amcor recognises the importance of leadership. As such, the Board and senior executives have responsibility for driving and supporting risk management across the Group. Each business group then has responsibility for implementing this approach and adapting it, as appropriate, to its own circumstances. The existence of an executive level Risk Champion in each business group helps ensure a consistent approach to risk management.

ERM seeks to apply risk management across an entire organisation, and it does this so that all material risks can

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be identified, assessed and mitigated. In support of this approach the Amcor Board sets the risk appetite of the organisation to take account of safety, environment, reputation, and corporate governance risks, in addition to financial risks.

Amcor's assurance function, which includes the internal audit function, plays a key role in reviewing the effectiveness of Amcor's compliance and control systems, including risk management. Findings from reviews are communicated in formal reports to the Board and the Audit and Compliance Committee, and then appropriate action is taken to support the maintenance of a strong control environment.

A summary of Amcor's risk related policies can be found with other corporate governance policies under the Corporate Governance section of the Amcor website.

Internal control

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

Amcor's internal audit function assists the Board to ensure compliance with the internal controls and risk management programs by regularly reviewing the effectiveness of the Company's compliance and control systems. The Audit and Compliance Committee is responsible

for approving the scope of internal audit review, overseeing the performance of the internal audit team, and reporting to the Board on the status of the risk management system.

Environmental regulation

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

The Board is responsible for the regular monitoring of environmental exposures and compliance with environmental regulations. To enable it to meet its responsibilities of oversight, the Board has established an internal reporting process. Environmental performance is reported from each site up through management to the Board on a regular basis. Compliance with the requirements of environmental regulations and with specific requirements of site environmental licences was substantially achieved across all operations. Information on compliance with significant environmental regulations is set out on page 24 of the Directors' Report. The Sustainability Review on pages 14 to 17 also addresses environmental performance.

Corporate reporting

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

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

The Board has received the relevant declarations from the Managing Director and Chief Executive Officer and the Executive Vice President Finance and Chief Financial Officer in accordance with s295A of the *Corporations Act 2001* and the relevant assurances required under Recommendation 7.3 of the ASX Principles.

Principle 8: Remunerate fairly and responsibly

Human Resources Committee

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

Details of the Company's remuneration, recruitment, retention and termination policies and procedures for senior executives, and details of senior executives' remuneration and incentives are set out in the Remuneration Report, on pages 30 to 56. Information regarding the structure of Non-Executive Director remuneration, superannuation for Non-Executive Directors and the Company policy on

retirement benefits is contained in the Remuneration Report, on pages 30 to 56.

The names of the members of the Human Resources Committee as at the date of this report are set out below and further details of their profiles are set out on pages 18 to 20. The Human Resources Committee meets as and when required. The Committee met four times during the year and Committee members' attendance records are disclosed in the table of Directors' meetings on page 22.

Human Resources Committee:

G J Pizzey (Chairman) –
Independent Non-Executive Director

C I Roberts –
Independent Non-Executive Director

J L Sutcliffe –
Independent Non-Executive Director

K J Guerra –
Independent Non-Executive Director

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

Declaration

This Directors' Report is made in accordance with a resolution of the Directors, dated at Melbourne, in the State of Victoria, on 22 August 2011.



Chris Roberts
Chairman

Auditor's Independence Declaration

As lead auditor for the audit of Amcor Limited for the year ended 30 June 2011, I declare that to the best of my knowledge and belief, there have been:

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

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



Dale McKee
Partner
PricewaterhouseCoopers

Melbourne
22 August 2011

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Income Statements

For the financial year ended 30 June 2011

| \$ million | Note | 2011 | 2010 |
|---|-------|-------------------|-----------|
| Sales revenue | 2, 5 | 12,412.3 | 9,849.5 |
| Cost of sales | | (10,288.8) | (8,107.4) |
| Gross profit | | 2,123.5 | 1,742.1 |
| Other income | 5 | 257.2 | 80.9 |
| Sales and marketing expenses | | (362.9) | (333.9) |
| General and administration expenses | | (1,197.4) | (963.6) |
| Research costs | | (93.2) | (55.2) |
| Share of net profit of equity accounted investments | 16 | 39.2 | 33.5 |
| Profit from operations | | 766.4 | 503.8 |
| Finance income | 5 | 19.0 | 22.3 |
| Finance expenses | 6 | (236.1) | (205.7) |
| Net finance costs | | (217.1) | (183.4) |
| Profit before related income tax expense | | 549.3 | 320.4 |
| Income tax expense | 8 | (169.4) | (118.8) |
| Profit for the financial period | | 379.9 | 201.6 |
| Profit attributable to: | | | |
| Owners of Amcor Limited | 26(b) | 356.7 | 183.0 |
| Non-controlling interest | | 23.2 | 18.6 |
| | | 379.9 | 201.6 |
| | | Cents | Cents |
| Earnings per share for profit attributable to the ordinary equity holders of Amcor Limited | | | |
| Basic earnings per share | 10 | 291 | 15.8 |
| Diluted earnings per share | 10 | 28.7 | 15.6 |

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

Statements of Comprehensive Income

For the financial year ended 30 June 2011

| \$ million | Note | 2011 | 2010 |
|--|-------|----------------|---------|
| Profit for the financial period | | 379.9 | 201.6 |
| Other comprehensive income/(loss) | | | |
| <i>Available-for-sale financial assets</i> | | | |
| Net change in fair value of available-for-sale financial assets | 26(a) | - | 2.2 |
| Net change in fair value of available-for-sale financial assets reclassified to profit or loss | 26(a) | - | (2.6) |
| <i>Cash flow hedges</i> | | | |
| Effective portion of changes in fair value of cash flow hedges | 26(a) | 9.6 | (166.3) |
| Net change in fair value of cash flow hedges reclassified to profit or loss | 26(a) | (4.7) | 14.5 |
| Net change in fair value of cash flow hedges reclassified to non-financial assets | 26(a) | - | 158.3 |
| Tax on cash flow hedges | 26(a) | 0.1 | (0.4) |
| <i>Exchange differences on translating foreign operations</i> | | | |
| Exchange differences on translation of foreign operations | | (554.3) | (633.3) |
| Net investment hedge of foreign operations | | 198.5 | 283.9 |
| Exchange differences on translating foreign operations reclassified to profit or loss | 26(a) | (2.2) | 0.2 |
| Share of associates exchange fluctuation reserve | | 5.3 | (50.5) |
| Tax on exchange differences on translating foreign operations | 26(a) | (43.4) | 6.1 |
| <i>Retained earnings</i> | | | |
| Actuarial gain/(loss) on defined benefit plans | | 9.3 | (103.3) |
| Tax on actuarial gains/(losses) on defined benefit plans | | (11.6) | 27.6 |
| Other comprehensive loss for the financial period, net of tax | | (393.4) | (463.6) |
| Total comprehensive loss for the financial period | | (13.5) | (262.0) |
| Total comprehensive (loss)/income attributable to: | | | |
| Owners of Amcor Limited | | (23.8) | (260.8) |
| Non-controlling interest | | 10.3 | (1.2) |
| | | (13.5) | (262.0) |

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

Statements of Financial Position

As at 30 June 2011

| \$ million | Note | 2011 | 2010 |
|---|-------|-----------------|-----------------|
| Current assets | | | |
| Cash and cash equivalents | 11 | 224.4 | 267.1 |
| Trade and other receivables | 12 | 1,739.9 | 1,695.2 |
| Inventories | 13 | 1,583.7 | 1,469.0 |
| Other financial assets | 14 | 6.2 | 22.8 |
| Other current assets | 15 | 106.1 | 91.6 |
| Total current assets | | 3,660.3 | 3,545.7 |
| Non-current assets | | | |
| Investments accounted for using the equity method | 16 | 442.2 | 464.2 |
| Other financial assets | 14 | 46.2 | 35.3 |
| Property, plant and equipment | 17 | 4,497.3 | 4,800.6 |
| Deferred tax assets | 18 | 132.8 | 220.6 |
| Intangible assets | 19 | 1,881.5 | 1,835.5 |
| Retirement benefit assets | 24 | 64.2 | 5.3 |
| Other non-current assets | 15 | 199.8 | 210.1 |
| Total non-current assets | | 7,264.0 | 7,571.6 |
| Total assets | | 10,924.3 | 11,117.3 |
| Current liabilities | | | |
| Trade and other payables | 20 | 2,560.0 | 2,464.6 |
| Interest-bearing liabilities | 21 | 356.2 | 1,378.7 |
| Other financial liabilities | 22 | 22.8 | 23.8 |
| Current tax liabilities | | 87.0 | 76.1 |
| Provisions | 23 | 324.5 | 271.7 |
| Total current liabilities | | 3,350.5 | 4,214.9 |
| Non-current liabilities | | | |
| Trade and other payables | 20 | 15.9 | 30.2 |
| Interest-bearing liabilities | 21 | 3,063.6 | 1,932.5 |
| Other financial liabilities | 22 | 0.1 | 2.3 |
| Deferred tax liabilities | 18 | 244.3 | 255.6 |
| Provisions | 23 | 211.6 | 211.2 |
| Retirement benefit obligations | 24 | 289.7 | 346.7 |
| Total non-current liabilities | | 3,825.2 | 2,778.5 |
| Total liabilities | | 7,175.7 | 6,993.4 |
| NET ASSETS | | 3,748.6 | 4,123.9 |
| Equity | | | |
| Contributed equity | 25 | 4,070.4 | 4,029.8 |
| Reserves | 26(a) | (1,015.2) | (657.1) |
| Retained profits | 26(b) | 633.2 | 695.2 |
| Total equity attributable to the owners of Amcor Limited | | 3,688.4 | 4,067.9 |
| Non-controlling interest | | 60.2 | 56.0 |
| TOTAL EQUITY | | 3,748.6 | 4,123.9 |

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

Statements of Changes in Equity

For the financial year ended 30 June 2011

| \$ million | Note | Contributed equity | Reserves | Retained profits | Total attributable to owners of Amcor | Non-controlling interest | Total equity |
|--|--------|--------------------|------------------|------------------|---------------------------------------|--------------------------|----------------|
| Balance at 1 July 2010 | 25, 26 | 4,029.8 | (657.1) | 695.2 | 4,067.9 | 56.0 | 4,123.9 |
| Profit for the financial period | | - | - | 356.7 | 356.7 | 23.2 | 379.9 |
| Total other comprehensive income | 26 | - | (378.2) | (2.3) | (380.5) | (12.9) | (393.4) |
| Total comprehensive income for the financial period | | - | (378.2) | 354.4 | (23.8) | 10.3 | (13.5) |
| Transactions with owners in their capacity as owners: | | | | | | | |
| Contributions of equity, net of transaction costs | 25 | 40.6 | - | - | 40.6 | 9.7 | 50.3 |
| Dividends paid | 27 | - | - | (416.7) | (416.7) | (15.8) | (432.5) |
| Settlement of performance rights | | - | (8.1) | - | (8.1) | - | (8.1) |
| Share-based payments option expense | 26 | - | 28.2 | - | 28.2 | - | 28.2 |
| Non-controlling interest buy-out | 26 | - | - | 0.3 | 0.3 | - | 0.3 |
| Balance at 30 June 2011 | 25, 26 | 4,070.4 | (1,015.2) | 633.2 | 3,688.4 | 60.2 | 3,748.6 |
| Balance at 1 July 2009 | 25, 26 | 2,440.3 | (311.5) | 883.8 | 3,012.6 | 63.0 | 3,075.6 |
| Profit for the financial period | | - | - | 183.0 | 183.0 | 18.6 | 201.6 |
| Total other comprehensive income | 26 | - | (368.1) | (75.7) | (443.8) | (19.8) | (463.6) |
| Total comprehensive income for the financial period | | - | (368.1) | 107.3 | (260.8) | (1.2) | (262.0) |
| Transactions with owners in their capacity as owners: | | | | | | | |
| Contributions of equity, net of transaction costs | 25 | 1,589.5 | - | - | 1,589.5 | 1.9 | 1,591.4 |
| Dividends paid | 27 | - | - | (295.9) | (295.9) | - | (295.9) |
| Dividends paid to non-controlling interests | | - | - | - | - | (7.7) | (7.7) |
| Share-based payments option expense | 26 | - | 22.5 | - | 22.5 | - | 22.5 |
| Balance at 30 June 2010 | 25, 26 | 4,029.8 | (657.1) | 695.2 | 4,067.9 | 56.0 | 4,123.9 |

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

Cash Flow Statements

For the financial year ended 30 June 2011

| \$ million | Note | 2011 | 2010 |
|--|------|----------------|-----------|
| Cash flows from operating activities | | | |
| Profit for the financial period | | 3799 | 201.6 |
| Depreciation | 17 | 471.5 | 424.8 |
| Amortisation of intangible assets | 19 | 39.5 | 29.9 |
| Impairment losses on property, plant and equipment, receivables and inventory | | 14.3 | 4.8 |
| Reversal of impairment losses on property, plant and equipment, receivables and inventory | | (4.1) | (1.4) |
| Non-cash retirement benefit expense | | 18.1 | 31.4 |
| Net finance costs | | 217.1 | 183.4 |
| Grant income recognised | 5 | (9.5) | (1.6) |
| Net (gain)/loss on disposal of non-current assets | 5, 6 | (17.4) | 1.8 |
| Net gain on disposal of equity accounted investments | | - | (0.6) |
| Fair value loss/(gain) on other financial assets at fair value through income statement | 5, 6 | 0.3 | (0.9) |
| Share of net profits of associates | 16 | (39.2) | (33.5) |
| Net foreign exchange loss | | 3.6 | 16.0 |
| Dividends from other entities | 5 | (0.4) | (0.6) |
| Non-cash significant items | | (60.0) | 19.2 |
| Other sundry items | | 37.3 | 33.4 |
| Income tax expense | 8 | 169.4 | 118.8 |
| Operating cash flows before changes in working capital and provisions | | 1,220.4 | 1,026.5 |
| - Increase in prepayments and other operating assets | | (49.9) | (33.7) |
| - Decrease in employee benefits and other operating liabilities | | (63.2) | (56.7) |
| - Increase in provisions | | 43.8 | 56.2 |
| - Increase in trade and other receivables | | (24.7) | (113.4) |
| - Increase in inventories | | (233.7) | (137.0) |
| - Increase in trade and other payables | | 231.3 | 310.6 |
| | | 1,124.0 | 1,052.5 |
| Dividends received | | 15.8 | 3.4 |
| Interest received | | 11.4 | 25.6 |
| Borrowing costs | | (217.3) | (208.8) |
| Income tax paid | | (148.1) | (88.6) |
| Net cash from operating activities | | 785.8 | 784.1 |
| Cash flows from investing activities | | | |
| (Granting)/repayment of loans by associated companies and other persons | | (1.4) | 3.4 |
| Payments for acquisition of controlled entities, businesses and associates, net of cash acquired | | (472.4) | (2,454.5) |
| Payments for property, plant and equipment and intangible assets | | (623.5) | (501.5) |
| Proceeds on disposal of associates, controlled entities and businesses | | 148.7 | 8.8 |
| Proceeds on disposal of property, plant and equipment | | 78.8 | 26.2 |
| Net cash from investing activities | | (869.8) | (2,917.6) |

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

Cash Flow Statements

For the financial year ended 30 June 2011

| \$ million | Note | 2011 | 2010 |
|---|------|--------------|----------------|
| Cash flows from financing activities | | | |
| Proceeds from share issues and calls on partly-paid shares | | 32.5 | 1,570.6 |
| Settlement of performance rights | | (11.8) | – |
| Proceeds on capital contribution from non-controlling interest | | 3.2 | 2.0 |
| Proceeds from borrowings | | 7,750.9 | 7,183.0 |
| Repayment of borrowings | | (7,205.7) | (6,161.6) |
| Principal lease repayments | | (2.1) | (4.5) |
| Dividends and other equity distributions paid | | (433.0) | (286.2) |
| Net cash from financing activities | | 134.0 | 2,303.3 |
| Net increase in cash held | | | |
| Cash and cash equivalents at the beginning of the financial period | | 202.4 | 57.3 |
| Effects of exchange rate changes on cash and cash equivalents | | (55.1) | (24.7) |
| Cash and cash equivalents at the end of the financial period⁽¹⁾ | | 197.3 | 202.4 |

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

Reconciliation of cash and cash equivalents

For purposes of the Cash Flow Statements, 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 Statements is reconciled to the related items in the Statements of Financial Position as follows:

| | | | |
|----------------------------------|----|--------------|--------------|
| Cash assets and cash equivalents | 11 | 224.4 | 267.1 |
| Bank overdrafts | 21 | (27.1) | (64.7) |
| | | 197.3 | 202.4 |

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

Notes to the Financial Statements

30 June 2011

Note 1. Summary of Significant Accounting Policies

Ancor Limited ('the Company') is a company domiciled in Australia. The Financial Report includes financial statements of the Company and its subsidiaries (together referred to as 'the consolidated entity') and the consolidated entity's interest in associates.

The principal accounting policies adopted in the preparation of this Financial Report are set out below. These policies have been consistently applied to all the periods presented in these consolidated financial statements by the consolidated entity.

(a) Basis of preparation

Statement of compliance

This general purpose Financial Report for the year ended 30 June 2011 has been prepared in accordance with Australian Accounting Standards (AASBs), including Australian Accounting Interpretations, adopted by the Australian Accounting Standards Board (AASB) and with the *Corporations Act 2001*. The Financial Report of the consolidated entity complies with the International Financial Reporting Standards (IFRSs) and Interpretations adopted by the International Accounting Standards Board (IASB).

The Company is of the kind referred to in the Australian Securities and Investments Commission Class Order 98/0100 dated 10 July 1998. In accordance with that Class Order, amounts in this Financial Report have been rounded to the nearest \$100,000 or, where the amount is \$50,000 or less, zero, unless specifically stated otherwise.

The financial statements were approved by the Board of Directors on 22 August 2011.

Basis of measurement

The consolidated financial statements have been prepared under the historical cost convention except for available-for-sale financial assets, derivative financial instruments and financial instruments at fair value through profit or loss which are measured at fair value, refer note 1(j).

Comparative presentation

In the preparation of this Financial Report, the comparative amounts in the following statements and notes have been restated to conform to the current period presentation:

- Statements of Comprehensive Income
- Statements of Financial Position
- Statements of Changes in Equity
- Note 2 – Segment Information
- Note 7 – Significant Items
- Note 8 – Income Tax Expense
- Note 12 – Trade and Other Receivables
- Note 15 – Other Assets
- Note 24 – Retirement Benefit Assets and Obligations
- Note 26 – Reserves and Retained Earnings
- Note 28 – Financial Risk Management
- Note 29 – Share-Based Payments

Critical accounting estimates and assumptions

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

Estimates and judgements are evaluated on an ongoing basis and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The actual result may differ

from these accounting estimates. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

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

- the testing for impairment of assets – refer note 1(p), notes 16, 17 and 19;
- measurement of the recoverable amounts of cash-generating units containing goodwill – refer notes 1(o), 1(p) and note 19;
- direct and indirect income tax related assumptions and estimates, including utilisation of tax losses – refer note 1(i), notes 18 and 32;
- measurement of defined benefit obligations – refer note 1(t) and note 24;
- measurement of share-based payments – refer note 1(s) and note 29;
- valuation of financial instruments – refer note 1(j) and note 28; and
- the provisioning for restructuring and market sector rationalisation costs – refer note 1(r), notes 6 and 23.

(b) Principles of consolidation

Subsidiaries

Subsidiaries are all those entities that are controlled by the consolidated entity. Control exists where the consolidated entity has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities, generally accompanying a shareholding of more than 50% of the voting rights. In assessing control, the existence and effect of potential voting rights that are presently exercisable or convertible are considered.

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

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the consolidated entity (refer to note 1(d)).

Associates

Associates are those entities over which the consolidated entity has significant influence, but not control or joint control, to govern the financial and operating policies.

After initially being recognised at cost, the consolidated entity accounts for investments in associates using the equity method. From the date that significant influence commences, the consolidated entity recognises its share of the associates' profits or losses in the income statement, and its share of movements in other comprehensive income is recognised in other comprehensive income until the date that significant influence ceases. These cumulative movements are adjusted against the carrying amount of the investment. Dividends receivable from associates are recognised as a reduction in the carrying amount of the investment.

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

(c) Foreign currency translation

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

Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currency of the entity using exchange rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency of the entity holding the monetary assets and liabilities at the foreign exchange rate at that date. Foreign exchange gains and losses arising from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges, refer note 1(j).

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

Foreign operations

The results and financial position of all entities within the consolidated entity that have a functional currency different from the presentation currency are translated into Australian dollars as follows:

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

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

Hedge of net investment in foreign operation

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

Notes to the Financial Statements

30 June 2011

Note 1. Summary of Significant Accounting Policies (continued)

(d) Business combinations

The acquisition method of accounting is used to account for all business combinations regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being

the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

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

(e) Revenue

Sale of goods

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns, allowances and discounts. Revenue is recognised when the risks and rewards of ownership have transferred to the customer. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, the costs incurred or to be incurred cannot be measured reliably, there is risk of return of goods or there is continuing management involvement with the goods.

Dividend income

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

(f) Government grants

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

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

(g) 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.

(h) Net finance costs

Net finance costs include interest income and expense, amortisation of discounts or premiums relating to borrowings, interest costs related to defined benefit pension plans, amortisation of ancillary costs incurred in connection with the arrangement of borrowings, lease finance charges and the unwinding discount on provision balances.

Interest income and borrowing costs are recognised as they accrue using the effective interest rate method.

Financing costs are brought to account in determining profit for the year, except to the extent the financing costs 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.

(i) Income tax

General

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the

extent that it relates to items recognised directly in equity or in other comprehensive income, in which case it is recognised directly in equity or in other comprehensive income respectively.

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

Deferred tax is recognised using the balance sheet method in which temporary differences are calculated based on the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill; the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit; and differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied when the temporary difference reverses, that is, when the asset is realised or the liability is settled, based on the laws that have been enacted or substantively enacted at the reporting date.

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

Current tax assets and liabilities are offset where the consolidated entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset and when the deferred tax balances relate to the same taxation authority.

Use of estimates and judgements

The consolidated entity is subject to income taxes in Australia and foreign jurisdictions and as a result significant judgement is required in determining the consolidated entity's provision for income tax. There are many transactions and calculations relating to the ordinary course of business for which the ultimate tax determination is uncertain. The consolidated entity recognises liabilities for potential tax audit issues based on management's estimate of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, these differences impact the current and deferred tax provisions in the period in which such determination is made.

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

Goods and services tax/value added tax

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

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

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

(j) Financial instruments

Non-derivative financial instruments

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

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

Notes to the Financial Statements

30 June 2011

Note 1. Summary of Significant Accounting Policies (continued)

(j) Financial instruments (continued)

Non-derivative financial instruments (continued)

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

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

(i) Cash and cash equivalents

Cash and cash equivalents include cash on hand and at bank, short term deposits and short-term money market investments. Bank overdrafts are shown within interest-bearing liabilities in current liabilities on the statements of financial position, refer notes 11 and 21.

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

(ii) Trade receivables, loans and other receivables

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest rate method, less any impairment losses, refer note 12.

The collectability of trade and other receivables is reviewed on an ongoing basis. Individual debts which are known to be uncollectible are written off when identified. An impairment provision is recognised when there is objective

evidence that the consolidated entity will be unable to collect amounts due, according to the original terms of the receivables. Financial difficulty of the debtor, default in payments and the probability that the debtor will enter bankruptcy are considered indicators that a trade receivable is impaired. Where it is considered unlikely that the full amount of the receivable will be collected, a provision is raised for the amount that is doubtful.

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

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

(iii) Investments in equity securities

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

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

(iv) Trade and other payables

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

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

(v) Interest-bearing liabilities

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

Eurobond notes and US dollar notes are carried at amortised cost, translated at exchange rates ruling at reporting date. Any difference between amortised cost and their amount at maturity is recognised in the income statement over the period of the borrowing using the effective interest rate method.

Derivative financial instruments

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

Derivative financial instruments are recognised initially at fair value on the date the instrument is entered into. Subsequent to initial recognition, derivative financial

instruments are remeasured to fair value. The gain or loss on remeasurement to fair value is recognised immediately in the income statement unless the derivative is designated and is effective as a hedging instrument, in which event, the timing and the recognition of profit or loss depends on the nature of the hedging relationship. The consolidated entity designates certain derivatives either as: hedges of the exposure to fair value changes in recognised assets or liabilities or firm commitments (fair value hedges); hedges of the exposure to variability in cash flows attributable to a recognised asset or liability or highly probable forecast transaction (cash flow hedges); or hedges of net investments in foreign operations (net investment hedges). The fair value of various derivative financial instruments used for hedging purposes are disclosed in note 28.

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

Derivative instruments are classified as non-current assets or liabilities when the remaining maturity of the hedged item is greater than 12 months; and are classified as current assets or liabilities when the remaining maturity is less than 12 months. Trading derivatives are classified as a current asset or liability.

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

(i) Fair value hedge

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

(ii) Cash flow hedge

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

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

When a hedging instrument expires or is sold, terminated or exercised, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

(iii) Net investment in a foreign operation

Where effective, foreign exchange differences relating to foreign currency transactions hedging a net investment in a foreign operation, together with any related income tax, are transferred to the exchange fluctuation reserve on consolidation. The ineffective portion is recognised in the income statement.

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

Embedded derivatives

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

(k) Equity

Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or the exercise of options are recognised as a deduction from equity, net of any related income tax benefit. Incremental costs directly attributable to the issue of new shares for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

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

Notes to the Financial Statements

30 June 2011

Note 1. Summary of Significant Accounting Policies (continued)

(k) Equity (continued)

Reserves

(i) Available-for-sale revaluation reserve

Changes in the fair value of investments, such as equities and available-for-sale financial assets, are taken to the revaluation reserve, as described in note 1(j)(iii).

Amounts are recognised in the income statement when the associated asset is disposed of or impaired.

(ii) Cash flow hedge reserve

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

(iii) Share-based payments reserve

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

(iv) Exchange fluctuation reserve

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

(l) Inventories

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

loss on qualifying cash flow hedges of foreign currency purchases of inventories.

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

(m) Property, plant and equipment

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the consolidated entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial year in which they are incurred.

Property, plant and equipment, excluding freehold land, are depreciated at rates based upon their expected useful lives using the straight-line method. Land is not depreciated. Depreciation rates used for each class of asset for the current and comparative periods are as follows:

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

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

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

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

(n) Leased assets

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

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

(o) Intangible assets

Goodwill

Goodwill arises on the acquisition of subsidiaries and associates and represents the difference between the cost of a business combination over the consolidated entity's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities acquired. When the excess is negative it is recognised immediately in profit or loss.

Goodwill is not amortised; instead goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units for the purpose of impairment testing, refer note 19.

In respect of equity accounted investments, the carrying amount of goodwill is included in the carrying amount of the investment.

Other intangible assets

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

(i) Product development

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

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

Capitalised development expenditure is amortised on a straight-line basis over the period of time during which the benefits are expected to arise, typically not exceeding 10 years.

(ii) Computer software

Expenditure on significant commercial development, including major software applications and associated systems, is capitalised and amortised on a straight-line basis over the period of time during which the benefits are expected to arise, typically between three to 10 years.

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

Where software is internally generated, only the costs incurred in the development phase are capitalised and these are amortised on a straight-line basis over the period of time during which the benefits are expected to arise, typically a period not exceeding 10 years. Software costs which are incurred in the research phase are expensed.

(iii) Customer relationships

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

(p) Impairment

Non-financial assets

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

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

In testing for impairment, the recoverable amount is estimated for an individual asset or, if it is not possible to estimate the recoverable amount for the individual asset, the recoverable amount of the cash-generating unit (CGU) to which the asset belongs. CGUs are the smallest identifiable group of assets that generate cash flows that are largely independent from the cash flows of other assets or group of assets. Each CGU is no larger than an operating segment.

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

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

Notes to the Financial Statements

30 June 2011

Note 1. Summary of Significant Accounting Policies (continued)

(p) Impairment (continued)

Financial assets

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

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

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

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

Use of estimates and judgements

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

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

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

(q) Financial guarantee contracts

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

initially recognised less cumulative amortisation.

The fair value of the financial guarantee is determined as the present value of the difference in net cash flows between the contractual payments under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligation.

(r) Provisions

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

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

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

Asset restoration and decommissioning

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

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

Insurance and other claims

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

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

Onerous contracts

A provision for onerous contracts is recognised when the expected benefits to be derived by the consolidated entity from a contract are lower than the unavoidable costs of meeting the obligations under the contract. The provision is measured as the lower of the cost of fulfilling the contract and any compensation or penalties arising from the failure to fulfil it and is recognised only in respect of the onerous element of the contract. Where the effect of discounting is material, the provision is discounted to its present value.

Restructuring

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

Where a restructuring plan includes the termination of employees before normal retirement date, or when an employee accepts voluntary redundancy, the consolidated entity recognises a provision for redundancy when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal. Payments falling due greater than 12 months after reporting date are discounted to present value.

(s) Employee benefits

Wages, salaries, annual leave and sick leave

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

Long service leave

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

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

Profit sharing and bonus plans

A liability and an expense is recognised for profit sharing and bonus plans, including benefits based on the future value of equity instruments and benefits under plans, allowing the consolidated entity to settle in either cash or shares. Entitlements under the Employee Bonus Payment Plan (EBPP) are estimated and accrued at the end of the financial reporting period.

Share-based payments

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

The fair value of options granted is recognised as an employee benefit expense in the income statement with a corresponding increase in the share-based payments reserve in equity and is spread over the vesting period during which the employees become unconditionally entitled to the options. The fair value is measured at grant date taking into account market performance conditions, but excludes the impact of any non-market vesting conditions (e.g. profitability and sales growth targets). Non-market vesting conditions are included in the assumptions about the number of options that are expected to be exercisable. The fair value of options granted is measured using the Black Scholes option pricing model that takes into account the exercise price, term of the option, impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

Notes to the Financial Statements

30 June 2011

Note 1. Summary of Significant Accounting Policies (continued)

(s) Employee benefits (continued)

Share-based payments (continued)

At each reporting period the fair value of the options granted is adjusted to reflect market vesting conditions, including revising the estimate of the number of options that are expected to become exercisable. Any impact to the revision of an original estimate is recognised in the income statement with a corresponding adjustment to the share-based payment reserve. The employee expense, recognised each period, reflects the most recent estimate.

Upon exercise of the options, the balance of the share-based payments reserve, relating to those options, is transferred to share capital.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share (see note 10).

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

When the Company grants options 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.

(t) Retirement benefit obligations

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the consolidated entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to

pay further amounts. Obligations for contributions to defined contribution funds are recognised as an expense in the income statement as they become payable.

Defined benefit plans

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

Past service costs are recognised immediately in the income statement, unless the changes to the defined benefit plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past service costs are amortised on a straight-line basis over the vesting period. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited directly to other comprehensive income.

Future taxes that are funded by the entity and are part of the provision of the existing benefit obligation (e.g. taxes on investment income and employer contributions) are taken into account in measuring the net liability or asset.

Curtailments are events that materially change the liabilities relating to a plan that are not covered by normal actuarial assumptions. A curtailment is recognised when an entity is demonstrably committed to make a significant reduction in number of employees covered by a plan or where a plan is amended to reduce benefits for future service.

A curtailment gain or loss requires a before and after measurement of the net retirement benefit asset or obligation (being the present value of the defined obligation less fair value of plan assets). Curtailment gains or losses are recognised immediately in the income statement net of associated curtailment expenses.

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

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

Use of estimates and judgements

In determining the liability or asset that the consolidated entity recognises in the statement of financial position in respect of defined benefit obligations and other post-retirement plans, the main categories of assumptions used in the valuations include: discount rate; rate of inflation; expected return on plan assets; future salary increases; and medical cost trend rates (in the case of the post-retirement health plans). Refer to note 24 for details of the key assumptions used this financial year in accounting for these plans. The assumptions made have a significant impact on the calculations and any adjustments arising thereon.

If the discount rate were to differ by 10% from management's estimates, the carrying amount of defined benefit obligations would be an estimated \$75.6 million lower or \$123.6 million higher, which would be recognised directly in other comprehensive income. A one-half percentage point increase in the actuarial assumption regarding the expected return on plan assets would result in a decrease of \$16.2 million in the defined benefit expense/obligation while a one-half percentage point decrease would result in an increase of \$14.5 million in the defined benefit expense/obligation for the year ended 30 June 2011 which would be recognised directly in other comprehensive income as an actuarial gain/loss. In addition, changes in external factors, including fair values of plan assets, could result in possible future changes to the amount of the defined benefit obligations recognised in the statement of financial position.

(u) Discontinued operations

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

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

(v) Earnings per share (EPS)

The consolidated entity presents basic and diluted earnings per share (EPS) data for its ordinary shares.

Basic earnings per share

Basic EPS is calculated by dividing the net profit attributable to ordinary shareholders of the Company for the reporting period, by the weighted average number of ordinary shares of the Company for the reporting period, adjusted for any bonus issue.

Diluted earnings per share

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

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

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

(w) Fair value estimation

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

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

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

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

(x) New accounting standards and interpretations not yet adopted

The following new or amended accounting standards and interpretations issued by the AASB have been identified as those which may impact the consolidated entity in the period of initial application. They are available for early adoption at 30 June 2011, but have not been applied in preparing this Financial Report:

Notes to the Financial Statements

30 June 2011

Note 1. Summary of Significant Accounting Policies (continued)

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

- AASB 9 *Financial Instruments*, AASB 2009-11 *Amendments to Australian Accounting Standards arising from AASB 9* (December 2009) and AASB 2010-7 *Amendments to Australian Accounting Standards arising from AASB 9* (December 2010) address the classification and measurement of financial instruments and may affect the consolidated entity's accounting for its financial instruments. The amendments are mandatory for the consolidated entity's 30 June 2014 financial statements. The potential effect of the amending standards on the financial results of the consolidated entity upon adoption has yet to be determined.
- AASB 2009-14 *Amendments to Australian Interpretation – Prepayments of Minimum Funding Requirement* (December 2009) amends Interpretation 14 *The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*. Under the amendments to Interpretation 14, if the consolidated entity does not have an unconditional right to a refund or surplus that arises in a plan, such a prepayment would only be recognised as an asset on the basis that the entity has a future economic benefit from the prepayment in the form of reduced cash outflows in future years in which the minimum funding requirement payments would otherwise be required. The amendment is mandatory for the consolidated entity's 30 June 2012 financial statements. The potential effect of the amending standards on the financial results of the consolidated entity upon adoption has yet to be determined.

- AASB 2010-4 *Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project* (June 2010) makes amendments to a number of standards:

- AASB 7 – Clarification of disclosures;
- AASB 101 – Clarification of statement of changes in equity;
- AASB 134 – Significant events and transactions; and
- Interpretation 13 – Fair value of award credits.

The amendments will become mandatory for the consolidated entity's 30 June 2012 financial statements. The potential effect of the amending standard on the financial results of the consolidated entity upon adoption has yet to be determined.

- Revised AASB 124 *Related Party Disclosures* (December 2009) simplifies and clarifies the definition of a related party, in particular:

- entities significantly influenced by one person and entities significantly influenced by a close member of the family of that person are no longer related parties; and
- whenever a person or entity has joint control over a second entity and joint control or significant influence over a third party, the second and third party are related to each other.

AASB 124 will become applicable to the consolidated entity for the 30 June 2012 financial year and its application is not expected to have any impact upon the financial results of the consolidated entity.

- AASB 2010-6 *Amendments to Australian Accounting Standards – Disclosure on Transfers of Financial Assets* (November 2010) adds and amends disclosure requirements about transfers of financial assets in respect of the nature

of the financial assets involved and the risks associated with them. The amendment will become mandatory for the consolidated entity's 30 June 2012 financial statements. As the change impacts only presentation and disclosure aspects of the consolidated financial statements, its application is not expected to have any impact on the financial results of the consolidated entity.

(y) Parent entity financial information

The financial information for the parent entity Amcor Limited, disclosed in note 36, has been prepared on the same basis as the consolidated financial statements, except as set out below:

Investments in subsidiaries

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

Tax consolidation regime

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

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

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

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

Nature of tax funding agreement

The Company, as the head entity of the tax-consolidated group, in conjunction with the other members of the tax-consolidated group, has entered into a tax funding agreement which sets out the funding obligations of members of the tax-consolidated group in respect of tax amounts. The tax funding agreement requires payment to/from the head entity equal to the current tax liability/asset assumed by the head entity, resulting in the head entity recognising an intercompany receivable/payable equal to the amount of the tax liability/asset assumed.

The agreement requires wholly-owned subsidiaries to make contributions to the Company for tax liabilities arising from external transactions during the year. The contributions are calculated as if each subsidiary continued to be a stand alone taxpayer in its own right. The contributions are payable annually and reflect the timing of the head entity's obligation to make payments for tax liabilities to the relevant tax authority.

Financial guarantee contracts

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

Note 2. Segment Information

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

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

(a) Description of segments

Reporting segments

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

Amcor Rigid Plastics

This segment manufactures rigid plastic containers from various materials for a broad range of predominantly beverage and food products, including carbonated soft drinks, water, juices, sports drinks, milk-based beverages, spirits and beer, sauces, dressings, spreads and personal care items and plastic caps for a wide variety of applications.

Amcor Australasia and Packaging Distribution

This segment manufactures a wide range of products including corrugated boxes, cartons, folding cartons, aluminium beverage cans, plastic and metal closures, glass wine bottles, multi-wall sacks, cartonboard, paper and recycled paper. The distribution operations of this segment purchases, warehouses, sells and delivers a

wide variety of packaging and related products.

Amcor Flexibles

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

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

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

Other/Investments

This segment holds the consolidated entity's associate investment in AMVIG Holdings Limited (AMVIG). AMVIG is principally involved in the manufacture of tobacco packaging. In addition to holding the investment in AMVIG, this segment also includes the Specialty Packaging operations acquired as part of the Alcan Packaging acquisition which manufactures glass tubing and specialty cartons and the Corporate function.

Notes to the Financial Statements

30 June 2011

Note 2. Segment Information

(continued)

(a) Description of segments (continued)

Geographic segments

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

Australia

The areas of operations are principally corrugated boxes, cartons, folding cartons; aluminium beverage cans and household products; flexible packaging; plastic and metal closures; glass wine bottles; multi-wall sacks; cartonboard; paper and paper recycling.

United States of America

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

Singapore

This country includes the consolidated entity's associate investment in AMVIG Holdings Limited (AMVIG), a company listed on the Hong Kong Stock Exchange that manufactures tobacco packaging from its production facilities in China. The consolidated entity also has manufacturing facilities that manufacture both flexible and tobacco packaging in Singapore.

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

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

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

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

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

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

(c) Segment information provided to the CET

The following segment information was provided to the CET for the reporting segments for the financial years ended 30 June 2011 and 30 June 2010:

| | Amcor Australasia and | | | | | | Consolidated | |
|---|-----------------------------|---------|---------------------------|---------|--------------------|-----------|--------------|-----------------------|
| | Amcor Rigid Plastics | | Packaging Distribution | | Amcor Flexibles | | | Other/ Investments |
| \$ million | 2011 | 2010 | 2011 | 2010 | 2011 | 2010 | 2011 | 2010 |
| Reportable segment revenue | | | | | | | | |
| Revenue from external customers | 3,142.3 | 2,576.5 | 2,830.9 | 2,786.6 | 6,294.3 | 4,407.9 | 144.8 | 78.5 |
| Inter-segment revenue | - | 14 | 5.2 | 13.6 | 154 | 13.9 | - | - |
| Total reportable segment revenue | 3,142.3 | 2,577.9 | 2,836.1 | 2,800.2 | 6,309.7 | 4,421.8 | 144.8 | 78.5 |
| Reportable segment profit/(loss) | | | | | | | | |
| Profit/(loss) before depreciation, amortisation, interest, related income tax expense and significant items | 410.8 | 375.4 | 280.2 | 284.3 | 842.0 | 563.2 | (18.8) | (90) |
| Depreciation and amortisation | (168.0) | (162.6) | (120.5) | (123.1) | (221.5) | (166.1) | (1.0) | (2.9) |
| Profit/(loss) before interest, related income tax expense and significant items | 242.8 | 212.8 | 159.7 | 161.2 | 620.5 | 397.1 | (19.8) | (11.9) |
| Significant items before related income tax expense | (32.8) | (41.9) | (70.5) | (2.9) | (87.3) | (72.2) | (46.2) | (138.4) |
| Profit/(loss) before interest and related income tax expense | 210.0 | 170.9 | 89.2 | 158.3 | 533.2 | 324.9 | (66.0) | (150.3) |
| Share of net profits of associates | 10 | (0.5) | - | - | 1.0 | 0.3 | 37.2 | 33.7 |
| Other material non-cash items | | | | | | | | |
| Impairment losses – trade receivables | - | 0.3 | (2.2) | (1.5) | (0.5) | 0.8 | - | (0.1) |
| Impairment losses – inventories | (0.4) | - | (4.2) | (1.4) | (2.6) | (0.7) | - | - |
| Impairment losses on property, plant and equipment and other non-current assets | (12.6) | (91) | (50.0) | (0.1) | (91) | (174) | - | (2.9) |
| Reversal of impairment losses on property, plant and equipment | - | - | - | - | - | 0.7 | 0.6 | - |
| Acquisition of property, plant and equipment and intangibles | 172.1 | 131.0 | 281.3 | 221.3 | 159.0 | 141.2 | 11.1 | 8.0 |
| Receivables | 328.0 | 324.5 | 353.9 | 364.2 | 936.0 | 989.5 | 59.0 | 99.1 |
| Inventory | 432.8 | 342.5 | 389.2 | 341.6 | 761.7 | 760.8 | - | 24.1 |
| Payables | (713.1) | (605.6) | (464.3) | (426.1) | (1,266.9) | (1,275.9) | (76.7) | (115.4) |
| Working capital | 477 | 614 | 278.8 | 279.7 | 430.8 | 474.4 | (177) | 78 |
| Average funds invested | 1,822.9 | 1,666.7 | 1,591.9 | 1,604.6 | 3,045.3 | 2,302.7 | 637.4 | 555.7 |
| Investment in associates | 2.7 | 2.2 | - | - | 5.2 | 5.0 | 434.3 | 457.0 |
| | | | | | | | 442.2 | 464.2 |

Notes to the Financial Statements

30 June 2011

Note 2. Segment Information (continued)

(d) Other segment information

(i) Segment revenue

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

Segment revenue reconciles as follows:

| \$ million | 2011 | 2010 |
|--|-----------------|----------------|
| Reporting segment revenue | | |
| Total reporting segment revenue | 12,432.9 | 9,878.4 |
| Elimination of inter-segment revenue | (20.6) | (28.9) |
| Other income | 257.2 | 80.9 |
| Finance income | 19.0 | 22.3 |
| Consolidated revenue and other income | 12,688.5 | 9,952.7 |

The table below shows sales revenue by product type to external customers:

| Sales revenue by product | | |
|-----------------------------------|-----------------|----------------|
| Rigid plastics packaging | 3,142.3 | 2,576.5 |
| Flexible and film packaging | 5,082.7 | 3,563.0 |
| Fibre and paper-based packaging | 1,551.5 | 1,579.7 |
| Metal packaging | 413.0 | 379.9 |
| Tobacco packaging | 1,211.6 | 844.9 |
| Glass packaging | 336.9 | 236.7 |
| Other | 674.3 | 668.8 |
| Consolidated sales revenue | 12,412.3 | 9,849.5 |

(ii) Segment profit/(loss)

Segment profit or loss reconciles as follows:

| | | |
|---|--------------|--------------|
| Reporting segment profit/(loss) | | |
| Profit before interest and related income tax expense | 766.4 | 503.8 |
| Finance income | 19.0 | 22.3 |
| Finance expense | (236.1) | (205.7) |
| Profit before related income tax expense | 549.3 | 320.4 |

(iii) Segment receivables

Segment receivables reconcile from management working capital receivables as follows:

| | | |
|---|----------------|----------------|
| Working capital receivables | | |
| Total reportable segment working capital receivables | 1,676.9 | 1,777.3 |
| Financial instruments included for management reporting purposes | (6.2) | (22.8) |
| Receivable on divested business | 138.5 | - |
| Other current assets included for management reporting purposes | (106.1) | (91.6) |
| Financial instruments and other assets excluded for management reporting purposes | 36.8 | 32.3 |
| Consolidated trade and other receivables | 1,739.9 | 1,695.2 |

(iv) Segment payables

Segment payables reconciles from management working capital payables as follows:

| \$ million | 2011 | 2010 |
|---|------------------|-----------|
| Working capital payables | | |
| Total reportable segment working capital payables | (2,521.0) | (2,423.0) |
| Financial instruments included for management reporting purposes | 22.8 | 23.8 |
| Capital creditors and other payables excluded for management reporting purposes | (61.8) | (65.4) |
| Consolidated trade and other payables | (2,560.0) | (2,464.6) |

(v) Segment property, plant and equipment

Segment acquisition of property, plant and equipment and intangibles reconciles from management as follows:

| | | |
|---|---------------|--------|
| Acquisition of property, plant and equipment and intangibles | | |
| Total reportable segment acquisition of property, plant and equipment and intangibles | 623.5 | 501.5 |
| Movement in capital creditors | (11.7) | (18.6) |
| Capitalised interest | 171 | 11.3 |
| Movement in prepaid capital items | 4.7 | (6.9) |
| Capitalised asset restoration costs | 1.2 | 4.2 |
| Other non-cash adjustments | 6.2 | 4.4 |
| Consolidated acquisition of property, plant and equipment and intangibles | 641.0 | 495.9 |

(e) Geographical information

(i) Revenues

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

| | | |
|-------------------------------------|-----------------|---------|
| Geographical segment revenue | | |
| Australia | 1,934.0 | 1,877.6 |
| United States of America | 3,741.7 | 2,849.1 |
| Other | 6,736.6 | 5,122.8 |
| Consolidated sales revenue | 12,412.3 | 9,849.5 |

(ii) Non-current assets

Segment assets are based on the location of the assets:

| | | |
|--|----------------|---------|
| Non-current assets | | |
| Australia | 1,749.8 | 1,675.3 |
| United States of America | 1,774.4 | 2,021.1 |
| Singapore | 765.2 | 803.1 |
| Other | 2,776.4 | 2,845.0 |
| Consolidated non-current assets | 7,065.8 | 7,344.5 |

(f) Major customer

No revenue from one customer is greater than 10% of the consolidated entity's total revenues.

Notes to the Financial Statements

30 June 2011

Note 3. Business Combinations

(a) Alcan Packaging acquisition

(i) Summary of acquisition

On 2 February 2010, the consolidated entity acquired certain parts of the Alcan Packaging Operations. Details of the business combination were disclosed and provisional accounting presented in note 34 of the consolidated entity's 2010 Annual Report. During the 12 months to 30 June 2011, the consolidated entity adjusted this preliminary accounting.

Details of the purchase consideration, the fair value of net assets acquired and goodwill are as follows:

\$ million

| | |
|--|----------------|
| Purchase consideration | |
| Purchase consideration, as disclosed at 30 June 2010 | 2,652.0 |
| Final consideration statement/post close adjustments | 10.0 |
| Total purchase consideration | 2,662.0 |
| Fair value of net assets acquired | |
| Cash and cash equivalents | 212.4 |
| Trade and other receivables | 1,505.4 |
| Inventories | 459.6 |
| Current other financial assets | 0.1 |
| Investments accounted for using the equity method | 4.7 |
| Non-current other financial assets | 7.8 |
| Property, plant and equipment | 1,305.0 |
| Deferred tax assets | 75.9 |
| Intangible assets | 223.2 |
| Other non-current assets | 39.1 |
| Trade and other payables | (1,157.2) |
| Current interest-bearing liabilities | (14.6) |
| Current tax liabilities | (50.8) |
| Current provisions | (45.2) |
| Non-current interest-bearing liabilities | (18.5) |
| Deferred tax liabilities | (126.2) |
| Non-current provisions | (73.5) |
| Retirement benefit obligations | (116.6) |
| Fair value of net identifiable assets acquired | 2,230.6 |
| Less non-controlling interest | (8.5) |
| Add goodwill | 439.9 |
| Fair value of net assets acquired | 2,662.0 |

(ii) Goodwill

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.

(iii) Acquired receivables

The fair value of acquired trade receivables is \$573.3 million; the gross contractual amount for receivables is \$591.4 million, of which \$18.1 million has been provided for potential impairment losses.

(iv) Indemnification assets

The terms of the Sale Agreement provide the consolidated entity with indemnification of certain liabilities acquired in relation to environmental, pension obligations, litigation and tax. An indemnification asset of \$1374 million has been recognised in accordance with the terms of the Sale Agreement.

(v) Changes to the preliminary acquisition balance sheet presented at 30 June 2010

As permitted under Australian Accounting Standards, the consolidated entity had 12 months from acquisition date to finalise the fair value of net assets acquired and goodwill. This process has now been finalised, resulting in a \$123.0 million increase in goodwill, \$113.0 million decrease in the net identifiable assets acquired and \$10.0 million increase in purchase consideration from those amounts disclosed at 30 June 2010.

(vi) Purchase consideration – cash outflow

| \$ million | 2011 | 2010 |
|---|-------------|----------------|
| Outflow of cash to acquire entities, net of cash acquired | | |
| Cash consideration ⁽¹⁾ | 20.8 | 2,652.0 |
| Less: Balances acquired | | |
| Cash | - | (212.4) |
| Bank overdraft | - | 44 |
| | - | (208.0) |
| Outflow of cash | 20.8 | 2,444.0 |

(1) A number of customary post closing adjustments continue to be discussed between parties to this transaction and will be settled at a later date.

(vii) Acquisition costs

Acquisition related costs of \$0.7 million (2010: \$76.7 million) were recognised as an expense during the financial year and are classified as 'general and administration' expenses in the income statement.

(b) Acquisitions during the financial year ended 30 June 2011

During the 12 months to 30 June 2011 the consolidated entity acquired the assets of Alcan's Medical Flexibles operations, the assets of Ball Plastics Packaging Americas and the entity B-Pack Due.

The accounting for the asset acquisitions of Alcan's Medical Flexibles operations and Ball Plastics Packaging Americas was finalised during the current financial period.

Alcan's Medical Flexibles operations

On 1 July 2010, the consolidated entity completed the acquisition of the Alcan Medical Flexibles operations for consideration of US\$65.2 million (\$77.3 million⁽¹⁾) as part of the Alcan Packaging acquisition that was completed on 2 February 2010. The Medical Flexibles business consists of four plants in North America and as announced on 11 June 2010, final US Department of Justice approval was conditional on divesting one of the plants which is located in Marshall, North Carolina. The divestment process for the Marshall operations was completed in September 2010 (refer to note 4).

Ball Plastics Packaging Americas

On 3 August 2010, the consolidated entity completed the acquisition of the assets of Ball Plastics Packaging Americas from Ball Corporation upon receiving approval from the Department of Justice in the United States of America. The purchase price was US\$280.0 million (\$307.0 million⁽²⁾) representing four times the last 12 months acquired EBITDA of US\$70.0 million (\$76.8 million⁽²⁾).

(1) Converted at an exchange rate of A\$/US\$ = 0.843.

(2) Converted at an exchange rate of A\$/US\$ = 0.912.

Notes to the Financial Statements

30 June 2011

Note 3. Business Combinations (continued)

(b) Acquisitions during the financial year ended 30 June 2011 (continued)

B-Pack Due

On 1 October 2010 Amcor acquired 100% of the legal entity B-Pack Due, a cast polypropylene film manufacturer based in Italy. The acquisition price was € 43.0 million (\$60.3 million⁽³⁾), which represented an EBITDA multiple of 4.9 times annualised EBITDA. Of the purchase price, € 29.5 million (\$41.4 million⁽³⁾) was cash consideration paid with the remaining € 13.5 million (\$18.9 million⁽³⁾) relating to debt and liabilities assumed by the acquirer.

B-Pack Due is a leading manufacturer of film for high performance applications using complimentary technology to Amcor's existing platform. Key end markets are medical, pet food and other laminated food packaging. Amcor historically purchased approximately a third of B-Pack Due production.

(i) Summary of acquisitions

Details of the purchase consideration, the net assets acquired and goodwill of the above acquisitions are as follows:

| \$ million | Alcan Medical Flexibles | Ball Plastics Packaging | B-Pack Due |
|--|----------------------------|----------------------------|-------------|
| Purchase consideration | | | |
| Cash paid | 77.3 | 307.0 | 41.4 |
| Completion adjustments* | – | (2.0) | – |
| Total purchase consideration | 77.3 | 305.0 | 41.4 |
| Fair value of net assets acquired | | | |
| Cash and cash equivalents | – | – | 0.5 |
| Trade and other receivables | 12.5 | 70.3 | 27.9 |
| Inventories | 17.0 | 59.1 | 2.3 |
| Property, plant and equipment | 33.0 | 146.8 | 14.4 |
| Deferred tax assets | 1.7 | 4.7 | 0.7 |
| Intangible assets | 15.5 | 61.0 | 5.3 |
| Trade and other payables | (9.0) | (104.6) | (13.4) |
| Current interest-bearing liabilities | – | – | (10.1) |
| Current tax liabilities | – | – | (1.4) |
| Current provisions | (1.3) | – | (1.1) |
| Non-current interest-bearing liabilities | – | – | (8.0) |
| Deferred tax liabilities | – | – | (2.0) |
| Non-current provisions | (2.8) | (1.0) | (0.2) |
| Retirement benefit obligations | – | – | (0.9) |
| Fair value of net identifiable assets acquired | 66.6 | 236.3 | 14.0 |
| Add goodwill | 10.7 | 68.7 | 27.4 |
| Fair value of net assets acquired | 77.3 | 305.0 | 41.4 |

* The final consideration remains subject to certain customary post close adjustments.

(3) Converted at an exchange rate of A\$/€ = 0.713.

As at 30 June 2011 the acquisition accounting of Alcan Medical Flexibles and Ball Plastics Packaging Americas has been finalised.

The accounting of the B-Pack Due acquisition has been provisionally determined at 30 June 2011. Management continues the process of assessing the fair value of assets and liabilities forming part of the opening balance sheet of this entity, which may result in further adjustments to the fair value attributable to the net assets acquired.

(ii) Goodwill

The goodwill on the above acquisitions 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.

(iii) Acquired receivables

The fair value of acquired trade receivables in the Alcan Medical Flexibles acquisition is \$11.7 million which equals the gross contractual amount for receivables as no amount is required to be provided for potential impairment losses.

The fair value of acquired trade receivables in the Ball Plastics Packaging acquisition is \$50.6 million. The gross contractual amount for receivables due is \$50.8 million of which \$0.2 million has been provided for potential impairment losses.

The fair value of acquired trade receivables in the B-Pack Due acquisition is \$25.9 million. The gross contractual amount for receivables due is \$26.0 million of which \$0.1 million has been provided for potential impairment losses.

(iv) Purchase consideration – cash outflow

| \$ million | Alcan Medical Flexibles | Ball Plastics Packaging | B-Pack Due |
|---|----------------------------|----------------------------|-------------|
| Outflow of cash to acquire entities, net of cash acquired | | | |
| Cash consideration | 77.3 | 305.0 | 41.4 |
| Less: Balances acquired | | | |
| Cash | – | – | (0.5) |
| Bank overdraft | – | – | 3.9 |
| | – | – | 3.4 |
| Outflow of cash | 77.3 | 305.0 | 44.8 |

(v) Acquisition costs

Acquisition related costs for the Alcan Medical Flexibles acquisition are included as part of the Alcan Packaging acquisition (refer note 3(a)) and were recognised as an expense during the financial year.

In addition acquisition related costs of \$1.0 million and \$0.3 million relating to the Ball Plastics Packaging and B-Pack Due acquisitions were also recognised as an expense during the financial year. All acquisition related costs are classified as 'general and administration' expenses in the income statement.

Notes to the Financial Statements

30 June 2011

Note 3. Business Combinations (continued)

(c) Other acquisitions during the year ended 30 June 2011

In addition to the acquisitions disclosed in (a) and (b) above, the following other acquisitions were made during the year:

- On 23 December 2010 the consolidated entity acquired Techni-Chem Australia, a distribution business for flexible packaging based in Sydney, Australia, for total consideration of \$6.8 million. The purchase price of \$6.8 million included \$1.3 million of deferred consideration of which \$0.3 million was paid in February 2011 on furnishing audited completion statements and the remaining \$1.0 million was paid and is held in escrow.
- On 1 March 2011 the consolidated entity acquired the operations of a cartons converting operation in New South Wales, Australia, for total consideration of \$2.4 million. As the total consideration paid was less than the fair value of the assets acquired, a gain from the discount on acquisition of \$8.5 million was recognised as 'other income' in the income statement.

(d) Acquisitions during the year ended 30 June 2010

During the 12 months to 30 June 2010, in addition to the acquisition of the Alcan Packaging operations on 2 February 2010 (refer to note 3(a)), the consolidated entity acquired the operations of a packaging distribution business based in Memphis, United States, for total consideration of \$8.7 million.

Note 4. Business Disposals

(a) Businesses disposed of during the year ended 30 June 2011

(i) Disposal of Tobepal operations

To successfully complete the acquisition of the Alcan Packaging operations (refer note 3(a)), the consolidated entity was required to obtain European Commission approval which was dependent upon the divestment of the Amcor Tobepal operations in Spain which resided within the Amcor Flexibles reporting segment.

On 30 May 2010, the consolidated entity entered into an agreement to sell the Amcor Tobepal operations and certain assets of Grupo Amcor Flexibles Hispania S.L. to Constantia Packaging AG for €92.0 million (\$130.5 million⁽⁴⁾). The transaction was completed on 10 September 2010 and a profit of \$10.4 million before tax was recognised upon disposal.

(ii) Disposal of Marshall

In addition, the acquisition of the Alcan Medical Flexibles businesses (refer note 3(b)) was conditional upon obtaining US Department of Justice approval. This approval required the divestment of the Marshall operations.

In September 2010, the consolidated entity completed the disposal of the Marshall operations to Printpack, Inc. for sale proceeds of US\$19.5 million (\$20.1 million⁽⁵⁾). In January 2011, as part of the post close completion process, the consolidated entity paid Printpack, Inc. US\$0.4 million (\$0.4 million⁽⁶⁾). There was no profit or loss recognised on the disposal of the Marshall operations.

(iii) Disposal of Glass Tubing business

On 3 May 2011 the consolidated entity announced that it had received an offer and entered into a period of exclusivity with Nipro Corporation to divest the Glass Tubing business acquired as part of the Alcan Packaging acquisition for US\$161.0 million (\$150.9 million⁽⁷⁾). The Glass Tubing business comprised two legal entities in Europe and certain assets in North America, the operations of which reside within the Other/Investments reporting segment.

An unconditional Sale Agreement was signed on 23 June 2011 at which point all required approvals for the transaction had been received and therefore the sale was recognised. A profit of US\$95.6 million (\$89.6 million⁽⁷⁾) was recognised upon disposal of the Glass Tubing business. The proceeds from the disposal were received on 25 July 2011.

(4) Converted at an exchange rate of A\$/€ = 0.705.

(5) Converted at an exchange rate of A\$/US\$ = 0.968.

(6) Converted at an exchange rate of A\$/US\$ = 0.997.

(7) Converted at an exchange rate of A\$/US\$ = 1.067.

(b) Disposals during the year to 30 June 2010

During the 12 months ended 30 June 2010 the consolidated entity disposed of a bottles plant in France that was acquired as part of the Alcan Packaging acquisition. Consideration received from the sale was \$0.4 million and there was no profit or loss on disposal.

Note 5. Revenue, Other Income and Finance Income

| \$ million | 2011 | 2010 |
|--|-----------------|---------|
| Sales revenue | | |
| Revenue from sale of goods | 12,412.3 | 9,849.5 |
| Other income | | |
| Dividend received/receivable | 0.4 | 0.6 |
| Net gain on disposal of property, plant and equipment | 17.4 | – |
| Net foreign exchange gains | – | 18.8 |
| Fair value gains on other financial assets designated at fair value through income statement | – | 0.9 |
| Government grants | 9.5 | 1.6 |
| Supplier early payment discounts | 3.6 | 3.1 |
| Service income | 5.8 | 5.5 |
| Other | 79.7 | 44.8 |
| Significant items (refer note 7) | | |
| – Retirement benefit curtailments | 40.8 | – |
| – Gain on disposal of controlled entities and businesses | 100.0 | – |
| – Gain arising on disposal of listed equity securities | – | 1.9 |
| – Gain arising on Singen insurance claim | – | 3.7 |
| Total other income | 257.2 | 80.9 |
| Finance income | | |
| Retirement benefit interest income | 11.3 | 0.3 |
| Interest received/receivable | 7.7 | 22.0 |
| Total finance income | 19.0 | 22.3 |

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Note 6. Expenses

Profit before related income tax includes the following specific expenses:

| \$ million | 2011 | 2010 |
|---|----------------|----------------|
| Depreciation and amortisation | | |
| Depreciation: | | |
| – Property, plant and equipment | 469.0 | 424.8 |
| – Leased assets | 2.5 | – |
| Amortisation: | | |
| – Other intangibles | 39.5 | 29.9 |
| Total depreciation and amortisation | 511.0 | 454.7 |
| Finance expenses | | |
| Interest paid/payable: | | |
| – Finance charges on leased assets | 0.9 | 0.4 |
| – Unwind of discount on provisions | 2.8 | 3.2 |
| – Retirement benefit interest expense | 91 | 4.2 |
| – External | 206.0 | 156.2 |
| Amount capitalised | (171) | (11.3) |
| | 201.7 | 152.7 |
| Borrowing costs | 34.4 | 53.0 |
| Total finance expenses | 236.1 | 205.7 |
| Net impairment of trade receivables | 2.7 | 0.5 |
| Net write-down of inventories | 7.2 | 2.1 |
| Provisions | | |
| – Insurance/workers compensation and other claims | 75.6 | 54.6 |
| – Onerous contracts | 5.2 | 4.0 |
| – Asset restoration expense | 1.9 | 4.8 |
| – Restructuring | 158.4 | 65.5 |
| Employee benefits expense | | |
| – Wages and salaries | 2,313.4 | 1,827.8 |
| – Workers compensation and other on-costs | 192.3 | 118.7 |
| – Superannuation costs – defined benefit funds | 37.2 | 25.9 |
| – Superannuation costs – accumulation funds | 47.3 | 42.4 |
| – Other employment benefits expense | 7.7 | 7.4 |
| – Share-based payments expense | 40.5 | 24.4 |
| Total employee benefits expense | 2,638.4 | 2,046.6 |
| Rental expense relating to operating leases | | |
| – Minimum lease payments | 127.0 | 82.4 |
| – Contingent rentals | 5.5 | 4.6 |
| Total rental expense relating to operating leases | 132.5 | 87.0 |
| Asset impairment reversal | (0.6) | (0.7) |
| Asset impairments | 71.7 | 29.5 |
| Net loss on sale of receivables | 0.3 | 0.4 |
| Fair value losses on other financial assets designated at fair value through income statement | 0.3 | – |
| Net foreign exchange losses | 0.2 | – |
| Net loss on disposal of property, plant and equipment | – | 1.8 |

Note 7. Significant Items

| \$ million | 2011 | | | 2010 | | |
|---|----------------|------------------------------|----------------|----------------|------------------------------|----------------|
| | Before tax | Tax (expense)/ benefit | Net of tax | Before tax | Tax (expense)/ benefit | Net of tax |
| <i>Income</i> | | | | | | |
| Gain arising on disposal of listed equity securities | - | - | - | 1.9 | - | 1.9 |
| Gain arising on Singen insurance claim ⁽¹⁾ | - | - | - | 3.7 | - | 3.7 |
| Retirement benefit curtailments ⁽²⁾ | 40.8 | (11.3) | 29.5 | - | - | - |
| Gain on disposal of controlled entities and businesses (refer note 4) | 100.0 | (15.2) | 84.8 | - | - | - |
| | 140.8 | (26.5) | 114.3 | 5.6 | - | 5.6 |
| <i>Expense</i> | | | | | | |
| Rigid Plastics business integration and restructure | (14.9) | 6.4 | (8.5) | (8.2) | 2.6 | (5.6) |
| Rigid Plastics business acquisition costs | (1.0) | 0.4 | (0.6) | (2.2) | 0.9 | (1.3) |
| Australasia restructuring ⁽³⁾ | (18.2) | 1.0 | (17.2) | (14) | 0.4 | (10) |
| Flexibles market sector rationalisation | (1.3) | 0.3 | (1.0) | (16.8) | 2.2 | (14.6) |
| Australasia insurance costs ^{(1),(3)} | (24.5) | - | (24.5) | - | - | - |
| Legal costs ^{(3),(4)} | (90.3) | 0.9 | (89.4) | (11.5) | 3.4 | (8.1) |
| Transaction and integration costs relating to business acquisitions | (15.5) | 2.0 | (13.5) | (114.7) | 6.5 | (108.2) |
| Costs to achieve synergies relating to Alcan Packaging acquisition | (141.1) | 31.9 | (109.2) | (58.6) | 5.2 | (53.4) |
| Brazil tax amnesty program ⁽⁵⁾ | - | - | - | (20.3) | - | (20.3) |
| Asset impairments, net of reversals ⁽³⁾ | (70.8) | 6.8 | (64.0) | (27.3) | 8.0 | (19.3) |
| | (377.6) | 49.7 | (327.9) | (261.0) | 29.2 | (231.8) |
| Total significant items | (236.8) | 23.2 | (213.6) | (255.4) | 29.2 | (226.2) |
| Significant items attributable to: | | | | | | |
| Members of Amcor Limited | (236.8) | 23.2 | (213.6) | (255.4) | 29.2 | (226.2) |
| Non-controlling interest | - | - | - | - | - | - |
| | (236.8) | 23.2 | (213.6) | (255.4) | 29.2 | (226.2) |

(1) Insurance costs of \$24.5 million relating to the Queensland floods in Australia. Prior period income of \$3.7 million related to Singen insurance claim.

(2) Curtailment gain, net of costs, recognised upon the closure of a pension plan acquired as part of the Alcan Packaging acquisition.

(3) No tax benefit has been recognised for certain significant item expense where the resultant tax loss is not considered probable of recovery.

(4) Legal costs include costs of the consolidated entity and others associated with defence and settlement of claims with respect to various ACCC matters, refer note 32.

(5) The consolidated entity elected to participate in a Federal Tax Amnesty Program ('Program') offered by the Brazil Federal Tax Authority to settle certain indirect tax obligations. This amount represents the present value of the amount the consolidated entity will be required to pay for its participation in this Program.

Notes to the Financial Statements

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Note 7. Significant Items (continued)

The following table represents a segmental analysis of significant items before income tax benefit/(expense), refer note 2:

| \$ million | Business restructure and rationalisation | Impairment of assets | Disposal of controlled entities | Transaction and integration costs | Alcan Packaging synergy costs | Other ⁽¹⁾ | Total |
|--|---|-------------------------|---------------------------------------|--|--|----------------------|----------------|
| 2011 | | | | | | | |
| Rigid Plastics | (14.9) | (13.0) | - | (1.0) | (3.9) | - | (32.8) |
| Australasia and Packaging Distribution | (18.2) | (50.0) | - | (0.1) | (2.2) | - | (70.5) |
| Flexibles | (0.8) | (7.8) | 10.9 | (1.0) | (129.4) | 40.8 | (87.3) |
| Other/Investments | (0.5) | - | 891 | (14.4) | (5.6) | (114.8) | (46.2) |
| Total | (34.4) | (70.8) | 100.0 | (16.5) | (141.1) | (74.0) | (236.8) |
| 2010 | | | | | | | |
| Rigid Plastics | (8.2) | (9.1) | - | (3.2) | (1.0) | (20.4) | (41.9) |
| Australasia and Packaging Distribution | (1.4) | - | - | (1.5) | - | - | (2.9) |
| Flexibles | (16.8) | (1.6) | - | (4.5) | (53.0) | 3.7 | (72.2) |
| Other/Investments | - | (16.6) | - | (107.7) | (4.6) | (9.5) | (138.4) |
| Total | (26.4) | (27.3) | - | (116.9) | (58.6) | (26.2) | (255.4) |

(1) The amounts in 'other' relate to a curtailment gain, net of costs of \$40.8 million, offset by insurance costs for floods in Australia of \$24.5 million and legal costs and settlement of claims of \$90.3 million.

In 2010, the amounts in 'other' include \$20.3 million relating to the Brazil Tax Amnesty Program, \$11.5 million for legal costs, \$3.7 million in income for the Singen insurance claim and \$1.9 million in income in relation to Amcor's disposal of investments in K Laser and Univacco.

Note 8. Income Tax Expense

(a) Recognised in the income statement

| \$ million | 2011 | 2010 |
|---|----------------|----------------|
| Current tax (expense)/benefit | | |
| Current period | (236.3) | (63.6) |
| Adjustments to current tax expense relating to prior periods | 33.1 | (20.6) |
| Tax losses, tax credits and temporary differences not recognised for book in prior years now recouped | 9.8 | 6.2 |
| Total current tax (expense)/benefit | (193.4) | (78.0) |
| Deferred tax (expense)/benefit | | |
| Origination and reversal of temporary differences | 25.5 | (40.9) |
| Change in applicable tax rates | (1.5) | 0.1 |
| Total deferred tax (expense)/benefit | 24.0 | (40.8) |
| Total income tax expense attributable to continuing operations | (169.4) | (118.8) |
| Deferred income tax (expense)/benefit included in income tax expenses comprises: | | |
| Increase in deferred tax assets | (0.7) | 71.3 |
| Increase in deferred tax liabilities | 24.7 | (112.1) |
| Deferred income tax (expense)/benefit included in income tax (note 18) | 24.0 | (40.8) |

(b) Numerical reconciliation of income tax (expense)/benefit to prima facie tax payable

| \$ million | 2011 | 2010 |
|---|----------------|---------|
| Profit before related income tax expense | 549.3 | 320.4 |
| Tax at the Australian tax rate of 30% (2010: 30%) | (164.8) | (96.1) |
| Tax effect of amounts which are not deductible/(taxable) in calculating taxable income: | | |
| Net operating items non-deductible/non-assessable for tax | (26.5) | 11.7 |
| Goodwill tax adjustments | - | 14 |
| Net significant items non-deductible/non-assessable for tax ⁽¹⁾ | (47.8) | (47.4) |
| Capital structures | 32.8 | 36.0 |
| Tax losses, tax credits and temporary differences not recognised for book in prior years now recouped | 9.8 | 6.2 |
| Effect of local tax rate change | (1.5) | (0.4) |
| | (198.0) | (88.6) |
| Over/(under) provision in prior period | 23.1 | (30.2) |
| Foreign tax rate differential | 5.5 | - |
| Total income tax expense | (169.4) | (118.8) |

(1) In the current period no tax benefit has been recognised for certain significant item expense where the resultant tax loss is not considered probable of recovery. Refer note 7 for further detail.

(c) Amounts recognised directly in other comprehensive income

| | 2011 | 2010 |
|---|---------------|------|
| Deferred tax benefit recognised directly in other comprehensive income | (54.9) | 33.3 |
| Total income tax benefit recognised directly in other comprehensive income | (54.9) | 33.3 |

Note 9. Auditors' Remuneration

| \$ thousand | 2011 | 2010 |
|--|---------------|--------|
| Audit services | | |
| <i>PricewaterhouseCoopers Australian firm:</i> | | |
| Audit and review of financial reports | 3,179 | 3,091 |
| Other regulatory audit services | - | 18 |
| Other assurance services relating to external financing activities | 95 | - |
| <i>Overseas PricewaterhouseCoopers firms:</i> | | |
| Audit and review of financial reports | 855 | 2,240 |
| Equity raising assurance services | - | 2,086 |
| Other regulatory audit services | 4,136 | 1,717 |
| Other assurance services | - | 345 |
| Total remuneration for audit and other assurance services | 8,265 | 9,497 |
| Other services | | |
| <i>PricewaterhouseCoopers Australian firm:</i> | | |
| Taxation services, transaction related taxation advice and due diligence | 3,786 | 8,876 |
| Other advisory services | 45 | 1,423 |
| <i>Overseas PricewaterhouseCoopers firms:</i> | | |
| Taxation services | 1,549 | 1,546 |
| Completion audits and acquisition due diligence | - | 990 |
| Other services | 106 | - |
| Total remuneration for other services | 5,486 | 12,835 |
| Total auditors' remuneration | 13,751 | 22,332 |

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Note 10. Earnings per Share

| cents | 2011 | 2010 |
|--|-------------|------|
| Basic earnings per share | | |
| Attributable to the ordinary equity holders of the Company | 291 | 15.8 |
| Diluted earnings per share | | |
| Attributable to the ordinary equity holders of the Company | 28.7 | 15.6 |

(a) Reconciliation of earnings used in calculating earnings per share

| \$ million | 2011 | 2010 |
|--|---------------|--------|
| Basic earnings per share | | |
| Profit from continuing operations | 3799 | 201.6 |
| Profit from continuing operations attributable to non-controlling interests | (23.2) | (18.6) |
| Profit attributable to the ordinary equity holders of the Company used in calculating basic earnings per share | 356.7 | 183.0 |
| Diluted earnings per share | | |
| Profit attributable to the ordinary equity holders of the Company used in calculating diluted earnings per share | 356.7 | 183.0 |

(b) Weighted average number of shares used as denominator

| Number million | 2011 | 2010 |
|---|----------------|---------|
| Weighted average number of ordinary shares for basic earnings per share | 1,225.2 | 1,161.4 |
| Effect of partly-paid shares | - | - |
| Effect of employee options | 17.7 | 9.1 |
| Weighted average number of ordinary shares and potential ordinary shares for diluted earnings per share | 1,242.9 | 1,170.5 |

(c) Information concerning classification of securities

In the calculation of basic earnings per share, only ordinary shares have been included in the calculation. The following securities have been classified as potential ordinary shares and their effect included in diluted earnings per share as at 30 June 2011:

- ordinary shares;
- partly-paid shares; and
- employee options and rights.

(d) Details of securities

(i) Partly-paid ordinary shares

Partly-paid ordinary shares do not carry the right to participate in dividends and have not been recognised in ordinary share equivalents in the determination of basic earnings per share. Amounts uncalled on partly-paid shares and calls in arrears are treated as the equivalent of options to acquire ordinary shares and are included as potential ordinary shares in the determination of diluted earnings per share.

(ii) Options and rights

Options and rights granted to employees under the Amcor Limited employee share/option and rights plans are considered to be potential ordinary shares and have been included in the determination of diluted earnings per share to the extent to which they are dilutive. The options and rights have not been included in the determination of basic earnings per share. Details relating to the options and rights plans are set out in note 29.

Note 11. Cash and Cash Equivalents

| \$ million | 2011 | 2010 |
|--|--------------|--------------|
| Cash on hand and at bank | 179.8 | 244.2 |
| Short-term deposits | 1.0 | 4.1 |
| Deposits at call | 43.6 | 18.8 |
| Total cash and cash equivalents | 224.4 | 267.1 |

The consolidated entity holds insignificant amounts of cash and cash equivalents in countries in which prior approval is required to transfer funds abroad.

Short-term deposits and deposits at call for the consolidated entity across various jurisdictions bear floating interest rates between 0.01% and 12.2% (2010: 0.01% and 15.0%). Details regarding interest rate risk, foreign currency risk, credit risk and the fair value of cash and cash equivalents are disclosed in note 28.

Note 12. Trade and Other Receivables

| \$ million | 2011 | 2010 |
|---|----------------|----------------|
| Trade receivables | 1,418.5 | 1,546.1 |
| Less provision for impairment losses | (25.8) | (35.8) |
| | 1,392.7 | 1,510.3 |
| Receivable on divested business ⁽¹⁾ (refer note 4) | 138.5 | – |
| Loans and other receivables ⁽²⁾ | 208.7 | 184.9 |
| Total current trade and other receivables | 1,739.9 | 1,695.2 |

(1) Proceeds from divested business were received on 25 July 2011.

(2) These amounts generally arise from transactions outside the usual operating activities of the consolidated entity. Interest may be charged at commercial rates where the terms of repayment exceed six months. Collateral is not normally obtained.

Credit risks related to receivables

Customer credit risk is managed by each business group in accordance with the procedures and controls set out in the consolidated entity's credit risk management policy. Credit limits are established for all customers based on external or internal rating criteria and letters of credit or other forms of credit insurance cover are obtained where appropriate.

For the sale of products and associated trade receivables, the consolidated entity minimises where possible its concentration of risk by undertaking transactions with a large number of customers and counterparties in various countries with policies in place to ensure that sales of products and services are made to customers with appropriate credit history. In cases where a limited number of customers exist due to business specifics, the customer's size, credit rating, dependence on supplier and long-term history of full debt recovery is indicative of lower credit risk.

In respect of these financial assets and the credit risk embodied within them, the consolidated entity holds no significant collateral as security. The credit quality of trade receivables that are neither past due nor impaired are consistently monitored in order to identify any potential adverse changes in credit quality. The consolidated entity has no material exposure to any individual customer.

The carrying amount of financial assets recognised in the statement of financial position (excluding equity securities) best represents the consolidated entity's maximum exposure to credit risk at the reporting date.

Credit risk also arises in relation to financial guarantees given to certain parties, details of the carrying amounts and face value of financial guarantees provided by Amcor Limited are disclosed in note 32. Financial guarantees are only provided in exceptional circumstances.

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Note 12. Trade and Other Receivables (continued)

Impairment of financial assets

As at 30 June 2011 current trade receivables of the consolidated entity with a nominal value of \$27.2 million (2010: \$37.6 million) were impaired. The amount of the provision was \$25.8 million (2010: \$35.8 million). The individually impaired receivables relate to transactions which have been disputed by customers, or receivables owing from customers experiencing financial difficulties. It has been assessed that a portion of the receivables is expected to be recovered.

The consolidated entity has recognised a loss of \$2.7 million (2010: \$0.5 million) in respect of impaired trade receivables during the financial year ended 30 June 2011. The loss has been included in 'general and administration' expenses in the income statement.

As at 30 June 2011, current trade receivables of \$180.4 million (2010: \$143.7 million) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default.

The ageing of these receivables, according to their due date, is as follows:

| \$ million | Impaired Receivables | | Not Impaired | |
|----------------------|----------------------|------|----------------|---------|
| | 2011 | 2010 | 2011 | 2010 |
| Not past due | 0.4 | 1.5 | 1,210.9 | 1,364.8 |
| Past due 0-30 days | 1.8 | 2.5 | 106.4 | 81.8 |
| Past due 31-120 days | 6.0 | 7.5 | 66.5 | 59.3 |
| More than 121 days | 19.0 | 26.1 | 7.5 | 2.6 |
| | 27.2 | 37.6 | 1,391.3 | 1,508.5 |

Movements in the provision for impairments of receivables are as follows:

| \$ million | 2011 | 2010 |
|--|-------------|-------|
| Opening balance | 35.8 | 22.0 |
| Bad debts expense – charge to expense | 2.7 | 0.5 |
| Receivables written off during the year as uncollectable | (1.5) | (1.1) |
| Additions through business acquisition | 0.3 | 18.1 |
| Unused amount reversed | (6.6) | (1.7) |
| Disposal of business and controlled entities | (1.5) | – |
| Effects of movement in exchange rate | (3.4) | (2.0) |
| | 25.8 | 35.8 |

In assessing an appropriate provision for impairments of receivables consideration is given to historical experience of bad debts, based on the ageing of receivables, knowledge of debtor insolvency or other credit risk and individual account assessment.

Details regarding interest rate risk, foreign currency risk and fair values of receivables are disclosed in note 28.

Note 13. Inventories

| \$ million | 2011 | 2010 |
|--|----------------|---------|
| Raw materials and stores at cost | 648.9 | 583.9 |
| Work in progress at cost | 167.0 | 168.9 |
| Finished goods at cost | 624.1 | 593.5 |
| | 1,440.0 | 1,346.3 |
| Raw materials and stores at net realisable value | 46.2 | 42.6 |
| Work in progress at net realisable value | 21.3 | 20.2 |
| Finished goods at net realisable value | 76.2 | 59.9 |
| | 143.7 | 122.7 |
| Total inventories | 1,583.7 | 1,469.0 |

Write-downs of inventories to net realisable value recognised as an expense during the financial year ended 30 June 2011 amounted to \$7.2 million (2010: \$2.1 million). The expense has been included in 'cost of sales' expenses in the income statement. As at 30 June 2011, no inventory of the consolidated entity is pledged as security over any borrowing (2010: nil).

Note 14. Other Financial Assets

| \$ million | 2011 | 2010 |
|--|-------------|------|
| Current | | |
| Derivative financial instruments – fair value through profit and loss: | | |
| Forward exchange contracts | 0.6 | 1.4 |
| Hedge contracts for cash settled bonus and retention payment plans ('Equity Share Swap' contracts) | 2.0 | 1.2 |
| | 2.6 | 2.6 |
| Derivative financial instruments – cash flow hedges: | | |
| Forward exchange contracts | 1.3 | 20.0 |
| Commodity contracts | 2.3 | 0.2 |
| | 3.6 | 20.2 |
| Total current other financial assets | 6.2 | 22.8 |
| Non-current | | |
| Investments in companies listed on stock exchanges at fair value | 4.6 | 4.5 |
| Investments in companies not listed on stock exchanges at cost | 1.1 | 1.2 |
| | 5.7 | 5.7 |
| Derivative financial instruments – fair value through profit and loss: | | |
| Hedge contracts for cash settled employee share plan options ('American' style contracts) | 0.6 | – |
| Hedge contracts for cash settled bonus and retention payment plans ('Equity Share Swap' contracts) | – | 1.0 |
| Forward exchange contracts | – | 0.1 |
| Other non-current financial assets | 0.9 | 0.4 |
| | 1.5 | 1.5 |
| Loans and other receivables | 39.0 | 28.1 |
| Total non-current other financial assets | 46.2 | 35.3 |

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Note 14. Other Financial Assets (continued)

Details regarding the interest rate risk, foreign currency risk, commodity price risk, employee share plan risk and fair values of the other financial assets are disclosed in note 28.

In relation to the cash settled Employee Share Plan Options, the Employee Bonus Payment Plan and the Senior Executive Retention Payment Plan, the consolidated entity is exposed to movements in the value of the underlying ordinary shares of Amcor Limited. The consolidated entity has economically hedged its exposure by entering into cash settled equity share option or equity share swap contracts that mirror the terms and conditions of the employee benefit. Refer to note 28(a)(iv) for details of the expiry or vesting date (if applicable), the outstanding option/share hedged contract positions and the hedged price of the contracts as at 30 June 2011.

Note 15. Other Assets

| \$ million | 2011 | 2010 |
|--|--------------|-------|
| Current | | |
| Contract incentive payments ⁽¹⁾ | 19.3 | 16.1 |
| Prepayments | 83.7 | 72.1 |
| Other current assets | 3.1 | 3.4 |
| Total current other assets | 106.1 | 91.6 |
| Non-current | | |
| Contract incentive payments ⁽¹⁾ | 68.8 | 65.3 |
| Prepayments | 18.8 | 33.4 |
| Other non-current assets | 112.2 | 111.4 |
| Total non-current other assets | 199.8 | 210.1 |

(1) Contract incentives are provided to customers to secure long term sale agreements and are amortised over the period of the contractual arrangement.

Note 16. Investments Accounted for Using the Equity Method

The consolidated entity accounts for investments in associates using the equity method and has no investments in joint ventures. The consolidated entity has the following equity accounted investments:

| Name of associate | Principal activity | Incorporated | Reporting date | Ordinary share ownership interest | |
|--|----------------------------|----------------|----------------|-----------------------------------|-----------|
| | | | | 2011 % | 2010 % |
| AMVIG Holdings Limited | Tobacco packaging | Cayman Islands | 31 December | 479 | 46.0 |
| Silgan White Cap de Venezuela S.A. | Metal and plastic closures | Venezuela | 31 December | 370 | 37.0 |
| Amcor Chengdu Co. Limited | Flexible packaging | China | 31 December | 40.0 | 40.0 |
| \$ million | | | | 2011 | 2010 |
| Financial information related to equity accounted investments | | | | | |
| Revenues (100%) | | | | 3974 | 495.0 |
| Expenses (100%) | | | | (291.2) | (433.6) |
| Profit (100%) | | | | 106.2 | 61.4 |
| Current assets (100%) | | | | 294.7 | 679.1 |
| Non-current assets (100%) | | | | 459.3 | 560.1 |
| Total assets (100%) | | | | 754.0 | 1,239.2 |
| Current liabilities (100%) | | | | 143.5 | 230.4 |
| Non-current liabilities (100%) | | | | 106.9 | 120.3 |
| Total liabilities (100%) | | | | 250.4 | 350.7 |
| Net assets reported by equity accounted investments | | | | 503.6 | 888.5 |
| Consolidated entity's carrying value of equity accounted investments | | | | 442.2 | 464.2 |
| Results of equity accounted investments | | | | | |
| Consolidated entity share of profits before taxes | | | | 50.3 | 40.6 |
| Consolidated entity share of income tax expense | | | | (11.1) | (7.1) |
| Consolidated entity share of profits after tax | | | | 39.2 | 33.5 |
| Commitments | | | | | |
| Share of capital commitments contracted but not provided for or payable: | | | | | |
| Within one year | | | | 0.5 | 2.0 |
| Between one and five years | | | | - | - |
| More than five years | | | | - | - |
| | | | | 0.5 | 2.0 |
| Share of other expenditure commitments contracted but not provided for or payable (including operating lease commitments): | | | | | |
| Within one year | | | | 1.0 | 1.5 |
| Between one and five years | | | | 2.9 | 5.3 |
| More than five years | | | | 0.9 | 6.0 |
| | | | | 4.8 | 12.8 |

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30 June 2011

Note 16. Investments Accounted for Using the Equity Method *(continued)*

Acquisitions and disposals

30 June 2011

In the period 22 October 2010 to 2 November 2010, Amcor acquired a further 18.03 million shares in AMVIG Holdings Limited (AMVIG) for consideration of \$15.3 million. Upon completion of these share transactions the consolidated entity's shareholding in AMVIG increased from 46.0% to 47.9%.

30 June 2010

AMVIG Holdings Limited (AMVIG)

On 12 February 2010, at an Extraordinary General Meeting, the independent shareholders of AMVIG approved resolutions for the acquisition of the non-controlling interest in Famous Plus Group Limited, the connected transaction involving the disposal of Brilliant Circle Holdings International Limited and the proposed off-market share repurchase and cancellation. Following implementation of these transactions the consolidated entity's interest in AMVIG increased from 38.9% to 46.0%. The consolidated entity's share of the gain as a result of the disposal was \$5.3 million.

Amcor Chengdu Co. Limited (Chengdu)

As part of the acquisition of certain parts of the Alcan Packaging Operations on 2 February 2010, the consolidated entity acquired a 40.0% interest in Amcor Chengdu Co. Limited (Chengdu). The net assets of the 40.0% interest in Chengdu acquired were \$1.8 million on 2 February 2010.

Reporting date

The balance dates for AMVIG Holdings Limited (AMVIG), Silgan White Cap de Venezuela S.A. (Silgan White Cap), and Amcor Chengdu Co. Limited (Chengdu) are 31 December.

The balance date of AMVIG is different to that of the consolidated entity due to commercial reasons and the listing requirements of this entity on the Hong Kong Stock Exchange. In determining the consolidated entity's share of profits of AMVIG for the financial year ended 30 June 2011, the consolidated entity has used unaudited management accounts for the six months ended 30 June 2011 and the latest publicly available financial information, being the audited results for the year ended 31 December 2010. The unaudited interim results announcement for the six months to 30 June 2011 will be made to the Hong Kong Stock Exchange on 31 August 2011.

Silgan White Cap's balance date is different to that of the consolidated entity due to commercial reasons in aligning its balance date to its ultimate controlling parent company, Silgan Holdings Inc., which is listed on NASDAQ. The 30 June 2011 unaudited management accounts of Silgan White Cap have formed the basis of the financial information used in determining the consolidated entity's share of profits for the 12 months ended 30 June 2011.

Chengdu's balance date is different to that of the consolidated entity due to legal entities within China being required to follow the statutory fiscal year specified by the State Board. The 30 June 2011 unaudited management accounts of Chengdu have formed the basis of the financial information used in determining the consolidated entity's share of profits for the period ended 30 June 2011.

Note 17. Property, Plant and Equipment

| \$ million | Land | Land improvements | Buildings | Plant and equipment | Assets under construction | Finance leases | Total |
|--|--------------|-------------------|----------------|---------------------|---------------------------|----------------|------------------|
| Cost | | | | | | | |
| Balance at 1 July 2010 | 287.2 | 25.7 | 1,327.9 | 7,086.2 | 175.1 | 20.4 | 8,922.5 |
| Additions for the period | 0.8 | 0.1 | 24.8 | 394.5 | 183.1 | 0.7 | 604.0 |
| Disposals during the period | (9.2) | (2.0) | (22.3) | (289.4) | - | (1.3) | (324.2) |
| Additions through business acquisitions | 11.2 | 0.6 | 33.9 | 142.0 | - | 3.9 | 191.6 |
| Disposal of businesses and controlled entities | (3.3) | (0.1) | (28.0) | (118.0) | - | - | (149.4) |
| Other transfers | - | - | 0.4 | - | (0.4) | - | - |
| Effect of movements in foreign exchange rates | (14.6) | (1.3) | (104.0) | (595.4) | (0.4) | (5.5) | (721.2) |
| Balance at 30 June 2011 | 272.1 | 23.0 | 1,232.7 | 6,619.9 | 357.4 | 18.2 | 8,523.3 |
| Balance at 1 July 2009 | 193.3 | 23.2 | 867.1 | 6,529.5 | 150.8 | 5.2 | 7,769.1 |
| Additions for the period | 1.8 | - | 37.6 | 265.3 | 174.3 | - | 479.0 |
| Disposals during the period | (3.5) | - | (4.7) | (138.7) | (0.3) | - | (147.2) |
| Additions through business acquisitions | 112.8 | 4.0 | 445.9 | 730.4 | - | 17.4 | 1,310.5 |
| Other transfers | 1.9 | 0.1 | 68.4 | 79.3 | (149.7) | - | - |
| Effect of movements in foreign exchange rates | (19.1) | (1.6) | (86.4) | (379.6) | - | (2.2) | (488.9) |
| Balance at 30 June 2010 | 287.2 | 25.7 | 1,327.9 | 7,086.2 | 175.1 | 20.4 | 8,922.5 |
| Accumulated depreciation and impairment | | | | | | | |
| Balance at 1 July 2010 | (0.2) | (7.5) | (298.2) | (3,811.6) | - | (4.4) | (4,121.9) |
| Depreciation charge | (0.4) | (1.5) | (72.5) | (394.6) | - | (2.5) | (471.5) |
| Disposals during the period | - | 0.8 | 8.9 | 250.7 | - | 1.3 | 261.7 |
| Disposal of businesses and controlled entities | - | - | 0.8 | 37.1 | - | - | 37.9 |
| Impairment loss | - | - | (1.6) | (69.8) | - | - | (71.4) |
| Reversal of impairment loss | - | - | - | 0.6 | - | - | 0.6 |
| Effect of movements in foreign exchange rates | 0.2 | 0.2 | 28.4 | 305.9 | - | 3.9 | 338.6 |
| Balance at 30 June 2011 | (0.4) | (8.0) | (334.2) | (3,681.7) | - | (1.7) | (4,026.0) |
| Balance at 1 July 2009 | (0.2) | (6.8) | (264.5) | (3,696.6) | - | (5.1) | (3,973.2) |
| Depreciation charge | - | (1.1) | (42.6) | (381.1) | - | - | (424.8) |
| Disposals during the period | - | - | 1.3 | 125.7 | - | - | 127.0 |
| Impairment loss | - | - | (0.9) | (28.6) | - | - | (29.5) |
| Reversal of impairment loss | - | - | 0.2 | 0.5 | - | - | 0.7 |
| Effect of movements in foreign exchange rates | - | 0.4 | 8.3 | 168.5 | - | 0.7 | 177.9 |
| Balance at 30 June 2010 | (0.2) | (7.5) | (298.2) | (3,811.6) | - | (4.4) | (4,121.9) |
| Carrying amounts | | | | | | | |
| Balance at 30 June 2011 | 271.7 | 15.0 | 898.5 | 2,938.2 | 357.4 | 16.5 | 4,497.3 |
| Balance at 30 June 2010 | 287.0 | 18.2 | 1,029.7 | 3,274.6 | 175.1 | 16.0 | 4,800.6 |

(a) Non-current assets pledged as security

At 30 June 2011, property, plant and equipment with a carrying value of \$39.3 million (2010: \$48.6 million) was provided as security for certain interest-bearing borrowings. Refer to note 21 for more information on non-current assets pledged as security by the consolidated entity.

In addition, property with a carrying value of \$19.3 million has been pledged as security with regards to the consolidated entity's Brazil indirect tax obligations.

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Note 17. Property, Plant and Equipment (continued)

(b) Non-current asset impairments

30 June 2011

During the year ended 30 June 2011, the consolidated entity recorded impairments of property, plant and equipment totalling \$71.4 million within 'general and administration' expense in the income statement. The impairments were recognised in the following segments:

- Amcor Australasia and Packaging Distribution recognised an impairment of \$50.0 million related to an assessment of the carrying value of the Cartons, Cartonboard and Sacks cash-generating unit compared to its recoverable amount in recognition of difficult trading conditions for this CGU. The recoverable amount of the tangible assets is based upon a value in use calculation utilising management's assessment of discounted future cash flows in this cash-generating unit, using a pre-tax discount rate of 10.9%.
- Amcor Rigid Plastics recognised an impairment of \$12.6 million relating to specific items of plant and equipment that were identified through planned restructuring initiatives. The recoverable amount of these items was assessed based upon management's historical experience of the sale of similar assets, less costs to sell.
- Amcor Flexibles recognised an impairment of \$7.3 million relating to the closure and pending closure of certain plants in Europe. An additional impairment of \$1.5 million was also recognised related to specific items of plant and equipment. The recoverable amount of these items was assessed based upon management's historical experience of the sale of similar assets, less costs to sell.

30 June 2010

During the year ended 30 June 2010, the consolidated entity recorded impairments of property, plant and equipment totalling \$29.5 million within 'general and administration' expense in the income statement. The impairments were recognised in the following segments:

- Amcor Rigid Plastics recognised an impairment of \$9.1 million within North America relating to a number of items of plant and equipment that were identified as idle through their current 'streamlining' process. The recoverable amount of these items was assessed based upon management's historical experience of the sale of similar assets, less costs to sell.
- Amcor Flexibles recognised an impairment of \$17.4 million of which the majority related to restructuring activities in the UK, Europe, USA and Asia as a result of the integration with Alcan Packaging. Of the \$17.4 million impairment, \$0.3 million related to buildings while \$17.1 million related to items of plant and equipment. The recoverable amount of these items was assessed based upon management's historical experience of the sale of similar assets, less costs to sell.
- Other/Investments includes the Specialty Packaging operations acquired as part of the Alcan Packaging acquisition which manufactures glass tubing and speciality cartons and the Corporate function. This business recognised an impairment of \$1.7 million in relation to items of plant and equipment and \$0.6 million in relation to buildings as a result of the closure of the Baie d'Urfe plant. An impairment of \$0.6 million was also recognised in the Glass Tubing business.
- Australasia and Packaging Distribution recognised an impairment of \$0.1 million in relation to items of plant and equipment.

(c) Non-current asset impairment reversals

30 June 2011

During the year ended 30 June 2011 the Other/Investments segment recognised a reversal of impairment of \$0.6 million that had previously been recognised on plant and equipment in the Glass Tubing business. This business has subsequently been sold and therefore the impairment reversed.

30 June 2010

During the year ended 30 June 2010 Amcor Flexibles recognised a reversal of impairment of \$0.7 million that had previously been recognised on property, plant and equipment as part of the repositioning of the business as announced in April 2007. Two plants within this original process have subsequently been sold and therefore the impairment reversed.

Note 18. Deferred Tax Assets and Liabilities

(a) Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

| \$ million | 2011 | | | 2010 | | |
|---|--------------|----------------|----------------|--------------|----------------|---------------|
| | Assets | Liabilities | Net | Assets | Liabilities | Net |
| Property, plant and equipment | – | (296.9) | (296.9) | – | (294.0) | (294.0) |
| Impairment of trade receivables | 4.3 | – | 4.3 | 5.0 | – | 5.0 |
| Valuation of inventories | 39.0 | (10.3) | 28.7 | 46.1 | (4.6) | 41.5 |
| Employee benefits | 119.6 | (16.0) | 103.6 | 112.6 | – | 112.6 |
| Provisions | 57.6 | – | 57.6 | 63.3 | – | 63.3 |
| Financial instruments at fair value | 182.3 | (311.1) | (128.8) | 167.2 | (269.9) | (102.7) |
| Tax losses carried forward | 251.0 | – | 251.0 | 243.0 | – | 243.0 |
| Accruals and other items | 27.3 | (158.3) | (131.0) | 48.0 | (151.7) | (103.7) |
| Tax assets/(liabilities) | 681.1 | (792.6) | (111.5) | 685.2 | (720.2) | (35.0) |
| Set off of tax ⁽¹⁾ | (548.3) | 548.3 | – | (464.6) | 464.6 | – |
| Net deferred tax asset/(liability) | 132.8 | (244.3) | (111.5) | 220.6 | (255.6) | (35.0) |

(1) Deferred tax assets and liabilities have been restated at 30 June 2010 by a reduction of \$192.9 million to appropriately reflect the set off of these amounts held within the same tax jurisdiction, in accordance with AASB 112 *Income Taxes*. There has been no financial impact on the income statement as a result of this adjustment.

(b) Movement in temporary differences during the year

| \$ million | Net asset/ (liability) at 1 July | Recognised in income statement | Recognised in other compre- hensive income | Acquired balances | Included in disposal group | Exchange difference | Net asset/ (liability) at 30 June |
|-------------------------------------|--|--------------------------------------|--|----------------------|----------------------------------|------------------------|---|
| | | | | | | | |
| 2011 | | | | | | | |
| Property, plant and equipment | (294.0) | (9.8) | – | (22.1) | (91) | 38.1 | (296.9) |
| Impairment of trade receivables | 5.0 | (0.4) | – | – | – | (0.3) | 4.3 |
| Valuation of inventories | 41.5 | (9.3) | – | – | – | (3.5) | 28.7 |
| Employee benefits | 112.6 | (1.2) | (11.6) | (0.9) | – | 4.7 | 103.6 |
| Provisions | 63.3 | 4.8 | – | 0.5 | – | (11.0) | 57.6 |
| Financial instruments at fair value | (102.7) | 9.4 | (43.3) | – | – | 7.8 | (128.8) |
| Tax losses carried forward | 243.0 | 26.7 | – | – | – | (18.7) | 251.0 |
| Accruals and other items | (103.7) | 3.8 | – | (36.3) | (1.5) | 6.7 | (131.0) |
| | (35.0) | 24.0 | (54.9) | (58.8) | (10.6) | 23.8 | (111.5) |
| 2010 | | | | | | | |
| Property, plant and equipment | (280.3) | 1.0 | – | (50.4) | – | 35.7 | (294.0) |
| Impairment of trade receivables | 4.7 | 0.1 | – | 0.6 | – | (0.4) | 5.0 |
| Valuation of inventories | 28.6 | 16.3 | – | 0.9 | – | (4.3) | 41.5 |
| Employee benefits | 85.0 | (3.5) | 27.6 | 16.9 | – | (13.4) | 112.6 |
| Provisions | 53.6 | 8.1 | – | 3.3 | – | (1.7) | 63.3 |
| Financial instruments at fair value | (14.8) | (121.9) | 5.7 | 28.9 | – | (0.6) | (102.7) |
| Tax losses carried forward | 122.3 | 87.8 | – | 31.6 | – | 1.3 | 243.0 |
| Accruals and other items | (46.4) | (28.7) | – | (17.3) | – | (11.3) | (103.7) |
| | (47.3) | (40.8) | 33.3 | 14.5 | – | 5.3 | (35.0) |

Notes to the Financial Statements

30 June 2011

Note 18. Deferred Tax Assets and Liabilities (continued)

(c) Unrecognised deferred tax assets and liabilities

(i) Unrecognised deferred tax assets

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

| \$ million | 2011 | 2010 |
|---|--------------|-------|
| Unused tax losses for which no deferred tax asset has been recognised | 769.8 | 606.5 |
| Potential tax benefits at applicable rates of tax | 219.9 | 175.7 |
| Deductible temporary differences | 66.2 | 37.3 |
| Total unrecognised deferred tax assets | 286.1 | 213.0 |

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

(ii) Unrecognised deferred tax liabilities

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

Unremitted earnings of Amcor'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, Amcor may be subject to withholding taxes payable to various foreign countries; however, such amounts are not considered to be significant. As Amcor 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.

Note 19. Intangible Assets

| \$ million | Product development | Computer software | Goodwill | Customer relationships | Other intangible assets | Total |
|--|---------------------|-------------------|----------------|------------------------|-------------------------|----------------|
| Cost | | | | | | |
| Balance at 1 July 2010 | 8.0 | 244.3 | 1,547.6 | 193.9 | 20.8 | 2,014.6 |
| Additions through internal activities | 2.1 | 11.1 | - | - | - | 13.2 |
| Additions for the period | - | 23.6 | - | - | 0.2 | 23.8 |
| Disposals during the period | (0.6) | (12.7) | - | - | (3.0) | (16.3) |
| Additions through business acquisitions | - | 0.5 | 233.3 | 81.8 | 0.7 | 316.3 |
| Disposal of business and controlled entities | (0.9) | (0.6) | (8.8) | - | (1.3) | (11.6) |
| Effect of movements in foreign exchange rates | (0.6) | (19.0) | (227.0) | (21.6) | (2.3) | (270.5) |
| Balance at 30 June 2011 | 8.0 | 247.2 | 1,545.1 | 254.1 | 15.1 | 2,069.5 |
| Balance at 1 July 2009 | 9.3 | 236.0 | 1,391.2 | - | 22.3 | 1,658.8 |
| Additions through internal activities | - | 10.6 | - | - | - | 10.6 |
| Additions for the period | - | 5.7 | - | - | 0.6 | 6.3 |
| Disposals during the period | - | (0.5) | - | - | - | (0.5) |
| Additions through business acquisitions | - | 7.0 | 316.9 | 215.0 | - | 538.9 |
| Effect of movements in foreign exchange rates | (1.3) | (14.5) | (160.5) | (21.1) | (2.1) | (199.5) |
| Balance at 30 June 2010 | 8.0 | 244.3 | 1,547.6 | 193.9 | 20.8 | 2,014.6 |
| Accumulated amortisation and impairment | | | | | | |
| Balance at 1 July 2010 | (7.1) | (138.3) | (13.5) | (1.9) | (18.3) | (179.1) |
| Amortisation charge | (0.1) | (25.2) | - | (12.9) | (1.3) | (39.5) |
| Disposals during the period | 0.6 | 10.4 | - | - | 3.0 | 14.0 |
| Disposal of business and controlled entities | 0.7 | 0.6 | - | - | 1.0 | 2.3 |
| Impairment loss | - | - | - | - | (0.3) | (0.3) |
| Effect of movements in foreign exchange rates | 0.3 | 12.2 | 0.5 | 0.5 | 1.1 | 14.6 |
| Balance at 30 June 2011 | (5.6) | (140.3) | (13.0) | (14.3) | (14.8) | (188.0) |
| Balance at 1 July 2009 | (7.9) | (120.6) | (13.4) | - | (17.8) | (159.7) |
| Amortisation charge | (0.4) | (24.6) | - | (4.4) | (0.5) | (29.9) |
| Disposals during the period | - | 0.5 | - | - | - | 0.5 |
| Effect of movements in foreign exchange rates | 1.2 | 6.4 | (0.1) | 2.5 | - | 10.0 |
| Balance at 30 June 2010 | (7.1) | (138.3) | (13.5) | (1.9) | (18.3) | (179.1) |
| Carrying amounts | | | | | | |
| Balance at 30 June 2011 | 2.4 | 106.9 | 1,532.1 | 239.8 | 0.3 | 1,881.5 |
| Balance at 30 June 2010 | 0.9 | 106.0 | 1,534.1 | 192.0 | 2.5 | 1,835.5 |

As at 30 June 2011 the consolidated entity does not hold any indefinite life intangible assets, other than goodwill.

(a) Intangible asset impairments

30 June 2011

During the year ended 30 June 2011, the consolidated entity recorded an impairment totalling \$0.3 million within 'general and administration' expense in the income statement. The impairment was recognised in Amcor Flexibles and was the result of current intellectual property becoming obsolete on the development of a new closure system.

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Note 19. Intangible Assets (continued)

(a) Intangible asset impairments (continued)

30 June 2010

During the year ending 30 June 2010, the consolidated entity did not recognise any impairments relating to intangible assets.

(b) Impairment tests for goodwill

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to cash-generating units or groups of cash-generating units (CGUs) according to the level at which management monitors goodwill.

The goodwill amounts allocated below are tested annually or semi-annually if there are indicators of impairment, by comparison with the recoverable amount of each CGU or group of CGUs assets. Recoverable amounts for CGUs are measured at the higher of fair value less costs to sell and value in use. Value in use is calculated from cash flow projections for five years using data from the consolidated entity's latest internal forecasts. The key assumptions for the value in use calculations are those regarding discount rates, growth rates and expected changes in margins.

The forecasts used in the value in use calculations are management estimates in determining income, expenses, capital expenditure and cash flows for each asset and CGU. Changes in selling prices and direct costs are based on past experience and management's expectation of future changes in the markets in which the consolidated entity operates. Cash flows beyond the five year period are extrapolated using estimated growth rates.

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

| CGU | Goodwill Allocation | | Discount Rate | | Growth Rate | |
|--|---------------------|--------------------|---------------|-----------|-------------|-----------|
| | 2011 \$ million | 2010 \$ million | 2011 % | 2010 % | 2011 % | 2010 % |
| Rigid Plastics | | | | | | |
| Rigid Plastics | 626.7 | 712.3 | 9.5 | 10.8 | 3.0 | 3.0 |
| Australasia and Packaging Distribution | | | | | | |
| Australasia | 62.9 | 63.8 | 10.9 | 10.4 | - | 2.0 |
| Packaging Distribution | 92.3 | 113.4 | 8.6 | 9.8 | - | - |
| Flexibles | | | | | | |
| Flexibles Europe & Americas | 478.8 | 402.3 | 8.1 | 8.8 | 0.5 | - |
| Tobacco Packaging | 231.3 | 201.6 | 8.1 | 8.8 | - | - |
| Flexibles Asia Pacific | 40.1 | 40.7 | 16.0 | 10.4 | 3.0 | 3.0 |
| | 1,532.1 | 1,534.1 | | | | |

Following the restructure and integration of activities of the newly acquired Alcan Packaging business, a reassessment of CGUs was performed during the current financial year. Comparative information has been adjusted on a consistent basis.

The discount rate used in performing the value in use calculations reflects the consolidated entity's weighted average cost of capital, as adjusted for specific risks relating to each geographical region in which the CGUs operate. The pre-tax discount rates are disclosed above.

The growth rate represents the average rate applied to extrapolate CGU cash flows beyond the five year forecast period. These growth rates are determined with regard to the long term performance of each CGU in their respective market and are not expected to exceed the long term average growth rates in the applicable market.

Note 20. Trade and Other Payables

| \$ million | | 2011 | 2010 |
|---|--|----------------|---------|
| Current | | | |
| Trade creditors | | 1,846.4 | 1,706.5 |
| Deferred grant income | | 0.6 | 1.1 |
| Other creditors and accruals | | 713.0 | 757.0 |
| Total current trade and other payables | | 2,560.0 | 2,464.6 |
| Non-current | | | |
| Other creditors | | 0.1 | 0.1 |
| Deferred grant income | | 4.6 | 17.2 |
| Other unsecured creditors | | 11.2 | 12.9 |
| Total non-current trade and other payables | | 15.9 | 30.2 |

Note 21. Interest-Bearing Liabilities

| \$ million | Footnote | 2011 | 2010 |
|---|---------------|----------------|---------|
| Current | | | |
| Secured borrowings: | | | |
| Bank loans | (2) | 3.3 | 8.1 |
| Other loans | (2) | 0.2 | – |
| Lease liabilities (refer note 33) | (6) | 1.5 | 3.3 |
| | | 5.0 | 11.4 |
| Unsecured borrowings: | | | |
| Bank overdrafts | (1) | 27.1 | 64.7 |
| Commercial paper | (3) | 228.6 | 104.7 |
| Eurobond | (10) | – | 496.1 |
| Bank loans | (4), (5), (8) | 84.1 | 662.5 |
| Other loans | (5) | 11.4 | 39.3 |
| | | 351.2 | 1,367.3 |
| Total current interest-bearing liabilities | | 356.2 | 1,378.7 |
| Non-current | | | |
| Secured borrowings: | | | |
| Bank loans | | 0.9 | 9.2 |
| Other loans | (7) | 2.2 | 3.4 |
| Lease liabilities (refer note 33) | (6) | 12.9 | 16.4 |
| | | 16.0 | 29.0 |
| Unsecured borrowings: | | | |
| Bank loans | (8) | 884.5 | 389.2 |
| US\$ notes | (9) | 1,425.6 | 1,512.3 |
| Eurobond | (10) | 736.1 | – |
| Other loans | (5) | 1.4 | 2.0 |
| | | 3,047.6 | 1,903.5 |
| Total non-current interest-bearing liabilities | | 3,063.6 | 1,932.5 |

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Note 21. Interest-Bearing Liabilities (continued)

| \$ million | 2011 | 2010 |
|--|----------------|----------------|
| Reconciliation of consolidated net debt | | |
| Current | 356.2 | 1,378.7 |
| Non-current | 3,063.6 | 1,932.5 |
| Total interest-bearing liabilities | 3,419.8 | 3,311.2 |
| Cash and cash equivalents (refer note 11) | (224.4) | (267.1) |
| Net debt | 3,195.4 | 3,044.1 |

Details of the interest rate risk, foreign currency risk, committed and uncommitted facilities and fair value of interest-bearing liabilities for the consolidated entity are set out in note 28.

- (1) The consolidated entity has uncommitted bank overdraft facilities (both secured and unsecured) to a maximum of \$1576 million (2010: \$211.1 million). As at 30 June 2011, the unused portions of the facilities were \$130.5 million (2010: \$146.4 million). The bank overdrafts are payable on demand and are subject to annual review.
- (2) Comprises loans secured over property, plant and equipment in overseas controlled entities to the extent of \$3.5 million (2010: \$8.1 million). The carrying value of the pledged property is \$3.5 million (2010: \$8.1 million).
- (3) Borrowings in commercial paper markets include:
AUD Promissory Note Facility – \$139.6 million (2010: \$104.7 million)
 This is an uncommitted promissory note facility of \$600.0 million (2010: \$600.0 million). This facility continues indefinitely until terminated by giving written notice to the dealer panel members. As at 30 June 2011, the promissory notes outstanding had an average maturity of 18 days.
US Commercial Paper Program – \$89.0 million (2010: nil)
 This is an uncommitted commercial paper program of US\$400.0 million (2010: US\$400.0 million). As at 30 June 2011, US\$95.0 million commercial paper was outstanding (2010: nil).
- (4) Various bank borrowings including:
 Amcor Limited – \$14 million (2010: \$3.5 million) drawn under uncommitted at call facilities. Amounts borrowed under these facilities bear interest at the overnight cash rate plus an applicable margin.
- (5) Comprises various funding facilities made available to subsidiary companies predominantly in Europe and North America.
- (6) Lease liabilities (other than liabilities recognised in relation to surplus space under non-cancellable operating leases) are effectively secured as the rights to the leased assets recognised in the financial statements revert to the lessor in the event of default.
- (7) Comprises loans secured over property, plant and equipment in Australian and overseas controlled entities to the extent of \$2.2 million (2010: \$3.4 million). The carrying value of the pledged property is \$2.2 million (2010: \$8.9 million).
- (8) Principally relates to bank borrowings in:
 Amcor Limited/Amcor UK Finance Limited/Amcor Finance (USA) Inc – \$172.4 million (2010: nil) drawn under a committed US\$740.0 million (2010: US\$500.0 million) syndicated multi-currency facility supporting uncommitted commercial paper program maturing December 2012. Drawings are in various currencies and bear interest at the applicable BBSY or LIBOR rate plus a credit margin.
 Amcor Limited/Amcor UK Finance Limited/Amcor Finance (USA) Inc – \$420.9 million (2010: \$486.5 million) drawn under a US\$740.0 million (2010: US\$750.0 million) committed global syndicated multi-currency facility maturing December 2013.
 Amcor Limited/Amcor UK Finance Limited/Amcor Finance (USA) Inc – \$125.0 million (2010: nil) drawn under a US\$370.0 million committed global syndicated multi-currency facility maturing December 2014.
 Amcor Limited – \$100.0 million (2010: \$150.0 million) committed multi-currency facility maturing in September 2013. No amount has been drawn under this facility as at 30 June 2011 (2010: \$142.8 million) which is in various currencies and bears interest at the applicable BBSY or LIBOR rate plus an applicable credit margin.
 Amcor Limited \$200.0 million (2010: \$275.0 million) committed multi-currency facility maturing in August 2012. No amount has been drawn under this facility as at 30 June 2011 (2010: \$104.2 million) which is in various currencies and bear interest at the applicable BBSY, HIBOR or LIBOR rate plus an applicable credit margin.
 Amcor Limited \$213.7 million committed multi-currency facility maturing in May 2013. \$159.8 million (2010: \$131.3 million) drawn under this facility and bears interest at the applicable LIBOR, EURIBOR or HIBOR rate plus an applicable credit margin.
- (9) US\$460.0 million Amcor Limited senior unsecured guaranteed notes issued in the United States Private Placement market in 2002. The notes have final bullet maturities between December 2012 and December 2017.
 US\$850.0 million Amcor Finance USA senior unsecured guaranteed notes issued in the United States Private Placement market in 2009. The notes have final bullet maturities between 2016 and 2021.
 €150.0 million Amcor Finance USA senior unsecured guaranteed notes issued in the United States Private Placement market in 2010. The notes have final bullet maturities between 2015 to 2020.
 Interest on the above notes is payable semi-annually, at a fixed rate.
- (10) €550.0 million Amcor Limited unsecured notes issued in the Eurobond market. The notes mature in April 2019 and pay an annual coupon of 4.625%. For the year ended 30 June 2010, the \$496.1 million represented €350.0 million Amcor Limited unsecured notes issued in the Eurobond market which matured in March 2011 paying an annual coupon of 4.25%. Interest on these notes is payable annually at a fixed rate.

Note 22. Other Financial Liabilities

| \$ million | 2011 | 2010 |
|--|-------------|-------------|
| Current | | |
| Derivative financial instruments – fair value through profit and loss: | | |
| Forward exchange contracts | 13.3 | 7.7 |
| | 13.3 | 7.7 |
| Derivative financial instruments – cash flow hedges: | | |
| Forward exchange contracts | 9.4 | 7.6 |
| Commodity contracts | 0.1 | 8.5 |
| | 9.5 | 16.1 |
| Total current other financial liabilities | 22.8 | 23.8 |
| Non-current | | |
| Derivative financial instruments – cash flow hedges: | | |
| Forward exchange contracts | 0.1 | 2.3 |
| Total non-current other financial liabilities | 0.1 | 2.3 |

Note 23. Provisions

| \$ million | Employee entitlements | Insurance and other claims | Onerous contracts | Asset restoration | Restructuring | Other | Total |
|--|-----------------------|----------------------------|-------------------|-------------------|---------------|------------|--------------|
| Balance at 1 July 2010 | 132.7 | 166.5 | 24.6 | 78.9 | 80.0 | 0.2 | 482.9 |
| Provisions made during the period | 56.9 | 75.6 | 5.2 | 1.9 | 158.4 | 2.7 | 300.7 |
| Payments made during the period | (42.1) | (62.3) | (8.4) | (3.4) | (110.3) | (0.2) | (226.7) |
| Released during the period | (2.8) | (10.3) | – | (3.2) | (0.3) | – | (16.6) |
| Disposal of businesses and controlled entities | – | (1.6) | (0.6) | – | – | – | (2.2) |
| Additions through business acquisitions | 5.8 | 1.1 | 3.3 | 15.5 | – | 1.1 | 26.8 |
| Unwinding of discount | – | – | 0.2 | 2.6 | – | – | 2.8 |
| Effect of movement in foreign exchange rate | (5.5) | (9.2) | (3.2) | (9.0) | (4.6) | (0.1) | (31.6) |
| Balance at 30 June 2011 | 145.0 | 159.8 | 21.1 | 83.3 | 123.2 | 3.7 | 536.1 |
| Current | 118.2 | 86.8 | 16.6 | 5.5 | 93.9 | 3.5 | 324.5 |
| Non-current | 26.8 | 73.0 | 4.5 | 77.8 | 29.3 | 0.2 | 211.6 |
| Balance at 1 July 2009 | 129.2 | 97.7 | 13.4 | 53.2 | 35.5 | 0.2 | 329.2 |
| Provisions made during the period | 49.9 | 54.6 | 4.0 | 4.8 | 65.5 | 0.1 | 178.9 |
| Payments made during the period | (44.1) | (23.0) | (6.6) | (2.1) | (36.7) | (0.2) | (112.7) |
| Released during the period | (1.5) | (5.5) | – | (1.7) | (0.1) | – | (8.8) |
| Additions through business acquisitions | 1.2 | 40.2 | 15.6 | 25.6 | 18.9 | 0.1 | 101.6 |
| Unwinding of discount | – | 1.3 | 0.3 | 1.6 | – | – | 3.2 |
| Effect of movement in foreign exchange rate | (2.0) | 1.2 | (2.1) | (2.5) | (3.1) | – | (8.5) |
| Balance at 30 June 2010 | 132.7 | 166.5 | 24.6 | 78.9 | 80.0 | 0.2 | 482.9 |
| Current | 109.1 | 85.5 | 19.7 | 4.6 | 52.6 | 0.2 | 271.7 |
| Non-current | 23.6 | 81.0 | 4.9 | 74.3 | 27.4 | – | 211.2 |

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Note 23. Provisions (continued)

Description of provisions

Employee entitlements

Employee entitlements include the liability for annual leave and long service leave of employees as well as any Directors' retirement allowances.

Insurance and other claims

Insurance and other claims provisions include provisions for workers compensation, insurance and other claims and are made for claims received and claims expected to be received in relation to incidents occurring prior to 30 June 2011, based on historical claim rates. Estimated net future cash flows are based on the assumption that all claims will be settled and the weighted average cost of historical claims adjusted for inflation will continue to approximate future costs.

Onerous contracts

Onerous contract provisions relate to rental of land and buildings by Amcor Flexibles and Rigid Plastics business groups which are not able to be fully used or sublet by the consolidated entity and certain customer and supply contracts acquired in the Alcan Packaging acquisition. The provision reflects only the onerous element of these commitments.

Asset restoration

Provisions for asset restoration or decommissioning relate to either make-good provisions included in lease agreements or decommissioning costs associated with environmental risks for which the consolidated entity has a legal or constructive obligation.

Where lease agreements include requirements to return the property to its original condition, the consolidated entity has made a provision based on an estimate of these costs.

On a number of sites, there are areas of contamination caused by past practice, many of which relate to operations prior to Amcor's ownership. The provision includes costs associated with the clean-up of sites it owns, or contamination that it caused, to enable on-going use of the land as an industrial property.

In addition, the consolidated entity recognises the environmental risks associated with underground storage tanks. The provision includes costs associated with the decommissioning, removal or repair of any tanks which may fail integrity tests.

Restructuring provisions

The following tables provide a segmental analysis of the restructuring provision at the end of the reporting period:

| \$ million | Amcor Flexibles | Amcor Rigid Plastics | Australasia and Packaging Distribution | Other | Total |
|---|--------------------|----------------------------|---|-------------|--------------|
| Balance at 1 July 2010 | 40.2 | 2.3 | 21.4 | 16.1 | 80.0 |
| Provisions made during the period | 118.5 | 4.8 | 18.2 | 16.9 | 158.4 |
| Payments made during the period | (88.0) | (2.1) | (1.4) | (18.8) | (110.3) |
| Released during the period | (0.3) | - | - | - | (0.3) |
| Effect of movement in foreign exchange rate | (4.0) | (0.6) | - | - | (4.6) |
| Balance at 30 June 2011 | 66.4 | 4.4 | 38.2 | 14.2 | 123.2 |
| Current | 57.7 | 4.4 | 17.6 | 14.2 | 93.9 |
| Non-current | 8.7 | - | 20.6 | - | 29.3 |
| Balance at 1 July 2009 | 8.4 | 2.0 | 23.8 | 1.3 | 35.5 |
| Provisions made during the period | 39.6 | 4.6 | 3.6 | 17.7 | 65.5 |
| Payments made during the period | (21.7) | (5.3) | (6.0) | (3.7) | (36.7) |
| Released during the period | (0.1) | - | - | - | (0.1) |
| Additions through business acquisitions | 16.6 | 1.1 | - | 1.2 | 18.9 |
| Effect of movement in foreign exchange rate | (2.6) | (0.1) | - | (0.4) | (3.1) |
| Balance at 30 June 2010 | 40.2 | 2.3 | 21.4 | 16.1 | 80.0 |
| Current | 30.5 | 1.5 | 4.8 | 15.8 | 52.6 |
| Non-current | 9.7 | 0.8 | 16.6 | 0.3 | 27.4 |

The Amcor Flexibles restructuring provision includes costs associated with the realisation of expected synergies from the Alcan acquisition. The restructuring costs incurred in the current year are in relation to the closure of the Lainate, Dublin and Viersen manufacturing plants.

During the period Amcor Rigid Plastics continued to recognise and utilise restructuring provisions relating to activities associated with the streamlining and reorganisation of operations in North America.

The Australasia and Packaging Distribution restructuring provision primarily relates to costs associated with the new recycled paper mill in Botany, New South Wales, as announced on 20 February 2008, employee costs associated with the closure of the existing mills at Botany and Fairfield, Victoria, and restructuring costs related to the Cartons, Cartonboard and Sacks cash-generating unit.

Note 24. Retirement Benefit Assets and Obligations

| \$ million | 2011 | 2010 |
|---|---------------|--------------|
| Retirement benefit asset pension plans | (64.2) | (5.3) |
| Retirement benefit assets | (64.2) | (5.3) |
| Defined benefit obligation pension plans | 255.1 | 309.2 |
| Defined benefit obligation post-retirement plans | 34.6 | 37.5 |
| Retirement benefit obligations | 289.7 | 346.7 |
| Net liability in the statement of financial position | 225.5 | 341.4 |

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Note 24. Retirement Benefit Assets and Obligations (continued)

(i) Description of plans

The consolidated entity participates in a number of pension plans which have been established to provide benefits for employees and their dependants. The plans include company sponsored plans, industry/union plans and government plans.

Company sponsored plans

Company sponsored plans include both defined contribution and defined benefit plans. The principal benefits of these plans are pensions or lump sums for members on resignation, retirement, death or total permanent disablement. These benefits are determined on either a defined benefit or accumulation benefit basis.

Employee contribution rates are either determined by the rules of the plan or selected by members from a specified range of rates. In addition to legislative requirements, employer companies contribute to defined benefit funds as described below or, in the case of defined contribution funds, the amounts set out in the appropriate plan rules.

Industry/union plans

Employer companies participate in industry and union plans on behalf of certain employees. These plans operate on an accumulation basis and provide lump sum benefits for members on resignation, retirement or death. The employer entity has a legally enforceable obligation to contribute at varying rates to these plans.

Government plans

Employer companies participate in government plans, on behalf of certain employees, which provide pension benefits. There exists a legally enforceable obligation on employer companies to contribute as required by legislation.

Defined benefit plans

Globally the consolidated entity maintains numerous defined benefit pension arrangements. On a vested benefit basis, certain plans are in actuarial surplus, while the remainder are in a position of actuarial deficiency. Surpluses and deficiencies depend on many diverse factors and can vary significantly over time having regard, for example, to movements in the investment markets, future salary increases and changes in employment patterns. This note sets out the consolidated entity's position and funding policy in relation to its defined benefit arrangements.

The consolidated entity has no legal obligation to settle any unfunded defined benefit obligation with an immediate contribution or additional one-off contributions. The objective of funding is to ensure that the benefit entitlements of members and other beneficiaries are fully funded by the time they become payable.

The consolidated entity's current intention is to make annual contributions to defined benefit funds at a rate determined from time to time, following discussions with the funds' actuaries or other competent authorities and advisors. The consolidated entity expects that the contribution rates will be determined after taking into account sound actuarial principles and would be designed to enable all consolidated entity defined benefit funds to meet retirement expectations and relevant regulatory requirements. The consolidated entity's current intention is based on these assumptions. The consolidated entity reserves the right to increase, reduce or suspend its contributions to the funds as it sees fit.

The following tables set out financial information in relation to both defined benefit pension plans and defined benefit post-retirement plans.

(ii) Amounts recognised in the statement of financial position

| \$ million | 2011 | 2010 |
|---|--------------|--------------|
| Present value of the unfunded defined benefit obligation | 96.0 | 107.0 |
| Present value of the funded defined benefit obligation | 1,360.9 | 1,482.2 |
| Liabilities for defined benefit obligations | 1,456.9 | 1,589.2 |
| Fair value of defined benefit plan assets | (1,227.5) | (1,249.9) |
| | 229.4 | 339.3 |
| Unrecognised past service cost | (3.9) | (0.5) |
| Amounts not recognised as an asset | – | 2.6 |
| Net liability in the statement of financial position | 225.5 | 341.4 |

(iii) Movement in the liability for defined benefit obligations

| \$ million | 2011 | 2010 |
|---|----------------|----------------|
| Defined benefit obligation at 1 July | 1,589.2 | 846.5 |
| Current service cost | 38.5 | 34.7 |
| Interest cost on benefit obligation | 65.7 | 55.9 |
| Actuarial (gain)/loss recognised directly in other comprehensive income | (13.1) | 135.0 |
| Actuarial (gain)/loss recognised directly in profit or loss | (0.7) | 2.2 |
| Acquired in business combination | 3.7 | 676.2 |
| Disposal of businesses and controlled entities | (3.1) | – |
| Contributions by plan participants | 9.6 | 8.9 |
| Benefits paid by the plan | (71.6) | (54.2) |
| Past service cost | 3.9 | 0.3 |
| Gains on curtailment | (64.1) | (4.8) |
| Gains on settlement | (3.5) | – |
| Expenses, taxes, premiums paid | (7.2) | (8.0) |
| Exchange differences on foreign plans | (90.4) | (103.5) |
| Defined benefit obligations at 30 June | 1,456.9 | 1,589.2 |

(iv) Movement in plan assets

| \$ million | 2011 | 2010 |
|---|----------------|----------------|
| Fair value of plan assets at 1 July | 1,249.9 | 671.1 |
| Contributions by employer | 62.4 | 55.8 |
| Contributions by plan participants | 9.6 | 8.9 |
| Benefits paid by the plan | (71.6) | (54.2) |
| Disposal of businesses and controlled entities | (1.0) | – |
| Expenses, taxes, premiums paid | (7.2) | (8.0) |
| Losses on settlement | (2.5) | – |
| Acquired in business combination ⁽¹⁾ | – | 563.7 |
| Expected return on assets | 67.9 | 52.0 |
| Actuarial (loss)/gain recognised directly in other comprehensive income | (4.9) | 33.4 |
| Transfer from external fund | (0.5) | 2.2 |
| Exchange differences on foreign plans | (74.6) | (75.0) |
| Fair value of plan assets at 30 June | 1,227.5 | 1,249.9 |

(1) Included in the fair value closing balance of plan assets is an indemnification asset of \$95.0 million (2010: \$104.4 million) which was recognised through the Alcan Packaging acquisition.

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Note 24. Retirement Benefit Assets and Obligations (continued)

(v) Proportion of the fair value of total plan assets

| % | 2011 | 2010 |
|-----------------------------|--------------|-------|
| Equity securities | 38.7 | 32.9 |
| Real estate | 5.0 | 5.2 |
| Debt securities | 39.5 | 32.1 |
| Other assets ⁽¹⁾ | 16.8 | 29.8 |
| | 100.0 | 100.0 |

(1) Other assets include investments held in emerging market debt, currency, cash and other alternative investments.

The defined benefit plan assets of the consolidated entity may include Amcor Limited securities at various times throughout the year. At 30 June 2011, the plan did not hold any Amcor Limited securities (2010: nil).

(vi) Amounts recognised in the income statement

| \$ million | 2011 | 2010 |
|---|---------------|--------|
| Current service cost | 38.5 | 34.7 |
| Interest cost on benefit obligation | 65.7 | 55.9 |
| Expected return on plan assets | (67.9) | (52.0) |
| Past service cost | 0.4 | 0.1 |
| Gains on curtailments | (64.1) | (4.8) |
| Impact of asset ceiling recognised directly in the income statement | (1.7) | 0.7 |
| (Profit)/loss | (29.1) | 34.6 |
| Actual return on plan assets | 63.0 | 85.4 |

(vii) Actuarial gains and losses recognised in other comprehensive income

| \$ million | 2011 | 2010 |
|---|----------------|---------|
| Cumulative amount at 1 July | (212.2) | (108.9) |
| Recognised in equity during the period | | |
| Movement in plan liabilities | 13.1 | (135.0) |
| Movement in plan assets | (4.9) | 33.4 |
| Impact of asset ceiling recognised directly in other comprehensive income | 1.1 | (1.7) |
| | 9.3 | (103.3) |
| Cumulative amount at 30 June | (202.9) | (212.2) |

(viii) Principal actuarial assumptions

The principal actuarial assumptions (expressed as weighted averages) used for the purposes of reporting under AASB 119 *Employee Benefits* for the consolidated entity's defined benefit plans are as follows:

| % | 2011 | 2010 |
|--------------------------------|------|------|
| Discount rate | 4.1 | 4.5 |
| Expected return on plan assets | 5.8 | 5.8 |
| Future salary increases | 2.8 | 3.4 |
| Medical cost trend rates | 4.5 | 4.5 |

Expected return on plan asset assumption

The expected rate of return on plan asset assumption is determined by weighting the expected long-term return for each asset class by the benchmark allocation of assets to each class for each defined benefit plan. The returns used for each class are net of tax and investment fees.

Investment strategy

The investment strategies for the consolidated entity's defined benefit plans are varied, with the plans seeking to achieve moderate to high returns within a given risk profile. Investment target strategies for the material defined benefit plans include:

- high returns in the long term, while tolerating a reasonably high degree of volatility of returns over the short period;
- a balance of equity, debt securities and fixed income securities, which would be expected to produce a moderately high return over the long term, with only a moderate degree of variability of returns over short periods;
- where investments are made in equity securities, ensuring there is an appropriate mix of domestic and international securities;
- to achieve returns greater than a pre-determined percentage above the prevailing inflation rate; and
- to ensure all legal obligations are met.

Effects of changes in assumed medical cost trend rates

A 1.0% decrease in medical cost trend rates would be expected to reduce service and interest cost components and the value of the defined benefit obligation by \$nil and \$0.1 million respectively. A 1.0% increase in medical cost trend rates would be expected to increase service and interest cost components and the value of the defined benefit obligation by \$nil and \$0.1 million respectively.

(ix) Estimated future contributions

Employer contributions to the defined benefit pension plans and defined benefit post-retirement plans are based on recommendations by the plans' actuaries. Actuarial assessments are made periodically.

Employer contributions to defined benefit funds and defined benefit post-retirement plans for the consolidated entity during the financial year ending 30 June 2012 are expected to total \$53.1 million.

(x) Historical summary

| \$ million | 2011 | 2010 | 2009 | 2008 | 2007 |
|--|------------------|-----------|---------|---------|---------|
| Present value of the defined benefit obligation | 1,453.0 | 1,588.7 | 846.1 | 894.2 | 988.9 |
| Fair value of plan assets | (1,227.5) | (1,247.3) | (670.7) | (728.4) | (890.7) |
| Deficit in the plans | 225.5 | 341.4 | 175.4 | 165.8 | 98.2 |
| Experience adjustments arising on plan liabilities | (4.6) | (14) | 18.8 | 22.2 | (2.5) |
| Experience adjustments arising on plan assets | (4.9) | 33.4 | (127.7) | (105.3) | 57.3 |

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Note 24. Retirement Benefit Assets and Obligations (continued)

(xi) Defined benefit expense

The expense for both defined benefit plans and defined benefit post-retirement plans were recognised in the following line items in the income statement:

| \$ million | 2011 | 2010 |
|-------------------------------------|---------------|-------|
| Cost of sales | 6.0 | 9.2 |
| Other income ⁽¹⁾ | (64.1) | (4.8) |
| Sales and marketing expenses | 2.3 | 1.5 |
| General and administration expenses | 28.3 | 24.2 |
| Research and development costs | 0.6 | 0.6 |
| Net financing benefit | (2.2) | 3.9 |
| | (29.1) | 34.6 |

(1) Curtailment gain of \$40.8 million, net of costs, has been recognised as a significant item, refer note 7. Curtailment gains of \$15.4 million, net of costs, are included in 'other income', refer note 5.

Note 25. Contributed Equity

| \$ million | 2011 | 2010 |
|--|----------------|---------|
| Issued and paid-up: | | |
| 1,227,469,819 ordinary shares with no par value (2010: 1,221,647,084) ⁽¹⁾ | 4,070.4 | 4,029.8 |
| 584,000 partly-paid ordinary shares with no par value (2010: 614,000) ⁽²⁾ | - | - |
| | 4,070.4 | 4,029.8 |

(1) Fully paid ordinary shares carry one vote per share and carry the right to dividends.

(2) The partly-paid ordinary shares comprise 480,000 (2010: 505,000) shares paid to five cents and 104,000 (2010: 109,000) shares paid to one cent under Employee Share/Option Plans. The aggregate uncalled capital of \$4.1 million (2010: \$4.4 million) will be brought to account when these shares are fully paid.

(i) Reconciliation of fully paid ordinary shares

| | 2011 | | 2010 | |
|--|------------------|----------------|-----------|------------|
| | No. '000 | \$ million | No. '000 | \$ million |
| Balance at beginning of period | 1,221,647 | 4,029.8 | 842,759 | 2,440.3 |
| Calls on partly-paid shares | 30 | 0.2 | 10 | 0.1 |
| Issue of shares under the equity placement | - | - | 279,859 | 1,203.4 |
| Issue of shares under the entitlement offer | - | - | 94,739 | 407.4 |
| Issue of shares under the Employee Share Purchase Plan (note 29(a)(ii)) | 204 | 0.7 | 190 | - |
| Issue of shares under the Dividend Reinvestment Plan ⁽¹⁾ | - | - | 3,357 | 18.7 |
| Issue of shares under the Medium Term Incentive Plan | 155 | - | 178 | - |
| Loan repayments under the Employee Share Option Plan (note 29(b)) | - | 1.6 | - | 1.9 |
| Exercise of options under the Long Term Incentive Plan (note 29(b)(ii) & (iii)) | 3,059 | 22.4 | 31 | 0.2 |
| Exercise of performance rights under the Long Term Incentive Plan (note 29(c)(vii) & (viii)) | 534 | 2.6 | 281 | 1.6 |
| Exercise of performance rights under the Equity Management Incentive Plan (note 29(c)(v)) | 81 | 0.2 | - | - |
| Exercise of options under the Employee Share Option Plan (note 29(b)(i)) | 1,760 | 12.9 | 243 | 1.2 |
| Transaction costs associated with the issue of capital | - | - | - | (45.0) |
| Balance at end of period | 1,227,470 | 4,070.4 | 1,221,647 | 4,029.8 |

(1) Share requirements for Dividend Reinvestment Plan (DRP) for the year ended 30 June 2011 were met by on-market purchases, by a broker, on behalf of DRP participants. Share requirements for the DRP for March 2010 were met by the issue of 3,357,457 new shares.

(ii) Reconciliation of partly-paid ordinary shares

| | 2011 | | 2010 | |
|---|------------|------------|------------|------------|
| | No. '000 | \$ million | No. '000 | \$ million |
| Balance at beginning of period | 614 | - | 624 | - |
| Converted to fully paid ordinary shares | (30) | - | (10) | - |
| Balance at end of period | 584 | - | 614 | - |

Note 26. Reserves and Retained Earnings

(a) Reserves

| \$ million | Available- for-sale revaluation reserve | Cash flow hedge reserve | Share-based payments reserve | Exchange fluctuation reserve | Total reserves |
|--|--|-------------------------------|------------------------------------|------------------------------------|-------------------|
| Balance at 1 July 2010 | (1.2) | (16.0) | 55.6 | (695.5) | (6571) |
| <i>Other comprehensive income:</i> | | | | | |
| Reclassification to profit or loss | - | (4.7) | - | (2.2) | (6.9) |
| Effective portion of changes in fair value | - | 9.6 | - | - | 9.6 |
| Currency translation differences | - | - | - | (337.6) | (337.6) |
| Deferred tax | - | 0.1 | - | (43.4) | (43.3) |
| Total other comprehensive income | - | 5.0 | - | (383.2) | (378.2) |
| <i>Transactions with owners in their capacity as owners:</i> | | | | | |
| Settlement of performance rights | - | - | (8.1) | - | (8.1) |
| Share-based payment option expense | - | - | 28.2 | - | 28.2 |
| Balance at 30 June 2011 | (1.2) | (11.0) | 75.7 | (1,078.7) | (1,015.2) |
| Balance at 1 July 2009 | (0.8) | (22.1) | 33.1 | (321.7) | (311.5) |
| <i>Other comprehensive income:</i> | | | | | |
| Net change in fair value | 2.2 | - | - | - | 2.2 |
| Reclassification to profit or loss | (2.6) | 14.5 | - | 0.2 | 12.1 |
| Reclassified to non-financial assets | - | 158.3 | - | - | 158.3 |
| Effective portion of changes in fair value | - | (166.3) | - | - | (166.3) |
| Currency translation differences | - | - | - | (380.1) | (380.1) |
| Deferred tax | - | (0.4) | - | 6.1 | 5.7 |
| Total other comprehensive income | (0.4) | 6.1 | - | (373.8) | (368.1) |
| <i>Transactions with owners in their capacity as owners:</i> | | | | | |
| Share-based payment option expense | - | - | 22.5 | - | 22.5 |
| Balance at 30 June 2010 | (1.2) | (16.0) | 55.6 | (695.5) | (6571) |

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Note 26. Reserves and Retained Earnings (continued)

(a) Reserves (continued)

Nature and purpose of reserves

(i) Available-for-sale revaluation reserve

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

(ii) Cash flow hedge reserve

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

(iii) Share-based payments reserve

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

(iv) Exchange fluctuation reserve

Exchange differences arising on translation of foreign controlled operations, together with any exchange differences on financial assets or liabilities hedging those operations, are taken to the exchange fluctuation reserve, as described in note 1(c). The relevant position of the reserve is recognised in the income statement when a foreign operation is disposed of.

(b) Retained earnings

| \$ million | 2011 | 2010 |
|---|----------------|---------|
| Retained earnings at the beginning of the period | 695.2 | 883.8 |
| Net profit attributable to members of the owners of Amcor Limited | 356.7 | 183.0 |
| Non-controlling interest buy-out | 0.3 | – |
| Actuarial losses on defined benefit plans, net of tax | (2.3) | (75.7) |
| | 1,049.9 | 991.1 |
| Ordinary dividends | | |
| – Interim paid | (208.7) | (152.6) |
| – Final paid | (208.0) | (143.3) |
| | (416.7) | (295.9) |
| Retained earnings at the end of the period | 633.2 | 695.2 |

Note 27. Dividends

Dividends recognised in the current period by the consolidated entity are:

| | Cents per share | Total amount \$ million | Franked/ unfranked ⁽¹⁾ | Date of payment |
|--|--------------------|-------------------------------|--------------------------------------|-------------------|
| 2011 | | | | |
| 2011 Interim dividend per fully paid share | 170 | 208.7 | Unfranked | 31 March 2011 |
| 2010 Final dividend per fully paid share | 170 | 208.0 | Unfranked | 1 October 2010 |
| | | 416.7 | | |
| 2010 | | | | |
| 2010 Interim dividend per fully paid share | 12.5 | 152.6 | Unfranked | 31 March 2010 |
| 2009 Final dividend per fully paid share | 170 | 143.3 | Unfranked | 18 September 2009 |
| | | 295.9 | | |

(1) 100% is sourced from the Conduit Foreign Income Account.

In addition to the above dividends, since the end of the financial year, the Directors have declared the following final dividend. The financial effect of this dividend has not been brought to account in the financial statements for the year ended 30 June 2011 and will be recognised in subsequent Financial Reports.

| | Cents per share | Total amount \$ million | Franked/ unfranked ⁽¹⁾ | Date of payment |
|---|--------------------|-------------------------------|--------------------------------------|-------------------|
| 2011 | | | | |
| 2011 Final dividend per fully paid share ⁽²⁾ | 18.0 | 220.9 | Unfranked | 28 September 2011 |
| 2010 | | | | |
| 2010 Final dividend per fully paid share ⁽²⁾ | 170 | 207.7 | Unfranked | 1 October 2010 |

(1) 100% is sourced from the Conduit Foreign Income Account.

(2) Estimated final dividend payable, subject to variations in number of shares up to record date.

Franking Account

There are insufficient franking credits available for distribution from the franking account. Accordingly, the final dividend for 2011 is unfranked. Franking credits that will arise from payment of income tax in the year ended 30 June 2011 have been factored into the franking account balance.

Conduit Foreign Income Account

For non-resident shareholders for Australian tax purposes, future dividends will not be subject to Australian withholding tax to the extent that they are franked or sourced from the parent entity's Conduit Foreign Income Account. For the dividend payable on 28 September 2011, 100% of the dividend to non-residents is sourced from the parent entity's Conduit Foreign Income Account (2010: 100%). As a result, 100% of the dividend paid to a non-resident will not be subject to Australian withholding tax.

The balance of the Conduit Foreign Income Account as at 30 June 2011 is \$841.1 million (2010: \$1,173.9 million). It is estimated that this will reduce to \$620.2 million (2010: \$966.2 million) after payment of the estimated final dividend on 28 September 2011.

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Note 28. Financial Risk Management

The consolidated entity's activities expose it to a variety of financial risks: market risk (including foreign currency risk, interest rate risk, commodity price risk and employee share plan risk), liquidity risk, counterparty credit risk and capital risk management.

Financial risk management is carried out by Amcor Group Treasury under policies approved by the Board which set out the principles and procedures with respect to risk tolerance, delegated authority levels, internal controls, management of foreign currency, interest rate and counterparty credit exposures and the reporting of exposures. The Board has determined written policies for overall risk management, as well as written policies covering specific areas such as mitigating foreign exchange risk, interest rate risk, credit risk and use of derivative financial instruments. The Group Treasury policies, including risk threshold benchmarks, are reviewed at least annually and approved by the Board.

The overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the consolidated entity's financial performance. Appropriate commercial terms are negotiated or derivative financial instruments are used, such as foreign exchange contracts and interest rate swaps, to hedge these risk exposures. Amcor Group Treasury identifies, evaluates and hedges financial risks in conjunction with the finance departments of the consolidated entity's business groups. Derivatives are exclusively used for hedging purposes – i.e. not as trading or other speculative instruments. Derivatives are designated as hedges under AASB 139 *Financial Instruments: Recognition and Measurement*, refer note 1(j).

The consolidated entity holds the following financial instruments:

| \$ million | 2011 | 2010 |
|--|----------------|---------|
| Financial assets | | |
| <i>Loans and receivables</i> | | |
| Cash and cash equivalents | 224.4 | 267.1 |
| Trade receivables | 1,392.7 | 1,510.3 |
| Loans and other receivables | 386.2 | 213.0 |
| <i>Available-for-sale financial assets</i> | | |
| Investments in companies listed on stock exchanges at fair value | 4.6 | 4.5 |
| Investments in companies not listed on stock exchanges at cost | 1.1 | 1.2 |
| Derivative financial instruments | 6.8 | 23.9 |
| Other non-current financial assets | 0.9 | 0.4 |
| | 2,016.7 | 2,020.4 |
| Financial liabilities | | |
| <i>Financial liabilities measured at amortised cost</i> | | |
| Trade and other payables | 2,575.9 | 2,494.8 |
| Interest-bearing liabilities | 3,419.8 | 3,311.2 |
| Derivative financial instruments | 22.9 | 26.1 |
| | 6,018.6 | 5,832.1 |

(a) Market risk

(i) Foreign currency risk

The consolidated entity operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar, Euro, British pound, Swiss franc and NZ dollar. Foreign currency exposures arise from:

- future commercial transactions;
- recognised assets and liabilities denominated in a currency that is not the functional currency of the individual entities within the consolidated entity; and
- net investments in foreign operations.

Foreign currency transaction risk

To manage the foreign currency exchange risk arising from commercial transactions, management has set a policy to use forward exchange contracts to hedge forecast or actual foreign currency exposures greater than A\$500,000, where the exposure is measured at forecast or actual transactional cash flows in currencies other than the functional currency of the business. This limit applies to both an individual transaction and to a number of individual exposures relating to the one transaction that totals more than A\$500,000. Local management may elect to hedge exposures of less than A\$500,000. All capital expenditure exposures greater than A\$100,000 whether forecast or committed are hedged or must have a hedging strategy in place. In the presence of contractual certainty of a foreign currency transaction greater than the threshold noted, 100% of the foreign currency exposure is hedged.

Where there is contractual uncertainty, the proportion of a forecasted foreign currency exposure hedged is dependent upon the timeframe of the forecasted transaction. Forecast hedge proportions are as follows:

- | | |
|----------------------|-----|
| • Up to six months | 75% |
| • Seven to 12 months | 50% |
| • One to two years | 25% |
| • Over two years | Nil |

Forecast exposure greater than two years from the forecast date must not be hedged unless specifically approved by the Executive Vice President Finance and Chief Financial Officer.

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Note 28. Financial Risk Management (continued)

(a) Market risk (continued)

(i) Foreign currency risk (continued)

Foreign currency transaction risk (continued)

The following table details the maturity of the receipts/payments of forward currency contracts (Australian dollar equivalents) outstanding at balance date for those currency exposures that the consolidated entity is primarily exposed to:

| | Weighted average exchange rate | | Contract amounts | |
|-----------------------------------|-----------------------------------|------|---------------------|--------------------|
| | 2011 | 2010 | 2011 \$ million | 2010 \$ million |
| Buy CAD Sell USD 0-12 months | 0.99 | 0.96 | 273 | 20.6 |
| Buy CAD Sell USD 1-2 years | 0.99 | 0.97 | 2.9 | 4.0 |
| Sell CAD Buy USD 0-12 months | 0.96 | 0.96 | (0.9) | (0.8) |
| Net CAD position – Buy CAD | | | 293 | 23.8 |
| Buy CHF Sell EUR 0-12 months | 1.26 | 1.43 | 53.5 | 80.1 |
| Sell CHF Buy EUR 0-12 months | 1.37 | – | (3.3) | – |
| Net CHF position – Buy CHF | | | 50.2 | 80.1 |
| Buy EUR Sell AUD 0-12 months | 0.71 | 0.68 | 286.9 | 329.4 |
| Buy EUR Sell AUD 1-2 years | – | 0.60 | – | 15.9 |
| Sell EUR Buy AUD 1-12 months | 0.75 | – | (117.7) | – |
| Net EUR position – Buy EUR | | | 169.2 | 345.3 |
| Buy EUR Sell GBP 0-12 months | 1.14 | 1.19 | 12.6 | 46.2 |
| Sell EUR Buy GBP 0-12 months | 1.13 | 1.14 | (219.6) | (182.5) |
| Net EUR position – Sell EUR | | | (207.0) | (136.3) |
| Buy NZD Sell AUD 0-12 months | 1.30 | 1.24 | 2.7 | 1.6 |
| Sell NZD Buy AUD 0-12 months | 1.28 | 1.25 | (17.5) | (8.9) |
| Net NZD position – Sell NZD | | | (14.8) | (7.3) |
| Buy USD Sell AUD 0-12 months | 1.04 | 0.84 | 207.0 | 166.8 |
| Buy USD Sell AUD 1-2 years | 1.00 | 0.74 | 0.2 | 0.1 |
| Sell USD Buy AUD 0-12 months | 1.06 | 0.88 | (8.2) | (1.3) |
| Net USD position – Buy USD | | | 199.0 | 165.6 |
| Buy USD Sell EUR 0-12 months | 1.34 | 1.33 | 24.9 | 45.5 |
| Buy USD Sell EUR 1-2 years | 1.27 | 1.30 | 0.7 | 4.2 |
| Sell USD Buy EUR 0-12 months | 1.43 | 1.32 | (63.9) | (22.4) |
| Sell USD Buy EUR 1-2 years | 1.31 | 1.25 | (0.1) | (0.4) |
| Net USD position – (Sell)/Buy USD | | | (38.4) | 26.9 |

During the 12 months to 30 June 2011 the consolidated entity transferred a \$4.7 million gain (2010: \$14.5 million loss) from equity to operating profit while no amount was added to the measurement of non-financial assets (2010: \$158.3 million gain). The amounts that were transferred to operating profit have been included in the following income statement lines:

| \$ million | 2011 | 2010 |
|--------------------|-------|--------|
| Cost of sales | 91 | (10.7) |
| Financial expenses | (4.4) | (3.8) |
| | 4.7 | (14.5) |

Foreign currency translation risk

The consolidated entity has certain investments in foreign operations whose net assets are exposed to foreign currency translation risk. Currency exposure arising from the net assets of the consolidated entity's foreign operations is managed primarily through borrowings denominated in the relevant foreign currency. Refer also to note 1(j) for further comments regarding the accounting treatment of effective and ineffective portions of hedges of net investments in foreign operations, and treatment of disposals of foreign operations.

The following table details the denomination of the net assets and net debt (Australian dollar equivalents) at the end of the financial period:

| \$ million | USD | Euro | GBP | CHF | NZD | Other | Total |
|--------------------------------|---------|---------|--------|--------|-------|---------|---------|
| 2011 | | | | | | | |
| Designated hedges | 547.2 | 983.5 | 92.5 | 153.8 | – | 21.0 | 1,798.0 |
| Natural hedges | 766.6 | 100.9 | (18.6) | (34.5) | 19.7 | 563.3 | 1,397.4 |
| Net debt | 1,313.8 | 1,084.4 | 73.9 | 119.3 | 19.7 | 584.3 | 3,195.4 |
| Net assets, excluding net debt | 1,766.0 | 1,709.9 | 199.5 | 159.9 | 192.7 | 2,916.0 | 6,944.0 |
| Net assets | 452.2 | 625.5 | 125.6 | 40.6 | 173.0 | 2,331.7 | 3,748.6 |
| 2010 | | | | | | | |
| Designated hedges | 676.8 | 1,072.8 | – | – | – | 130.2 | 1,879.8 |
| Natural hedges | 1,005.0 | 62.7 | (33.9) | (28.2) | 11.4 | 147.3 | 1,164.3 |
| Net debt | 1,681.8 | 1,135.5 | (33.9) | (28.2) | 11.4 | 277.5 | 3,044.1 |
| Net assets, excluding net debt | 1,797.7 | 1,425.3 | 165.6 | 158.7 | 205.1 | 3,415.6 | 7,168.0 |
| Net assets | 115.9 | 289.8 | 199.5 | 186.9 | 193.7 | 3,138.1 | 4,123.9 |

No portion of hedges of net investments in foreign currency operations were ineffective for the consolidated entity for the financial years ended 30 June 2011 and 30 June 2010.

Exchange rate sensitivity

The following tables summarise the estimated impact on the financial results of the consolidated entity of movements in the value of the Australian dollar against the relevant foreign currencies, with all other variables held constant, taking into account all underlying exposures and related hedges. The translation of net assets in subsidiaries with a functional currency other than Australian dollar has not been included in the sensitivity analysis as part of the equity movement.

The sensitivity assumption is considered reasonable given the percentages used are based on the 30 June one year volatility used in pricing foreign exchange option markets sourced independently. These sensitivities are shown for illustrative purposes only and it should be noted that it is unlikely that all currencies would move in the same direction at any given time. Consistent with Amcor's hedging policy it applies a prudent cash flow hedging policy approach where all forward contracts that do not have an underlying exposure already within the balance sheet are designated as cash flow hedges at inception when entering a forward exchange contract. Subsequent testing of effectiveness ensures that all effective hedges movements flow through the cash flow hedge reserve within equity. Consistent with this approach the sensitivity for movements in foreign exchange rates will flow through equity and will have minimal pre-tax impact on profit.

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Note 28. Financial Risk Management (continued)

(a) Market risk (continued)

(i) Foreign currency risk (continued)

Exchange rate sensitivity (continued)

The following table illustrates the sensitivity of the debt and financial derivatives of the consolidated entity at reporting date:

| | Sensitivity assumption | | Post-tax impact on profit | | Impact on equity | |
|---------------------------------------|------------------------|-----------|---------------------------|--------------------|--------------------|--------------------|
| | 2011 % | 2010 % | 2011 \$ million | 2010 \$ million | 2011 \$ million | 2010 \$ million |
| <i>Foreign Exchange Rate Increase</i> | | | | | | |
| United States dollar | 14.3 | 17.3 | – | – | (804) | (49.2) |
| Euro | 12.5 | 14.7 | – | – | (704) | (61.7) |
| British pound | 12.2 | 15.0 | – | – | (40.5) | (50.4) |
| Swiss franc | 14.2 | 16.6 | – | – | (13.8) | (45.6) |
| New Zealand dollar | 91 | 8.9 | – | – | (13.0) | (14.9) |
| <i>Foreign Exchange Rate Decrease</i> | | | | | | |
| United States dollar | (14.3) | (17.3) | – | – | 804 | 49.2 |
| Euro | (12.5) | (14.7) | – | – | 704 | 61.7 |
| British pound | (12.2) | (15.0) | – | – | 40.5 | 50.4 |
| Swiss franc | (14.2) | (16.6) | – | – | 13.8 | 45.6 |
| New Zealand dollar | (91) | (8.9) | – | – | 13.0 | 14.9 |

(ii) Interest rate risk

Interest rate risk is the risk that the consolidated entity's financial position will be adversely affected by movements in floating interest rates that will increase the cost of floating rate debt or opportunity losses that may arise on fixed borrowings in a falling interest rate environment.

The consolidated entity is exposed to interest rate risk as it invests and borrows funds at both fixed and floating rates. Borrowings issued at variable rates expose the consolidated entity to cash flow interest rate risk.

Amcor Group Treasury manages the consolidated entity's exposure to interest rate risk by maintaining an appropriate mix between fixed and floating rate borrowings, monitoring global interest rates and, where appropriate, hedging floating interest rate exposure or borrowings at fixed interest rates through the use of interest rate swaps and forward rate agreements. Such interest rate swaps have the effect of converting borrowings from floating rates into fixed rates and vice versa. The consolidated entity did not hold any interest rate swaps as at 30 June 2011 (2010: nil).

Interest rate sensitivity

The following table summarises the impact on the financial results of a movement of 100 basis points in the floating interest rate on the relevant interest rate yield curve applicable to the underlying currency the borrowings are denominated in with all other variables held constant, taking into account all underlying exposures and related hedges. The sensitivity assumption has been determined as reasonable based on the consolidated entity's current credit rating and mix of debt in Australia and foreign countries, relationships with financial institutions, the level of the debt that is expected to be renewed as well as a review of the last two years historical movements and economic forecaster's expectations. These sensitivities are shown for illustrative purposes only.

| \$ million | Impact on post-tax profit ⁽¹⁾ | | Impact on equity | |
|-------------------------------|--|-------|------------------|------|
| | 2011 | 2010 | 2011 | 2010 |
| <i>Interest rate increase</i> | | | | |
| Australian dollar | (5.1) | (2.7) | - | - |
| United States dollar | (3.5) | (1.9) | - | - |
| Euro | (0.7) | (6.2) | - | - |
| British pound | (0.9) | - | - | - |
| Swiss franc | (1.6) | - | - | - |
| Hong Kong dollar | (0.3) | (1.3) | - | - |
| Other currencies | (0.6) | (0.9) | - | - |
| <i>Interest rate decrease</i> | | | | |
| Australian dollar | 5.1 | 2.7 | - | - |
| United States dollar | - | - | - | - |
| Euro | - | - | - | - |
| British pound | - | - | - | - |
| Swiss franc | - | - | - | - |
| Hong Kong dollar | - | - | - | - |
| Other currencies | 0.6 | 0.9 | - | - |

(1) The above table excludes 100 basis point declines in the relevant interest rate yield curve where this would result in a rate less than zero.

The above analysis shows the sensitivity of movements subject to cash flow risk only and the impact on profit. For the consolidated entity, no financial assets or liabilities that are subject to interest rate risk have been designated at fair value through other comprehensive income or as available-for-sale therefore there is no impact upon equity.

(iii) Commodity price risk

The consolidated entity is exposed to commodity price risk from a number of commodities, including aluminium, resin and other certain raw materials.

In managing commodity price risk, the consolidated entity is ordinarily able to pass on the price risk contractually to customers via the 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, there is no impact on profit as a result of movements in commodity prices as the consolidated entity passes the price risk contractually through to customers through rise and fall adjustments in customer contractual arrangements. As the consolidated entity ultimately passes on the movement risk associated with commodity prices no sensitivity has been performed.

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30 June 2011

Note 28. Financial Risk Management (continued)

(a) Market risk (continued)

(iv) Employee share plan risk

In relation to the cash settled variants of certain employee share plans, the consolidated entity is exposed to movements in the value of the underlying ordinary shares of Amcor Limited. For all such entitlements offered, the consolidated entity has economically hedged their exposure by entering into cash settled equity share options or equity share swap contracts that mirror the terms and conditions, and therefore offset the fluctuations, in the value of the employee benefit.

The following tables set out, for the consolidated entity, the expiry or vesting date (if applicable), the outstanding option/share hedge contract positions and the hedged price of the contracts as at 30 June:

Equity share option 'American' style contracts

| | 2011 | | | 2010 | | |
|----------------------------|-------------|-----------------|-------------------------|-------------|-----------------|-------------------------|
| | Expiry date | Contract volume | Average hedged price \$ | Expiry date | Contract volume | Average hedged price \$ |
| Less than one year | 31 Dec 11 | 45,270 | 6.58 | Various | 283,116 | 6.26 |
| Between one and five years | 1 Nov 12 | 215,600 | 7.51 | Various | 370,034 | 7.32 |

Equity share swap contracts

| | 2011 | | | 2010 | | |
|----------------------------|--------------|-----------------|-------------------------|--------------|-----------------|-------------------------|
| | Vesting date | Contract volume | Average hedged price \$ | Vesting date | Contract volume | Average hedged price \$ |
| Vested | Various | 171,000 | 6.36 | Various | 171,400 | 6.37 |
| Less than one year | Various | 105,451 | 6.36 | Various | 625 | 6.37 |
| Between one and five years | Various | 67,463 | 6.36 | Various | 139,010 | 6.37 |

For the consolidated entity, the impact of movements in the underlying share price of Amcor Limited is expected to have a nil impact on post-tax profit and equity for the period. Variations in cash settled liabilities are expected to be offset by movements in the hedge contracts described above.

(b) Liquidity risk

Liquidity risk arises from the financial liabilities of the consolidated entity and the consolidated entity's subsequent ability to meet their obligation to repay their financial liabilities as and when they fall due.

Liquidity risk management involves maintaining available funding and ensuring the consolidated entity has access to an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying businesses, Amcor Group Treasury aims to maintain flexibility within the funding structure through the use of bank overdrafts, bank loans, commercial paper and corporate bonds. The consolidated entity manages this risk via maintaining minimum undrawn committed liquidity of at least A\$330.0 million (in various currencies) that can be drawn upon at short notice; generally using instruments that are readily tradable in the financial markets; monitoring duration of long term debt; to the extent practicable, spreading the maturity dates of long-term debt facilities and regularly performing a comprehensive analysis of all cash inflows and outflows that relate to financial assets and liabilities.

Financing arrangements

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

| \$ million | 2011 | | | 2010 | | |
|---|----------------|--------------|----------------|-----------|-------------|---------|
| | Committed | Uncommitted | Total | Committed | Uncommitted | Total |
| <i>Financing facilities available:</i> | | | | | | |
| Bank overdrafts | - | 1576 | 1576 | - | 2111 | 2111 |
| Unsecured bill acceptance facility/standby facility | 693.2 | - | 693.2 | 579.4 | - | 579.4 |
| Loan facilities and term debt | 3,754.1 | 217.8 | 3,971.9 | 4,236.1 | 259.0 | 4,495.1 |
| | 4,447.3 | 375.4 | 4,822.7 | 4,815.5 | 470.1 | 5,285.6 |
| <i>Facilities utilised:</i> | | | | | | |
| Bank overdrafts | - | 271 | 271 | - | 64.7 | 64.7 |
| Unsecured bill acceptance facility/standby facility | 228.6 | - | 228.6 | 104.7 | - | 104.7 |
| Loan facilities and term debt | 3,060.2 | 103.9 | 3,164.1 | 3,033.7 | 108.1 | 3,141.8 |
| | 3,288.8 | 131.0 | 3,419.8 | 3,138.4 | 172.8 | 3,311.2 |
| <i>Facilities not utilised:</i> | | | | | | |
| Bank overdrafts | - | 130.5 | 130.5 | - | 146.4 | 146.4 |
| Unsecured bill acceptance facility/standby facility | 464.6 | - | 464.6 | 474.7 | - | 474.7 |
| Loan facilities and term debt | 693.9 | 113.9 | 807.8 | 1,202.4 | 150.9 | 1,353.3 |
| | 1,158.5 | 244.4 | 1,402.9 | 1,677.1 | 297.3 | 1,974.4 |

For the purposes of reporting on management's internal liquidity targets to the Board, undrawn committed facility capacity excludes bank overdrafts and other short term subsidiary loan borrowings. Refer to note 21 for further details of the major funding arrangements of the consolidated entity.

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Note 28. Financial Risk Management (continued)

(b) Liquidity risk (continued)

Maturity of financial liabilities

The table below analyses the consolidated entity's financial liabilities and net and gross settled derivative financial instruments into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows, including principal and/or interest, calculated at 30 June.

| \$ million | 1 year or less | 1-2 years | 2-5 years | More than 5 years | Total |
|-----------------------------|-------------------|-----------|-----------|----------------------|-----------|
| 2011 | | | | | |
| <i>Non-derivatives</i> | | | | | |
| Non-interest-bearing | 2,560.0 | 15.9 | – | – | 2,575.9 |
| Variable rate | 404.1 | 360.5 | 572.6 | 9.2 | 1,346.4 |
| Fixed rate | 114.0 | 277.4 | 531.2 | 2,035.1 | 2,957.7 |
| Total non-derivatives | 3,078.1 | 653.8 | 1,103.8 | 2,044.3 | 6,880.0 |
| <i>Derivatives</i> | | | | | |
| Gross settled | | | | | |
| – Inflow | 1,275.2 | 7.5 | – | – | 1,282.7 |
| – Outflow | (1,292.5) | (7.5) | – | – | (1,300.0) |
| Total financial liabilities | (17.3) | – | – | – | (17.3) |
| 2010 | | | | | |
| <i>Non-derivatives</i> | | | | | |
| Non-interest-bearing | 2,464.6 | 30.2 | – | – | 2,494.8 |
| Variable rate | 910.1 | 24.0 | 416.3 | 8.1 | 1,358.5 |
| Fixed rate | 599.2 | 87.3 | 647.5 | 1,322.9 | 2,656.9 |
| Total non-derivatives | 3,973.9 | 141.5 | 1,063.8 | 1,331.0 | 6,510.2 |
| <i>Derivatives</i> | | | | | |
| Gross settled | | | | | |
| – Inflow | 1,003.9 | 23.6 | – | – | 1,027.5 |
| – Outflow | (997.9) | (26.3) | – | – | (1,024.2) |
| Total financial liabilities | 6.0 | (2.7) | – | – | 3.3 |

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

(c) Counterparty credit risk

The consolidated entity is exposed to credit risk arising from its operating activities (primarily from customer receivables) and financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments. Credit risk represents the loss that would be recognised if a counterparty failed to fulfil their obligation under a financial instrument contract or a debtor relationship.

The consolidated entity manages credit risk through assessing the overall financial and competitive strength of the counterparty on an on-going basis. Credit policies cover exposures generated from the sale of products and the use of derivative instruments.

Credit risk from balances with banks and financial institutions is managed by Amcor Group Treasury in accordance with Board approved policies. For financial derivative instruments, bank counterparties are limited to high credit quality financial institutions with a minimum

long term credit rating of A– or better by Standard & Poor’s. In addition, the Board has approved the use of these financial institutions, and specific internal guidelines have been established with regard to limits, dealing and settlement procedures. Limits are set to minimise the concentration of risks and therefore mitigate financial loss through potential counterparty failure. The investment of surplus funds is made only with approved counterparties and within credit limits assigned to each counterparty. The consolidated entity has no significant concentration of credit risk in relation to derivatives undertaken in accordance with the consolidated entity’s hedging and risk management activities.

(d) Capital risk management

The key objectives of the consolidated entity when managing capital is to safeguard its ability to continue as a going concern and maintain optimal returns to shareholders and benefits for other stakeholders. Management also aims to maintain an optimal capital and funding structure that ensures the lowest cost of capital available to the consolidated entity. The consolidated entity defines capital as including equity and net debt of the Group, refer note 21.

The key objectives include:

- achieving 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 reduce the cost of capital to the consolidated entity while providing financial flexibility.

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

The capital management strategy aims to achieve an investment grade rating and this has been confirmed by the Board. The ratings as at 30 June 2011 were investment grade BBB/Baa2 (2010: BBB/Baa2). Various financial ratios and internal targets are assessed and reported to the Board on a regular basis by management to monitor and support the key objectives set out above. These ratios and targets include:

- Gearing Ratio;
- Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) Interest Cover;
- Fixed/Floating Debt Ratio; and
- Bank Debt/Total Debt Percentage.

Management’s targeted and actual metrics for the years ended 30 June 2011 and 30 June 2010, based on continuing operations, were as follows:

| Measure | Target | | Actual | |
|---|------------------------|--------------|------------------|-----------|
| | 2011 | 2010 | 2011 | 2010 |
| Gearing Ratio (on-balance sheet) | 45-55% | 45-50% | 46.0% | 42.5% |
| Gearing Ratio (adjusted) ⁽¹⁾ | 50-60% | 50-55% | 52.0% | 49.0% |
| EBITDA Interest Cover (pre significant items) | > 6 times | > 6 times | 7.0 times | 6.6 times |
| Fixed/Floating Debt Ratio | up to 75% fixed | 40-60% fixed | 63% fixed | 61% fixed |
| Bank Debt/Total Debt Percentage | < 45% | < 45% | 31.7% | 36.2% |

(1) Includes off-balance sheet items – i.e. the present value of future operating lease commitments and the following on-balance sheet items that could potentially be funded by the consolidated entity through debt; defined benefit pensions liability, provision for workers compensation, insurance and other claims and asset retirement obligations, tax affected.

The bank debt/total debt percentage reflects the effect of exchange rates on the total debt portfolio and the state of bank and debt capital market conditions over the period to June 2011. Metrics are maintained in excess of any debt covenant restrictions.

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30 June 2011

Note 28. Financial Risk Management (continued)

(e) Fair value estimation

The fair values of cash and cash equivalents and short term monetary financial assets and financial liabilities approximate their carrying value. The fair values of other monetary financial assets and liabilities are either based upon market prices, where a market exists, or have been determined by discounting the expected future cash flows by the current interest rate for financial assets and financial liabilities with similar risk profiles.

Listed equity investments have been valued by reference to market prices prevailing at reporting date. The quoted market price used is the current bid price. For unlisted equity instruments, the fair value is an assessment by the Directors based on the underlying net assets, future maintainable earnings and any special circumstances pertaining to the particular investment.

The valuation of derivative financial assets and liabilities detailed below reflects the estimated amounts which the consolidated entity would be required to pay or receive to terminate the contracts or replace the contracts at their current market rates at reporting date. This is based on internal valuations using standard valuation techniques. As the purpose of these derivative financial instruments is to hedge the consolidated entity's underlying assets and liabilities denominated in foreign currencies and to hedge against risk of interest rate fluctuations, it is unlikely that, in the absence of abnormal circumstances, these contracts would be terminated prior to maturity.

The carrying amount of trade receivables less impairment provision and trade payables is a reasonable approximation of their fair values due to the short term nature of trade receivables and payables. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the consolidated entity for similar financial instruments.

For details relating to methods and significant assumptions applied in determining fair values of financial assets and liabilities, refer to note 1(w).

The carrying amount and fair values of financial assets and liabilities for the consolidated entity at 30 June are:

| \$ million | Note | Carrying amount 2011 | Fair value 2011 | Carrying amount 2010 | Fair value 2010 |
|---|--------|----------------------|-----------------|----------------------|-----------------|
| Financial assets | | | | | |
| Cash and cash equivalents | 11 | 224.4 | 224.4 | 267.1 | 267.1 |
| Trade receivables | 12 | 1,392.7 | 1,392.7 | 1,510.3 | 1,510.3 |
| Loans and other receivables, net position | 12, 14 | 386.2 | 386.2 | 213.0 | 213.0 |
| Available-for-sale financial assets | 14 | 4.6 | 4.6 | 4.5 | 4.5 |
| Financial assets at fair value through profit or loss | 14 | 1.1 | 1.1 | 1.2 | 1.2 |
| Forward foreign exchange contracts, net position | 14, 22 | – | – | 3.9 | 3.9 |
| Commodity fixed price swaps, net position | 14, 22 | 2.2 | 2.2 | – | – |
| Equity share options 'American' style contracts | 14 | 0.6 | 0.6 | – | – |
| Equity share swap contracts | 14 | 2.0 | 2.0 | 2.2 | 2.2 |
| Other financial assets | 14 | 0.9 | 0.9 | 0.4 | 0.4 |
| | | 2,014.7 | 2,014.7 | 2,002.6 | 2,002.6 |
| Financial liabilities | | | | | |
| Payables | 20 | 2,575.9 | 2,575.9 | 2,494.8 | 2,494.8 |
| Bank and other loans | 21 | 1,015.1 | 1,015.1 | 1,178.4 | 1,178.4 |
| Commercial paper | 21 | 228.6 | 228.6 | 104.7 | 104.7 |
| US dollar notes | 21 | 1,425.6 | 1,628.9 | 1,512.3 | 1,671.3 |
| Eurobond | 21 | 736.1 | 721.8 | 496.1 | 503.0 |
| Lease liabilities | 21 | 14.4 | 14.4 | 19.7 | 19.7 |
| Forward foreign exchange contracts, net position | 14, 22 | 20.9 | 20.9 | – | – |
| Commodity fixed price contracts, net position | 14, 22 | – | – | 8.3 | 8.3 |
| | | 6,016.6 | 6,205.6 | 5,814.3 | 5,980.2 |

The fair value of the US dollar notes and the Eurobond reflects the revaluation of these instruments, at prevailing market rates. The US dollar notes mature between December 2012 and December 2021 while the Eurobond matures in April 2019.

For all other assets and liabilities, based on the facts and circumstances existing at reporting date and the nature of the consolidated entity's assets and liabilities, including hedged positions, the consolidated entity has no reason to believe that any of the above assets could not be exchanged, or any of the above liabilities could not be settled in an 'arm's length' transaction at an amount approximating its carrying value having considered those routinely held to maturity.

(f) Fair value measurements

Financial assets and liabilities carried at fair value are detailed in the table below by valuation method. The different levels are defined as follows:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value of financial instruments traded in active markets (such as available-for-sale securities) is based on quoted market prices at the end of the reporting period.

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

Where a valuation technique for these instruments is based on significant unobservable inputs, such instruments are included in level 3. The consolidated entity holds no level 3 instruments at 30 June 2011 (2010: nil).

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Note 28. Financial Risk Management (continued)

(f) Fair value measurements (continued)

The following table presents the consolidated entity's assets and liabilities measured and recognised at fair value.

| \$ million | Note | Level 1 | | Level 2 | | Level 3 | |
|---|------|---------|------|---------|------|---------|------|
| | | 2011 | 2010 | 2011 | 2010 | 2011 | 2010 |
| Financial assets | | | | | | | |
| <i>Available-for-sale financial assets</i> | | | | | | | |
| Investments in companies listed on stock exchanges at fair value | 14 | 4.6 | 4.5 | - | - | - | - |
| <i>Derivative financial instruments</i> | | | | | | | |
| Forward exchange contracts | 14 | - | - | 1.9 | 21.5 | - | - |
| Hedge contracts for cash settled bonus and retention payments plans ('Equity Share Swap' Contracts) | 14 | - | - | 2.0 | 2.2 | - | - |
| Contracts for cash settled employee share plan options ('American Style' Contracts) | 14 | - | - | 0.6 | - | - | - |
| Commodity contracts | 14 | - | - | 2.3 | 0.2 | - | - |
| | | 4.6 | 4.5 | 6.8 | 23.9 | - | - |
| Financial liabilities | | | | | | | |
| <i>Derivative financial instruments</i> | | | | | | | |
| Forward exchange contracts | 22 | - | - | 22.8 | 176 | - | - |
| Commodity contracts | 22 | - | - | 0.1 | 8.5 | - | - |
| | | - | - | 22.9 | 26.1 | - | - |

Note 29. Share-Based Payments

(a) Employee Share Purchase Plans

In 1985, the consolidated entity established the Employee Share Purchase Plan (ESPP). The following sub-plans have been implemented pursuant to this plan.

(i) Employee Incentive Share Plan

Under the Employee Incentive Share Plan (EISP), shares were offered for the benefit of all full-time employees, permanent part-time employees and Executive Directors of the Company with more than 12 months' service. The number of shares offered depended upon the Company's annual increase in earnings per share (before significant items).

The EISP has been discontinued for the foreseeable future and there were no commitments at 30 June 2011 (2010: nil) to issue shares under the EISP and none were granted or exercised during the year ended 30 June 2011 (2010: nil).

(ii) Senior Executive Retention Share Plan

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

The weighted average fair value for these SERSP's is calculated using the market value at the date the shares were issued.

Details of the total movement in shares issued under the SERSP during the current and comparative period are as follows:

| | Weighted average 2011 fair value | | Weighted average 2010 fair value | |
|--|-------------------------------------|------|-------------------------------------|------|
| | No. | \$ | No. | \$ |
| Restricted shares at beginning of financial period | 783,500 | 6.23 | 593,500 | 6.20 |
| Issued during the period | 204,283 | 6.59 | 190,000 | 6.30 |
| Exercised | (110,000) | 6.54 | – | – |
| Restricted shares at end of financial period | 877,783 | 6.27 | 783,500 | 6.23 |

(b) Employee Share Option Plans

(i) Employee Share Option Plan

In 1985, the consolidated entity established the Employee Share Option Plan (ESOP). Under the ESOP, partly-paid shares or options over shares in the Company can be issued to Executive Officers and Directors (including Directors who are executives) and senior staff members at the discretion of the Board.

The partly-paid shares are issued at the closing market price on the allotment date. The call outstanding only becomes payable on termination, death or at the Directors' discretion. Voting rights exercisable by holders of partly-paid ordinary shares are reduced pro rata to the portion of the issue price paid up on those shares as per the Australian Securities Exchange Listing Rules.

Options granted under the ESOP are issued upon terms, conditions and performance hurdles as established by the Board. Options granted are exercisable at a price equal to the closing market share price of Amcor Limited shares traded on the ASX at the date on which the options were granted or a weighted average market price during a period up to and including the date of grant. The options are granted at no consideration and carry no dividend entitlement or voting rights until they vest and are converted to ordinary shares on a one-for-one basis. The options are issued for a term of up to 10 years, they cannot be transferred and are not quoted on any exchange.

For the majority of options issued, executives and certain members of staff are generally only eligible to exercise the options if returns on average funds employed exceed targeted levels at the end of the financial reporting period in which the options were granted. For those options granted prior to 1 July 2006 the return on average funds employed is defined as Earnings Before Interest Tax and significant items (EBIT) divided by average funds employed. For those options granted subsequent to 1 July 2006 the options become exercisable based on the outcome of a Total Shareholder Return (TSR) test.

See table below in (b)(iv) for details of the total movement in options issued under the ESOP during the current and comparative period.

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30 June 2011

Note 29. Share-Based Payments (continued)

(b) Employee Share Option Plans (continued)

(ii) Long Term Incentive Plan – Share Options

In June 2006, the consolidated entity established the Amcor Long Term Incentive Plan (LTIP). Under the LTIP, performance options or performance rights over shares in the Company, or performance shares, can be issued to executive officers, senior executives and senior staff members selected by the Directors. Refer note 29(c)(vii) for details of performance rights issued under the LTIP during the period.

Options granted under the LTIP give the employee the right to acquire a share at a future point in time upon meeting specified vesting conditions that are time based and performance based and upon payment of an exercise price. The number of options that ultimately vest is based on performance over a period of four years from the date of grant and the outcome of a Total Shareholder Return (TSR) test to be performed at a pre-determined time.

The relative performance of Amcor's average TSR is to be compared against the average TSR of a comparator group of companies similar to Amcor Limited and will determine the ultimate number of options to be received. The exact terms and conditions of the options granted are determined by the Directors of the Company at the time of granting the options.

Options granted under the LTIP are exercisable at a price equal to the closing market share price of Amcor Limited shares traded on the ASX at the date of the grant. The options are granted at no consideration and carry no dividend entitlement or voting rights until they vest and are exercised to ordinary shares on a one-for-one basis.

Options that do not vest before the end of the vesting period will expire. Awards that have vested during the vesting period will remain exercisable until the expiry date, following which any vested awards that remain unexercised will expire. Any unvested awards will be forfeited if the employee voluntarily ceases employment or if the employee is dismissed for poor performance.

See table below in (b)(iv) for details of the total movement in options issued under the LTIP during the current and comparative period.

(iii) Long Term Incentive Plan – Share Options – Alcan Acquisition Award

During the prior period, the consolidated entity developed the Alcan Acquisition Award (LTIP – Alcan Award, also referred to as the Award). Under the Award, performance options or performance rights over shares in the Company, or performance shares, were issued to executive officers, senior executives and senior staff members selected by the Directors. Refer note 29(c)(viii) for details of performance rights issued under the Award during the period.

This Award contains the same conditions, defaults and terms as the Amcor Long Term Incentive Plan, discussed above in note 29(b)(ii), except the number of options that ultimately vest under the Award is based on performance over a period of three to five years from the date of grant and the outcome of a Return on Average Funds Employed (RoAFE) test, to be performed at a pre-determined date.

In addition, options granted under the Award are exercisable at a price equivalent to the volume weighted average price of ordinary shares in the Company traded on the ASX over the 30 days prior to 18 August 2009 adjusted to take into account the dilutive effect of the equity raising. For US participants, the Award exercise price was determined as the volume weighted average price of ordinary shares of the Company on the ASX over the five days prior to the grant date.

See table below in (b)(iv) for details of the total movement in options issued under the Award during the current and comparative period.

(iv) Movement Table for Employee Share Option Plans

The following table summarises the total movement in options during the current and comparative period as issued under the ESOP, LTIP and the LTIP – Alcan Award employee share option plans discussed above:

| Weighted average fair value | ESOP | | LTIP | | LTIP – Alcan Award | |
|--|-------------|------|-------------|------|--------------------|------|
| | No. | \$ | No. | \$ | No. | \$ |
| 2011 | | | | | | |
| Outstanding at beginning of financial period | 4,794,592 | 1.52 | 11,020,113 | 1.09 | 26,026,000 | 1.82 |
| Granted | - | - | 3,021,200 | 0.94 | - | - |
| Exercised | (1,759,830) | 1.14 | (3,059,116) | 1.02 | - | - |
| Lapsed | - | - | (88,388) | 0.99 | - | - |
| Cancelled | (676,762) | 1.39 | (522,613) | 1.05 | (628,000) | 2.00 |
| Outstanding at end of financial period | 2,358,000 | 1.85 | 10,371,196 | 1.06 | 25,398,000 | 1.82 |
| Exercisable at end of financial period | 2,313,000 | 1.86 | 3,390,144 | 1.15 | - | - |
| 2010 | | | | | | |
| Outstanding at beginning of financial period | 7,846,032 | 1.38 | 12,041,286 | 0.98 | - | - |
| Granted | - | - | - | - | 26,026,000 | 1.82 |
| Exercised | (242,520) | 1.15 | (30,540) | 1.04 | - | - |
| Cancelled | (2,808,920) | 1.32 | (990,633) | 1.01 | - | - |
| Outstanding at end of financial period | 4,794,592 | 1.52 | 11,020,113 | 1.09 | 26,026,000 | 1.82 |
| Exercisable at end of financial period | 4,749,592 | 1.53 | 6,642,515 | 1.09 | - | - |

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Note 29. Share-Based Payments (continued)

(b) Employee Share Option Plans (continued)

(iv) Movement Table for Employee Share Option Plans (continued)

The following tables provide detail of the options granted under the ESOP, LTIP and LTIP – Alcan Award Options for the consolidated entity during the current and comparative period:

| Granted between | Expiry date | Exercise price \$ | Balance at beginning of period | | Options granted No. | Options lapsed/cancelled No. | Options exercised No. | Weighted average share price at exercise date \$ | Balance at end of period | | Proceeds received \$ |
|--------------------------|-------------|-------------------|--------------------------------|------------------|---------------------|------------------------------|-----------------------|--|--------------------------|------------------|----------------------|
| | | | No. | \$ | | | | | No. | No. | |
| 30 June 2011 | | | | | | | | | | | |
| 2 Aug 04 to 2 May 05 | 2 Aug 10 | 6.31 | 2,052,992 | | - | 483,162 | 1,569,830 | 6.78 | - | - | 9,905,627 |
| 27 Oct 05 to 4 Aug 06 | 19 Sep 11 | 6.25 | 508,400 | | - | - | 142,200 | 6.78 | 366,200 | 366,200 | 888,750 |
| 27 Oct 05 to 4 Aug 06 | 31 Dec 11 | 6.25 | 620,000 | | - | - | 136,800 | 6.78 | 483,200 | 371,600 | 855,000 |
| 27 Oct 05 to 22 Sept 06 | 21 Mar 11 | 6.25 | 353,536 | | - | - | 353,536 | 6.74 | - | - | 2,209,600 |
| 4 Aug 06 | 22 Mar 11 | 6.25 | 2,301,692 | | - | 103,588 | 2,198,104 | 6.85 | - | - | 13,738,150 |
| 30 May 08 | 31 Dec 11 | 6.21 | 22,321 | | - | 22,321 | - | - | - | - | - |
| 1 Feb to 5 Mar 07 | 31 Dec 11 | 6.66 | 3,794,890 | | - | 108,480 | 418,476 | 6.87 | 3,267,934 | 3,062,344 | 2,787,050 |
| 1 Nov to 31 Dec 07 | 30 Jun 12 | 6.54 | 1,340,802 | | - | 103,612 | - | - | 1,237,190 | - | - |
| 18 Feb 10 | 30 Jun 12 | 6.21 | 38,472 | | - | - | - | - | 38,472 | - | - |
| 13 Oct 03 ⁽¹⁾ | 1 Nov 12 | 7.67 | 79,200 | | - | - | - | - | 79,200 | 79,200 | - |
| 1 Nov 02 ⁽¹⁾ | 1 Nov 12 | 7.67 | 2,017,400 | | - | 193,600 | - | - | 1,823,800 | 1,823,800 | - |
| 1 Dec 08 to 2 Jan 09 | 30 Jun 13 | 5.09 | 2,685,000 | | - | 239,000 | - | - | 2,446,000 | - | - |
| 4 Nov 09 to 8 Jun 10 | 30 Jun 16 | 4.73 | 18,972,000 | | - | 628,000 | - | - | 18,344,000 | - | - |
| 12 Apr 10 | 30 Jun 16 | 5.86 | 6,560,000 | | - | - | - | - | 6,560,000 | - | - |
| 18 Jun 10 | 30 Jun 16 | 6.53 | 494,000 | | - | - | - | - | 494,000 | - | - |
| 5 Aug to 22 Sep 10 | 30 Jun 16 | 6.39 | - | 2,506,000 | 34,000 | - | - | - | 2,472,000 | - | - |
| 23 May 11 | 30 Jun 16 | 6.79 | - | 423,200 | - | - | - | - | 423,200 | - | - |
| 7 Jun 11 | 30 Jun 16 | 7.05 | - | 92,000 | - | - | - | - | 92,000 | - | - |
| | | | 41,840,705 | 3,021,200 | 1,915,763 | 4,818,946 | | | 38,127,196 | 5,703,144 | 30,384,177 |

(1) Fixed exchange rates apply to overseas participants on these share option grants.

| Granted between | Expiry date | Exercise price \$ | Balance at beginning of period No. | Options granted No. | Options lapsed/cancelled No. | Options exercised No. | Weighted average share price at exercise date \$ | Balance at end of period | | Proceeds received \$ |
|--------------------------|-------------|-------------------|------------------------------------|---------------------|------------------------------|-----------------------|--|--------------------------|-----------------|----------------------|
| | | | | | | | | On issue No. | Exercisable No. | |
| 30 June 2010 | | | | | | | | | | |
| 23 Mar 04 | 23 Mar 10 | 7.34 | 129,940 | - | 129,940 | - | - | - | - | - |
| 24 Mar to 31 May 04 | 24 Mar 10 | 7.34 | 2,378,080 | - | 2,378,080 | - | - | - | - | - |
| 2 Aug 04 to 2 May 05 | 2 Aug 10 | 6.31 | 2,385,812 | - | 90,300 | 242,520 | 6.49 | 2,052,992 | 2,052,992 | 1,530,301 |
| 27 Oct 05 to 4 Aug 06 | 19 Sep 11 | 6.25 | 620,000 | - | 111,600 | - | - | 508,400 | 508,400 | - |
| 27 Oct 05 to 4 Aug 06 | 31 Dec 11 | 6.25 | 620,000 | - | - | - | - | 620,000 | 508,400 | - |
| 27 Oct 05 to 22 Sept 06 | 21 Mar 11 | 6.25 | 453,600 | - | 100,064 | - | - | 353,536 | 353,536 | - |
| 4 Aug 06 | 22 Mar 11 | 6.25 | 3,072,615 | - | 749,263 | 21,660 | 6.49 | 2,301,692 | 2,301,692 | 135,375 |
| 30 May 08 | 31 Dec 11 | 6.21 | 22,321 | - | - | - | - | 22,321 | - | - |
| 1 Feb to 5 Mar 07 | 31 Dec 11 | 6.66 | 3,905,176 | - | 101,406 | 8,880 | 6.70 | 3,794,890 | 3,570,487 | 59,141 |
| 23 Apr 08 | 31 Dec 11 | 7.19 | 33,300 | - | 33,300 | - | - | - | - | - |
| 1 Nov to 31 Dec 07 | 30 Jun 12 | 6.54 | 1,340,802 | - | - | - | - | 1,340,802 | - | - |
| 18 Feb 10 | 30 Jun 12 | 6.21 | 38,472 | - | - | - | - | 38,472 | - | - |
| 13 Oct 03 ⁽¹⁾ | 1 Nov 12 | 7.67 | 79,200 | - | - | - | - | 79,200 | 79,200 | - |
| 1 Nov 02 ⁽¹⁾ | 1 Nov 12 | 7.67 | 2,123,000 | - | 105,600 | - | - | 2,017,400 | 2,017,400 | - |
| 1 Dec 08 to 2 Jan 09 | 30 Jun 13 | 5.09 | 2,685,000 | - | - | - | - | 2,685,000 | - | - |
| 4 Nov 09 to 8 Jun 10 | 30 Jun 16 | 4.73 | - | 18,972,000 | - | - | - | 18,972,000 | - | - |
| 12 Apr 10 | 30 Jun 16 | 5.86 | - | 6,560,000 | - | - | - | 6,560,000 | - | - |
| 18 Jun 10 | 30 Jun 16 | 6.53 | - | 494,000 | - | - | - | 494,000 | - | - |
| | | | 19,887,318 | 26,026,000 | 3,799,553 | 273,060 | | 41,840,705 | 11,392,107 | 1,724,817 |

(1) Fixed exchange rates apply to overseas participants on these share option grants.

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Note 29. Share-Based Payments (continued)

(c) Other compensation plans

Entitlement plans are an alternative to the ESPP and the ESOP and are in place in countries where the Company is unable to issue shares or options. Participants are offered entitlements and, over the period during which employees hold their entitlements, their value will mirror the fluctuating value of Amcor Limited shares, including (in the case of the Employee Bonus Payment Plan) all dividends paid on the shares during this time.

(i) Employee Bonus Payment Plan

The Employee Bonus Payment Plan (EBPP) is equivalent to the EISP and enables the Company to offer employees, in certain countries, an equivalent plan where the EISP is unavailable.

Offers of new entitlements under the EBPP have been discontinued for the foreseeable future.

(ii) Senior Executive Retention Payment Plan

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

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

| | Weighted average 2011 fair value | | Weighted average 2010 fair value | |
|--|-------------------------------------|------|-------------------------------------|------|
| | No. | \$ | No. | \$ |
| Outstanding at beginning of financial period | 121,000 | 6.00 | 71,000 | 5.76 |
| Granted | - | - | 50,000 | 6.35 |
| Exercised | (85,000) | 6.12 | - | - |
| Outstanding at end of financial period | 36,000 | 5.73 | 121,000 | 6.00 |

(iii) CEO Medium Term Incentive Plan

The Medium Term Incentive Plan (MTIP) has been initially structured as a cash award and is at the discretion of the Board. Subject to shareholder approval, the Directors will have discretion as to whether any award made will be delivered in the form of cash, rights to Amcor Limited shares or a combination thereof.

The amount payable is impacted by a capping mechanism revolving around options and performance rights previously issued to the CEO. For any of the options and performance rights that vest during the deferral period, the award amount will be reduced on a dollar-for-dollar basis.

The terms and conditions of the MTIP were satisfied during the period. The consolidated entity recognised a provision of nil (2010: \$0.6 million) in relation to this employee compensation plan.

(iv) Cash Settled Employee Share Plan Options

Cash settled employee share plan options are issued to employees residing in jurisdictions that, for statutory reasons, are not covered by option plans described above. The cash settled employee share plan options operate in a manner similar to other option plans, although no entitlements to actual shares or options exist.

See table below in (c)(vi) for details of entitlements issued during the current and comparative period.

(v) Management Incentive Plan – Equity

The Management Incentive Plan – Equity (EMIP) provides an additional short term incentive opportunity to selected executives, globally, in the form of rights to Amcor Limited shares.

The number of rights that are allocated to each eligible executive is based on:

- 50% of the value of the cash bonus payable under the EMIP, following the end of the performance period;
- the volume weighted average price of Amcor Limited ordinary shares for the five trading days prior to 30 June, being the end of the performance period, and
- where cash bonuses are determined in currencies other than Australian dollars, the average foreign exchange rate for the same five day period.

An executive will forfeit allocated performance rights if either they voluntarily leave Amcor employment during the restriction period or their employment is terminated for cause. Board discretion applies in the case of involuntary termination of employment and change of control.

For the year ended 30 June 2011, the equity outcomes will be determined and allocated in September 2011. As at 30 June 2011, the consolidated entity recognised a provision of \$3.6 million (2010: \$3.8 million) in relation to this incentive plan.

See table below in (c)(vi) for details of entitlements issued during the current and comparative period.

(vi) Movement Table for Cash Settled Employee Share Plan Options and Management Incentive Plan – Equity

The following table summarises the entitlements issued during the current and comparative period under the Cash Settled Employee Share Plan (Cash Settled) and the Management Incentive Plan – Equity (EMIP) discussed above:

| Weighted average fair value | Cash Settled | | EMIP | |
|--|--------------|------|-------------|------|
| | No. | \$ | No. | \$ |
| 2011 | | | | |
| Outstanding at beginning of financial period | 527,660 | 0.35 | 3,633,899 | 5.00 |
| Granted | – | – | 1,939,161 | 6.07 |
| Vested | – | – | (1,759,338) | 5.00 |
| Exercised | (205,889) | 0.32 | (81,131) | 5.12 |
| Cancelled | (71,140) | 0.30 | (78,059) | 5.47 |
| Outstanding at end of financial period | 250,631 | 0.56 | 3,654,532 | 5.55 |
| Exercisable at end of financial period | 250,631 | 0.56 | – | – |
| 2010 | | | | |
| Outstanding at beginning of financial period | 752,838 | 0.39 | 1,839,712 | 5.00 |
| Granted | – | – | 1,855,458 | 5.00 |
| Exercised | (34,400) | 0.20 | – | – |
| Cancelled | (190,778) | 0.25 | (61,271) | 5.00 |
| Outstanding at end of financial period | 527,660 | 0.35 | 3,633,899 | 5.00 |
| Exercisable at end of financial period | 522,182 | 0.35 | – | – |

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Note 29. Share-Based Payments (continued)

(c) Other compensation plans (continued)

(vii) Long Term Incentive Plan – Performance Rights

In June 2006, the consolidated entity established the Amcor Limited Long Term Incentive Plan (LTIP). Under the LTIP, performance options or performance rights over shares in the Company, or performance shares, can be issued to executive officers, senior executives and senior staff members selected by the Directors. Refer note 29(b)(ii) above for details of share options issued under the LTIP during the period.

Rights granted under the LTIP give the employee the right to receive a share at a future point in time upon meeting specified vesting conditions that are time-based and performance based with no exercise price payable. The LTIP Performance Rights Award contains the same conditions, defaults and terms as the LTIP Share Option Award, refer to note 29(b)(ii).

See table below in (c)(ix) for details of the total movement in rights issued under the LTIP.

(viii) Long Term Incentive Plan – Performance Rights – Alcan Acquisition Award

During the prior period, the consolidated entity developed the Alcan Acquisition Award (Award). Under the Award, performance options or performance rights over shares in the Company, or performance shares, were issued to executive officers, senior executives and senior staff members selected by the Directors. Refer note 29(b)(iii) for details of share options issued under the Award during the period.

Rights granted under the Award give the employee the right to receive a share at a future point in time upon meeting specified vesting conditions that are time-based and performance based with no exercise price payable. The Alcan Acquisition Award contains the same conditions, defaults and terms as the LTIP Performance Rights Award, refer to note 29(b)(iii).

See table below in (c)(ix) for details of the total movement in rights issued under the Award.

(ix) Movement Table for LTIP Awards

The following table summarises the total movement in rights issued under the above LTIP Performance Right Plans during the current and comparative period:

| Weighted average fair value | LTIP | | LTIP – Alcan Award | |
|--|-----------|------|--------------------|------|
| | No. | \$ | No. | \$ |
| 2011 | | | | |
| Outstanding at beginning of financial period | 3,308,769 | 4.16 | 3,125,000 | 4.11 |
| Granted | 796,700 | 6.16 | – | – |
| Exercised | (533,916) | 4.54 | – | – |
| Lapsed | (41,562) | 4.12 | – | – |
| Cancelled | (237,747) | 4.77 | (84,000) | 4.20 |
| Outstanding at end of financial period | 3,292,244 | 5.49 | 3,041,000 | 4.11 |
| Exercisable at end of financial period | 207,381 | 4.83 | – | – |
| 2010 | | | | |
| Outstanding at beginning of financial period | 3,915,304 | 4.19 | – | – |
| Granted | – | – | 3,125,000 | 4.11 |
| Exercised | (280,610) | 4.57 | – | – |
| Cancelled | (325,925) | 4.16 | – | – |
| Outstanding at end of financial period | 3,308,769 | 4.16 | 3,125,000 | 4.11 |
| Exercisable at end of financial period | 798,339 | 4.60 | – | – |

The following tables provide details of the rights granted under the LTIP Performance Rights for the consolidated entity during the current and comparative period:

| Granted between | Expiry date | Balance at beginning of period | | Rights granted | Rights lapsed/cancelled | Rights exercised | Weighted average | | Balance on issue at end of period | Rights vested |
|------------------------|-------------|--------------------------------|----------------|----------------|-------------------------|------------------|------------------------------|----|-----------------------------------|---------------|
| | | No. | No. | | | | share price at exercise date | \$ | | |
| 30 June 2011 | | | | | | | | | | |
| 27 Oct 05 to 4 Aug 06 | 31 Dec 10 | 262,780 | - | 47,642 | 215,138 | 6.64 | - | - | - | - |
| 27 Oct 05 to 30 May 08 | 31 Dec 11 | 662,291 | - | 27,718 | 318,778 | 6.70 | 315,795 | - | - | - |
| 1 Dec to 31 Dec 07 | 30 Jun 12 | 755,698 | - | 55,949 | - | - | 699,749 | - | - | - |
| 1 Dec 08 to 2 Jan 09 | 30 Jun 13 | 1,628,000 | - | 145,000 | - | - | 1,483,000 | - | - | - |
| 4 Nov 09 to 18 Jun 10 | 30 Jun 16 | 3,125,000 | - | 84,000 | - | - | 3,041,000 | - | - | - |
| 5 Aug 10 | 31 Oct 13 | - | 200,000 | 3,000 | - | - | 197,000 | - | - | - |
| 11 Nov 10 | 31 Dec 11 | - | 545,000 | - | - | - | 545,000 | - | - | - |
| 23 May to 7 Jun 11 | 30 Jun 16 | - | 51,700 | - | - | - | 51,700 | - | - | - |
| | | 6,433,769 | 796,700 | 363,309 | 533,916 | | 6,333,244 | | | |
| 30 June 2010 | | | | | | | | | | |
| 27 Oct 05 to 4 Aug 06 | 31 Dec 10 | 590,929 | - | 27,189 | 56,960 | 5.79 | 262,780 | - | - | - |
| 27 Oct 05 to 4 Aug 06 | 30 Jun 11 | 54,000 | - | 40,500 | 13,500 | 5.94 | - | - | 1,800 | - |
| 27 Oct 05 to 30 May 08 | 31 Dec 11 | 886,677 | - | 14,236 | 210,150 | 6.09 | 662,291 | - | 102,892 | - |
| 1 Dec to 31 Dec 07 | 30 Jun 12 | 755,698 | - | - | - | - | 755,698 | - | - | - |
| 1 Dec 08 to 2 Jan 09 | 30 Jun 13 | 1,628,000 | - | - | - | - | 1,628,000 | - | - | - |
| 4 Nov 09 to 18 Jun 10 | 30 Jun 16 | - | 312,500 | - | - | - | 312,500 | - | - | - |
| | | 3,915,304 | 312,500 | 325,925 | 280,610 | | 6,433,769 | | 104,692 | |

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Note 29. Share-Based Payments (continued)

(d) Fair value of options and rights granted

Fair value of options

The fair value of each option granted is estimated on the date of grant using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the vesting and performance criteria, and where applicable the market condition criteria, the impact of dilution, the non-tradeable nature of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

The following weighted average assumptions were used for options granted in the current and comparative period:

| | 2011 | 2010 |
|---|-------|-------|
| Expected dividend yield (%) | 5.15 | 5.80 |
| Expected price volatility of the Company's shares (%) | 27.00 | 32.00 |
| Share price at grant date (\$) | 6.60 | 6.50 |
| Exercise price (\$) | 6.47 | 5.68 |
| Historical volatility (%) | 27.00 | 32.00 |
| Risk-free interest rate (%) | 4.46 | 5.38 |
| Expected life of option (years) | 2.20 | 3.70 |

The dividend yield reflects the assumption that the current dividend payout will continue with no anticipated changes. The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may not necessarily be the actual outcome. For specific details of grant dates and exercise prices, refer note 29(b).

Fair value of rights

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

(e) Expenses arising from share-based payment transactions

Total expenses arising from share-based payment transactions recognised during the period as part of employee benefit expense were as follows:

| \$ thousand | 2011 | 2010 |
|--|---------------|---------------|
| Equity settled share-based payment transactions | | |
| Options issued | 16,574 | 5,953 |
| Performance rights issued and other compensation plans | 23,319 | 17,769 |
| Cash settled share-based payment transactions | | |
| Cash settled share-based payments | 559 | 655 |
| | 40,452 | 24,377 |

(f) Liabilities for share-based payments

| \$ thousand | 2011 | 2010 |
|---|--------------|-------|
| Cash settled share-based payments liability | | |
| Shares | 2,110 | 1,113 |
| Shares – Overseas | 366 | 325 |
| Options | 140 | 207 |
| Total carrying amount of liabilities for cash settled arrangements | 2,616 | 1,645 |
| Intrinsic value for vested cash settled shares liability | | |
| Shares | 1,597 | 1,418 |
| Options ⁽¹⁾ | – | – |
| Total intrinsic value of liability for vested benefits | 1,597 | 1,418 |

(1) Due to the exercise price for vested options being greater than market value, fully vested cash settled share options have an intrinsic value of zero.

Note 30. Key Management Personnel Disclosure

Key Management Personnel (KMP) are those persons having authority and responsibility for planning, directing and controlling the activities of the Amcor Group. All executive and Non-Executive Directors of Amcor Limited are KMP of the consolidated entity. The following Directors and Senior Executives were considered KMP for the entire period unless otherwise indicated.

(a) Directors

| Name | Position |
|--------------------------|--|
| Current Directors | |
| C I (Chris) Roberts | Independent Non-Executive Director and Chairman |
| K N (Ken) MacKenzie | Managing Director and Chief Executive Officer |
| G J (John) Pizzey | Independent Non-Executive Director |
| J G (John) Thorn | Independent Non-Executive Director |
| E J J (Ernest) Pope | Independent Non-Executive Director |
| J L (Jeremy) Sutcliffe | Independent Non-Executive Director |
| K J (Karen) Guerra | Independent Non-Executive Director |
| A (Armin) Meyer | Independent Non-Executive Director |
| Former Directors | |
| R K (Keith) Barton | Independent Non-Executive Director (retired 22 October 2009) |
| G A (Geoff) Tomlinson | Independent Non-Executive Director (retired 20 April 2010) |

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Note 30. Key Management Personnel Disclosure (continued)

(b) Senior executives

The persons who qualified as KMP for the current and comparative period are:

| Name | Position | Employer |
|-------------------------------|---|--------------------------------------|
| 2011 | | |
| L A Desjardins ⁽¹⁾ | Executive Vice President Finance | Amcors Limited |
| R Delia ⁽²⁾ | Executive Vice President Finance and Chief Financial Officer | Amcors Limited |
| I G Wilson | Strategic Development Director | Amcors Limited |
| W J Long ⁽³⁾ | President, Amcor Rigid Plastics | Amcors Rigid Plastics USA, Inc. |
| N Garrard | President, Amcor Australasia and Packaging Distribution | Amcors Limited |
| P Brues | President, Amcor Flexibles Europe & Americas | Amcors Flexibles Inc |
| 2010 | | |
| L A Desjardins | Executive Vice President Finance | Amcors Limited |
| I G Wilson | Strategic Development Director | Amcors Limited |
| W J Long | President, Amcor Rigid Plastics | Amcors Rigid Plastics USA, Inc. |
| N Garrard | President, Amcor Australasia and Packaging Distribution | Amcors Limited |
| G Blatrix ⁽⁴⁾ | Vice President & General Manager, Snacks & Confectionery, Amcor Flexibles Europe & Americas | Amcors Flexibles Packaging Europe NV |
| P Brues | President, Amcor Flexibles Europe & Americas | Amcors Flexibles Inc |
| J Czubak ⁽⁴⁾ | Global COO and Vice President, European Operations, Amcor Tobacco Packaging | Amcors Rentsch Rickenbach AG |

(1) L A Desjardins resigned as Executive Vice President Finance effective 31 January 2011 and therefore ceased to be a KMP from this date.

(2) On 1 February 2011 R Delia was appointed to the position of Executive Vice President Finance and Chief Financial Officer and was designated a KMP from this date.

(3) W J Long ceased to be a KMP from 1 July 2011 upon a change in his role from that date.

(4) G Blatrix and J Czubak ceased to be KMP's from 2 February 2010.

(c) Key management personnel compensation

The following table details the compensation paid to KMP included in 'employee benefits expense', refer note 6.

| \$ thousand | 2011 | 2010 |
|------------------------------|---------------|--------|
| Short term employee benefits | 14,610 | 14,205 |
| Post-employment benefits | 1,103 | 982 |
| Termination benefits | 579 | 50 |
| Share-based payments | 9,061 | 6,276 |
| | 25,353 | 21,513 |

(d) Individual Director's and Executive's compensation disclosures

Detailed remuneration disclosures are provided in the Remuneration Report section of the Directors' Report on pages 30 to 56.

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

No individual KMP or related party holds a loan greater than \$100,000 with the consolidated entity (2010: nil). No impairment losses have been recognised in relation to any loans made to KMP (2010: nil) and no loans were advanced during the current year (2010: nil).

Options and rights over equity instruments

Options and rights are issued as part of long term incentive plans. Non-Executive Directors do not participate in the long-term incentive plans. There are two umbrella plans in place: the Employee Share Option Plan (ESOP) and the Employee Share Purchase Plan (ESPP). The details and conditions pertaining to these plans are outlined within the Remuneration Report section of the Directors' Report and note 29.

The number of options and rights over ordinary shares in the Company held during the financial year by each of the KMP of the consolidated entity, including their personally related entities, are set out below:

| Name | | Balance at 1 July | Granted as compensation | | Exercised | Other changes ⁽¹⁾ | Balance at 30 June | Balance vested and not yet exercised |
|--------------------------------|------|-------------------|-------------------------|--------------|-----------|------------------------------|--------------------|--------------------------------------|
| | | | Share options | Share rights | | | | |
| Directors⁽²⁾ | | | | | | | | |
| K N MacKenzie | 2011 | 4,726,419 | – | 142,642 | (276,000) | – | 4,593,061 | 498,000 |
| | 2010 | 1,806,000 | 2,760,000 | 414,419 | (18,000) | (236,000) | 4,726,419 | 774,000 |
| Senior Executives | | | | | | | | |
| P Brues | 2011 | 2,513,711 | – | 35,678 | (137,048) | – | 2,412,341 | 195,600 |
| | 2010 | 655,423 | 1,715,000 | 215,238 | (12,000) | (59,950) | 2,513,711 | 294,100 |
| L A Desjardins ⁽³⁾ | 2011 | 1,327,689 | – | 29,137 | (42,172) | (1,314,654) | – | – |
| | 2010 | 286,623 | 903,000 | 138,066 | – | – | 1,327,689 | – |
| R Delia ⁽⁴⁾ | 2011 | 402,496 | 423,200 | 43,700 | – | – | 869,396 | 16,200 |
| N Garrard | 2011 | 1,250,710 | – | 37,816 | – | – | 1,288,526 | – |
| | 2010 | – | 1,100,000 | 150,710 | – | – | 1,250,710 | – |
| I G Wilson | 2011 | 2,210,777 | – | – | (121,144) | 58,053 | 2,147,686 | 164,000 |
| | 2010 | 729,185 | 1,300,000 | 244,592 | (6,300) | (56,700) | 2,210,777 | 240,000 |
| W J Long ⁽⁵⁾ | 2011 | 2,809,075 | – | 32,683 | (326,944) | – | 2,514,814 | 269,600 |
| | 2010 | 1,182,375 | 1,680,000 | 179,100 | (16,000) | (216,400) | 2,809,075 | 532,800 |
| G Blatrix ⁽⁶⁾ | 2010 | 774,769 | – | 9,938 | – | (784,707) | – | – |
| J Czubak ^{(6),(7)} | 2010 | 751,993 | – | 65,652 | – | (817,645) | – | – |

(1) Other changes represent options or rights that have expired or were forfeited during the period and balances for those individuals who ceased to be KMPs during the period.

(2) Non-Executive Directors do not participate in the long term incentive plans of the consolidated entity and are therefore excluded from the analysis in the above table.

(3) L A Desjardins resigned as Executive Vice President Finance effective 31 January 2011 and therefore ceased to be a KMP from this date.

(4) On 1 February 2011 R Delia was appointed to the position of Executive Vice President Finance and Chief Financial Officer and was designated a KMP from this date.

The opening balance represents the number of options and rights over ordinary shares at the date of designation as a KMP.

(5) W J Long ceased to be a KMP from 1 July 2011 upon a change in his role from that date.

(6) G Blatrix and J Czubak ceased to be KMPs from 2 February 2010.

(7) J Czubak held 60,000 entitlements issued in accordance with the Senior Executive Retention Plan as described in note 29(c)(ii).

No options are vested and unexercisable at the end of the year. No options or performance rights were held by KMP related parties.

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Note 30. Key Management Personnel Disclosure (continued)

(d) Individual Director's and Executive's compensation disclosures (continued)

Options and rights over equity instruments (continued)

The movement during the financial year in the number of ordinary shares in Amcor Limited held, directly, indirectly or beneficially, by each key management person, including their related parties, is as follows:

| Name | | Balance at 1 July | Received on exercise of options/ rights | Purchased during the period | Other changes ⁽¹⁾ | Balance at 30 June |
|--|------|----------------------|--|-----------------------------------|---------------------------------|-----------------------|
| Directors | | | | | | |
| C I Roberts | 2011 | 245,409 | – | 42,373 | – | 287,782 |
| | 2010 | 164,670 | – | 80,739 | – | 245,409 |
| K N MacKenzie | 2011 | 570,250 | 16,691 | 33,070 | 154,459 | 774,470 |
| | 2010 | 245,097 | 18,000 | 127,960 | 179,193 | 570,250 |
| G J Pizzev | 2011 | 26,262 | – | 1,324 | – | 27,586 |
| | 2010 | 18,181 | – | 8,081 | – | 26,262 |
| J G Thorn | 2011 | 14,994 | – | 6,000 | – | 20,994 |
| | 2010 | 10,380 | – | 4,614 | – | 14,994 |
| E J J Pope | 2011 | 30,279 | – | 28,240 | – | 58,519 |
| | 2010 | 5,731 | – | 24,548 | – | 30,279 |
| K J Guerra | 2011 | 1,000 | – | 10,328 | – | 11,328 |
| | 2010 | – | – | 1,000 | – | 1,000 |
| A Meyer | 2011 | 18,000 | – | 4,000 | – | 22,000 |
| | 2010 | – | – | 18,000 | – | 18,000 |
| J L Sutcliffe | 2011 | 20,416 | – | 23,330 | – | 43,746 |
| | 2010 | – | – | 20,416 | – | 20,416 |
| R K Barton (Retired 22 October 2009) | 2010 | 33,899 | – | 15,067 | (48,966) | – |
| G A Tomlinson (Retired 20 April 2010) | 2010 | 43,482 | – | 19,325 | (62,807) | – |
| Senior Executives | | | | | | |
| L A Desjardins ⁽²⁾ | 2011 | 57,778 | 42,172 | – | (99,950) | – |
| | 2010 | 40,000 | – | 17,778 | – | 57,778 |
| R Delia ⁽³⁾ | 2011 | 26,257 | – | – | – | 26,257 |
| I G Wilson | 2011 | 1,248,585 | 50,553 | 1,240,885 | (2,194,308) | 345,715 |
| | 2010 | 422,285 | 6,300 | 1,400,000 | (580,000) | 1,248,585 |
| W J Long ⁽⁴⁾ | 2011 | 156,700 | 154,994 | – | (91,200) | 220,494 |
| | 2010 | 130,700 | 16,000 | 10,000 | – | 156,700 |
| N Garrard | 2011 | 110,000 | – | – | – | 110,000 |
| | 2010 | 110,000 | – | – | – | 110,000 |
| P Brues | 2011 | 63,600 | 106,948 | – | (98,500) | 72,048 |
| | 2010 | 51,600 | 12,000 | – | – | 63,600 |
| G Blatrix ⁽⁵⁾ | 2010 | 300 | – | – | (300) | – |
| J Czubak ⁽⁵⁾ | 2010 | 30,100 | – | – | (30,100) | – |

(1) Other changes represent shares awarded to K N MacKenzie through the CEO MTIP (refer note 29(c)(iii)), shares sold during the period and balances for those individuals who ceased to be KMPs during the period.

(2) L A Desjardins resigned as Executive Vice President Finance effective 31 January 2011 and therefore ceased to be a KMP from this date.

(3) On 1 February 2011 R Delia was appointed to the position of Executive Vice President Finance and Chief Financial Officer and was designated a KMP from this date.

The opening balance represents the number of ordinary shares held at the date of designation as a KMP.

(4) W J Long ceased to be a KMP from 1 July 2011 upon a change in his role from that date.

(5) G Blatrix and J Czubak ceased to be KMPs from 2 February 2010.

Other key management personnel transactions

From time to time, Directors and Group Executives (and their personally related parties) may enter into transactions with the Company and its controlled entities. These transactions occur within normal customer or supplier relationships on terms and conditions that are no more favourable than those available, or which might be expected to be available, on similar transactions to non-director related entities on an arm's length basis.

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

Note 31. Other Related Party Disclosures

Subsidiaries

Details of investments in associates and controlled entities are disclosed in notes 16 and 34.

Equity accounted investments

During the year ended 30 June 2011, the consolidated entity did not enter into any trading transactions with associates. Refer note 16 for further information on equity accounted investments and changes in ownership interest.

During the 12 months to 30 June 2011, the consolidated entity received dividends of \$12.3 million from associates (2010: \$9.7 million).

Other related parties

Contributions to superannuation funds on behalf of employees are disclosed in notes 6 and 24.

Note 32. Contingencies

Details of contingent liabilities where the probability of future payments/receipts is not considered remote are set out below:

| \$ million | 2011 | 2010 |
|------------------------------|------|------|
| Contingent liabilities | 5.6 | 11.3 |
| Total contingent liabilities | 5.6 | 11.3 |

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

- Amcor Limited has indemnified the PaperlinX Limited Group in relation to potential taxation and workcover liabilities in excess of any provisions made in the financial statements of the PaperlinX Limited Group at 31 March 2000.
- Under the terms of the ASIC Class Order 98/1418 (as amended) dated 13 August 1998, which relieved certain wholly-owned subsidiaries from the requirement to prepare audited financial statements, Amcor Limited and certain wholly-owned subsidiaries have entered into an approved Deed for the cross guarantee of liabilities with those subsidiaries identified in note 35. No liabilities subject to the Deed of Cross Guarantee at 30 June 2011 are expected to arise to Amcor Limited and subsidiaries, as all such subsidiaries were financially sound and solvent at that date.
- The consolidated entity operates in many territories around the globe under different direct and indirect tax regimes. From time to time the consolidated entity receives assessments for additional tax from revenue authorities which, having consulted with experts including external counsel, it believes are unfounded. Nonetheless, at any point in time matters will be under discussion and review with revenue authorities for which a theoretical exposure may exist. Amcor believes that the likelihood of these having a material impact on the Group's consolidated financial position, results of operations or cash flows is remote. Specifically, the Brazil operations have received a series of excise and income tax claims from the local tax authorities and in the opinion of outside counsel these claims have a remote likelihood of being upheld. It is not possible to make a reasonable estimate of the amount or range of expense that could result from an unfavourable outcome in respect of these or any additional assessments that may be issued in the future. These matters are being vigorously contested by Amcor. All means are being examined in order to minimise any exposure.

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Note 32. Contingencies (continued)

Class action – Australia

On 10 March 2011 the consolidated entity announced that it had entered into a Settlement Deed to pay an amount totalling \$80.0 million in full settlement of the Jarra Creek class action claim. The gross settlement amount comprised damages of \$37.7 million, interest of \$25.6 million and a proportion of the applicant's legal and other costs of \$16.7 million.

The Settlement Deed provided for a full release of the Jarra Creek claim and was approved by the court on 15 June 2011.

Total costs relating to the class action of \$90.3 million have been included in 'general and administration' expenses in the income statement and presented as a significant item, refer to note 7. The history of this class action can be found within note 30 of the 30 June 2010 Annual Report.

Competition Law Investigation – New Zealand

On 29 November 2004, Amcor notified the New Zealand Commerce Commission (NZCC) that the Company may have been involved in cartel conduct in New Zealand. The NZCC is the regulatory agency responsible for enforcing New Zealand's anti-trust laws under the *Commerce Act 1986*. Amcor applied for leniency pursuant to the NZCC's Leniency Policy for Cartel Conduct (NZ Leniency Policy).

The NZ Leniency Policy allows for immunity from NZCC initiated proceedings to the first person involved in a cartel to come forward with information about the cartel and co-operate fully with the NZCC in its investigation and prosecution of the cartel.

Amcor was granted conditional immunity on 1 December 2004. Pursuant to the NZ Leniency Policy, Amcor entered into an agreement with the NZCC under which Amcor is obliged to comply with specified conditions including full co-operation with the NZCC. The NZCC's investigation is continuing and Amcor continues to provide full co-operation. The NZCC has commenced proceedings in New Zealand against various parties (but not against Amcor companies) alleging conduct prohibited by the *Commerce Act 1986* (including cartel conduct). Amcor will assist in the proceeding to the extent required by the leniency agreement.

The operation of the NZ Leniency Policy does not exclude or limit claims by third parties who claim to have suffered loss or damage as a result of any cartel conduct. Under the *Commerce Act 1986*, third parties may pursue private claims for compensatory or exemplary damages.

Estimated Damages – New Zealand

As a result of the grant of conditional immunity, Amcor does not expect to incur any pecuniary penalties arising out of the NZCC investigation. It is not possible, at present, to provide either a reasonable estimate, or a reasonable estimated range of any amounts which might become payable by way of damages to any third parties who believe they may have suffered loss as a result of any cartel conduct in New Zealand.

Although it is not possible at present to establish a reasonable estimated range of damages, there can be no assurance that any damages ultimately incurred will not be material to the results of operations or financial condition of Amcor.

Note 33. Commitments

| \$ million | 2011 | 2010 |
|---|--------------|-------|
| (a) Capital expenditure commitments | | |
| Contracted at the reporting date but not provided for or payable: | | |
| Property, plant and equipment: | | |
| Within one year | 252.4 | 156.1 |
| Between one and five years | 1.7 | 11.9 |
| | 254.1 | 168.0 |
| (b) Supply and service commitments | | |
| Expenditure contracted but not provided for or payable covering other supplies and services to be provided: | | |
| Within one year | 66.6 | 43.9 |
| Between one and five years | 54.6 | 77.5 |
| More than five years | 4.7 | 7.8 |
| | 125.9 | 129.2 |
| (c) Operating lease commitments | | |
| Lease expenditure contracted but not provided for or payable: | | |
| Within one year | 152.6 | 147.1 |
| Between one and five years | 387.1 | 337.2 |
| More than five years | 144.4 | 190.5 |
| | 684.1 | 674.8 |
| Less sub-lease rental income | (7.4) | (9.4) |
| | 676.7 | 665.4 |

The consolidated entity leases motor vehicles, plant and equipment and property under operating leases. Leases generally provide the consolidated entity with a right of renewal at which time all terms are renegotiated.

Some leases provide for payment of incremental contingent rentals based on movements in a relevant price index or in the event that units produced by certain leased assets exceed a pre-determined production capacity. Contingent rental paid during the period is disclosed in note 6.

(d) Finance lease commitments

| \$ million | 2011 | 2010 |
|--|-------------|-------|
| Lease expenditure contracted and provided for due: | | |
| Within one year | 1.8 | 3.6 |
| Between one and five years | 7.5 | 11.1 |
| More than five years | 6.0 | 6.6 |
| Minimum lease payments | 15.3 | 21.3 |
| Less future finance charges | (0.9) | (1.6) |
| | 14.4 | 19.7 |
| Current lease liability (refer note 21) | 1.5 | 3.3 |
| Non-current lease liability (refer note 21) | 12.9 | 16.4 |
| | 14.4 | 19.7 |

Notes to the Financial Statements

30 June 2011

Note 34. Particulars in Relation to Controlled Entities and Businesses

The ultimate controlling party of the consolidated entity is Amcor Limited, a company incorporated in Australia. The companies listed below are those whose results or financial position principally affected the figures shown in this consolidated annual financial report.

| Controlled entities | Country of incorporation | Amcor Group's effective interest | |
|--|----------------------------|----------------------------------|--------|
| | | 2011 | 2010 |
| Amcor Packaging (Australia) Pty Ltd | Australia ⁽¹⁾ | 100.0% | 100.0% |
| Amcor Fibre Packaging – Asia Pte Ltd | Singapore | 100.0% | 100.0% |
| Amcor Packaging (New Zealand) Ltd | New Zealand ⁽¹⁾ | 100.0% | 100.0% |
| Amcor Rigid Plastics USA, Inc. | United States of America | 100.0% | 100.0% |
| Amcor Packaging Distribution, Inc | United States of America | 100.0% | 100.0% |
| Amcor Rigid Plastics de Mexico S.A. de C.V. | Mexico | 100.0% | 100.0% |
| Amcor Rigid Plastics de Venezuela | Venezuela | 61.0% | 61.0% |
| Amcor Flexibles Inc | United States of America | 100.0% | 100.0% |
| Vinisa Fuegoína S.R.L | Argentina | 100.0% | 100.0% |
| Amcor Rigid Plastics do Brasil Ltda | Brazil | 100.0% | 100.0% |
| Amcor Flexibles Transpac B.V.B.A | British Virgin Islands | 100.0% | 100.0% |
| Amcor Flexibles UK Ltd | United Kingdom | 100.0% | 100.0% |
| Amcor Flexibles Denmark ApS | Denmark | 100.0% | 100.0% |
| Amcor Flexibles Italia S.r.l. | Italy | 100.0% | 100.0% |
| Amcor Flexibles Singen GmbH | Germany | 100.0% | 100.0% |
| Amcor Tobacco Packaging Novgorod | Russia | 100.0% | 100.0% |
| Amcor Tobacco Packaging Polska Spolka z.o.o | Poland | 100.0% | 100.0% |
| Amcor Pharmaceutical Packaging USA Inc | United States of America | 100.0% | 100.0% |
| Amcor Tobacco Packaging Americas Inc. | United States of America | 100.0% | 100.0% |
| Amcor Flexibles Europa Sur S.L. | Spain | 100.0% | 100.0% |
| Amcor Flexibles Reflex Sp z.o.o | Poland | 100.0% | 100.0% |
| Amcor Packaging UK Ltd | United Kingdom | 100.0% | 100.0% |
| Amcor Flexibles Sarrebourg S.A.S. | France | 100.0% | 100.0% |
| Amcor Flexibles Capsules France | France | 100.0% | 100.0% |
| Amcor Flexibles Packaging France SAS | France | 100.0% | 100.0% |
| Amcor Flexibles Zutphen BV | Netherlands | 100.0% | 100.0% |
| Alcan Packaging St Petersburg | Russia | 100.0% | 100.0% |
| Amcor Flexibles Kreuzlingen AG | Switzerland | 100.0% | 100.0% |
| Amcor Flexibles Rorschach AG | Switzerland | 100.0% | 100.0% |
| Amcor Flexibles Teningen Tscheulin-Rothal GmbH | Germany | 98.8% | 98.8% |
| Amcor Flexibles Bangkok Public Company Limited | Thailand | 99.4% | 99.4% |

(1) Amcor Limited and these subsidiary companies have entered into an approved deed for the cross guarantee of liabilities, refer note 35.

Acquisition of controlled entities

Acquisitions of controlled entities acquired during the financial year ended 30 June 2011 and 2010 are detailed in note 3 of the financial report.

Disposal of controlled entities

30 June 2011

As disclosed in note 4, the consolidated entity disposed of the following legal entities during the year ended 30 June 2011:

- Amcor Packaging Glass Pharma SAS
- Amcor Verrerie Amiable Industrie et Commerce SA
- Marshall Flexibles, LLC

In addition to the business disposals in note 4, the following legal entities were liquidated during the financial year:

- Amcor Holding Italia Srl
- Grupo Amcor Flexibles Espana

30 June 2010

In addition to the business disposal in note 4, the following legal entities were liquidated during the financial year:

- Amcor White Cap Austria GmbH
- Flexirepro OY
- Amcor Holdings Germany GmbH
- Amcor Flexibles Hochheim GmbH & Co KG

Note 35. Deed of Cross Guarantee

Pursuant to ASIC Class Order 98/1418 (as amended) dated 13 August 1998, the wholly-owned subsidiaries listed below are relieved from the *Corporations Act 2001* requirements for preparation and lodgement of audited Financial Reports, and Directors' Reports.

It is a condition of the Class Order that the holding entity, Amcor Limited, and each of the relevant subsidiaries enter into a deed of cross guarantee ('the Deed'). The effect of the Deed is that, in the event of winding up any of these subsidiaries under certain provisions of the *Corporations Act 2001*, Amcor Limited guarantees to each creditor of that subsidiary payment in full of any debt. If a winding up occurs under other provisions of the *Corporations Act 2001*, Amcor Limited will only be liable in the event that after six months any creditor has not been paid in full. These subsidiaries have also given similar guarantees in the event that Amcor Limited is wound up.

The holding entity, Amcor Limited, and subsidiaries subject to the deed of cross guarantee are:

| | |
|-------------------------------------|--|
| Amcor Packaging (Asia) Pty Ltd | Pak Pacific Corporation Pty Ltd |
| Amcor Nominees Pty Ltd | ACN 002693843 Box Pty Ltd |
| Amcor Investments Pty Ltd | Lynyork Pty Ltd |
| Amcor Packaging (New Zealand) Ltd | Fibre Containers (Qld) Pty Ltd |
| Amcor Finance (NZ) Ltd | Specialty Packaging Group Pty Ltd |
| Amcor Packaging (Australia) Pty Ltd | ACN 089523919 CCC Pty Ltd |
| AGAL Holdings Pty Ltd | Rota Die International Pty Ltd |
| Envirocrates Pty Ltd | Rota Die Pty Ltd Trustee of Rota Die Trust |
| PP New Pty Ltd | Amcor European Holdings Pty Ltd |
| AP Chase Pty Ltd | Amcor Holdings (Australia) Pty Ltd |
| Anfor Investments Pty Ltd | Techni-Chem Australia Pty Ltd |
| Amcor Closure Systems Pty Ltd | |

Notes to the Financial Statements

30 June 2011

Note 35. Deed of Cross Guarantee (continued)

Financial statements for the Amcor Limited Deed of Cross Guarantee

Consolidated income statements, consolidated statements of comprehensive income and consolidated balance sheets, comprising Amcor Limited and the wholly-owned subsidiaries party to the Deed, after eliminating all transactions between the parties, as at 30 June, are set out below:

(a) Income Statement

| \$ million | 2011 | 2010 |
|--|------------------|-----------|
| Sales revenue | 2,231.6 | 2,159.3 |
| Cost of sales | (1,923.3) | (1,829.4) |
| Gross profit | 308.3 | 329.9 |
| Other income | 346.2 | 83.2 |
| Operating expenses | (808.7) | (501.1) |
| Profit/(loss) from operations | (154.2) | (88.0) |
| Finance income | 119.2 | 129.3 |
| Finance expenses | (179.6) | (192.1) |
| Net finance costs | (60.4) | (62.8) |
| Profit/(loss) before related income tax expense | (214.6) | (150.8) |
| Income tax (expense)/benefit | (17.8) | 13.1 |
| Profit/(loss) for the financial period | (232.4) | (137.7) |
| Profit/(loss) attributable to: | | |
| Owners of Amcor Limited | (232.4) | (137.7) |
| Non-controlling interest | - | - |
| | (232.4) | (137.7) |

(b) Statement of comprehensive income

| \$ million | 2011 | 2010 |
|---|----------------|---------|
| Profit/(loss) for the financial period | (232.4) | (137.7) |
| Other comprehensive income/(loss) | | |
| <i>Available-for-sale financial assets</i> | | |
| Net change in fair value of available-for-sale financial assets | - | (0.4) |
| <i>Cash flow hedges</i> | | |
| Effective portion of changes in fair value of cash flow hedges | (2.5) | (157.9) |
| Net change in fair value of cash flow hedges reclassified to profit or loss | 4.3 | 7.5 |
| Net change in fair value of cash flow hedges reclassified to non-financial assets | - | 158.4 |
| Tax on cash flow hedges | 0.7 | (0.7) |
| <i>Exchange differences on translating foreign operations</i> | | |
| Exchange differences on translation of foreign operations | (11.4) | 2.5 |
| Net investment hedge of foreign operations | - | (0.5) |
| Tax on exchange differences on translating foreign operations | - | 0.1 |
| <i>Retained earnings</i> | | |
| Actuarial losses on defined benefit plans | (4.5) | (26.4) |
| Tax on actuarial losses on defined benefit plans | 1.5 | 7.7 |
| Other comprehensive loss for the financial period, net of tax | (11.9) | (9.7) |
| Total comprehensive loss for the financial period | (244.3) | (147.4) |
| Total comprehensive (loss)/income attributable to: | | |
| Owners of Amcor Limited | (244.3) | (147.4) |
| Non-controlling interest | - | - |
| | (244.3) | (147.4) |

(c) Summarised income statement and retained profits

| \$ million | 2011 | 2010 |
|--|-------------|---------|
| Profit/(loss) before related income tax expense | (214.6) | (150.8) |
| Income tax (expense)/benefit | (17.8) | 13.1 |
| Profit/(loss) after tax | (232.4) | (137.7) |
| Retained profits at beginning of financial period | 694.3 | 1,146.6 |
| Actuarial losses recognised directly in equity | (3.0) | (18.7) |
| | 458.9 | 990.2 |
| Dividends recognised during the financial period | (416.7) | (295.9) |
| Retained profits at the end of the financial period | 42.2 | 694.3 |

Notes to the Financial Statements

30 June 2011

Note 35. Deed of Cross Guarantee (continued)

(d) Statement of financial position

| \$ million | 2011 | 2010 |
|--------------------------------------|----------------|----------------|
| Current assets | | |
| Cash and cash equivalents | 16.8 | 21.3 |
| Trade and other receivables | 3,721.7 | 3,606.1 |
| Inventories | 392.1 | 330.2 |
| Other financial assets | 2.9 | 4.5 |
| Other current assets | 28.9 | 29.2 |
| Total current assets | 4,162.4 | 3,991.3 |
| Non-current assets | | |
| Other financial assets | 2,174.0 | 2,787.1 |
| Property, plant and equipment | 1,634.6 | 1,544.6 |
| Deferred tax assets | 81.2 | 93.7 |
| Intangible assets | 163.1 | 148.1 |
| Other non-current assets | 71.3 | 74.1 |
| Total non-current assets | 4,124.2 | 4,647.6 |
| Total assets | 8,286.6 | 8,638.9 |
| Current liabilities | | |
| Trade and other payables | 505.4 | 438.2 |
| Interest-bearing liabilities | 1,261.6 | 2,218.7 |
| Other financial liabilities | 15.8 | 14.8 |
| Provisions | 139.7 | 121.4 |
| Total current liabilities | 1,922.5 | 2,793.1 |
| Non-current liabilities | | |
| Trade and other payables | 7.2 | 7.6 |
| Interest-bearing liabilities | 2,044.4 | 921.2 |
| Other financial liabilities | 0.2 | 2.5 |
| Provisions | 45.4 | 51.3 |
| Retirement benefit obligations | 56.8 | 52.7 |
| Total non-current liabilities | 2,154.0 | 1,035.3 |
| Total liabilities | 4,076.5 | 3,828.4 |
| Net assets | 4,210.1 | 4,810.5 |
| Equity | | |
| Contributed equity | 4,070.4 | 4,029.8 |
| Reserves | 97.5 | 86.4 |
| Retained profits | 42.2 | 694.3 |
| Total equity | 4,210.1 | 4,810.5 |

Note 36. Amcor Limited Information

(a) Summary financial information

The individual financial statements for the parent entity show the following aggregate amounts:

| \$ million | Amcor Limited | |
|---|----------------------|----------|
| | 2011 | 2010 |
| Total current assets | 7,195.4 | 7,348.2 |
| Total assets | 10,907.2 | 11,029.5 |
| Total current liabilities | 3,495.4 | 4,072.6 |
| Total liabilities | 5,754.7 | 5,309.7 |
| Net assets | 5,152.5 | 5,719.8 |
| Equity | | |
| Contributed equity | 4,070.4 | 4,029.8 |
| Reserves | | |
| Share-based payments reserve | 74.7 | 54.8 |
| Cash flow hedge reserve | (5.4) | (9.7) |
| Exchange fluctuation reserve | - | - |
| Retained profits | 1,012.8 | 1,644.9 |
| Total equity | 5,152.5 | 5,719.8 |
| Profit/(loss) before related income tax expense | (253.8) | 574.9 |
| Income tax (expense)/benefit | 43.8 | (152.7) |
| Profit/(loss) after tax | (210.0) | 422.2 |
| Total comprehensive income/(loss) | (205.8) | 409.3 |
| (b) Financial guarantees | | |
| Carrying amount included in current liabilities | 0.6 | 0.2 |
| Carrying amount included in non-current liabilities | 0.1 | 0.2 |
| | 0.7 | 0.4 |

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.

Terms and face values of the liabilities guaranteed were as follows:

| \$ million | Year of | 30 June 2011 | 30 June 2010 |
|--|-----------------|---------------------|--------------|
| | maturity | Face value | Face value |
| Bank term loans of controlled entities | 2011 | 25.5 | 17.3 |

The Company has also entered into a Deed of Cross Guarantee with certain subsidiaries. Under the terms of the deed, the Company has guaranteed the repayment of all relevant current and future creditors in the event any of the entities party to the deed are wound up. Details of the deed and the consolidated financial position of the Company and the subsidiaries party to the deed are set out in note 35. The method used in determining the fair value of these guarantees has been disclosed in the consolidated entity's accounting policy Financial Guarantee Contracts, refer note 1(q).

Notes to the Financial Statements

30 June 2011

Note 36. Amcor Limited Information (continued)

(c) Contingent liabilities of Amcor Limited

Details of contingent liabilities where the probability of future payments/receipts is not considered remote are set out below:

| \$ million | 2011 | 2010 |
|--|------|------|
| Contingent liabilities arising in respect of guarantees ⁽¹⁾ | 9.8 | 13.2 |
| Total contingent liabilities | 9.8 | 13.2 |

(1) Comprises guarantees given by Amcor Limited in respect of property leases in wholly-owned subsidiaries.

Details of other contingent liabilities for Amcor Limited are set out in note 32. 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.

Note 37. Events Subsequent to Balance Date

Capital Management – Share Buy-Back

On 22 August 2011, the consolidated entity announced that after considering the cash forecasts and current strong balance sheet position, the proceeds received from the sale of the Glass Tubing business would be used for an on-market share buy-back of up to \$150.0 million.

Directors' Declaration

1. In the opinion of the Directors of Amcor Limited ('the Company'):
 - (a) the financial statements and notes and remuneration disclosures that are detailed within the Remuneration Report, in the Directors' Report, are in accordance with the *Corporations Act 2001* including:
 - i. complying with Australian Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - ii. giving a true and fair view of the consolidated entity's financial position as at 30 June 2011 and of its performance for the financial year ended on that date; and
 - (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Note 1(a) confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

2. At the date of this declaration, there are reasonable grounds to believe that the Company and the consolidated entities identified in note 35 will be able to meet any obligations or liabilities to which they are or may become subject to by virtue of the Deed of Cross Guarantee between the Company and those consolidated entities pursuant to ASIC Class Order 98/1418.
3. The Directors have been given the declarations required by Section 295A of the *Corporations Act 2001* the chief executive officer and the chief financial officer for the financial year ended 30 June 2011.

Signed in accordance with a resolution of the Directors, dated at Melbourne Victoria, this 22nd day of August 2011.



Chris Roberts
Chairman

Independent auditor's report to the members of Amcor Limited

Report on the financial report

We have audited the accompanying financial report of Amcor Limited ('the company'), which comprises the statement of financial position as at 30 June 2011, and the income statement, the statement of comprehensive income, statement of changes in equity and the cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration for the Amcor Limited Group ('the consolidated entity'). The consolidated entity comprises the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit.

We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

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

Our procedures include reading the other information in the Annual Report to determine whether it contains any material inconsistencies with the financial report.

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

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

Independence

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

Auditor's opinion

In our opinion:

- (a) the financial report of Amcor Limited is in accordance with the *Corporations Act 2001*, including:
- (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2011 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
- (b) the financial report and notes also comply with *International Financial Reporting Standards* as disclosed in Note 1.

Report on the Remuneration Report

We have audited the remuneration report included in pages 30 to 56 of the directors' report for the year ended 30 June 2011. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion

In our opinion, the remuneration report of Amcor Limited for the year ended 30 June 2011, complies with section 300A of the *Corporations Act 2001*.



PricewaterhouseCoopers



Dale McKee
Partner

Melbourne
22 August 2011

Statement of Shareholdings

Statement pursuant to Australian Securities Exchange official list requirements:
Holders of shares in Amcor Limited at 10 August 2011

| Rank | Company | Shares held | % held |
|------|---|-------------|--------|
| 1 | HSBC Custody Nominees (Australia) Limited | 317,785,345 | 25.89 |
| 2 | J P Morgan Nominees Australia Limited | 282,134,285 | 22.98 |
| 3 | National Nominees Limited | 211,872,972 | 17.26 |
| 4 | Citicorp Nominees Pty Limited | 67,453,858 | 5.49 |
| 5 | Cogent Nominees Pty Limited | 26,862,219 | 2.19 |
| 6 | Australian Foundation Investment Company Limited | 12,623,653 | 1.03 |
| 7 | JP Morgan Nominees Australia Limited <CASH INCOME A/C> | 12,528,854 | 1.02 |
| 8 | HSBC Custody Nominees (Australia) Limited – ADR A/C | 10,029,996 | 0.82 |
| 9 | AMP Life Limited | 9,101,062 | 0.74 |
| 10 | RBC Dexia Investor Services Australia Nominees Pty Limited <BKCUST A/C> | 8,481,427 | 0.69 |
| 11 | Tasman Asset Management Ltd <TYNDALL AUSTRALIAN SHARE WHOLE> | 5,807,331 | 0.47 |
| 12 | UBS Nominees Pty Ltd | 5,040,000 | 0.41 |
| 13 | Citicorp Nominees Pty Limited <COLONIAL FIRST STATE INV A/C> | 4,752,515 | 0.39 |
| 14 | Argo Investments Limited | 4,614,711 | 0.38 |
| 15 | Queensland Investment Corporation | 4,601,305 | 0.37 |
| 16 | Citicorp Nominees Pty Limited <CFSIL CWLTH AUST SHS 18 A/C> | 3,467,526 | 0.28 |
| 17 | The Senior Master Of The Supreme Court <COMMON FUND NO 3 A/C> | 2,769,033 | 0.23 |
| 18 | UBS Nominees Pty Ltd | 2,527,483 | 0.21 |
| 19 | Australian Reward Investment Alliance | 2,195,804 | 0.18 |
| 20 | Cogent Nominees Pty Limited <SMP ACCOUNTS> | 2,177,387 | 0.18 |

Substantial Shareholders

The Capital Group of Companies Inc, by notice dated 26 May 2011, has a relevant interest in 103,042,837 shares.

Distribution of Shareholdings

Fully paid ordinary shares (at 10 August 2011)

| Size of Holding | Number of Shareholders | % of Shareholders | Number of Shares | % of Shares |
|-------------------|------------------------|-------------------|----------------------|---------------|
| 1 - 1,000* | 31,595 | 45.37 | 13,695,223 | 1.12 |
| 1,001 - 5,000 | 29,303 | 42.08 | 67,953,482 | 5.54 |
| 5,001 - 10,000 | 5,473 | 7.86 | 38,218,519 | 3.11 |
| 10,001 - 100,000 | 3,124 | 4.48 | 62,631,132 | 5.10 |
| 100,001- and over | 143 | 0.21 | 1,045,073,962 | 85.13 |
| Total | 69,638 | 100.00 | 1,227,572,318 | 100.00 |

*Of these shareholders, 2,866 held less than a marketable parcel.

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

Unquoted Equity Securities - issued pursuant to various Amcor Employee Incentive Plans

| Unquoted equity securities | Number of employees participating | Number of securities |
|--|-----------------------------------|----------------------|
| Partly-paid ordinary shares paid to 1 cent | 11 | 104,000 |
| Partly-paid ordinary shares paid to 5 cents | 38 | 480,000 |
| Options over ordinary shares exercisable at various prices | 304 | 38,126,506 |
| Rights | 324 | 7,809,827 |
| Performance Shares | 151 | 2,159,903 |

Statistical Summary

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

| For the years ended 30 June | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 |
|---|-----------------|-----------------|---------------------|----------------|----------------|----------------|
| Amcor Consolidated Results | | | | | | |
| Net sales | 12,412.3 | 9,849.5 | 9,535.4 | 9,316.8 | 10,875.2 | 11,439.3 |
| Operating profit before interest and tax pre significant items | 1,003.2 | 759.2 | 646.6 | 657.0 | 731.9 | 775.7 |
| Operating profit before tax pre significant items ⁽¹⁾ | 786.1 | 575.8 | 464.9 | 477.6 | 517.0 | 529.1 |
| Net operating profit pre significant items ⁽¹⁾ | 570.3 | 409.2 | 360.5 | 369.1 | 397.0 | 405.9 |
| Net operating profit after significant items ⁽¹⁾ | 356.7 | 183.0 | 211.7 | 258.8 | 533.7 | 351.3 |
| Earnings per share (cents) pre significant items ⁽²⁾ | 46.5 | 35.2 | 40.9 ⁽³⁾ | 42.9 | 44.2 | 46.1 |
| Earnings per share (cents) post significant items | 29.1 | 15.8 | 24.0 ⁽³⁾ | 30.1 | 59.5 | 39.9 |
| Return on average shareholders' equity pre significant items (% p.a.) | 14.5 | 9.8 | 11.0 | 11.5 | 11.2 | 11.9 |
| Dividend and distribution | 416.7 | 295.9 | 284.2 | 294.2 | 305.7 | 298.8 |
| Dividend per ordinary share (cents) | 35.0 | 29.5 | 34.0 | 34.0 | 34.0 | 34.0 |
| Dividend franking (% p.a.) | - | - | - | - | - | 15.0 |
| Dividend cover (times) | 1.33 | 1.19 | 1.27 | 1.26 | 1.30 | 1.36 |
| Financial Ratios | | | | | | |
| Net tangible asset backing per share (\$) | 14 | 1.5 | 1.6 | 1.9 | 2.3 | 1.8 |
| Net PBITDA interest cover pre significant items (times) | 70 | 6.6 | 6.0 | 6.0 | 5.6 | 5.1 |
| Gearing (net debt/net debt and shareholders' equity) (%) | 46.0 | 42.5 | 46.2 | 42.9 | 44.6 | 46.4 |
| Financial Statistics | | | | | | |
| Income from dividends and interest | 194 | 22.9 | 12.0 | 30.3 | 23.9 | 20.0 |
| Depreciation and amortisation provided during the year | 511.0 | 454.7 | 442.1 | 413.1 | 466.9 | 473.4 |
| Net finance costs (including PACRS) ⁽²⁾ | 217.1 | 183.4 | 181.7 | 179.4 | 214.9 | 246.6 |
| Cash flow from operations | 785.8 | 784.1 | 673.7 | 661.4 | 946.3 | 964.1 |
| Capital expenditure and acquisitions | 1,095.9 | 2,956.0 | 716.1 | 585.8 | 637.8 | 562.7 |
| Balance Sheet Data as at 30 June | | | | | | |
| Current assets | 3,660.3 | 3,545.7 | 2,317.9 | 2,618.3 | 3,394.5 | 3,196.9 |
| Non-current assets | 7,264.0 | 7,571.6 | 6,128.1 | 5,451.6 | 5,747.8 | 6,701.3 |
| Total Assets | 10,924.3 | 11,117.3 | 8,446.0 | 8,069.9 | 9,142.3 | 9,898.2 |
| Current liabilities | 3,350.5 | 4,214.9 | 2,952.3 | 2,742.0 | 3,521.6 | 3,579.1 |
| Non-current liabilities | 3,825.2 | 2,778.5 | 2,418.1 | 2,324.6 | 2,039.4 | 2,713.1 |
| Total Liabilities | 7,175.7 | 6,993.4 | 5,370.4 | 5,066.6 | 5,561.0 | 6,292.2 |
| Net Assets | 3,748.6 | 4,123.9 | 3,075.6 | 3,003.3 | 3,581.3 | 3,606.0 |
| Shareholders' Equity | | | | | | |
| Share capital | 4,070.4 | 4,029.8 | 2,440.3 | 2,406.1 | 2,742.8 | 2,810.3 |
| Reserves | (1,015.2) | (657.1) | (311.5) | (443.7) | (313.5) | (84.5) |
| Retained profits | 633.2 | 695.2 | 883.8 | 986.4 | 1,099.8 | 828.6 |
| Shareholders' equity attributable to Amcor Limited | 3,688.4 | 4,067.9 | 3,012.6 | 2,948.8 | 3,529.1 | 3,554.4 |
| Non-controlling interests in controlled entities | 60.2 | 56.0 | 63.0 | 54.5 | 52.2 | 51.6 |
| Total Shareholders' equity | 3,748.6 | 4,123.9 | 3,075.6 | 3,003.3 | 3,581.3 | 3,606.0 |
| Other data as at 30 June: | | | | | | |
| Fully paid shares (000's) | 1,227,470 | 1,221,647 | 842,759 | 834,753 | 883,119 | 890,252 |
| Convertible securities - number of shares (000's) | - | - | - | - | - | 69,900 |
| Amcor share price | | | | | | |
| - year's high (\$) | 7.38 | 6.75 | 6.45 | 7.69 | 7.71 | 7.70 |
| - year's low (\$) | 6.27 | 4.37 | 3.90 | 4.97 | 6.16 | 6.41 |
| - close (\$) | 7.20 | 6.38 | 4.99 | 5.05 | 7.47 | 6.68 |
| Market capitalisation | 8,837.8 | 7,794.1 | 4,205.4 | 4,215.5 | 6,596.9 | 5,946.9 |
| Employee numbers | 33,868 | 33,606 | 19,974 | 21,030 | 22,312 | 24,538 |
| Number of shareholders | 70,161 | 72,046 | 73,165 | 75,676 | 87,433 | 104,433 |

(1) PACRS coupon payment is treated as interest in the 2006 period.

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

(3) The 2009 earnings per share figures have been restated to reflect the bonus element of the Entitlement Offer that was completed in September 2009.

Investor Information

Amcor provides a progress report to shareholders in two different formats. Shareholders can choose the detailed financial information available in the comprehensive Full Year Financial Report produced annually. Alternatively, shareholders can choose to receive an easy-to-read environmentally-friendly Annual Review.

The Amcor Annual Review contains the information of most interest to shareholders including: key financial results, performance highlights and a report from the Chairman.

Both or either of these reports are sent by post or e-mail to shareholders who are on record and wish to receive a copy.

Amcor also provides these reports on its website www.amcor.com in a user friendly format. The reports are interactive, searchable, printable, downloadable and easily able to be viewed quickly on your computer at any time.

Share registry enquiries

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

For enquiries within Australia, call 1300 302 458, and from outside Australia, call +61 3 9415 4104.

Alternatively, shareholders can contact the Share Registry –

By post to:

Amcor Share Registry
Yarra Falls
452 Johnston Street
Abbotsford Victoria 3067
Australia

Or

GPO Box 2975
Melbourne Victoria 3001
Australia

Or

By fax to: +61 3 9473 2500

Internet facilities

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

Amendments to your shareholder details, such as a change of name or address, or notification of your tax file number, direct credit of dividend advice or Dividend Reinvestment Plan preferences, can be submitted directly from this website. Alternatively you can complete downloadable forms and forward them to Amcor's Share Registry.

Dividends

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

The following alternatives are available to shareholders regarding payment of dividends:

- 1. By direct deposit to an Australian bank, building society or credit union account.** Shareholders may choose to have their dividends paid directly into a nominated bank, building society or credit union account anywhere in Australia. Payments are electronically credited on the dividend date and confirmed by a payment advice sent to the shareholder. Forms for this service are available from Amcor's Share Registry or Amcor's website.
- 2. By cheque payable to the shareholder.** Lost or stolen cheques should be reported, in writing, immediately to Amcor's Share Registry to enable a 'stop payment' and replacement.
- 3. Dividend Reinvestment Plan (DRP).** The DRP provides shareholders with the opportunity to re-invest their dividends to acquire additional Amcor shares. Shares acquired under the DRP rank equally with existing fully paid ordinary shares and have been provided to participants with no discount at a price equivalent to the arithmetic average of the daily weighted average market price of Amcor shares sold on the ASX during a period of nine business days after the record date for the relevant dividend. That period begins on the second business day after the record date and ends on the tenth business day.

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

Tax File Numbers

Amcor is required to withhold tax at the rate of 46.5% on any unfranked component of a dividend or interest paid to investors resident in Australia who have not supplied the Company with a tax file number (TFN) or exemption form. Investors are not required by law to provide their TFN and can choose whether or not they wish to do so.

Stock Exchange Listings

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

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

American Depositary Receipts

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

Amcor Publications

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

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

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

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Ron Delia
Executive Vice President Finance
and Chief Financial Officer

Steve Keogh
Executive Vice President Human Resources

Julie McPherson
Group General Counsel, Company Secretary

John Murray
Executive General Manager
Corporate Affairs

Ian Wilson
Executive Vice President Strategy
and Development

Share Registry

Amcor Share Registry
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(within Australia)

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(outside Australia)

Facsimile: +61 3 9473 2500

Email: web.queries@computershare.com.au

Financial Calendar

Financial calendar 2011/12

| | |
|--|------------------------|
| Financial year 2010/11 ends | 30 June 2011 |
| Announcement of full year results for 2010/11 | 22 August 2011 |
| Ex-dividend date for final dividend for 2010/11 | 29 August 2011 |
| Record date for final dividend and DRP for 2010/11 | 2 September 2011 |
| Final dividend payment date for 2010/11 | 28 September 2011 |
| Annual General meeting | 20 October 2011 |
| Financial half year ends | 31 December 2011 |
| Announcement of interim results for 2011/12 | February 2012 |
| Ex-dividend date for interim dividend for 2011/12 | Early March 2012 |
| Record date for interim dividend for 2011/12 | Early March 2012 |
| Interim dividend payment date for 2011/12 | Late March 2012 |
| Financial year 2011/12 ends | 30 June 2012 |

Paper and printing of this annual report

This report is printed on ecoStar, an environmentally friendly 100% recycled paper, certified by the Forest Stewardship Council (FSC).

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



