Appendix 4E ***Rule 4.3A***

Preliminary Final report

AMCOR LIMITED
ABN 62 000 017 372

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

Reporting Period:	Year Ended 30 June 2011
Previous Corresponding Period:	Year Ended 30 June 2010

2. Results for announcement to the market

				$A million
2.1 Revenues from ordinary activities				
• From Continuing Operations	up	26.0%	to	12,412.3
• From Discontinued Operations	n/a	n/a		n/a
2.2 Net profit from ordinary activities after tax but before significant items, attributable to members	up	39.4%	to	570.3
2.3 Net profit for the period, after significant items, attributable to members	up	94.9%	to	356.7

Dividends	**Amount per security**	**Franked amount per security**
Current period		
2.4 Final dividend	18.0 cents	nil
2.4 Interim dividend	17.0 cents	nil
Previous corresponding period		
2.4 Final dividend	17.0 cents	nil
2.4 Interim dividend	12.5 cents	nil
2.5 Record date for determining entitlements to the dividend	Final dividend – 2 September 2011	

2.6 Brief explanation of figures in 2.1 to 2.4 –:

i) Dividends in the current period are unfranked. Dividends to foreign holders are subject to with-holding tax and the declaration that 100% of the dividend is sourced from the Conduit Foreign Income Account.

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

3. Statement of Financial Performance – refer attached

4. Statement of Financial Position – refer attached

5. Statement of Cash Flows – refer attached

6. Details of individual dividends and payment dates – refer attached, Note 27 Dividends

7. Details of dividend reinvestment plan

The Dividend Reinvestment Plan (DRP) is in operation. No discount is available under the DRP. Issue price will be calculated on the arithmetic average of the volume weighted average price for the nine ASX trading days September 6 to 16, 2011 inclusive. The last date for receipt of election notices for the DRP is 2 September 2011. Shares issued or purchased under the DRP rank equally with existing fully paid ordinary shares of Amcor Limited.

8. Statement of retained earnings – refer attached, Note 26 Reserves and Retained Earnings

9. Net tangible assets

	Current period	30 June 2010
Net tangible asset backing per ordinary security	$1.37	$1.49

10. Control gained over entities having a material effect – refer attached, Note 3 Business Combinations

11. Details of associates and joint venture entities – refer attached, Note 16 Equity Accounted Investments

12. Significant information – refer press release attached

13. Not applicable

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

15. This report is based on accounts which have been audited.

J McPherson

.... Date: 22 August 2011
Julie McPherson
Company Secretary

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

ANNUAL FINANCIAL REPORT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

22 August 2011

Financial Report

Contents of Financial Report

Amcor Limited and its controlled entities

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

	Note	Cents	Cents
Earnings per share for profit attributable to the ordinary equity holders of Amcor Limited			
Basic earnings per share	10	**29.1**	15.8
Diluted earnings per share	10	**28.7**	15.6

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

Amcor Limited and its controlled entities

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)			
Available-for-sale financial assets			
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)
Cash flow hedges			
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)
Exchange differences on translating foreign operations			
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
Retained earnings			
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.

Amcor Limited and its controlled entities

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.

Amcor Limited and its controlled entities

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**

$ million	Note	Contributed Equity	Reserves	Retained profits	Total attributable to owners of Amcor	Non controlling interest	Total equity
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.

Amcor Limited and its controlled entities

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		**379.9**	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
- Decrease/(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.

Amcor Limited and its controlled entities

Cash Flow Statements (continued)
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		**50.0**	169.8
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

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

Amcor Limited and its controlled entities

Contents of notes to the financial statements

Note 1. Summary of Significant Accounting Policies

Amcor Limited ('the Company') is a company domiciled in Australia. The Financial Report includes financial statements of the Company and its subsidiaries (together referred to as 'the consolidated entity') and the consolidated entity's 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), note 18 and note 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), note 6 and note 23.

Note 1. Summary of Significant Accounting Policies (continued)

(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.

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.

Note 1. Summary of Significant Accounting Policies (continued)

(i) Income tax (continued)

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

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

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.

Note 1. Summary of Significant Accounting Policies (continued)

(j) Financial instruments (continued)

Non-derivative financial instruments (continued)

(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 can not 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$ 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.

Note 1. Summary of Significant Accounting Policies (continued)

(j) Financial instruments (continued)

Derivative financial instruments (continued)

(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.

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.

Note 1. Summary of Significant Accounting Policies (continued)

(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%
- Finance leased assets between 4% - 20%
- Land improvements between 1% - 3%
- 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 ten 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 ten years.

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

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

Note 1. Summary of Significant Accounting Policies (continued)

(o) Intangible assets (continued)

(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.

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.

Note 1. Summary of Significant Accounting Policies (continued)

(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.

Note 1. Summary of Significant Accounting Policies (continued)

(s) Employee benefits (continued)

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 (eg 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.

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 (eg 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.

Note 1. Summary of Significant Accounting Policies (continued)

(t) Retirement benefit obligation (continued)

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.

Note 1. Summary of Significant Accounting Policies (continued)

(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:

- 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
  - 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.

Note 1. Summary of Significant Accounting Policies (continued)

(y) Parent entity financial information (continued)

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 and 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.

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; multiwall sacks; cartonboard; paper and paper recycling.

Note 2. Segment information (continued)

(a) Description of segments (continued)

Geographic segments (continued)

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 agro-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.

Note 2. Segment Information (continued)

(c) Segment information provided to the CET

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

	Amcor Rigid Plastics		Amcor Australasia and Packaging Distribution		Amcor Flexibles		Other/Investments		Consolidated	
$ million	**2011**	2010	**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	**12,412.3**	9,849.5
Inter-segment revenue	**-**	1.4	**5.2**	13.6	**15.4**	13.9	**-**	-	**20.6**	28.9
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	**12,432.9**	9,878.4
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)**	(9.0)	**1,514.2**	1,213.9
Depreciation and amortisation	**(168.0)**	(162.6)	**(120.5)**	(123.1)	**(221.5)**	(166.1)	**(1.0)**	(2.9)	**(511.0)**	(454.7)
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)	**1,003.2**	759.2
Significant items before related income tax expense	**(32.8)**	(41.9)	**(70.5)**	(2.9)	**(87.3)**	(72.2)	**(46.2)**	(138.4)	**(236.8)**	(255.4)
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)	**766.4**	503.8
Share of net profits of associates	**1.0**	(0.5)	**-**	-	**1.0**	0.3	**37.2**	33.7	**39.2**	33.5
Other material non-cash items										
Impairment losses - trade receivables	**-**	0.3	**(2.2)**	(1.5)	**(0.5)**	0.8	**-**	(0.1)	**(2.7)**	(0.5)
Impairment losses - inventories	**(0.4)**	-	**(4.2)**	(1.4)	**(2.6)**	(0.7)	**-**	-	**(7.2)**	(2.1)
Impairment losses on property, plant and equipment and other non current assets	**(12.6)**	(9.1)	**(50.0)**	(0.1)	**(9.1)**	(17.4)	**-**	(2.9)	**(71.7)**	(29.5)
Reversal of impairment losses on property, plant and equipment	**-**	-	**-**	-	**-**	0.7	**0.6**	-	**0.6**	0.7
Acquisition of property, plant and equipment and intangibles	**172.1**	131.0	**281.3**	221.3	**159.0**	141.2	**11.1**	8.0	**623.5**	501.5
Receivables	**328.0**	324.5	**353.9**	364.2	**936.0**	989.5	**59.0**	99.1	**1,676.9**	1,777.3
Inventory	**432.8**	342.5	**389.2**	341.6	**761.7**	760.8	**-**	24.1	**1,583.7**	1,469.0
Payables	**(713.1)**	(605.6)	**(464.3)**	(426.1)	**(1,266.9)**	(1,275.9)	**(76.7)**	(115.4)	**(2,521.0)**	(2,423.0)
Working capital	**47.7**	61.4	**278.8**	279.7	**430.8**	474.4	**(17.7)**	7.8	**739.6**	823.3
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	**7,097.5**	6,129.7

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.

$ million	2011	2010
Segment revenue reconciles as follows:		
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	**674.4**	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:

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)

Note 2. Segment Information (continued)

(d) Other segment information (continued)

v) Segment property, plant and equipment

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

$ million	**2011**	2010
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	**17.1**	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

Segments 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.

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 $137.4 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.

Note 3. Business Combinations (continued)

(a) Alcan Packaging acquisition (continued)

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	**-**	4.4
	-	(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 ending 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 twelve months acquired EBITDA of US$70.0 million ($76.8 million[2]).

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.

[1] Converted at an exchange rate of A$/US$ = 0.843
[2] Converted at an exchange rate of A$/US$ = 0.912
[3] Converted at an exchange rate of A$/€ = 0.713

Note 3. Business Combinations (continued)

(b) Acquisitions during the financial year ending 30 June 2011 (continued)

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[1]	-	(2.0)	-
Total purchase consideration	**77.3**	**305.0**	**41.4**

[1] The final consideration remains subject to certain customary post close adjustments.

The asset and liabilities recognised as a result of the acquisitions are as follows:

$ million	Alcan Medical Flexibles	Ball Plastics Packaging	B-Pack Due
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**

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.

Note 3. Business Combinations (continued)

(b) Acquisitions during the financial year ending 30 June 2011 (continued)

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.

(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[1]). The transaction was completed on 10 September 2010 and a profit of $10.4 million before tax was recognised upon disposal.

[1] Converted at an exchange rate of A$/€ = 0.705.

Note 4. Business Disposals (continued)

(a) Businesses disposed of during the year ended 30 June 2011 (continued)

(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[1]). In January 2011, as part of the post close completion process, the consolidated entity paid Printpack Inc, US$0.4 million ($0.4 million[2]). 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 acquire the Glass Tubing business acquired as part of the Alcan Packaging acquisition for US$161.0 million ($150.9 million[3]) . 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[3]) was recognised upon disposal of the Glass Tubing business. The proceeds from the disposal were received on 25 July 2011.

(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

[1] Converted at an exchange rate of A$/US$ = 0.968.
[2] Converted at an exchange rate of A$/US$ = 0.997.
[3] Converted at an exchange rate of A$/US$ = 1.067.

Amcor Limited and its controlled entities

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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	**9.1**	4.2
- External	**206.0**	156.2
Amount capitalised	**(17.1)**	(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

Amcor Limited and its controlled entities

Notes to the financial statements

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Note 7. Significant Items

$ million	2011 Before tax	2011 Tax (expense)/ benefit	2011 Net of tax	2010 Before tax	2010 Tax (expense)/ benefit	2010 Net of tax
Income						
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
Expense						
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)**	(1.4)	0.4	(1.0)
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.

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)**	**-**	**89.1**	**(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)

Note 8. Income Tax Expense (continued)

(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	**-**	1.4
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

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		
PwC Australian firm:		
Audit and review of financial reports	**3,179**	3,091
Other regulatory audit services	**-**	18
Other assurance services relating to external financing activities	**95**	-
Overseas PwC firms:		
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		
PwC Australian firm:		
Taxation services, transaction related taxation advice and due diligence	**3,786**	8,876
Other advisory services	**45**	1,423
Overseas PwC firms:		
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

Note 10. Earnings per Share

cents	2011	2010
Basic earnings per share		
Attributable to the ordinary equity holders of the Company	**29.1**	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	**379.9**	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)] Loans and other receivables
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.

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.

Note 12. Trade and Other Receivables (continued)

Impairment of financial assets (continued)
The ageing of these receivables, according to their due date, is as follows:

	Impaired Receivables		Not Impaired	
$ million	**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 uncollectible	**(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

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	**47.9**	46.0
Silgan White Cap de Venezuela S.A.	Metal and plastic closures	Venezuela	31 December	**37.0**	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%)	**397.4**	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

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 for consideration of $15.3 million. Upon completion of these share transactions the consolidated entity's shareholding in AMVIG Holdings Limited (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 publically 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.

Notes to the financial statements
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.

(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.

Note 17. Property, Plant and Equipment (continued)

(b) Non-current asset impairments (continued)

30 June 2011 (continued)

- 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:

	2011			2010		
$ million	**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.

Note 18. Deferred Tax Assets and Liabilities (continued)

(b) Movement in temporary differences during the year

$ million	Net asset/ (liability) at 1 July	Recognised in income statement	Recognised in other comprehensive 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)**	**(9.1)**	**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)

(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.

30 June 2010
During the year ending 30 June 2010, the consolidated entity did not recognise any impairments relating to intangible assets.

Note 19. Intangible Assets (continued)

(b) Impairment tests for goodwill

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to cash generating units or groups of cash generating units (CGUs) according to the level at which management monitors goodwill.

The goodwill amounts allocated below are tested annually or semi-annually if there are indicators of impairment, by comparison with the recoverable amount of each CGU or group of CGU's assets. Recoverable amounts for CGUs are measured at the higher of fair value less costs 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:

	Goodwill Allocation		**Discount Rate**		**Growth Rate**	
	2011	2010	**2011**	2010	**2011**	2010
CGU	**$ million**	$ million	**%**	%	**%**	%
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 and 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
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 $157.6 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).

Note 21. Interest-Bearing Liabilities (continued)

(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 – $1.4 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

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.

Note 23. Provisions (continued)

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 pension plans	**255.1**	309.2
Defined benefit post-retirement plans	**34.6**	37.5
Retirement benefit obligations	**289.7**	346.6
Net liability in the statement of financial position	**225.5**	341.4

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.

Note 24. Retirement Benefit Assets and Obligations (continued)

i) Description of plans (continued)

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

Note 24. Retirement Benefit Assets and Obligations (continued)

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

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

Note 24. Retirement Benefit Assets and Obligations (continued)

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 asset assumption
The expected rate of return on assets 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)**	(1.4)	18.8	22.2	(2.5)
Experience adjustments arising on plan assets	**(4.9)**	33.4	(127.7)	(105.3)	57.3

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, have 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 Plans (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.

Note 25. Contributed Equity (continued)

(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)**	**(657.1)**
Other comprehensive income					
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)**
Transactions with owners in their capacity as owners:					
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)
Other comprehensive income					
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)
Transactions with owners in their capacity as owners:					
Share-based payment option expense	-	-	22.5	-	22.5
Balance at 30 June 2010	(1.2)	(16.0)	55.6	(695.5)	(657.1)

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 ssets 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	**(208.6)**	(152.6)
- Final paid	**(208.1)**	(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	17.0	208.7	Unfranked	31 March 2011
2010 Final dividend per fully paid share	17.0	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	17.0	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.

Note 27. Dividends (continued)

	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]	17.0	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 ending 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.

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 programme 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 - ie 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		
Loans and receivables		
Cash and cash equivalents	**224.4**	267.1
Trade receivables	**1,392.7**	1,510.3
Loans and other receivables	**386.2**	213.0
Available-for-sale financial assets		
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		
Financial liabilities measured at amortised cost		
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

Note 28. Financial Risk Management (continued)

(a) Market risk (continued)

(i) Foreign currency risk (continued)

Foreign currency transaction risk (continued)
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.

The following table details the maturity of the receipts/payments of forward currency contracts (Australian dollar equivalents) outstanding at balance date for those currency exposures that the consolidated entity is primarily exposed to:

	Weighted average rate		Contract amounts	
	2011	2010	**2011 $ million**	2010 $ million
Buy CAD Sell USD 0-12 months	**0.99**	0.96	**27.3**	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			**29.3**	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	**9.1**	(10.7)
Financial expenses	**(4.4)**	(3.8)
	4.7	(14.5)

Note 28. Financial Risk Management (continued)

(a) Market risk (continued)

(i) Foreign currency risk (continued)

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 ending 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.

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
Foreign Exchange Rate Increase						
United States Dollar	**14.3**	17.3	**-**	-	**(80.4)**	(49.2)
Euro	**12.5**	14.7	**-**	-	**(70.4)**	(61.7)
British Pound	**12.2**	15.0	**-**	-	**(40.5)**	(50.4)
Swiss Francs	**14.2**	16.6	**-**	-	**(13.8)**	(45.6)
New Zealand Dollar	**9.1**	8.9	**-**	-	**(13.0)**	(14.9)
Foreign Exchange Rate Decrease						
United States Dollar	**(14.3)**	(17.3)	**-**	-	**80.4**	49.2
Euro	**(12.5)**	(14.7)	**-**	-	**70.4**	61.7
British Pound	**(12.2)**	(15.0)	**-**	-	**40.5**	50.4
Swiss Francs	**(14.2)**	(16.6)	**-**	-	**13.8**	45.6
New Zealand Dollar	**(9.1)**	(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 year's historical movements and economic forecaster's expectations. These sensitivities are shown for illustrative purposes only.

	Impact on post-tax profit		Impact on equity	
$ million	**2011**	2010	**2011**	2010
Interest rate increase				
Australian Dollar	**(5.1)**	(2.7)	**-**	-
United States Dollar	**(3.5)**	(1.9)	**-**	-
Euro	**(0.7)**	(6.2)	**-**	-
British Pound	**(0.9)**	-	**-**	-
Swiss Francs	**(1.6)**	-	**-**	-
Hong Kong Dollar	**(0.3)**	(1.3)	**-**	-
Other currencies	**(0.6)**	(0.9)	**-**	-

Note 28. Financial Risk Management (continued)

(a) Market risk (continued)

(ii) Interest rate risk (continued)
Interest rate sensitivity (continued)

$ million	Impact on post-tax profit (1) 2011	2010	Impact on equity 2011	2010
Interest rate decrease				
Australian Dollar	**5.1**	2.7	**-**	-
United States Dollar	**-**	-	**-**	-
Euro	**-**	-	**-**	-
British Pound	**-**	-	**-**	-
Swiss Francs	**-**	-	**-**	-
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.

(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

Note 28. Financial Risk Management (continued)

(a) Market risk (continued)

(iv) Employee share plan risk (continued)

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.

	2011			2010		
$ million	**Committed**	**Uncommitted**	**Total**	Committed	Uncommitted	Total
Financing facilities available						
Bank overdrafts	**-**	**157.6**	**157.6**	-	211.1	211.1
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
Facilities utilised						
Bank overdrafts	**-**	**27.1**	**27.1**	-	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
Facilities not utilised						
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

Note 28. Financial Risk Management (continued)

(b) Liquidity risk (continued)

Financing arrangements (continued)
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.

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					
Non-derivatives					
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**
Derivatives					
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					
Non-derivatives					
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
Derivatives					
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 time frames 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.

Note 28. Financial Risk Management (continued)

(c) Counterparty credit risk (continued)

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, refer note 21, of the Group.

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;
- 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 of Directors (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 ending 30 June 2011 and 30 June 2010, based on continuing operations, were as follows:

	Target		Actual	
Measure	**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	> 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 – ie 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.

(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.

Note 28. Financial Risk Management (continued)

(e) Fair value estimation (continued)

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' 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$ 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$ notes and the Eurobond reflects the revaluation of these instruments, at prevailing market rates. The US$ 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.

Note 28. Financial Risk Management (continued)

(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).

The following table presents the consolidated entity's assets and liabilities measured and recognised at fair value.

		Level 1		Level 2		Level 3	
$ million	**Note**	**2011**	2010	**2011**	2010	**2011**	2010
Financial assets							
Available-for-sale financial assets							
Investments in companies listed on stock exchanges at fair value	14	**4.6**	4.5	**-**	-	**-**	-
Derivative financial instruments							
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							
Derivative financial instruments							
Forward exchange contracts	22	**-**	-	**22.8**	17.6	**-**	-
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).

Note 29. Share-Based Payments (continued)

(a) Employee Share Purchase Plans (continued)

(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 Australian Securities Exchange 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 ten 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.

(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 predetermined 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 Australian Securities Exchange 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.

Note 29. Share-Based Payments (continued)

(b) Employee Share Option Plans (continued)

(ii) Long Term Incentive Plan – Share Options (continued)
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 predetermined 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 Australian Securities Exchange (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 5 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:

	ESOP		LTIP		LTIP - Alcan Award	
Weighted average fair value	**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	-	-

Note 29. Share Based Payments (continued)

(b) 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 No.	Options granted No.	Options lapsed/ cancelled No.	Options exercised No.	Weighted average share price at exercise date $	Balance at end of period: On issue No.	Balance at end of period: Exercisable No.	Proceeds received $
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
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	-	-
26 Mar 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.

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:

	2011	**Weighted average fair value**	2010	Weighted average 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.

Note 29. Share Based Payments (continued)

(c) Other compensation plans (continued)

(v) Management Incentive Plan – Equity (continued)

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

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 (MIP) discussed above:

	Cash Settled		MIP	
Weighted average fair value	**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	-	-

(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.

Note 29. Share Based Payments (continued)

(c) Other compensation plans (continued)

(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:

	LTIP		LTIP - Alcan Award	
Weighted average fair value	**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 provides detail 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 No.	Rights granted No.	Rights lapsed/ cancelled No	Rights exercised No.	Weighted average share price at exercise date $	Balance on issue at end of period No.	Rights vested No.
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 No 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	-	271,189	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	-	3,125,000	-	-	-	3,125,000	-
		3,915,304	3,125,000	325,925	280,610		6,433,769	104,692

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 (Jeremy) Sutcliffe	Independent Non-Executive Director
K (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)

(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	Amcor Limited
R Delia[(2)]	Executive Vice President Finance and Chief Financial Officer	Amcor Limited
I G Wilson	Strategic Development Director	Amcor Limited
W J Long[(3)]	President, Amcor Rigid Plastics	Amcor Rigid Plastics USA, Inc.
N Garrard	President, Amcor Australasia and Packaging Distribution	Amcor Limited
P Brues	President, Amcor Flexibles Europe and Americas	Amcor Flexibles Inc
2010		
L A Desjardins	Executive Vice President Finance	Amcor Limited
I G Wilson	Strategic Development Director	Amcor Limited
W J Long	President, Amcor Rigid Plastics	Amcor Rigid Plastics USA, Inc.
N Garrard	President, Amcor Australasia and Packaging Distribution	Amcor Limited
G Blatrix[(4)]	Vice President & General Manager, Snacks & Confectionery, Amcor Flexibles Europe and Americas	Amcor Flexibles Packaging Europe NV
P Brues	President, Amcor Flexibles Europe and Americas	Amcor Flexibles Inc
J Czubak[(4)]	Global COO and Vice President, European Operations, Amcor Tobacco Packaging	Amcor 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.

Note 30. Key Management Personnel Disclosures (continued)

(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.

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:

			Granted as compensation					Balance
Name		Balance at 1 July	Share options	Share rights	Exercised	Other changes[1]	Balance at 30 June	vested and not yet exercised
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 that ceased to be KMP's 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 KMP's 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.

Note 30. Key Management Personnel Disclosures (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 Pizzey	**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 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 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 MacKenzie through the CEO MTIP (refer note 29(c)(iii)), shares sold during the period and balances for those individuals that ceased to be KMP's during the period.
(2) L A Desjardins resigned as Executive Vice President 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.

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.

Note 32. Contingencies (continued)

Competition Law Investigation – New Zealand (continued)

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, 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 predetermined production capacity. Contingent rental paid during the period is disclosed in note 6.

Note 33. Commitments (continued)

(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

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 Fueguina 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.

Note 34. Particulars in Relation to Controlled Entities and Businesses (continued)

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
Amcor Nominees Pty Ltd
Amcor Investments Pty Ltd
Amcor Packaging (New Zealand) Ltd
Amcor Finance (NZ) Ltd
Amcor Packaging (Australia) Pty Ltd
AGAL Holdings Pty Ltd
Envirocrates Pty Ltd
PP New Pty Ltd
AP Chase Pty Ltd
Anfor Investments Pty Ltd
Amcor Closure Systems Pty Ltd
Pak Pacific Corporation Pty Ltd
ACN 002693843 Box Pty Ltd
Lynyork Pty Ltd
Fibre Containers (Qld) Pty Ltd
Specialty Packaging Group Pty Ltd
ACN 089523919 CCC Pty Ltd
Rota Die International Pty Ltd
Rota Die Pty Ltd Trustee of Rota Die Trust
Amcor European Holdings Pty Ltd
Amcor Holdings (Australia) Pty Ltd
Techni-Chem Australia Pty Ltd

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)
Financial income	**119.2**	129.3
Financial 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)		
Available-for-sale financial assets		
Net change in fair value of available-for-sale financial assets	**-**	(0.4)
Cash flow hedges		
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)
Exchange differences on translating foreign operations		
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
Retained earnings		
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)

Note 35. Deed of Cross Guarantee (continued)

$ million	2011	2010
(c) Summarised income statement and retained profits		
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

(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

$ million	Amcor Limited 2011	2010

(a) Summary financial information

The individual financial statements for the parent entity show the following aggregate amounts:

$ million	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

$ million	2011	2010
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 maturity	30 June 2011 Face value	30 June 2010 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).

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.

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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 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.

Independence

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

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Independent auditor's report to the members of Amcor Limited (continued)

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 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

PricewaterhouseCoopers

Dale McKee
Partner

Melbourne
22 August 2011