

Annual Report 2010



Focused on
the future



amcor

Message to our shareholders

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



Earnings for the 2009/10 year were \$409.2 million (after tax and before significant items), up 13.5% on the previous year's \$360.5 million. This was a pleasing result given that economic conditions remained difficult through the year and volumes were below the peaks achieved in 2008.

Earnings per share were 35.2 cents, down 13.9% on the previous year's 40.9 cents per share. The decrease in earnings per share was due to the additional shares on issue resulting from the equity raising to fund the Alcan Packaging acquisition. These shares were raised in August 2009 at the time the acquisition was announced, however earnings from former Alcan Packaging businesses did not commence until the acquisition was completed in February 2010. For the 2009/10 year, there was only a five month contribution from the former Alcan Packaging businesses.

The Company generated excellent operating cash flow of \$566.8 million. This follows similarly strong performances in the previous four years. Aggregate operating cash flow over the past five years has been in excess of \$2.5 billion.

Improved operating cash flow and earnings performance for the year has enabled the Board to declare a final dividend of 170 cents per share, giving a full year dividend of 29.5 cents per share. This will equal total cash dividend payments of \$360 million, which is \$75 million higher than last year.

Significant items

Significant items for the year were an expense of \$226.2 million (after tax), primarily related to acquisition and synergy costs associated with the former Alcan Packaging assets, tax, legal and other restructuring related expenses.

Review of operations

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

The businesses operated in an environment where general economic conditions remained difficult during the year. In these circumstances, Amcor is well positioned with approximately 85% of sales in the consumer staples markets of food, beverage, tobacco or healthcare. Demand in these segments is less volatile and does not experience the same volume declines as other manufacturing or services companies when economic conditions are difficult.

Volumes remained relatively stable through the 2009/10 year, however they were at lower levels than 2008/09. Financial results improved, due to a combination of additional earnings from the former Alcan Packaging operations, benefits from cost synergies and excellent management of costs.

The Flexibles operations had a strong year with earnings 70% higher in local currency terms. This was a result of additional earnings from the former Alcan Packaging assets, realisation of €11 million of synergies, and benefits from cost saving initiatives which helped to offset the impact of weaker demand in the food end market.

Following the Alcan Packaging acquisition, Amcor's Flexibles footprint in the Asia region has significantly expanded. This is an exciting growth market offering many opportunities to improve the customer value proposition in the region and to export a broader product offering to other regions.

The Rigid Plastics operations had a solid year with US dollar earnings 1% higher. This was a good performance given volumes were down 4.5% due to economic weakness which impacted consumer demand

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for most of the year. A particularly warm weather start to the Northern Hemisphere summer assisted volumes in the June quarter. The Latin American operations had a good year with increased earnings and returns.

Investment in the higher growth Latin America business continued during the year and included upgrading and expanding capacity in Brazil, Colombia and Argentina.

The Australasia and Packaging Distribution business performed well with earnings up 15%. The improvement was particularly prevalent in the second half of the year with earnings up 56% on the second half last year.

There has been more than \$600 million invested in new growth opportunities in Australasia over the past few years, including:

- The \$150 million third glass furnace that will manufacture a combination of wine and beer bottles. The move into beer bottles is an exciting opportunity to expand in this growth market.
- Construction on the new recycled paper mill in Botany NSW. This will substantially improve the value proposition for customers by delivering a superior lightweight product.
- A \$33 million expansion of the New Zealand beverage can business to meet increasing demand in the domestic market. It will also release capacity in Australia where contracts with major customers have recently been renewed.

Alcan Packaging acquisition

On 18 August 2009, Amcor announced the acquisition of the Alcan Packaging businesses and following regulatory approvals the acquisition completed on 2 February, 2010.

The purchase price of US\$1.948 billion represented a profit before interest, tax, depreciation and amortisation (PBITDA) multiple of 5.1 times calendar year 2009 earnings. This was an excellent outcome and reflects a bottom of the cycle multiple applied to bottom of the cycle earnings. The Company acquired 80 plants in 28 countries and increased sales by approximately 50%.

The acquisition was conservatively funded with approximately two thirds equity and one third debt and as a result of this funding mix the balance sheet was strengthened.

Strategy

From a strategic perspective, the businesses acquired are strongly aligned with nominated strategic growth segments, and comprise:

- Food packaging Europe
- Global Pharmaceuticals packaging
- Food packaging Asia
- Global Tobacco packaging.

The addition of these businesses provides the ability to substantially improve the value proposition for customers by leveraging a broader geographic footprint and enhanced scale.

Integration

The foundation of a successful integration process is aligning the organisation. An exciting vision, consistent values, clear goals and detailed implementation plans are critical to creating a unifying culture. Building on this foundation is achieving cost synergies, enhancing customer value and improving underlying operating performance.

Within Amcor, behaviour and values are defined by The Amcor Way. This is an operating model that sets out the core competencies and values that are the foundations for success. The core competencies are Safety, Customer and market focus, Low cost, Capital discipline and Talent management. The values are Safety, Integrity, Teamwork, Social responsibility and Innovation.

The primary integration task was to ensure that all new co-workers were given a clear understanding of the Amcor culture and operating model. An extensive on-boarding program was undertaken immediately post closing and it is pleasing to report that the new co-workers enthusiastically embraced The Amcor Way.

The key benefit of creating a common culture has been the speed at which teamwork and cooperation across the new organisation has developed, especially a focus on value creating integration opportunities.

Synergies

In the short term, value generation will primarily result from cost synergy benefits, estimated to be between \$200 million and \$250 million. These are:

Integration of the recently acquired Alcan Packaging and Ball Plastics Packaging businesses is progressing well.

- Overhead reduction – Areas of overlap have been identified and there is a detailed schedule for eliminating duplication. This process has commenced and has gained significant momentum since May 2010.
- Procurement - The initial priority has been to harmonise to the lowest cost from either Amcor or the former Alcan Packaging. There are also opportunities to leverage the increased purchasing scale and rationalise the number of suppliers. Overall, the procurement process has commenced very well and after the first six months, savings are tracking ahead of schedule.
- Operating – Cost synergies from improving manufacturing efficiencies and rationalising the plant footprint. To date, four small plant closures have been announced. Benefits from operating synergies will mostly accrue in calendar years 2011 and 2012.

Across the businesses there has also been opportunities for a two way transfer of best practice as well as optimisation of manufacturing volumes across plants to improve the customer value proposition.

Given the expected realisation of cost synergies the benefit on earnings in the 2010/11 year will be in the range of \$100 to \$120 million. This amount is consistent with expectations at the time of the acquisition.

In the current economic environment Amcor is well positioned by having a substantial growth opportunity that is not dependent on economic recovery.

Operating performance

The performance of the former Alcan Packaging businesses since acquisition has been good. Earnings were moderately higher than the first half of the year and substantially higher than for the same period last year.

This improvement is predominantly due to full period benefits of cost reduction programs, as well as increased demand, especially when compared to the January to June 2009 period.

In summary, the Alcan Packaging acquisition creates an exciting transformation opportunity that significantly enhances future growth opportunities. The combination of strong strategic rationale, attractive purchase price, significant synergy opportunity and rapid execution against integration plans, provides the platform to generate substantial value for shareholders.

Ball Plastics Packaging Americas acquisition

On 3 August 2010 the Company completed the purchase of the Ball Plastics Packaging Americas assets. The business has five plants in North America and sales of approximately US\$600 million.

This acquisition represents an important strategic opportunity to further expand our position in the diversified products market in North America. Amcor Rigid Plastics had sales in the diversified products segment of approximately US\$175 million in 2009 and following the acquisitions of Ball Plastics Packaging Americas and Alcan Pharma Plastics Packaging, sales in the diversified products division will increase to approximately US\$425 million.

The acquisition brings new growth opportunities including multi-material containers for various market segments and enables a broader offering of innovation and technology based solutions.

The purchase price of US\$280 million represents four times the last 12 months acquired PBITDA of US\$70 million. The acquisition presents a significant opportunity to improve operating efficiencies and achieve synergies of approximately US\$35 million as the businesses integrate.

Balance sheet

The Company has a strong balance sheet and debt profile.

Gearing measured as net debt as a percentage of net debt plus equity at 30 June 2010 was 42.5% and is expected to increase to 45.5% on closing of the Ball Plastics Packaging Americas and Alcan Medical Flexibles acquisitions. Interest cover measured as PBITDA to net interest was 6.6 times.

In addition, the Company has \$1.7 billion in committed, but undrawn debt facilities.

In December 2009, the Company approached the US Private Placement market for US\$200 million in debt financing. Bids for over US\$1 billion were received and US\$850 million was accepted at interest rates averaging 5.7% for seven, nine and 12 years. This was an excellent outcome as it diversified the sources of debt and substantially lengthened the average tenure at historically attractive interest rates.

This was the largest US debt private placement ever by an Australian corporate issuer and the largest US private debt placement by any corporate issuer in calendar year 2009. At a time when financial

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markets have shown significant volatility, this level of support from a broad range of US based investors is a strong endorsement of the stability and quality of Amcor's cash and earnings generation capacity.

The ratings agency Standard and Poor's has reaffirmed Amcor's BBB investment grade rating and Moody's reaffirmed the investment grade rating Baa2. These positive confirmations reinforce the strength of the Company's balance sheet and the appropriateness of the funding approach.

As part of the funding for the Alcan Packaging acquisition, the Company raised \$1.6 billion in equity from shareholders via a 4 for 9 rights entitlement at \$4.30 per share in August 2009. The Board would like to thank all shareholders for their support in this equity raising.

Cash flow and capital management

One of "The Amcor Way" core competencies is capital discipline. This involves a focus on all aspects of cash generation and use of cash. Over the past five years there has been a substantial improvement in capital discipline within Amcor. 2009/10 is the fifth consecutive year of positive free cash flow, after the payment of dividends, bringing aggregate free cash flow over that period to \$11 billion.

Operating cash flow for the year, after cash significant items and base capital expenditure, was \$566.8 million and free cash flow after the \$286.2 million payment of dividends was \$280.6 million.

The final dividend to be paid for the year of 17 cents per share, represents a total payout of \$208 million, 45% higher than the final dividend last year. On a per share basis, dividends reflect the additional shares on issue during the year. The final dividend of 17 cents per share was 36% higher than the interim dividend. The Board is confident that the dividend can be supported by the higher cash generating capacity of the Company, after the acquisition of the former Alcan Packaging businesses.

Board changes

On 22 October 2009, Mr Keith Barton retired as a Non-Executive Director and on 20 April 2010, Mr Geoff Tomlinson retired as a Non-Executive Director. The Board sincerely thanks both Mr Barton and Mr Tomlinson for the valuable contribution they have provided to Amcor over the past nine and ten years respectively.

Mr Jeremy Sutcliffe was appointed Non-Executive Director of Amcor Ltd effective 22 October 2009 and Dr Armin Meyer and Mrs Karen

Guerra were appointed Non-Executive Directors of Amcor Ltd effective 20 April 2010. These Directors bring with them a wealth of knowledge and international experience, which will complement the skill base of the existing Amcor Board.

The new Amcor

Over the past five years Amcor has changed substantially.

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

The results of this program are evident in the improvement in a number of key performance indicators over that period.

In 2009 the principles of The Way Forward program were embedded within a new operating model - The Amcor Way.

Today Amcor has a focused portfolio of businesses. More importantly, the overall industry structure has improved substantially and the position within each market is better than it was five years ago.

The businesses are well positioned to deliver ongoing shareholder value through a combination of growth, improved cost positions and capital management.

From a revenue perspective there are a number of key opportunities. First, there is higher growth in emerging markets. This is driven by rising per capita income, increasing population or the introduction of new product categories.

Amcor has a long history of supporting customers as they grow in emerging markets. In some countries the businesses already have a significant market share, however there are a number of large economies where the market positions are relatively modest and there is the opportunity for substantial growth.

Second, within more mature economies there are a number of higher growth opportunities. A good example is the diversified products segment in Rigid Plastics North America. This is a high value add segment with both organic and acquisitive growth opportunities.

Another avenue for revenue growth in mature markets is broadening the product range within an existing market. An example is development of new applications for modified atmosphere packaging, which enhances shelf life of products, in both food and non food end markets.

This is an exciting time for Amcor as all the building blocks are in place to create substantial value for our shareholders.

Improving cost position is the second key driver for earnings growth and again there are a number of substantial opportunities. Over the next three years the realisation of cost synergies from the Alcan Packaging and Ball Plastics Packaging acquisitions is clearly the largest opportunity and there is considerable focus on ensuring the Company delivers the expected benefits. New capital can also deliver substantial savings and reposition the business on the cost curve. An excellent example of this is the new recycled paper mill in Australia.

The third key driver is capital management. All available options for utilising strong cash flow to improve shareholder value are considered, including reinvesting in the businesses, increasing the dividend or share buy backs.

Summary

2010 has been a great year for Amcor. The Company took advantage of the global financial crisis and made two acquisitions both priced on bottom of the cycle earnings and bottom of the cycle multiples.

Although economic conditions remained challenging, the businesses delivered solid financial results and the cash flow performance was excellent.

The integration of the former Alcan Packaging business is progressing well. The cultural alignment and the operational performance are better than anticipated and the progress on synergies is consistent with expectations.

This is an exciting time for Amcor as all the building blocks are in place to create substantial value for our shareholders.

The Board would like to thank all of Amcor's stakeholders, including customers, shareholders, co-workers and suppliers for the continued support over the past 12 months.



Chris Roberts
Chairman



Ken MacKenzie
Managing Director
and Chief Executive Officer

The new Amcor

Today, Amcor has market leading positions providing the opportunity to improve the value proposition for customers.

Sales

A\$12 billion

Employees

35,000

Countries

43

Sites

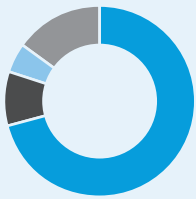
300+



Flexibles

	2010
Sales (Euro billion proforma)	4.1
Number of plants	116
Countries	34
Employees	22,000

Sales by region

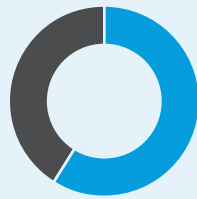


- Western Europe **71%**
- North America **9%**
- Australia & NZ **5%**
- Emerging markets **15%**

Rigid Plastics

	2010
Sales (USD billion proforma)	2.3
Number of plants	74
Countries	12
Employees	5,500

Sales by region

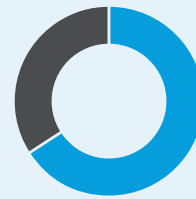


- North America **59%**
- Emerging markets **41%**

Australasia and Packaging Distribution

	2010
Sales (AUD billion proforma)	2.8
Number of plants	117
Countries	6
Employees	6,500

Sales by region

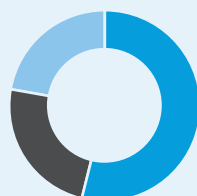


- Australia & NZ **66%**
- North America **34%**

Amcor Group

Focused portfolio

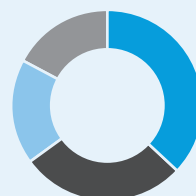
Proforma 2010 Sales



- Flexibles **54%**
- Fibre Metal Glass **24%**
- Rigid Plastics **22%**

Global footprint

Proforma 2010 Sales



- Western Europe **37%**
- North America **28%**
- Australia & NZ **18%**
- Emerging markets **17%**

Note: Proforma sales represents an estimate of sales for the combined Amcor and former Alcan Packaging operations for the year ended 30 June 2010.

Review of Operations

Flexibles

Pictured left to right

Peter Brues*President, Amcor Flexibles – Europe & Americas***Peter Konieczny***President, Amcor Tobacco Packaging***Ralf Wunderlich***President, Amcor Flexibles – Asia Pacific*

Profit

A\$ million	2010	2009
Sales	4,422	3,304
Change (%)	33.8	
PBIT	3971	272.1
Change (%)	45.9	
Operating Margin (%)	9.0	8.2
Average funds employed	2,303	1,848
PBIT/AFE (%)	17.2	14.7
€ million		
Sales	2,809	1,804
Change (%)	55.7	
PBIT	252.3	148.5
Change (%)	69.9	
Operating Margin (%)	9.0	8.2
Average funds employed	1,463	1,009
PBIT/AFE (%)	17.2	14.7
Average exchange rate (cents) A\$/€	0.64	0.55

Cash Flow

€ million	2010
PBITDA	357.8
Base capital expenditure	(72.6)
Movement in Working Capital	18.5
Significant items	(27.2)
Operating Cash Flow	276.5
Growth capital expenditure	(10.0)

Flexibles is one of the world's largest suppliers of flexible packaging and folding carton packaging for tobacco. It has three operating divisions: Flexibles Europe and Americas, Flexibles Asia Pacific and Global Tobacco Packaging. The business has approximately 22,000 employees and 116 plants and supplies a wide range of products to the food, beverage, healthcare and tobacco packaging end markets. These products include packaging for fresh foods such as meat, fish, bread, produce and dairy, processed foods such as confectionary, snack foods, coffee and ready meals, as well as high value added resin and aluminium based medical applications, hospital supplies, pharmaceuticals and personal and home care products.

The Flexibles segment had a solid year, with PBIT up 69.9% to €252.3 million. Second half earnings include the additional five months contribution from the former Alcan Packaging assets, as well as synergy benefits of approximately €11 million.

Returns, measured as PBIT over average funds employed, improved from 14.7% to 17.2%.

The business continued to deliver solid working capital performance. Average working capital to sales decreased from 10.9% to 9.4%.

Total capital expenditure was €82.6 million, which included €72.6 million for base capital spending, net of disposals, and €10.0 million on growth projects.

Since acquisition, the former Alcan Packaging businesses have been fully integrated into the new operating structure within the Flexibles Group.

The former Alcan Packaging businesses have performed well. Operating performance for the year ending 30 June 2010 has improved substantially compared with the same period in 2009. This is predominantly due to weak economic conditions in the 2009 year and a focus on cost management which improved earnings at some of the underperforming plants. Estimated earnings for the six months

ended 30 June 2010 have improved moderately compared with the six months ended 31 December 2009.

Excluding the impact of additional earnings generated by the former Alcan Packaging businesses, earnings for the Tobacco Packaging, Flexibles Europe & Americas and Asia Pacific businesses were estimated to be higher than the previous year.

Flexibles Europe & Americas

This business is organised as six operating units being: Snacks & Confectionary, Fresh & Dairy, Film Extrusion, Americas & Medical Europe, High Performance Laminates and High Performance Foils.

These segments are a combination of technology and market focused units that broadly split into food end markets which includes Snacks & Confectionary, Fresh & Dairy and Extrusion and healthcare and high performance end markets which includes Americas & Medical Pharmaceutical, High Performance Laminates and High Performance Foils.

Raw material input costs

Raw material costs, including resins and aluminium, have been particularly volatile over the past 18 months. After falling sharply in late calendar year 2008, input costs bottomed through the first half of calendar year 2009 and have steadily increased over the past 15 months.

In the first half of the year, the business benefited from the lag in passing on lower raw material costs while in the second half of the year the lag in recovering higher raw material costs negatively impacted earnings. The Alcan Packaging acquisition more than doubled the size of the business and hence the magnitude of the negative impact in the second half was greater than the positive impact in the first half.



Over the past three months input costs have continued to increase and there has also been a shortage of supply for some resins. Most of these higher costs will be recovered in the first half however there will be a negative impact on earnings in the half due to the lag in this recovery. There are also some former Alcan Packaging contracts that need to more closely link changes to input costs and selling price.

Operations

Servicing the food end markets there are 41 plants and for the year volumes were approximately 9% lower than the prior year. This figure is inclusive of the former Alcan Packaging operations as if they were owned for the full 12 months.

The business partially offset the impact of lower volumes through a combination of overhead cost reductions, improved operating efficiencies, lower waste and full year benefits from the restructuring program Flex1.

Servicing the healthcare and high performance end markets there are 29 plants and for the year volumes were relatively stable compared to the prior year.

This solid volume performance reflects the defensive nature of the healthcare industry, even in particularly difficult economic conditions. The business has had continued success with the strategy to improve product mix by accelerating sales growth in more technically demanding structures, focusing on enhanced protection, ease of use and high quality graphics.

Flexibles Asia Pacific

Excluding the impact of additional earnings generated by the former Alcan Packaging businesses, the Flexibles Asia Pacific operations had a solid year with earnings higher than the previous year. This is primarily due to a significant recovery in some higher value-add products relating to the industrial and fresh food sectors that were particularly weak in the second half last year.

Within the Australian Flexibles operations four centres of excellence have been established to leverage a wider range of technologies and supply locations within the region following the Alcan acquisition. There are two plants focussed on polyethylene, one high performance laminates plant and one high barrier plant for the dairy industry. As a result of this strategy the plant at Regents Park, NSW will be closed with volumes redirected to other plants either within Australia or the broader Asian region.

New investment in extrusion, gravure printing and laminations will occur over the next 12 months at the remaining sites to ensure that the business has the appropriate mix of technologies and low cost manufacturing locations.

Tobacco Packaging

The Tobacco Packaging business had another strong year.

The legacy Amcor businesses performed well and had a good year. Volumes in Europe were higher and the product mix improved as the

ongoing trend towards more value-add products continued. First half earnings were particularly strong, reflecting the benefit from a one-time supply opportunity for a new product launch. In the Asia Pacific region, volume gains partly offset the loss of a major contract in the first half of the year.

The Amcor and former Alcan Packaging businesses have come together quickly, and integration work has progressed in a number of areas;

- The former Alcan Tobacco Packaging head office in Bristol, UK was closed at the end of March, realising SG&A synergies;
- Volumes have been redirected between plants providing better utilisation of manufacturing capacity; and
- One of the two plants located in Malaysia was closed at the end of July, with equipment being redeployed within Malaysia and into Turkey.

The Tobacco Packaging business has been working with customers to improve the value proposition and the response has been positive.

The former Alcan Packaging plants have performed as expected in the first five months of ownership with European and Asian based businesses showing similar trends to the Amcor locations. In the North American region, additional contracted volumes offset the negative impact on volumes of the April 2009 increase in US Federal excise taxes.

Outlook

For the Flexibles business, proforma PBIT including the former Alcan Packaging assets for the year ended 30 June 2010 excluding €11 million of synergy benefits and adjusted by €74 million for the disposal of Tobepal and acquisition of the Alcan Medical Flexibles businesses, was approximately €333 million.

PBIT for the 2010/11 financial year is expected to be impacted by the following factors:

- Further synergy benefits captured during the year. For the year ended 30 June 2011, synergies are expected to add between €60 and €70 million to 2010 proforma PBIT; and
- Variations in economic and operating conditions for the businesses:
 - the food end markets continue to be impacted by difficult economic conditions, with volumes currently unchanged from the levels experienced through the 2009/10 year;
 - the healthcare, high performance and Tobacco Packaging end markets, being more defensive, are expected to continue to perform well; and
 - in the first half there will be a negative impact on earnings due to the lag in recovery of higher raw material costs.

Review of Operations

Rigid Plastics

Profit

A\$ million	2010	2009
Sales	2,578	3,251
Change (%)	(20.7)	
PBIT	212.8	242.6
Change (%)	(12.3)	
Operating Margin (%)	8.3	7.5
Average funds employed	1,667	2,102
PBIT/AFE (%)	12.8	11.5
US\$ million		
Sales	2,258	2,475
Change (%)	(8.8)	
PBIT	186.4	184.8
Change (%)	0.9	
Operating Margin (%)	8.3	7.5
Average funds employed	1,460	1,601
PBIT/AFE (%)	12.8	11.5
Average exchange rate (cents) A\$/US\$	0.88	0.76

Cash Flow

US\$ million	2010
PBITDA	328.8
Base capital expenditure	(87.3)
Movement in Working Capital	32.8
Significant items	(28.8)
Operating Cash Flow	245.5
Growth capital expenditure	(18.8)

Rigid Plastics employs more than 5,500 people at 74 sites, including 33 on or near site manufacturing facilities in 12 countries. Rigid Plastics is one of the world's largest producers of polyethylene terephthalate (PET) containers.

Rigid Plastics produces PET containers and preforms for a broad range of predominantly food and beverage applications, and supplies PET containers to the pharmaceutical, personal care, household chemical and agro-chemical industries.

Rigid Plastics had a solid year given that volumes in North America were negatively impacted by a weak economic environment. PBIT was 0.9% higher at US\$186.4 million with improved earnings in Latin America and Bericap offsetting the impact of weaker volumes in North America. The addition of the former Alcan Pharmaceutical Plastics Packaging businesses had an immaterial impact on PBIT for the year.

Total volumes for the legacy Amcor businesses were 4.5% lower at 251 billion units. Custom container volumes were 8.1% lower and preforms and carbonated soft drink and water (CSDW) container volumes were 4.5% lower. Excluding volumes from the former Alcan Packaging assets, Diversified Product volumes were 15.3% higher.

Capital expenditure was US\$106.1 million which was 74.5% of the US\$142.4 million of depreciation. The capital spending comprised US\$87.3 million for base capital spending, net of disposals, and US\$18.8 million for capital to expand capacity for custom containers in Latin America and Diversified Products in North America.

Returns, measured as PBIT over average funds employed, improved from 11.5% to 12.8% due to a reduction in average working capital and lower capital expenditure.

The business had an outstanding cash flow for the year of US\$245.5 million driven by a combination of capital expenditure discipline, ongoing improvement in working capital and maintained earnings in difficult economic conditions.

Ball Plastics Packaging Americas acquisition

Acquisition of the Ball Plastics Packaging Americas (PPA) assets was completed on 3 August 2010 and there will be 11 months of Ball PPA earnings in the 2010/11 year.

The purchase price of US\$280 million represented four times the last 12 months acquired EBITDA of US\$70 million. Approximately 50% of the earnings are derived from the Diversified Products and Custom Beverage segments, and 50% from the CSDW segment. Operating synergies of US\$35 million are expected to be achieved by the third full year of ownership following acquisition. Cash costs to achieve these synergies are estimated to be US\$45 million and will be incurred in first two years of ownership.

North America

The North American business delivered a strong operating performance that partially offset the impact of lower volumes, particularly in higher value custom containers, due to weak economic conditions. Overall volumes for the year were 9.4% lower after being 10.8% lower in the first half.

Custom beverage containers and CSDW

In the custom beverage container segment volumes were 9.8% lower than the previous year after being 22% lower in the first half. Volumes continued to be lower than the previous corresponding period in the March 2010 quarter, but were 6.6% higher than the previous year in the June 2010 quarter.

The key driver for this improvement in custom volumes in the June quarter has been a warm start to the summer with record temperatures across most of the mid west and Atlantic coast. This trend has continued into the start of the 2011 financial year. It is unclear at this stage if this higher demand through the summer has a component of underlying improvement in demand. Even though volumes in the June



Bill Long
President, Amcor Rigid Plastics

2010 quarter reflected the record temperatures they remain approximately 10% lower than the highs of 2008 for the same period.

A 10.9% decline in CSDW volumes reflects the loss of a preform contract in the second half of the year to Ball Corporation, and weak demand from a major water customer. Following modest declines in CSD volumes over a number of years, market volumes were relatively stable through the 2009/10 year as customers undertook significant promotional activity. It is anticipated that CSD volumes will continue its long term decline as customers continue their move to self manufacture of CSD containers. In the water segment volumes declined during the global economic slowdown but now appear to have stabilised.

Lower volumes in the CSDW market in North America provided the opportunity to relocate 16 injection molding or blow molding machines over the past year into Latin America to support growth in that region.

The acquisition of the Ball PPA business provides further opportunity to rationalise the CSDW manufacturing footprint in the US and establish strategically located and larger scale plants. It is anticipated that decisions relating to the manufacturing footprint will be made through the course of the 2010/11 year and that benefits will be evident in the 2011/12 year.

Diversified Products

The Diversified Products segment consists of rigid plastic containers predominately for the beverage (including liquor and wine), food, personal care / home care and pharmaceutical / healthcare markets. These end markets have been growing faster than GDP, due to the ongoing substitution from glass to plastic as well as the underlying higher growth rates for some of these segments.

The Diversified Products segment within Rigid Plastics is in the process of undergoing substantial change via the acquisitions of the former Alcan Packaging and Ball PPA businesses. Prior to these acquisitions sales in Diversified Products were approximately US\$175 million and following the acquisitions it is approximately US\$425 million.

The acquisitions are largely complementary in terms of market segments, technologies and materials. In particular there is an increase in sales in the pharmaceutical and food markets as well as an entry into small wine bottles predominantly for niche consumption.

The immediate target for the business is to improve the operating performance of the former Alcan Packaging operations and successfully integrate the Ball PPA plants. Although the Ball PPA operations were only acquired on 3 August 2010 the initial on-boarding has proceeded well and there appears at this early stage to be a strong cultural fit.

Amcor's legacy Diversified Products business had a solid year with volumes up 13%.

Latin America

The business in Latin America had a particularly strong year with volumes increasing 3.2% and earnings substantially higher. Custom container volumes were 5.7% higher and CSDW volumes were 2.6% higher.

In Mexico, earnings were higher despite volumes being lower. This was mainly due to the non-recurrence of foreign exchange losses which negatively impacted earnings in 2008/09 and a strong focus on cost management and plant operating performance.

Earnings from the balance of Latin America increased significantly due to higher volumes and a focus on cost management. In particular earnings in the 61% owned operations in Venezuela were up substantially. The 2009/10 earnings in Venezuela, expressed in US dollars, will not be repeated in the 2010/11 year due to a substantial devaluation of the currency that occurred in January 2010.

To continue to support growth in Latin America, a total of 16 machines have been transferred from North America, and new investment has been approved to further expand manufacturing in the region. This investment includes new plants in Colombia and Brazil, additional capacity in Argentina and Peru as well a new on-site operation with a major customer for a custom hot-fill application.

The region already has good niche positions in the Diversified Products market, particularly in food and personal care applications, and going forward there are substantial opportunities to leverage the newly established larger position in Diversified Products to convert a number of products from glass to plastic in the region.

Bericap

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

Volumes for the year were higher, driven in part by new volumes in lightweight caps for the water bottle market. This resulted in higher earnings for the year.

Outlook

Volumes in North America for custom beverages through the summer months have improved on the same period last year. It is uncertain how much of this improvement is due to a particularly warm summer across most of North America or an improvement in economic conditions.

Earnings will benefit from the addition of the Ball PPA assets for 11 months.

The business will also benefit from improved earnings from the former Alcan Pharmaceutical Plastics Packaging businesses, particularly in the second half of the year.

Latin America continues to provide opportunities for further volume growth. Overall earnings are expected to be higher however they will be negatively impacted by the devaluation of the Venezuelan currency in January 2010.

Review of Operations

Australasia and Packaging Distribution

Profit

A\$ million	2010	2009
Sales	2,800	2,985
Change (%)	(6.2)	
PBIT	161.2	140.6
Change (%)	14.7	
Operating Margin (%)	5.8	4.7
Average funds employed	1,605	1,713
PBIT/AFE (%)	10.0	8.2

Cash Flow

A\$ million	2010
PBITDA	284.3
Base capital expenditure	(68.1)
Movement in Working Capital	(16.2)
Significant items	(16.6)
Operating Cash Flow	183.4
Growth capital expenditure	(142.3)

Australasia and Packaging Distribution is a diverse packaging business which includes the fibre, glass and beverage can operations within Australia and New Zealand, employing approximately 4,500 people across 61 sites. Products include corrugated boxes, cartons and folding cartons, paper, carton board, paper recycling, aluminium cans for beverages, plastic and metal closures, glass wine and beer bottles and multiwall sacks.

The business also includes a distribution and corrugated box manufacturing business, operating from 56 sites across 4 countries with approximately 2,000 employees. The distribution unit is a major supplier of packaging products and equipment, industrial and janitorial supplies to businesses in North America.

Australasia and Packaging Distribution had a good year with PBIT up 14.7%. In the second half PBIT was 56% higher than the second half of 2008/09.

For the Australasian based operations, PBIT in the second half of the year was approximately 50% higher than the same period last year primarily due to the non-recurrence of losses from the export of old corrugated cartons (OCC) and recycled paper as well as the particularly weak economic conditions in the January to May 2009 period. Volumes remained relatively stable through the 2009/10 year.

The businesses benefited from a number of cost reduction initiatives including reductions in the number of salaried staff, a focus on lowering procurement costs and improved operating efficiencies.

The Packaging Distribution business also had a stronger second half with PBIT up 90% on the same period last year. This was a strong performance in continuing difficult economic conditions.

The business demonstrated strong capital discipline with average working capital to sales decreasing from 12.4% to 9.6%.

Returns, measured as PBIT over average funds employed, increased from 8.2% to 10.0% which reflects the benefit of cost improvement initiatives undertaken across all divisions and tight management of working capital.

Capital expenditure was \$210.4 million, comprising \$68.1 million for base capital spending net of disposals and \$142.3 million for growth capital mainly relating to the new glass plant at Gawler, SA, which started commissioning in the second half of this financial year, and the recycled paper mill at Botany, NSW, expected to commence commissioning around the end of the 2011 calendar year.

Operating cash flow for the year was \$183.4 million.

Corrugated

Volumes in the corrugated business were 1% lower with market share remaining constant. Volumes in the fruit and produce segment were higher than the prior year while volumes in the industrial segment were lower. Volumes to the larger fast moving consumer goods companies were generally in line with the corresponding period.

During the year the business significantly improved its quality and service to the market which was a key driver in achieving a substantial improvement in customer relationships. There was also an ongoing focus on continuous improvement in the plants and workplace flexibility which will be critical to the ongoing success of this business.

Although the average cost of OCC was lower in 2009/10 compared to 2008/09 it increased substantially in the second half of the year and this higher cost will be a negative impact on earnings in 2010/11.

During the year the business absorbed energy costs increases of approximately 25% and there will be a full year impact of these increases in the 2010/11 financial year. These increases need to be recovered in the market place.



Nigel Garrard

President, Australasia and Packaging Distribution

Price increases to non-contracted customers averaging 2% were announced in October 2009 and July 2010 in order to recover cost increases. Further increases will be required to recover energy, OCC and labour cost increases. The business continues to work with contracted customers to implement price increases however, it will take time to achieve full cost recovery given the duration of customer contracts.

Paper

Earnings for the year benefited from the non-recurrence of substantial losses experienced in the second half of the 2008/09 year due to extremely low OCC and export paper prices. In the cartonboard market the business increased prices in line with regional trends to recover rising wastepaper costs.

Construction of the new recycled paper mill in Botany, NSW continues with commissioning expected to commence around the end of the 2011 calendar year. The new mill will substantially improve the value proposition for customers by delivering a superior lightweight product.

Rigids

The beverage can business had a strong year with higher earnings.

Volumes were 5.5% higher with the continued growth in popularity of multipack formats and benefits from new pack designs and can sizes in the energy drink market. Volumes were higher in the first half of the year due to strong promotional activity undertaken by retailers and beverage manufacturers in the lead up to the Australian summer.

A \$33 million expansion of the New Zealand beverage can business was announced during the year. The new can line will provide additional capacity to meet increasing demand in the domestic market, and will release capacity in Australia where contracts with major customers have been renewed and lengthened.

The glass bottle business had another solid year with both furnaces running at full capacity. Earnings for the year were slightly higher.

During the latter part of the year the \$150 million third glass furnace began commissioning. Production for this furnace is underpinned by long term supply contracts for a combination of wine and beer bottles. The business has secured 100% supply contracts in the beer segment with Coopers, as well as Lion Nathan for its James Boag brand. This is an exciting opportunity to enter this growth market and creates further opportunities going forward.

Packaging Distribution

PBIT of US\$36.2 million was 21.9% higher than the same period last year with the second half substantially higher than the same period last year. PBIT in the second half of the year was US\$19 million which compares to US\$10 million for the second half of the 2008/09 financial year.

Although volumes and earnings were stronger in the second half of the year compared to the same period last year this was predominantly due to particularly weak conditions in the second half last year. On a sequential basis volumes improved off their low base in the first half of the year and remained relatively stable.

The business benefited from a number of cost reduction programs targeting overheads, operating improvements and procurement costs. Benefits have also been derived from initiatives introduced to improve sales force effectiveness, focusing on developing new sales channels, differentiating the approach by customer and reacting to changing market conditions.

Outlook

Since the end of the 2009/10 fiscal year economic conditions in Australia and the US have remained stable.

Earnings in the glass business will benefit from the continued ramp up of the third glass furnace to full production capacity over the course of the year.

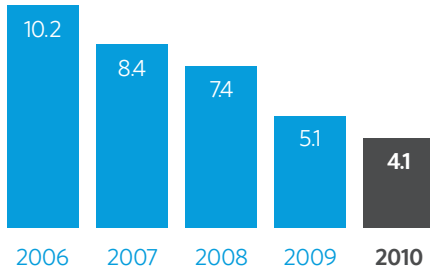
As a result, if current economic conditions continue, earnings for the Australasia and Packaging Distribution business are expected to be higher in the 2010/11 financial year.

Review of Operations

Sustainability

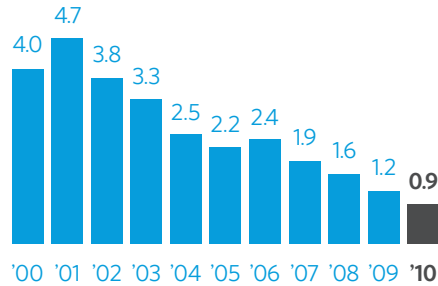
Recordable Case Frequency Rate

Number of recordable cases per million hours worked



Lost Time Injury Frequency Rate

Number of full work days lost per million hours worked



Note: 2009 data has been restated. 2009 and 2010 data include the former Alcan packaging businesses.

Amcor's commitment to sustainability management starts with our Belief Statement: 'We Believe in Responsible Packaging'. Providing responsible packaging means that we must meet our stakeholders' expectations to minimise the sustainability impact of packaging and utilise our expertise as a global packaging leader to make a positive contribution to society.

Sustainability management is most effective when it is integrated into organisational systems and when it delivers clear commercial benefits. Our focus is on aligning our approach to sustainability with 'The Amcor Way'; embedding sustainability in our management systems; establishing performance measures that track the business value created by sustainability; and building our capabilities to deliver the commercial benefits of sustainability.

Our Sustainability Framework

We use a framework for tracking and reporting our sustainability management performance that outlines five domains of sustainability: Environment, Community, Workplace, Marketplace and Economy.

This framework reflects the concerns and interests of our broad range of stakeholders and was developed in accordance with international guidelines such as the Global Reporting Initiative and the Dow Jones Sustainability Index. As such, it can be used for benchmarking against international standards and our corporate peers.

In addition, sustainability risks and opportunities are identified and assessed under our Enterprise Risk Management (ERM) system and incorporated in our Sustainability Framework.

Details of Amcor's sustainability activities and performance are included in this year's Sustainability Report (available on Amcor's website, www.amcor.com). Following are some of Amcor's key highlights for sustainability in 2009/10.

Environment

EnviroAction is Amcor's global environmental improvement program. It was launched in 2008 and is designed to drive continuous improvement in the environmental performance of Amcor's operations. Environmental compliance is coordinated as part of Amcor's Occupational Health, Safety and Environment Framework (described below).

EnviroAction targets

EnviroAction includes a series of environmental improvement targets:

Greenhouse gas (GHG) emission

- 10% reduction in GHG emissions per unit of production by 2010/11 from 2005/06;
- 60% reduction in GHG emissions per unit of production by 2030 from 2005/06.

Waste to landfill

- 30% reduction in waste to landfill per unit of production by 2011 from 2005/06;
- Zero waste to landfill is the long-term objective.

Water use

- Water-stressed regions have defined reduction targets;
- Other regions are implementing water management plans.

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

It is pleasing to report that we achieved our waste to landfill reduction target a year early and that our Australian sites are on track to achieve their water use reduction targets. For further information about EnviroAction and an update on our progress towards the targets, refer to the 2010 Sustainability Report.

The integration of the former Alcan Packaging businesses represents an opportunity to leverage the best practices of both companies to further reduce our greenhouse gas emissions.

Incidents

In 2009/10, two Amcor sites in North America reported non-compliance with environmental laws or regulations that incurred fines totalling US\$6,500.

Workplace

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

Safety

Occupational Health, Safety and Environment Framework

The acquisition of the former Alcan Packaging businesses was an ideal opportunity to revisit our safety and environment strategies, to ensure that we have a best practice framework for the 'New Amcor'.

Significant changes to Amcor's safety and environment organisation and strategies were undertaken during the reporting period. These included:

- The appointment of a dedicated Executive Director of Occupational Health, Safety and Environment at the global corporate level;
- Ensuring global consistency of the safety and environment strategies;
- Redefining reporting requirements, taking into consideration external benchmarking and combining the requirements of the Amcor and the former Alcan Packaging organisations; and
- Undertaking a comprehensive review of the existing Amcor and Alcan Safety and Environment Standards to ensure there were no gaps or contradictions.

Safety and environment strategies

There are four key strategic safety and environment objectives supported by action plans with one, three and five year targets. The strategic objectives are:

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

The safety and environment strategies build upon the processes and infrastructure already in place within Amcor, including:

1. Standards – The Amcor standards are the mandatory, minimum requirements for all Amcor operations and apply to all employees, visitors and contractors on Amcor sites.
2. Reporting – The Amcor Board requires monthly reports from the business groups on compliance with these standards and local legislation, in addition to reports on injury statistics.
3. Auditing – Internal audits of the management systems are conducted at least annually, and external audits are conducted every three years.
4. Organisational structure – In addition to the Executive Director of Occupational Health, Safety and Environment role within the

corporate function, each of Amcor's business groups has an OHSE Director. These individuals are supported by regional, plant and office safety representatives and committees.

5. Global Steering Committee – This committee comprises the OHSE leaders from within each Business Group and Amcor Limited. The Steering Committee meets at least every two months. Its main role is to:
 - provide a forum for the development of strategy and KPIs;
 - facilitate knowledge sharing across the Amcor Group;
 - ensure consistent application of policy, standards and procedures; and
 - ensure compliance with policy, standards and procedures.

Safety performance

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

Amcor's LTIFR is measured by calculating the number of injuries resulting in at least one full work day lost per million hours worked. In 2009/10, the LTIFR was 0.9, compared to the previous financial year's result of 1.2. This result includes all the former Alcan Packaging sites. The result, when compared to that of the previous year, represents an overall improvement of 25%.

Amcor's RCFR is measured by calculating the number of medical treatment cases and lost time injuries per million hours worked. In 2009/10, the RCFR was 4.1, compared to the previous financial year's result of 5.1. This result includes all the former Alcan Packaging sites. The result, when compared to that of the previous year, represents an overall improvement of 19.6%.

Amcor recorded no workplace fatalities during 2009/10.

Fines and prosecutions

In 2009, Amcor reported that charges had been laid against Amcor Packaging (New Zealand) Limited in relation to a fatality at its Ryco Dies site in Auckland under section 15 of the Health and Safety Employment Act 1992 (NZ). Amcor Packaging pleaded guilty to the charge and was ordered to pay NZ\$60,000 in reparation costs and was fined NZ\$20,000.

TravelSafe

In 2008/09, Amcor entered into a partnership with Control Risks and International SOS to develop the TravelSafe program. TravelSafe was fully implemented in 2009/10.

TravelSafe ensures that any Amcor employee travelling for business purposes has access to:

- Pre-travel – The latest pre-travel advice and risk assessments;
- Travel tracking – Which allows Amcor to understand where all of its travelling employees are at any time. In this way, Amcor can proactively manage any emerging security or medical travel risks as they develop; and

- Incident response – If an employee is adversely impacted by a medical or security risk, then they have immediate access to response from highly qualified security and medical professionals.

Talent management

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

Our key areas of focus are:

Engagement

Surveys to measure co-worker engagement and implementation of actions in response to feedback continue across the business. Since the completion of the Alcan acquisition, we conducted a 'Pulse' survey across the entire business leadership and full engagement surveys in businesses less affected by the integration.

Talent

An electronic learning management system is being progressively rolled out across the business, ensuring wide access to e-learning and online induction. 'Onboarding' sessions have been held widely across the business, ensuring new co-workers understand the Amcor values and The Amcor Way.

Performance

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

Diversity

With the exception of the single Chief Executive Officer position at Level 1 in the organisation, Amcor has achieved leadership gender diversity greater than the average recorded across the top 200 companies trading on the Australian Stock Exchange (as measured by the Australian Government's Equal Opportunity for Women in the Workplace Agency's 2008 Census of Women in Leadership). For example, Amcor's Board of Directors is 23% female, compared to the average of 8.3%.

Marketplace

All packaging types have pros and cons in terms of their sustainability impact. As a global packaging leader with a commitment to sustainability management and expertise in packaging design and manufacture, Amcor plays a leading role in influencing packaging sustainability. We participate in many industry forums, such as the Sustainable Packaging Coalition and the Consumer Goods Forum's Global Packaging Project, where industry governance frameworks and standards are developed.

Packaging plays an important role in ensuring that a product reaches the end-user in a condition fit for its intended purpose (i.e. protecting the product), but whilst reducing the amount of packaging used reduces its environmental footprint, too little packaging results in product waste and increased economic costs on society. These costs usually far outweigh those associated with the impact of the packaging alone.

One of the major ways we can influence packaging sustainability is by working in partnership with our customers to ensure that the sustainability impacts of product and packaging are considered together from inception and design to end-of-life. We are equipping our customer-facing co-workers with the tools and knowledge to do this and we will continue to promote data-based packaging decisions to improve packaging sustainability.

Community

As an employer, neighbour, customer, supplier and investor in 43 countries, Amcor strives to make a positive impact in the communities in which we operate around the globe. Investing our packaging expertise and capabilities, time, talent or funds in our local communities allows Amcor co-workers to live the Company's core value of Social Responsibility.

During 2009/10, Amcor's community programs included:

- Donating cartons for 1.4 million breakfasts distributed by Foodbank Australia to welfare organisations;
- Extending the capacity of our Australian water collection and donation program to 7 million litres per year; and
- Amcor co-worker participation in social and environmental projects in their local communities.

Behaving ethically is a fundamental expectation of every Amcor co-worker. Each co-worker receives training in the Amcor Code of Conduct and Ethics Policy, which states, among other things, that 'Amcor strives to be a trusted corporate citizen and to operate in a manner that encourages lasting, beneficial and interactive relationships with the communities in which it operates.'

The Board of Directors and Company Secretary

C I (Chris) Roberts

BCom

Independent Non-Executive Director and Chairman

Skills and experience

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

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

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

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

Board Committee membership

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

Term of office

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



K N (Ken) MacKenzie

BEng., FIEA

Managing Director and Chief Executive Officer

Skills and experience

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

Former positions: Group Managing Director, Amcor Rentsch and Closures (2001-2005); Group General Manager Amcor Flexibles Australasia (1999-2001); General Manager Corporate Sales and Marketing, Amcor Containers Packaging (1997-1999); Senior finance and operational roles, Amcor PET Packaging North America (1992-1997).

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

Board Committee memberships

- Member of the Executive Committee

Term of office

- Appointed Managing Director & CEO July 2005



K J (Karen) Guerra

BSc

Independent Non-Executive Director

Skills and experience

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

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

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

Board Committee membership

- Member of the Human Resources Committee

Term of office

- Director since April 2010



The Board of Directors and Company Secretary

Dr Armin Meyer

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

Skills and experience

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

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

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

Board Committee membership

- Member of the Audit & Compliance Committee

Term of office

- Director since April 2010

G J (John) Pizzey

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

Skills and experience

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

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

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

Board Committee membership

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

Term of office

- Director since September 2003

E J J (Ern) Pope

BSc
Independent Non-Executive Director

Skills and experience

Broad international experience over 38 years in the food and beverage manufacturing industries, including senior executive positions based in Australia, the Philippines, USA, New Zealand and Switzerland, plus regional responsibilities over many years throughout Europe, Asia, Africa and the Middle East.

This includes 22 years with the Nestlé Group (1983 – March 2005) and 16 years with Kraft Foods Limited (1967 – 1982).

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

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

Board Committee membership

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

Term of office

- Director since October 2005



J L (Jeremy) Sutcliffe

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

Skills and experience

Mr Sutcliffe has broad international corporate experience as CEO of an ASX Top 50 company with extensive operations in North America and Europe and diverse trading relationships in Asia. A qualified lawyer in Australia and the UK, Mr Sutcliffe previously held positions with Baker & McKenzie Solicitors, London and Sydney (1982 – 1986) and Sims Metal Management Limited and associated companies (1987 – 2009) including as Group CEO (2002 – 2008).

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

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

Board Committee membership

- Member of the Human Resources Committee

Term of office

- Director since October 2009

**J G (John) Thorn**

FCA
Independent Non-Executive Director

Skills and experience

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

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

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

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

Board Committee membership

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

Term of office

- Director since December 2004

**J F (Julie) McPherson**

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

Skills and experience

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

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

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

- Chairman of the Amcor Superannuation Fund (since November 2008)
- Member of the Law Committee of AICD (since 2006)

Term of office

- Company Secretary since April 2005



Directors' Report

Your Directors present their report together with the financial report of Amcor Limited, being the Company and its controlled entities, for the year ended 30 June 2010 and the independent audit report thereon.

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Directors' Report

Statutory Matters

Board of Directors

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

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

During the financial year, R K Barton and G A Tomlinson retired from the Board and K J Guerra, A Meyer and J L Sutcliffe were appointed to the Board. Details of the retirement and appointments are set out in Table 1 on page 21 of this report.

The qualifications, experience, special responsibilities of Directors, and other directorships held by them during the previous three years, are set out on pages 17 to 19 of this report.

Company Secretaries

J F (Julie) McPherson was the Company Secretary of Amcor Limited during the whole of the financial year and up to the date of this report. Her qualifications and experience are set out on page 19 of this report.

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

Officers

The names and roles of other Officers of the Company during the year are disclosed in Table 13 in section D of the Remuneration Report on page 37 of this report.

Table 1: Directors' Meetings

01/07/2009–30/06/2010

	Board		Executive Committee		Audit and Compliance Committee		Human Resources Committee		Nomination Committee	
	A	B	A	B	A	B	A	B	A	B
Scheduled Meetings	10		2		4		4		-	
Unscheduled Meetings	-		9		-		-		1	
R K Barton	4	4	7	7	-	-	2	2	1*	-
K J Guerra	2	2	1*	-	-	-	-	-	-	-
K N MacKenzie	10	10	11	11	3*	-	4 [#]	1	1*	-
A Meyer	2	2	1*	-	-	-	-	-	-	-
G J Pizzey	10	10	9	11	-	-	4	4	1	1
E J J Pope	10	10	5*	-	4	4	4	4	1	1
C I Roberts	10	10	11	11	4	4	4	4	1	1
J L Sutcliffe	6	6	-	-	3*	-	2	2	-	-
G A Tomlinson	8	8	4*	-	3	3	-	-	1*	-
J G Thorn	10	10	9 ⁺	3	4	4	-	-	1*	-

A Number of meetings attended

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

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

+ Indicates that Mr Thorn attended 9 meetings in total, 6 by invitation and 3 as a member of the Executive Committee.

Indicates that Mr MacKenzie attended 4 meetings in total, 3 by invitation and 1 as a member of the Human Resources Committee.

R K Barton retired from the Board at the close of the AGM held on 22 October 2009.

K J Guerra was appointed to the Board at the close of the Board meeting held on 20 April 2010.

K N MacKenzie ceased to be a member of the Human Resources Committee in August 2009.

A Meyer was appointed to the Board at the close of the Board meeting held on 20 April 2010.

G A Tomlinson retired from the Board at the close of the Board meeting held on 20 April 2010.

J L Sutcliffe was appointed to the Board at the AGM held on 22 October 2009.

J G Thorn became a member of the Executive Committee in November 2009.

Directors' Report

Statutory Matters

Principal Activities

The general activities of the consolidated entity (comprising Amcor Limited and its controlled entities) are set out on pages 1 to 16 of this report. There were no significant changes in the nature of the principal activities of the consolidated entity during the year under review.

Operating and Financial Review

A review of operations of the consolidated entity during the financial year and the results of these operations are contained on pages 8 to 16 of this report.

State of Affairs

Significant changes in the state of affairs of the consolidated entity that occurred during the financial year ended 30 June 2010 were as follows:

- Acquisition of the former Alcan Packaging businesses was completed on 2 February 2010. The acquisition price of US\$1,948 million represented a multiple of 5.1 times based on profit before interest, tax, depreciation and amortisation ('PBITDA') for the year ended 31 December 2009 of US\$383 million. A total of 80 plants were acquired with sales for calendar year 2009 of €2.6 billion. This increased Amcor's operating footprint to more than 300 plants across 43 countries. Post acquisition, proforma sales for the year ended 30 June 2010 were \$12.2 billion, a 28% increase in sales for the 2009 financial year. The integration of the businesses acquired is progressing well and is in line with expectations. The operating and financial performance as well as the pace of synergy capture within the first five months have been consistent with expectations.

Post acquisition, the Company re-organised itself into the following business segments:

- Flexibles
- Rigid Plastics
- Australasia and Packaging Distribution

- On 16 June 2010, Amcor announced that it had reached agreement to purchase the assets of Ball Plastics Packaging Americas from Ball Corporation. This transaction closed on 3 August 2010. The purchase price of the acquisition was US\$280 million and represented four times the last 12 months acquired EBITDA of US\$70 million which is inclusive of US\$15 million payable upon the successful renewal of a contract which was achieved prior to closing. The business has five plants in North America and sales of approximately US\$600 million. The acquisition will expand Amcor's Diversified Products business within the Rigid Plastics segment. The Diversified Products business targets the healthcare/pharmaceutical, personal care, food and distilled spirits end markets. The acquisition brings exposure to new growth opportunities including wine bottles, retort packaging for food and high density polyethylene and polypropylene containers for various market segments. Additionally, Rigid Plastics will be positioned to offer a broader range of innovation and technology-based solutions to customers.

- On 12 February 2010, AMVIG shareholders passed a resolution to divest the Brilliant Circle business and acquire 45% of the Famous Plus business that it did not previously own. Under the sale agreement, the entitlement to Brilliant Circle earnings from 1 July 2009 transfers to the purchaser. As such, Amcor's share of AMVIG earnings excludes any contribution for the Brilliant Circle operations for the 2010 financial year. As a result of the divestment, AMVIG repurchased and cancelled 166.8 million shares and Amcor's ownership in AMVIG consequently increased from 38.95% to 45.99%. The loss of Amcor's share of Brilliant Circle earnings was offset by the impact of increased equity ownership.
- During the year, gross proceeds of \$1,611 million in new equity were raised through an institutional and retail entitlement offer, to fund part of the purchase price for the acquisition of the former Alcan Packaging businesses. \$1,204 million was raised under the institutional entitlement offer and the balance of funds was raised via the retail entitlement offer.
- In December 2009, US\$850 million of long term debt was raised in the US Private Placement market, and used in part to replace existing bank borrowings with the balance used for general corporate purposes. US\$275 million of the proceeds matures in seven years, US\$300 million in nine years and US\$275 million in 12 years. Respective fixed coupon rates are 5.38%, 5.69% and 5.95%.
- On 21 December 2005, the Australian Competition and Consumer Commission (ACCC) commenced legal proceedings in the Federal Court of Australia against certain Visy Group companies and executives. The ACCC alleged that the Visy parties had engaged in conduct in the corrugated fibreboard container industry with Amcor companies and certain former Amcor executives that was anti-competitive, including engaging in price fixing and market sharing, in contravention of the *Trade Practices Act 1974*.

Amcor and its former senior executives were granted immunity under the ACCC's Leniency Policy for Cartel Conduct and were not parties to the ACCC's proceeding.

In October 2007, the ACCC settled its prosecution of the Visy parties on the basis of an agreed statement of facts in which the Visy parties agreed to certain of the alleged conduct. On 2 November 2007, the Federal Court imposed substantial fines on Visy and certain of its officers.

The immunity from proceedings commenced by the ACCC granted to Amcor and its relevant former executives did not extend to exclude or limit third party claims.

On 11 April 2006, Jarra Creek Central Packaging Shed Pty Ltd (Jarra Creek) filed a class action claim in the Federal Court of Australia against three Visy companies, Amcor Limited, Amcor Packaging (Australia) Pty Ltd and Fibre Containers (Queensland) Pty Ltd alleging cartel behaviour and seeking declarations, injunctions and unspecified damages. The proceeding is expressed to have been brought on behalf of all persons or entities that purchased more than \$100,000 of corrugated fibreboard packaging products between 1 May 2000 and 5 May 2005.

The allegations made in the class action are broadly similar to the allegations that were made in the ACCC's proceeding against the Visy parties and assert facts that conform closely with the statement of facts that had been agreed between the ACCC and the Visy parties in the ACCC's proceeding. In broad terms, it is alleged that certain Amcor Group and Visy Group companies engaged in anti-competitive conduct in the corrugated fibreboard container industry, including engaging in price fixing and market sharing, in breach of section 45 of the *Trade Practices Act 1974*. The class members seek, amongst other things, compensation in respect of the alleged effect that the asserted behaviour had on the prices they paid for corrugated fibreboard products during the relevant period.

Amcor is defending the claims made in the class action and has cross claimed against the three Visy Group companies, claiming contribution for any damages that may be awarded.

The Federal Court instituted an 'opt-out' period in April and May of 2008 during which it was open for class members to elect not to participate in the class action. Approximately 350 parties lodged opt-out notices with the Court.

On 19 March 2010, the representative applicant, Jarra Creek, released to the parties an economist report. The report estimates, based on the range of disputed and contentious facts and assumptions, that the damages suffered by Amcor customers, should Jarra Creek be successful in its claim, are potentially in the vicinity of \$466 million plus an estimated \$231 million in interest.

Amcor strongly disputes the estimate put forward and will dispute the facts and assumptions upon which the report appears to be based. Amcor is continuing to vigorously defend the claim and will, in the course of the litigation, put forward independent expert evidence refuting the damages calculation put forward by the plaintiff.

It is too early for Amcor to provide any reliable assessment of the likely quantum of any damages that may become payable if its defence is unsuccessful in whole or in part or of the extent to which it may obtain contribution from the Visy Group companies in respect of any damages awarded.

Although it is not possible at present to establish a reliable assessment of damages, there can be no assurance that any damages that may be awarded will not be material to the results of operations or financial condition of Amcor.

Table 2: Dividends

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

Type	Cents per share	Total amount \$ million	Franked	Conduit Foreign Income*	Date of payment
Declared and paid during the year:					
- Final 2009	170	143.3	-	100%*	18 September 2009
- Interim 2010	12.5	152.6	-	100%*	31 March 2010
Declared after end of year:					
- Final 2010	170	207.7**	-	100%	1 October 2010
Dealt with in the Annual Report as:					
- Dividends (note 25)		295.9			
- For subsequent report (note 25)		207.7**			

* 100% of the final dividend for 2009/10, payable 1 October 2010, will be sourced from the Conduit Foreign Income Account. This is of benefit to foreign shareholders as Australian Withholding Tax on dividends is not payable on any franked portion or the portion sourced from the Conduit Foreign Income Account.

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

Directors' Report

Statutory Matters

Events Subsequent to the end of the Financial Year

Acquisition of Alcan's Medical Flexibles operations

On 1 July 2010, the consolidated entity successfully completed the acquisition of the Alcan Medical Flexibles operations for consideration of US\$66.0 million as part of the Alcan Packaging acquisition that was completed on 2 February 2010. The Medical Flexibles businesses consists of four plants in North America and as announced on 11 June 2010, final US Department of Justice approval is conditional on divesting one of the plants which is located in Marshall, North Carolina. The divestment process for the Marshall operations has commenced, and until completed, the consolidated entity is required to hold and operate Marshall separately from other businesses.

The combined Medical Flexibles business has annual sales of approximately US\$115.0 million, of which the Marshall operations account for approximately US\$30.0 million, and will reside in the Flexibles reporting segment.

Acquisition of Ball Plastics Packaging Americas

On 16 June 2010, the consolidated entity announced that it had reached agreement to purchase the assets of Ball Plastics Packaging Americas from Ball Corporation. The acquisition was subject to the receipt of Department of Justice approval in the United States of America and closed on 3 August 2010. The purchase price is US\$280.0 million representing four times the last twelve months acquired EBITDA of US\$70 million which is inclusive of US\$15 million payable upon the successful renewal of a contract which was achieved prior to closing.

The business has five plants in North America and sales of approximately US\$600.0 million and will reside within the Amcor Rigid Plastics reporting segment.

Approximately 50% of the earnings of the business are derived from the Diversified Products and Custom Beverage and 50% from Carbonated Soft Drink and Water (CSDW).

The acquisition will expand Amcor's Diversified Products business. The Diversified Products business targets the healthcare / pharmaceutical, personal care, food and distilled spirits end markets. The acquisition brings exposure to new growth opportunities including wine bottles, retort packaging for food and high density polyethylene (HDPE) and polypropylene (PP) containers for various market segments.

Additionally, Amcor Rigid Plastics will be positioned to offer a broader range of innovation and technology based solutions to customers. The acquisition of Ball Plastics Packaging Americas brings with it expanded capabilities, including exciting developments in multi layer, retort and barrier technologies as well as the assets and know how to manufacture HDPE and PP extrusion blow moulded containers.

Divestment of Tobepal operations

An announcement was made on 15 December 2009 that to successfully complete the acquisition of the Alcan Packaging operations, the consolidated entity was required to obtain European Commission approval. This approval would be achieved upon the divestment of the Amcor Tobepal operations in Spain which resides within the Flexibles reporting segment.

On 30 May 2010, the consolidated entity entered into an agreement to sell the Tobepal operations and certain assets of Grupo Amcor Flexibles Hispania S.L. to Constantia Packaging AG for Euro 92.0 million. European Commission approval for the divestment has been granted with the closing date expected by the end of September 2010. Final consideration remains subject to certain customary post close adjustments.

The Tobepal operations comprise two plants that produce a range of pharmaceutical, personal care and food packaging products which had combined sales of approximately Euro 103.1 million for the year ended 30 June 2010.

Debt refinancing

The Company has successfully refinanced the following interest bearing liabilities subsequent to 30 June 2010 for the purposes of renewing existing debt facilities and for the general corporate and working capital purposes of the Amcor Group:

- US\$1.25 billion global syndicated revolving facility due to mature in June 2011 of which the Company on 23 August 2010 has received US\$600 million in commitments from Mandated Lead Arrangers and Bookrunners. The commitments are subject to finalisation and execution of a Facility Agreement and related documentation in a form acceptable to the parties. This syndication process is continuing in accordance with the strategy of the Company to obtain a level of funding considered appropriate.
- \$150 million bilateral facility due to mature in September 2010 has been refinanced by a three year \$100 million facility with an effective date of 26 August 2010.

Likely Developments

Further information on likely developments in the operations of Amcor and the expected results of operations has not been included in this report because the directors believe it would be likely to result in unreasonable prejudice to Amcor.

Environmental Performance and Reporting

Commentary regarding the Company's performance on environmental regulations is outlined in the Corporate Governance Statement on pages 58 to 59 and also in the Review of Operations – Sustainability section on pages 14 to 16.

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

Amcor will also participate in the Australian Carbon Pollution Reduction Scheme (CPRS), which is unlikely to be implemented before 2013. As an emissions intensive trade exposed (EITE) business, Amcor's Australian business operations expect to receive an allocation of free trading permits to offset the potential loss in profitability due to the introduction of the CPRS. In 2009, Amcor worked with the Australian Government to assess the level of assistance available as an EITE business.

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

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

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

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

Table 3: Directors' Interests

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

Name	Balance at the beginning of the year	Received during the year on the exercise of performance rights and options	Other changes during the year	Balance as at the date of this report
Directors of Amcor Limited				
C I Roberts	164,670	-	80,739	245,409
K N MacKenzie	245,097	18,000	307,153	570,250
R K Barton	33,899	-	15,067	48,966
K J Guerra	-	-	1,000	1,000
A Meyer	-	-	18,000	18,000
G J Pizzey	18,181	-	8,081	26,262
E J J Pope	5,731	-	24,548	30,279
J L Sutcliffe	-	-	35,416	35,416
J G Thorn	10,380	-	4,614	14,994
G A Tomlinson	43,482	-	19,325	62,807

Directors' Report

Statutory Matters

Table 4: Unissued Shares Under Option

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

Date options granted	Expiry date	Exercise price of shares (\$)	Number under options
1 November 2002	1 November 2012	7.67*	1,999,800
13 October 2003	1 November 2012	7.67*	79,200
2 August 2004	23 September 2010**	6.31	1,984,192
2 May 2005	23 September 2010**	6.31	25,800
27 October 2005	31 December 2010	6.25	190,000
27 October 2005	30 June 2011	6.25	205,000
27 October 2005	31 December 2011	6.25	250,000
4 August 2006	31 December 2010	6.25	2,343,772
4 August 2006	30 June 2011	6.25	303,400
4 August 2006	31 December 2011	6.25	370,000
22 September 2006	31 December 2010	6.25	89,536
1 February 2007	31 December 2011	6.66	3,637,260
5 March 2007	31 December 2011	6.66	94,600
1 November 2007	30 June 2012	6.54	165,000
1 December 2007	30 June 2012	6.54	1,073,093
31 December 2007	30 June 2012	6.54	63,205
30 May 2008	30 June 2012	6.21	22,321
1 December 2008	30 June 2013	5.09	2,504,000
2 January 2009	30 June 2013	5.09	110,000
24 November 2009	30 June 2016	4.73	2,760,000
18 February 2010	30 June 2012	6.21	38,472
12 April 2010	1 July 2013	4.73	6,750,500
12 April 2010	1 July 2013	5.86	3,280,000
12 April 2010	1 July 2014	4.73	4,050,300
12 April 2010	1 July 2014	5.86	1,968,000
12 April 2010	1 July 2015	4.73	2,700,200
12 April 2010	1 July 2015	5.86	1,312,000
17 May 2010	1 July 2013	4.73	705,500
17 May 2010	1 July 2014	4.73	423,300
17 May 2010	1 July 2015	4.73	282,200
8 June 2010	1 July 2013	4.73	650,000
8 June 2010	1 July 2014	4.73	390,000
8 June 2010	1 July 2015	4.73	260,000
18 June 2010	1 July 2013	6.53	247,000
18 June 2010	1 July 2014	6.53	148,200
18 June 2010	1 July 2015	6.53	98,800
5 August 2010	30 June 2016	6.39	2,408,000
Total			43,982,651

* Certain overseas plans are at fixed exchange rates.

** Awards (including options) granted under some employee incentive plans used to expire outside Amcor's formal trading windows. On 28 June 2010, Amcor's Executive Committee resolved that the expiry dates of those awards be amended so that they coincide with the close of Amcor's next available trading window. As Amcor sets its trading windows yearly, the above table reflects the change for the 2010 calendar year only. Any dates affected for next year will be changed as soon as next year's trading windows have been set.

Table 5: Shares Issued on Exercise of Options

The following ordinary shares of Amcor Limited were issued during the year ended 30 June 2010 on the exercise of options granted:

Date options granted	Issue price of shares (\$)	Number of shares issued
2 August 2004	6.31	242,520
4 August 2006	6.25	21,660
1 February 2007	6.66	8,880

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

Indemnification and Insurance of Officers

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

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

The Company provided indemnities to Mr Peter Sutton, Mr Peter Brown and Mr Russell Jones for reasonable legal expenses incurred by them in their personal capacity in respect of investigations by the ACCC and the New Zealand Commerce Commission and by the Company into possible breaches of competition law. The indemnities granted to Mr Sutton and Mr Brown are each limited to \$100,000. As at 30 June 2010, Mr Sutton has reached the limit of that indemnity, and Mr Brown and Mr Jones have been reimbursed for legal fees in the amount of \$14,597 and \$15,755 respectively.

Non-Audit Services

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

- All non-audit services were subject to the corporate governance procedures adopted by the Company and have been reviewed by the Audit and Compliance Committee to ensure they do not impact upon the impartiality and objectivity of the auditor; and
- The non-audit services provided do not undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as an advocate for the Company or jointly sharing risks and rewards. A copy of the auditor's independence declaration as required under Section 307C of the *Corporations Act 2001* is included in the Directors' Report on page 60.

Details of the amounts paid to the auditors of the Company, PricewaterhouseCoopers, and its related practices for audit and non-audit services provided during the year are set out in note 8 to the Financial Statements on page 94. A significant proportion of the non-audit services during the year relates to transaction related taxation advice, due diligence work and equity raising assurance services primarily attributable to the acquisition of the Alcan Packaging assets during the year.

Rounding Off

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

Loans to Directors and Executives

Information on loans to Directors and executives, including amounts, interest rates and repayment terms is set out in note 28 to the Financial Statements.

Directors' Report

Remuneration Report

Introduction and Summary of Contents

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

Key Management Personnel

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

Structure of this Report

Amcor's 2010 Remuneration Report is divided into the following sections:

- A. Overview of Amcor's executive remuneration arrangements
- B. Explanation of CEO and Senior Executive remuneration arrangements for the year ended 30 June 2010
- C. Company performance – the link to reward
- D. Details of CEO and Senior Executive remuneration for the year ended 30 June 2010
- E. CEO and Senior Executive service agreements
- F. Non-Executive Directors' remuneration

Appendix: Prior year Long Term Incentive and other equity awards

A. Overview of Amcor's Executive Remuneration Arrangements

Remuneration strategy

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

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

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

Remuneration structure

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

Long Term Incentive	Variable or 'at risk' Remuneration
Short Term Incentive Equity Awards	
Short Term Incentive Cash Awards	
Other Fixed Remuneration	Total Fixed Remuneration
Base Salary	

Total Fixed Remuneration (TFR)

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

Variable or 'at risk' remuneration

Short Term Incentive (STI)

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

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

Details of the STI program are provided in Section B below.

Long Term Incentive (LTI)

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

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

Minimum Shareholding Policy

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

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

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

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

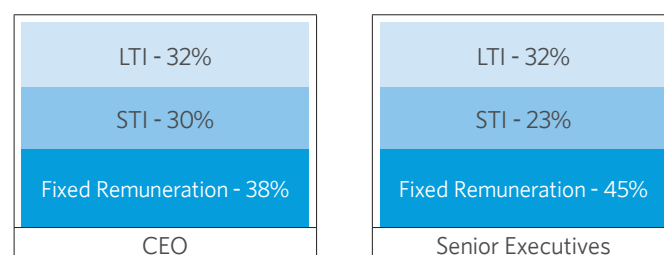
Hedging of securities

In accordance with Amcor's general share trading policy and employee share plan rules, participants are prohibited from engaging in hedging arrangements over unvested securities issued pursuant to any employee or Director share plan. Further, this prohibition extends to vested securities over which the Minimum Shareholding Policy as described above applies.

B. Explanation of CEO and Senior Executive Remuneration Arrangements for the Year Ended 30 June 2010

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

The following table sets out the 'mix' of fixed and 'at risk' pay (as a proportion of 100%) for the CEO and Senior Executives (expressed on an average basis for the year based on numbers disclosed in Table 13). This includes an assumed accounting value of an annual grant of LTIs.



Total Fixed Remuneration (TFR)

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

Base salary levels for each executive were set with reference to the market conditions and general salary levels in the regions in which they were located. They also reflected the scope and nature of each individual's role, their experience and performance in that role.

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

Short Term Incentive (STI)

In accordance with Amcor's Senior Executive – Reward and Evaluation Policy, STI awards for the CEO and Senior Executives were determined based on the achievement of pre-determined key performance indicators (KPIs).

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

The KPIs for the CEO and Senior Executives were structured as per Table 6 below:

Directors' Report

Remuneration Report

Table 6: Key Performance Indicators

Performance area	Weighting
Safety	5% to 10%
Financial (Earnings Per Share, Profit Before Interest & Tax, Free Cash Flow, Operating Cash Flow and Return on Average Funds Employed)	55% to 75%
Other (including strategic goals or Business Group specific measures)	20% to 40%

Note: STI opportunity ranges for individual executives can be found in Table 10 at section C.

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

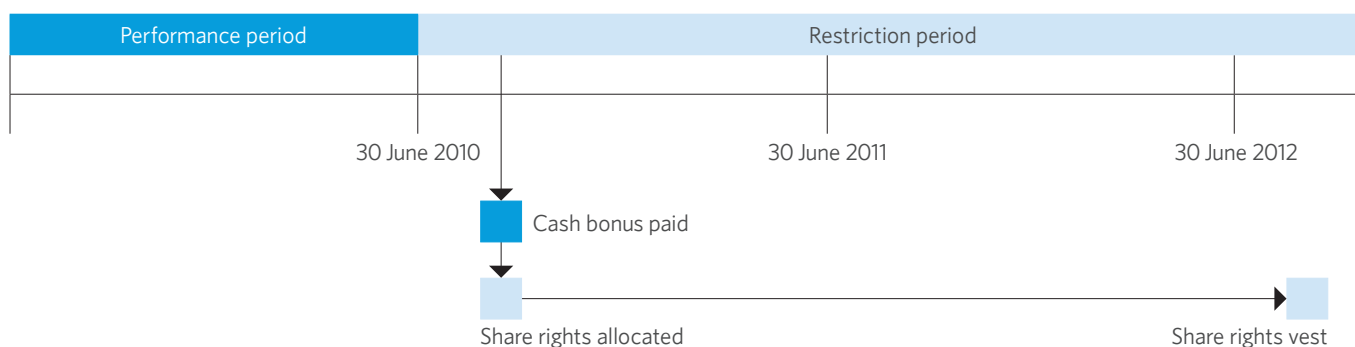
In order for STI awards to have been paid, a minimum behaviour/ethical standard was required. This was determined through the use of a 'Values Gateway' that provided an assessment of the CEO's and Senior Executives' performance against Amcor's values.

STI cash and deferred equity awards

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

Accordingly, Amcor's STI program is structured to deliver cash awards, payable in September 2010, with deferral of a portion into share rights to be held for two years, as illustrated below.

STI for the Year Ended 30 June 2010: Illustration



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

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

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

In relation to the year ended 30 June 2010, STI deferred equity awards will be allocated in September 2010. These will be subject to risk of forfeiture if a Senior Executive either voluntarily leaves Amcor employment during the restriction period or if the Senior Executive's employment is terminated for cause. Board discretion regarding vesting and/or forfeiture applies in the case of involuntary termination of employment and change of control.

Long Term Incentive (LTI) awards for the year ended 30 June 2010 and onwards

Note: The CEO's entitlement to an LTI award based on the successful execution of the integration of the former Alcan Packaging businesses was approved by Amcor shareholders at the 2009 Annual General Meeting. The CEO has received no further LTI awards during this reporting period.

Alcan Acquisition Awards and 'standard' LTI Awards

An LTI award was developed in 2009 to drive the successful integration of the acquired Alcan Packaging businesses (Alcan Acquisition Awards or 'Awards'). The Awards were designed to incentivise and reward those executives responsible for the success of the transaction, and whose performance will play an important part in the success of the integrated Company's business.

The CEO and other selected participants in the Awards were not eligible to receive any further annual LTI during the year nor can they receive an LTI award in the two financial years ending 30 June 2012.

'Standard' annual LTI awards (as described in the Appendix to this Report) will continue to be made available to other executives of the Company and details of the 2010 LTI awards relating to financial performance for the years to 30 June 2013 will be detailed in the Remuneration Report for next year.

Alcan Acquisition Awards comprised both performance rights and share options in three tranches, as follows:

Tranche	Proportion	Performance period
1	50% of total award	1 July 2009 to 30 June 2012
2	30% of total award	1 July 2009 to 30 June 2013
3	20% of total award	1 July 2009 to 30 June 2014

Each tranche is subject to achievement of performance hurdles over the relevant performance period, being relative Total Shareholder Return (TSR) for performance rights and improvement in Return on Average Funds Employed (RoAFE) for share options, which are also subject to a share price condition.

The level of awards was determined by reference to the individuals' base salaries at the date of award and market positioning of total rewards to the local markets. The Alcan Acquisition Awards were allocated between share options and performance rights in the ratio of 75:25. The Board considered this split appropriate and reflective of both the transformational nature of the acquisition and the desire to ensure a strong link to share price performance.

Forfeiture conditions and provisions relating to termination of employment apply. In the event of termination of employment of plan participants, the Board retains overall discretion to determine the appropriate level and timing of vesting. In the event of a change of control, the Board will determine in its discretion whether and, if appropriate, the extent to which outstanding awards will vest.

Performance Rights

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

Australian listed peer group

Companies in the S&P/ASX 100 less selected GICS Sector and Industry groupings (being 'Financial', 'Property', 'Telecom Services', 'Metals & Mining', 'Media', 'Chemicals', 'Oil', 'Energy', 'Utilities' and 'Information Technology'). At the start of the performance period, these companies were:

Asciano Group, Aristocrat Leisure Limited, Ansell Limited, Billabong International Limited, Boral Limited, Brambles Limited, Coca-Cola Amatil Limited, ConnectEast Group, Cochlear Limited, CSL Limited, CSR Limited, Crown Limited, David Jones Limited, Downer EDI Limited, Elders Limited, Foster's Group Limited, Goodman Fielder Limited, Harvey Norman Holdings Limited, JB Hi Fi Limited, James Hardie Industries N.V., Leighton Holdings Limited, Macquarie Airports, Macquarie Infrastructure Group, Metcash Limited, Primary Health Care Limited, Qantas Airways Limited, Sonic Healthcare Limited, Tabcorp Holdings Limited, Transurban Group, Toll Holdings Limited, Transfield Services Limited, Tatts Group Limited, United Group Limited, Wesfarmers Limited, and Woolworths Limited.

International industry peer group

At the start of the performance period, these companies were:

Ball Corporation, Bemis Company, Inc., Crown Holdings Inc., Graphic Packaging Holding Company, Huhtamaki Oyj, International Paper Company, MeadWestvaco Corp., Owens-Illinois Inc., Pactiv Corporation, Rexam plc, RPC Group plc, Sealed Air Corp., Silgan Holdings Inc., Sonoco Products Co., and Temple-Inland, Inc.

TSR is the percentage difference between the market price of the relevant shares (being the Company's and those in the relevant peer group) at the start and end of the relevant performance period, plus dividends earned (and assumed to be reinvested in shares) over the same period. To reduce the impact of share price fluctuations, TSR will be calculated for each trading day over the last quarter of the relevant performance period.

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The vesting schedule, applicable to performance rights, is as follows:

Table 7: Vesting Schedule – Performance Rights

Level of performance (relative to comparator group)	Level of vesting
Less than 50th percentile	Nil
50th percentile	50%
Between 50th and 75th percentile	Straight line between 50% and 100%
75th percentile and above	100%

Share Options

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

The Performance Condition is based on improvement in Return on Average Funds Employed (RoAFE) calculated on a continuing basis. Specifically, it is a measure of the annualised profit before interest, tax and significant items (PBIT) earned by Amcor during a reporting period, as a percentage of the average funds employed by Amcor during the reporting period.

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

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

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

The Performance Condition will be assessed for each tranche as follows:

- Tranche 1 will be tested up to three times - after 30 June 2012, 2013 and 2014;
- Tranche 2 will be tested up to two times - after 30 June 2013 and 2014; and
- Tranche 3 will be tested once only (after 30 June 2014).

The Board considers that re-testing of performance for share options applicable to Tranches 1 and 2 is appropriate as projected RoAFE performance may not be linear and coincide with a single testing period, and as the re-testing is progressive (e.g. the performance hurdle applicable to the Tranche 2 re-test utilises the performance hurdle applicable to Tranche 3).

The following table sets out the percentage of the Options in each tranche that will vest and can be exercised by executives set by reference to the published RoAFE percentage achieved for the year ended 30 June 2009 (10.5%).

Table 8: Vesting Schedules – Share Options

Tranche 1

Percentage point improvement in RoAFE achieved over three years ending 30 June 2012 (on a continuing basis)	Percentage for which Performance Condition deemed to be satisfied (of Options being tested)
Less than 1.5%	0%
Equal to 1.5%	50%
Greater than 1.5% but less than 2.7%	Straight line basis applies between 50% and 100%
Equal to or greater than 2.7%	100%

Tranche 2 (and first Tranche 1 re-test)

Percentage point improvement in RoAFE achieved over four years ending 30 June 2013 (on a continuing basis)	Percentage for which Performance Condition deemed to be satisfied (of Options being tested)
Less than 2%	0%
Equal to 2%	50%
Greater than 2% but less than 3.1%	Straight line basis applies between 50% and 100%
Equal to or greater than 3.1%	100%

Tranche 3 (and first Tranche 2 re-test and second Tranche 1 re-test)

Percentage point improvement in RoAFE achieved over five years ending 30 June 2014 (on a continuing basis)	Percentage for which Performance Condition deemed to be satisfied (of Options being tested)
Less than 3%	0%
Equal to 3%	50%
Greater than 3% but less than 4.5%	Straight line basis applies between 50% and 100%
Equal to or greater than 4.5%	100%

If the Performance Condition is met, the Share Price Condition will be tested on a monthly basis and will be satisfied if the volume weighted average price of Amcor shares on the ASX during the five trading days prior to the final day of the relevant calendar month is at least equal to the exercise price of the Option. The Options will vest upon satisfaction of the Share Price Condition.

Options that have vested may be exercised at any time until the Expiry Date (30 June 2016 for all tranches). Any unvested Options will lapse to the extent the Performance Condition has not been met by 30 June 2014 and, to the extent that the Share Price Condition has not been met, by the Expiry Date.

No amounts were payable by the CEO and Senior Executives on the grant of Options. To exercise Options, executives are required to pay an exercise price. This was determined as \$4.73 (except for US participants) being the equivalent to the volume weighted average price of ordinary shares in the Company traded on the ASX over the 30 days prior to 18 August 2009 (the date of the Company's announcement of its rights issue in connection with the Alcan Packaging acquisition), adjusted to take account of the dilutive effect of the equity raising. For US participants, the exercise price was determined as \$5.86, being the volume weighted average price of ordinary shares in the Company on the ASX over the five trading days prior to the grant date of 5 March 2010.

Note regarding existing but unvested awards under Amcor's LTI programs

Awards (including options) granted under some employee incentive plans used to expire outside Amcor's formal trading windows. On 28 June 2010, Amcor's Executive Committee resolved that the expiry dates of those awards be amended so that they coincide with the close of Amcor's next available trading window.

Senior Executive Retention Share/Payment Plan

The Senior Executive Retention Share Plan and its entitlement equivalent (Senior Executive Retention Payment Plan) are sub-plans of the Employee Share Purchase Plan established by the Company in 1985. These plans were established to award executives with fully paid ordinary shares (or cash entitlements when the location of executives prevented the use of shares) without the application of ongoing performance hurdles. However, shares cannot be disposed of by executives for restricted periods as determined by the Board, for up to five years.

These plans are used on a limited basis for either recruitment of executives to replace existing entitlements from their previous employers or as 'ad-hoc' retention awards to existing executives. During the year to 30 June 2010, none of the awards made were to KMP.

Share-based payments – earlier awards

In addition to equity awards under the STI program and LTI awards for the year ended 30 June 2010, the amounts disclosed as 'share-based payments' in Table 13 in Section D include the following:

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

Details of these awards can be found in the Appendix to this Remuneration Report.

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C. Company Performance – The Link to Reward

Table 9 provides information regarding relevant shareholder return information over the past five financial years.

Table 9: Shareholder Return Information over the Past Five Financial Years

	2006	2007	2008	2009	2010
Net profit before significant items (\$ million)	405.9	397.0	369.1	360.5	409.2
Basic EPS before significant items (cents)	46.1	44.2	42.9	40.9	35.2
Dividend paid (\$ million)	298.8	305.7	294.2	284.2	295.9
Dividends per share (cents)	34.0	34.0	34.0	34.0	29.5
Change in share price (cents)	(2.0)	79.0	(242.0)	(6.0)	139.0
Opening share price at 1 July (\$)	6.70	6.68	7.47	5.05	4.99
Total Shareholder Return % pa ⁽¹⁾	4.8	16.9	(27.8)	5.5	33.8

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

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

Details of the range of potential STI cash payments, the proportion to be received at 'target' performance, actual STI cash payments made and the amounts forfeited by the CEO and Senior Executives in respect of the 2010 financial year, and deferred equity awards, are shown in Table 10 below:

Table 10: STI Cash and Deferred Equity Awards

Name	STI % Range	STI % Target	Cash bonus (\$)	Vested in Year (%)	Forfeited in Year (%)	Equity Awarded (No: Rights) ⁽³⁾
Executive Directors						
K N MacKenzie	0% to 120% of TFR	80	1,848,645	70.8	29.2	142,642
Senior Executives						
G Blatrix ⁽¹⁾	0% to 100% of Base Salary	50	71,964	20.0	80.0	5,552
P Brues	0% to 100% of Base Salary	50	462,401	73.8	26.2	35,678
J Czubak ⁽¹⁾	0% to 100% of Base Salary	50	317,226	95.7	4.3	24,477
L A Desjardins	0% to 100% of Base Salary	50	377,618	54.1	45.9	29,137
W J Long	0% to 100% of Base Salary	50	423,586	57.6	42.4	32,683
N Garrard	0% to 100% of Base Salary	50	490,100	67.6	32.4	37,816
I G Wilson ⁽²⁾	0% to 100% of Base Salary	50	930,000	100.0	0.0	58,053

(1) Key Management Personnel until 31 January 2010.

(2) Mr Wilson has waived his right to receive a cash bonus. His equity rights will be awarded under the Senior Executive Retention Share Plan.

(3) Equity allocations determined based on the volume weighted average price of Amcor Limited shares for the five trading days prior to 30 June 2010 (\$6.48/share). Where bonuses are determined in currencies other than Australian dollars, the average foreign exchange rate for the same five day period was applied to determine the Australian dollar equivalent.

2007 LTI Awards

As detailed in the Appendix, awards were made to Senior Executives (excluding the CEO and a limited number of Senior Executives).

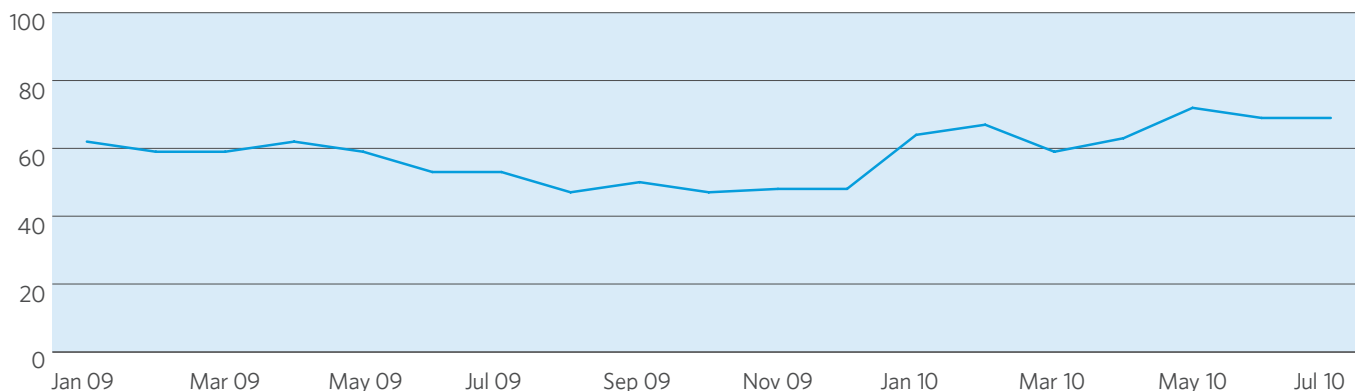
Monthly testing of these awards by external consultants commenced January 2009 and will cease following the December 2010 test.

Any unvested awards after this test will lapse. An analysis of the testing to date is provided below in Table 11.

As at 30 June 2010, the comparator group to test relative TSR performance consisted of the following companies:

ABC Learning Centres Limited	Ansell Limited	Aristocrat Leisure Limited
AWB Limited	Billabong International Limited	Boral Limited
Brambles Limited	Coca-Cola Amatil Limited	Cochlear Limited
Computershare Limited	CSL Limited	CSR Limited
Downer EDI Limited	Elders Limited	Foster's Group Limited
Goodman Fielder Limited	Harvey Norman Holdings Limited	James Hardie Industries Limited
Leighton Holdings Limited	Macquarie Airports	Metcash Limited
Orica Limited	Paperlinx Limited	Qantas Airways Limited
ResMed Inc	Sigma Pharmaceuticals Limited	Sonic Healthcare Limited
Tabcorp Holdings Limited	Tatts Group Limited	Transurban Group
Wesfarmers Limited	Woolworths Limited	

Table 11: Amcor's Relative TSR Percentile Performance to 30 June 2010
Percentile



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

2006 LTI Awards

As detailed in the Appendix, awards were made in three tranches; tranches two and three were made to the CEO and a limited number of Senior Executives.

Monthly testing of these awards by external consultants commenced January 2008 and ceased/will cease following the December 2009 test (Tranche 1), June 2010 (Tranche 2) and December 2010 (Tranche 3). Any unvested awards after these tests will lapse. An analysis of the testing to date is provided in Table 12 below.

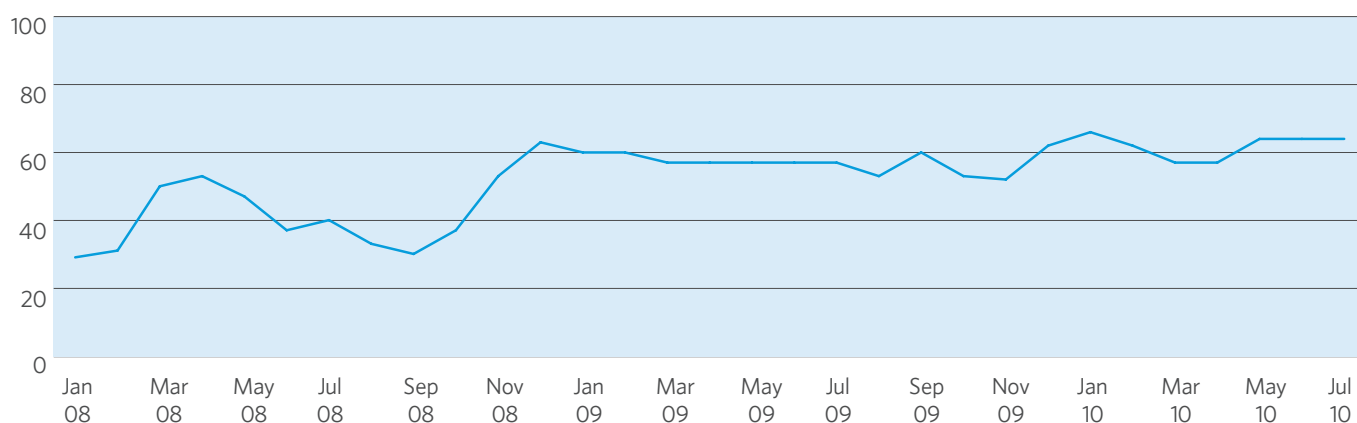
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As at 30 June 2010, the comparator group to test relative TSR performance consisted of the following companies:

Ansell Limited	Aristocrat Leisure Limited	AWB Limited
Billabong International Limited	Boral Limited	Brambles Limited
Coca-Cola Amatil Limited	Cochlear Limited	Computershare Limited
CSL Limited	CSR Limited	Elders Limited
Foster's Group Limited	Gunns Limited	Harvey Norman Holdings Limited
James Hardie Industries Limited	Leighton Holdings Limited	Macquarie Airports
Orica Limited	Pacific Brands Limited	Paperlinx Limited
Qantas Airways Limited	ResMed Inc	Sonic Healthcare Limited
Tabcorp Holdings Limited	Transurban Group	Wesfarmers Limited
Woolworths Limited		

Table 12: Amcor's Relative TSR Percentile Performance to 30 June 2010
Percentile



In relation to Tranche 1 of the 2006 awards, the highest percentile reached by the Average Amcor TSR during the vesting period relative to the Average Comparator TSR for each of the relevant stocks in the comparator group was the 63rd percentile. In accordance with the vesting schedule (see Appendix), 76% of this tranche of awards vested. Unvested awards have now lapsed.

In relation to Tranche 2 of the 2006 awards, the highest percentile reached by the Average Amcor TSR during the vesting period relative to the Average Comparator TSR for each of the relevant stocks in the comparator group is the 66th percentile. In accordance with the vesting schedule (see Appendix), 82% of this tranche of awards has vested to date. Unvested awards have now lapsed.

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

MTIP (CEO only)

As detailed in the Appendix, an MTIP award was made to the CEO in 2007 which, following shareholder approval at the 2007 Annual General Meeting, was structured to deliver either cash or equity-based reward outcomes (or a combination thereof).

In February 2009, Amcor's Board of Directors assessed the CEO's performance against the MTIP performance criteria set in relation to the two year performance period ended 31 December 2008.

As concluded by the Board, and detailed in the Remuneration Report for the year ended 30 June 2009, the reward outcome of 93% of average TFR was to be delivered in the form of 335,599 Amcor Limited shares in two instalments at 31 December 2009 and 31 December 2010 (or as soon as practicable thereafter).

On 21 January 2010, the CEO was issued 179,193 Amcor Limited ordinary shares representing the vested first instalment of shares. The original number of shares applicable to the first instalment was increased to reflect dividends payable during the deferral period (12 months ended 31 December 2009)⁽¹⁾. The capping mechanism reduction was not applied to this instalment as no additional vesting occurred as a result of re-testing of the 2005/06 Long Term Incentive Plan during the deferral period.

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

D. Details of CEO and Senior Executive Remuneration for the Year Ended 30 June 2010

Table 13 shows the nature and amount of each component of remuneration received by the CEO and Senior Executives during the year ended 30 June 2010:

Table 13: Remuneration of CEO and Senior Executives

Name	Position	Short Term Employee Benefits			Special Incentive	Superannuation Benefits	Post-Employment	Share Based Payments			% of total employee compensation received as options and/or rights	Total Employee Compensation		
		Base Salary	Non Monetary Benefits	Bonus				Retirement Benefit	Shares	Cash Settled			Equity Settled	
Executive Directors														
K N MacKenzie	Managing Director and Chief Executive Officer	2010	1,777,438	333,484	1,848,645	-	179,167	-	-	1,922,774	-	1,922,774	31.7%	6,061,508
		2009	1,751,516	324,402	912,347	-	200,000	-	-	1,299,598 ⁽¹⁾	-	1,299,598	29.0%	4,487,863
Other Key Management Personnel														
G Blatrix ⁽³⁾	Managing Director, Amcor Flexibles Food	2010	400,886	101,680	71,964	-	94,185	-	-	214,089	-	214,089	24.3%	882,804
		2009	792,491	205,678	99,954	-	110,615	-	-	473,065	-	473,065	28.1%	1,681,803
P Brues	President, Amcor Flexibles Europe and Americas	2010	608,475	323,637	462,401	-	49,858	-	-	728,669	-	728,669	33.5%	2,173,040
		2009	587,628	173,342	586,939	-	174,982	-	-	531,583	-	531,583	25.9%	2,054,474
J Czubak ⁽³⁾	Managing Director, Amcor Rentsch	2010	337,697	5,024	317,226	-	87,574	-	-	70,233	-	263,780	30.9%	1,081,534
		2009	649,893	13,832	649,893	-	121,000	-	-	120,400	-	476,266	29.4%	2,031,284
L A Desjardins	Executive Vice President, Finance	2010	698,000	99,339	377,618	-	50,000	-	98,533	-	-	483,965	26.8%	1,807,455
		2009	690,781	92,821	173,802	-	50,000	-	98,533	-	-	230,799	17.3%	1,336,736
N Garrard	President, Amcor Australasia and Packaging Distribution	2010	725,000	273,680	490,100	-	25,000	-	229,625	-	-	322,265	15.6%	2,065,670
		2009	103,571	19,768	45,313	320,400 ⁽²⁾	-	-	19,135	-	-	944	0.2%	509,131
W J Long	President, Amcor Rigid Plastics	2010	733,075	51,885	423,586	-	349,055	-	-	783,341	-	783,341	33.5%	2,340,942
		2009	833,165	45,398	252,961	-	544,536	-	-	703,685	-	703,685	29.6%	2,379,745
I G Wilson	Executive Vice President, Strategy & Development	2010	872,408	125,923	930,000 ⁽⁴⁾	-	-	-	438,181	-	-	720,735	23.3%	3,087,247
		2009	916,935	151,684	929,124	-	-	-	568,531	-	-	629,386	19.7%	3,195,660
Total		2010	6,152,979	1,314,652	4,921,540	-	834,839	-	766,339	70,233	-	543,961	28.3%	19,500,200
		2009	6,325,980	1,026,925	3,650,333	320,400	1,201,133	-	686,199	120,400	-	4,345,326	25.3%	17,676,696

(1) Includes \$873,340 relating to CEO MTIP previously disclosed as cash settled. Now disclosed as equity settled as award outcome to be delivered in equity as determined by the Board.

(2) Sign-on incentive paid on commencement of employment.

(3) Remuneration amounts pro-rated for seven months from 1 July 2009 to 1 February 2010 to reflect period of year in which Mr Blatrix and Mr Czubak were KMP.

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

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Table 14: Terms and Conditions of each Grant of Options and Rights Affecting Remuneration

Grant Date	Expiry Date	Fair Value per Option (\$)	Exercise Price (\$)	Share Price at Grant Date (\$)	Estimated Volatility (%)	Risk Free Interest Rate (%)	Date Exercisable
24 March 2004	24 March 2010	1.31	7.34	7.87	20.00	5.12	24 March 2007
2 August 2004	23 September 2010	1.15	6.31	6.84	20.00	5.62	2 August 2007
27 October 2005	31 December 2010	1.08	6.25	6.69	22.00	5.40	1 January 2008
27 October 2005	30 June 2011	1.12	6.25	6.69	22.00	5.40	1 July 2008
27 October 2005	31 December 2011	1.14	6.25	6.69	22.00	5.40	1 January 2009
4 August 2006	31 December 2010	0.99	6.25	6.55	22.00	5.80	1 January 2009
4 August 2006	30 June 2011	1.03	6.25	6.55	22.00	5.80	1 January 2009
4 August 2006	31 December 2011	1.08	6.25	6.55	22.00	5.80	1 January 2009
22 September 2006	31 December 2010	0.99	6.25	7.13	22.00	5.80	31 December 2009
1 February 2007	31 December 2011	1.16	6.66	7.38	20.00	6.04	31 December 2010
5 March 2007	31 December 2011	1.16	6.66	7.05	20.00	6.04	31 December 2010
1 December 2007	30 June 2012	1.20	6.54	7.10	21.00	6.31	30 June 2011
1 December 2007	30 June 2012	1.20	6.54	6.85	21.00	6.31	30 June 2011
31 December 2007	30 June 2012	1.26	6.54	6.91	21.00	6.63	30 June 2011
1 December 2008	30 June 2013	1.10	5.09	5.75	26.00	3.84	31 October 2012
2 January 2009	30 June 2013	1.05	5.09	5.70	26.00	3.41	31 October 2012
4 November 2009	29 June 2016	1.43	4.73	5.56	32.00	5.53	31 October 2012
4 November 2009	29 June 2016	1.41	4.73	5.56	32.00	5.53	31 October 2013
4 November 2009	29 June 2016	1.36	4.73	5.56	32.00	5.53	31 October 2014
12 April 2010	30 June 2016	2.03	4.73	6.37	32.00	5.74	31 October 2012
12 April 2010	30 June 2016	1.99	4.73	6.37	32.00	5.74	31 October 2013
12 April 2010	30 June 2016	1.92	4.73	6.37	32.00	5.74	31 October 2014
12 April 2010	30 June 2016	1.55	5.86	6.37	32.00	5.74	31 October 2012
12 April 2010	30 June 2016	1.55	5.86	6.37	32.00	5.74	31 October 2013
12 April 2010	30 June 2016	1.50	5.86	6.37	32.00	5.74	31 October 2014
8 June 2010	30 June 2016	2.03	4.73	6.37	32.00	5.74	31 October 2012
8 June 2010	30 June 2016	1.99	4.73	6.37	32.00	5.74	31 October 2013
8 June 2010	30 June 2016	1.92	4.73	6.37	32.00	5.74	31 October 2014

Grant Date	Expiry Date	Fair Value per Right (\$)	Exercise Price (\$)	Share Price at Grant Date (\$)	Estimated Volatility (%)	Risk Free Interest Rate(%)	Date Exercisable
27 October 2005	31 December 2010	4.24	-	6.69	-	-	1 January 2008
27 October 2005	30 June 2011	4.15	-	6.69	-	-	1 July 2008
27 October 2005	31 December 2011	4.06	-	6.69	-	-	1 January 2009
4 August 2006	31 December 2010	4.12	-	6.55	-	-	1 January 2009
4 August 2006	31 December 2010	4.12	-	6.55	-	-	1 January 2009
4 August 2006	31 December 2011	4.07	-	6.55	-	-	1 January 2009
4 August 2006	31 December 2011	3.99	-	6.55	-	-	1 January 2009
4 August 2006	31 December 2010	4.12	-	6.55	-	-	1 January 2009
1 February 2007	31 December 2011	4.83	-	7.38	-	-	1 June 2010
1 February 2007	30 June 2012	3.64	-	7.38	-	-	31 October 2011
5 March 2007	31 December 2011	4.83	-	7.05	-	-	31 December 2010
31 December 2007	30 June 2012	3.78	-	6.91	-	-	31 October 2011
1 September 2008	1 September 2010	5.00	-	5.49	-	-	1 September 2010
1 December 2008	30 June 2013	4.15	-	5.75	-	-	31 October 2012
2 January 2009	30 June 2013	3.97	-	5.70	-	-	31 October 2012
1 September 2009	1 September 2011	5.00	-	5.72	-	-	1 September 2011
4 November 2009	30 June 2016	3.20	-	5.56	-	-	31 October 2012
4 November 2009	30 June 2016	3.49	-	5.56	-	-	31 October 2012
4 November 2009	30 June 2016	3.11	-	5.56	-	-	31 October 2013
4 November 2009	30 June 2016	3.37	-	5.56	-	-	31 October 2013
4 November 2009	30 June 2016	3.00	-	5.56	-	-	31 October 2014
4 November 2009	30 June 2016	3.23	-	5.56	-	-	31 October 2014
12 April 2010	30 June 2016	4.28	-	6.37	-	-	30 June 2012
12 April 2010	30 June 2016	4.34	-	6.37	-	-	30 June 2012
12 April 2010	30 June 2016	4.11	-	6.37	-	-	30 June 2013
12 April 2010	30 June 2016	4.20	-	6.37	-	-	30 June 2013
12 April 2010	30 June 2016	3.95	-	6.37	-	-	30 June 2014
12 April 2010	30 June 2016	4.05	-	6.37	-	-	30 June 2014
8 June 2010	30 June 2016	4.28	-	6.37	-	-	30 June 2012
8 June 2010	30 June 2016	4.34	-	6.37	-	-	30 June 2012
8 June 2010	30 June 2016	4.11	-	6.37	-	-	30 June 2013
8 June 2010	30 June 2016	4.20	-	6.37	-	-	30 June 2013
8 June 2010	30 June 2016	3.95	-	6.37	-	-	30 June 2014
8 June 2010	30 June 2016	4.05	-	6.37	-	-	30 June 2014

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Details of LTI Awards Granted, Vested and Exercised

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

Table 15: LTI Awards Granted, Vested and Exercised

Name	Number of options granted during the year		Number of options vested during the year		Number of options exercised during the year	
	2010	2009	2010	2009	2010	2009
Executive Directors						
K N MacKenzie	2,760,000	280,000	45,000	329,000	-	-
Senior Executives						
G Blatrix	-	110,000	36,000	151,200	-	-
P Brues	1,715,000	103,000	36,000	151,200	-	-
J Czubak	-	90,000	36,000	151,200	-	-
L A Desjardins	903,000	92,000	-	-	-	-
N Garrard	1,100,000	-	-	-	-	-
W J Long	1,680,000	145,000	48,000	201,600	-	-
I G Wilson	1,300,000	141,000	18,000	166,000	-	-

Name	Number of rights granted during the year		Number of rights vested during the year		Number of rights exercised during the year	
	2010	2009	2010	2009	2010	2009
Executive Directors						
K N MacKenzie	414,419	170,000	18,000	166,000	18,000	222,000
Senior Executives						
G Blatrix	9,938	110,984	12,000	50,400	-	-
P Brues	215,238	100,548	12,000	50,400	12,000	50,400
J Czubak	65,652	69,921	12,000	50,400	-	-
L A Desjardins	138,066	98,172	-	-	-	-
N Garrard	150,710	-	-	-	-	-
W J Long	179,100	151,794	16,000	67,200	16,000	67,200
I G Wilson	244,592	130,144	6,300	58,100	6,300	77,700

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

Table 16: Details of Ordinary Shares Provided

Name	Date of exercise of options	Amount paid per share (\$)	Number of ordinary shares issued on exercise of options during the year	
			2010	2009
Senior Executives				
Nil	-	-	-	-
Name	Date of exercise of rights	Amount paid per share (\$)	Number of ordinary shares issued on exercise of rights during the year	
			2010	2009
Executive Directors				
K N MacKenzie	31 October 2008	-	-	56,000
K N MacKenzie	5 December 2008	-	-	56,000
K N MacKenzie	15 January 2009	-	-	20,000
K N MacKenzie	15 January 2009	-	-	20,000
K N MacKenzie	4 February 2009	-	-	70,000
K N MacKenzie	5 March 2010	-	6,000	-
K N MacKenzie	5 March 2010	-	12,000	-
Senior Executives				
P Brues	12 January 2009	-	-	6,000
P Brues	28 January 2009	-	-	44,400
P Brues	30 April 2010	-	6,000	-
P Brues	3 June 2010	-	6,000	-
W J Long	13 January 2009	-	-	8,000
W J Long	28 January 2009	-	-	59,200
W J Long	30 April 2010	-	8,000	-
W J Long	3 June 2010	-	8,000	-
I G Wilson	11 December 2008	-	-	19,600
I G Wilson	11 December 2008	-	-	19,600
I G Wilson	19 June 2009	-	-	7,000
I G Wilson	19 June 2009	-	-	7,000
I G Wilson	19 June 2009	-	-	24,500
I G Wilson	19 March 2010	-	2,100	-
I G Wilson	19 March 2010	-	4,200	-

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

Table 17: Vesting Profile of Options and Rights Granted

Options

Name	Number	Grant date	Vested %	Lapsed %	Financial year in which options may vest	Minimum total value of grant yet to vest (\$)	Maximum total value of grant yet to vest (\$)
Executive Directors							
K N MacKenzie	250,000	27 October 2005	76	24	30 June 2008	nil	nil
	250,000	27 October 2005	82	18	30 June 2009	nil	nil
	250,000	27 October 2005	82	-	30 June 2009	nil	46,350
	165,000	1 November 2007	-	-	30 June 2012	nil	178,200
	280,000	1 December 2008	-	-	30 June 2013	nil	260,400
	1,380,000	4 November 2009	-	-	30 June 2012	nil	1,973,400
	828,000	4 November 2009	-	-	30 June 2013	nil	1,167,480
	552,000	4 November 2009	-	-	30 June 2014	nil	750,720
Senior Executives							
G Blatrix	90,000	4 August 2006	76	24	30 June 2008	nil	nil
	180,000	1 February 2007	94	-	30 June 2009	nil	11,556
	63,205	31 December 2007	-	-	30 June 2012	nil	72,054
	110,000	2 January 2009	-	-	30 June 2013	nil	96,800
P Brues	90,000	4 August 2006	76	24	30 June 2008	nil	nil
	180,000	1 February 2007	94	-	30 June 2009	nil	11,556
	46,380	1 December 2007	-	-	30 June 2012	nil	50,090
	103,000	2 January 2009	-	-	30 June 2013	nil	95,790
	857,500	12 April 2010	-	-	30 June 2012	nil	1,329,125
	514,500	12 April 2010	-	-	30 June 2013	nil	797,475
	343,000	12 April 2010	-	-	30 June 2014	nil	514,500
J Czubak	90,000	4 August 2006	76	24	30 June 2008	nil	nil
	180,000	1 February 2007	94	-	30 June 2009	nil	11,556
	47,904	1 December 2007	-	-	30 June 2012	nil	51,736
	90,000	1 December 2008	-	-	30 June 2013	nil	83,700
L A Desjardins	62,631	1 December 2007	-	-	30 June 2012	nil	67,641
	92,000	1 December 2008	-	-	30 June 2013	nil	85,560
	451,500	12 April 2010	-	-	30 June 2012	nil	916,545
	270,900	12 April 2010	-	-	30 June 2013	nil	539,091
	180,600	12 April 2010	-	-	30 June 2014	nil	346,752
N Garrard	550,000	12 April 2010	-	-	30 June 2012	nil	1,116,500
	330,000	12 April 2010	-	-	30 June 2013	nil	656,700
	220,000	12 April 2010	-	-	30 June 2014	nil	422,400
W J Long	120,000	4 August 2006	76	24	30 June 2008	nil	nil
	240,000	1 February 2007	94	-	30 June 2009	nil	15,408
	65,702	1 December 2007	-	-	30 June 2012	nil	70,958
	145,000	2 January 2009	-	-	30 June 2013	nil	134,850
	840,000	12 April 2010	-	-	30 June 2012	nil	1,302,000
	504,000	12 April 2010	-	-	30 June 2013	nil	781,200
	336,000	12 April 2010	-	-	30 June 2014	nil	504,000

Options

Name	Number	Grant date	Vested %	Lapsed %	Financial year in which options may vest	Minimum total value of grant yet to vest (\$)	Maximum total value of grant yet to vest (\$)
Senior Executives							
I G Wilson	100,000	04 August 2006	76	24	30 June 2008	nil	nil
	100,000	04 August 2006	76	24	30 June 2009	nil	nil
	100,000	04 August 2006	82	-	30 June 2009	nil	17,460
	84,897	1 December 2007	-	-	30 June 2012	nil	91,689
	141,000	1 December 2008	-	-	30 June 2013	nil	131,130
	650,000	08 June 2010	-	-	30 June 2012	nil	1,319,500
	390,000	08 June 2010	-	-	30 June 2013	nil	776,100
	260,000	08 June 2010	-	-	30 June 2014	nil	499,200

Rights

Name	Number	Grant date	Vested %	Lapsed %	Financial year in which rights may vest	Minimum total value of grant yet to vest (\$)	Maximum total value of grant yet to vest (\$)
Executive Directors							
K N MacKenzie	100,000	27 October 2005	76	24	30 June 2008	nil	nil
	100,000	27 October 2005	82	18	30 June 2009	nil	nil
	100,000	27 October 2005	82	-	30 June 2009	nil	73,080
	100,000	1 November 2007	-	-	30 June 2012	nil	364,000
	170,000	1 December 2008	-	-	30 June 2013	nil	705,500
	47,419	1 September 2009	-	-	30 June 2012	nil	237,095
	91,750	4 November 2009	-	-	30 June 2013	nil	293,600
	91,750	4 November 2009	-	-	30 June 2013	nil	320,208
	55,050	4 November 2009	-	-	30 June 2014	nil	171,206
	55,050	4 November 2009	-	-	30 June 2012	nil	185,519
	36,700	4 November 2009	-	-	30 June 2013	nil	110,100
	36,700	4 November 2009	-	-	30 June 2014	nil	118,541
Senior Executives							
G Blatrix	30,000	4 August 2006	76	24	30 June 2008	nil	29,664
	60,000	1 February 2007	94	-	30 June 2009	nil	17,388
	34,131	31 December 2007	-	-	30 June 2012	nil	129,015
	43,984	1 September 2008	-	-	30 June 2011	nil	219,920
	67,000	2 January 2009	-	-	30 June 2013	nil	265,990
	9,938	1 September 2009	-	-	30 June 2012	nil	49,690
P Brues	30,000	4 August 2006	76	24	30 June 2008	nil	nil
	60,000	1 February 2007	94	-	30 June 2009	nil	17,388
	25,045	1 December 2007	-	-	30 June 2012	nil	91,164
	38,548	1 September 2008	-	-	30 June 2011	nil	192,740
	62,000	1 December 2008	-	-	30 June 2013	nil	257,300
	58,238	1 September 2009	-	-	30 June 2012	nil	291,190
	39,250	12 April 2010	-	-	30 June 2012	nil	167,990

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Name	Number	Grant date	Vested %	Lapsed %	Financial year in which rights may vest	Minimum total value of grant yet to vest (\$)	Maximum total value of grant yet to vest (\$)
Senior Executives							
	39,250	12 April 2010	-	-	30 June 2012	nil	170,345
	23,550	12 April 2010	-	-	30 June 2013	nil	96,791
	23,550	12 April 2010	-	-	30 June 2013	nil	98,910
	15,700	12 April 2010	-	-	30 June 2014	nil	62,015
	15,700	12 April 2010	-	-	30 June 2014	nil	63,585
J Czubak	30,000	4 August 2006	76	24	30 June 2008	nil	nil
	60,000	1 February 2007	94	-	30 June 2009	nil	17,388
	25,868	1 December 2007	-	-	30 June 2012	nil	94,160
	14,921	1 September 2008	-	-	30 June 2011	nil	74,605
	55,000	1 December 2008	-	-	30 June 2013	nil	228,250
	65,652	1 September 2009	-	-	30 June 2012	nil	328,260
L A Desjardins	33,820	1 December 2007	-	-	30 June 2012	nil	123,105
	42,172	1 September 2008	-	-	30 June 2011	nil	210,860
	56,000	1 December 2008	-	-	30 June 2013	nil	232,400
	18,066	1 September 2009	-	-	30 June 2012	nil	90,330
	30,000	12 April 2010	-	-	30 June 2012	nil	128,400
	30,000	12 April 2010	-	-	30 June 2012	nil	130,200
	18,000	12 April 2010	-	-	30 June 2013	nil	73,980
	18,000	12 April 2010	-	-	30 June 2013	nil	75,600
	12,000	12 April 2010	-	-	30 June 2014	nil	47,400
	12,000	12 April 2010	-	-	30 June 2014	nil	48,600
N Garrard	4,710	1 September 2009	-	-	30 June 2012	nil	23,550
	36,500	12 April 2010	-	-	30 June 2012	nil	156,220
	36,500	12 April 2010	-	-	30 June 2012	nil	158,410
	21,900	12 April 2010	-	-	30 June 2013	nil	90,009
	21,900	12 April 2010	-	-	30 June 2013	nil	91,980
	14,600	12 April 2010	-	-	30 June 2014	nil	57,670
	14,600	12 April 2010	-	-	30 June 2014	nil	59,130
W J Long	40,000	4 August 2006	76	24	30 June 2008	nil	nil
	80,000	1 February 2007	94	-	30 June 2009	nil	23,184
	35,479	1 December 2007	-	-	30 June 2012	nil	129,144
	63,794	1 September 2008	-	-	30 June 2011	nil	318,970
	88,000	1 December 2008	-	-	30 June 2013	nil	365,200
	25,100	1 September 2009	-	-	30 June 2012	nil	125,500
	38,500	12 April 2010	-	-	30 June 2012	nil	164,780
	38,500	12 April 2010	-	-	30 June 2012	nil	167,090
	23,100	12 April 2010	-	-	30 June 2013	nil	94,941
	23,100	12 April 2010	-	-	30 June 2013	nil	97,020
	15,400	12 April 2010	-	-	30 June 2014	nil	60,830
	15,400	12 April 2010	-	-	30 June 2014	nil	62,370

Rights

Name	Number	Grant date	Vested %	Lapsed %	Financial year in which rights may vest	Minimum total value of grant yet to vest (\$)	Maximum total value of grant yet to vest (\$)
Senior Executives							
I G Wilson	35,000	4 August 2006	76	24	30 June 2008	nil	nil
	35,000	4 August 2006	82	18	30 June 2009	nil	nil
	35,000	4 August 2006	82	-	30 June 2009	nil	25,641
	45,844	1 December 2007	-	-	30 June 2012	nil	166,872
	45,144	1 September 2008	-	-	30 June 2011	nil	225,720
	85,000	1 December 2008	-	-	30 June 2013	nil	352,750
	92,592	1 September 2009	-	-	30 June 2012	nil	462,960
	38,000	08 June 2010	-	-	30 June 2012	nil	162,640
	38,000	08 June 2010	-	-	30 June 2012	nil	164,920
	22,800	08 June 2010	-	-	30 June 2013	nil	93,708
	22,800	08 June 2010	-	-	30 June 2013	nil	95,760
	15,200	08 June 2010	-	-	30 June 2014	nil	60,040
	15,200	08 June 2010	-	-	30 June 2014	nil	61,560

E. CEO and Senior Executive Service Agreements

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

Table 18: Summary of Specific Terms of Executive Service Agreements

Name	Term of agreement	Notice period	Redundancy/termination payment
K N MacKenzie	Open	12 months	Greater of amount payable required by law and 12 months' Total Remuneration. ⁽¹⁾
G Blatrix	Open	12 months	Greater of amount payable required by law and payment in lieu of notice (12 months' base salary).
P Brues	Open	12 months	Greater of amount payable required by law and payment in lieu of notice (12 months' base salary).
J Czubak	Open	12 months	Greater of amount payable required by law and payment in lieu of notice (12 months' base salary).
L A Desjardins	Open	12 months	Greater of amount payable required by law and payment in lieu of notice (12 months' base salary).
N Garrard	Open	12 months	Greater of amount payable required by law and payment in lieu of notice (12 months' base salary). ⁽²⁾
W J Long	Open	12 months	Greater of amount payable required by law and payment in lieu of notice (12 months' base salary).
I G Wilson	Open	12 months	Greater of amount payable required by law and payment in lieu of notice (12 months' base salary).

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

(2) An additional cash amount of \$310,000 is payable on termination.

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F. Non-Executive Directors' Remuneration

Fee Policy

The Non-Executive Director fee policy enables the Company to attract and retain high quality directors with relevant experience. At the same time, the cost to the Company is managed in relation to the maximum aggregate fee limit. The current aggregate fee limit of \$2,500,000 was approved by shareholders at the 2008 Annual General Meeting.

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

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

The fee policy is reviewed annually by the HR Committee, which obtains advice on market practice from independent remuneration consultants. Non-Executive Director fees for the year to 30 June 2011 have been reviewed and no increase in fees will be applied.

Performance based Remuneration and Minimum Shareholding

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

Retirement Allowances

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

Non-Executive Directors' Remuneration for the 2010 Financial Year

Table 19: Details of Non-Executive Directors' Remuneration

Non-Executive Directors		Short Term Employee Benefits		Post Employment		Total Compensation
		Salary and Fees	Non Monetary Benefits	Superannuation Benefits	Retirement Benefit ⁽¹⁾	
C I Roberts	2010	604,500	4,652	54,405	42,326	705,883
	2009	604,500	4,660	54,405	45,257	708,822
R K Barton (retired 22 October 2009)	2010	70,500	700	6,345	-(2)	77,545
	2009	215,993	2,800	19,439	15,971	254,203
K Guerra	2010	41,659	537	-	-	42,196
	2009	-	-	-	-	-
A Meyer	2010	42,644	533	2,848	-	46,025
	2009	-	-	-	-	-
G J Pizzey	2010	221,500	2,820	19,935	-	244,255
	2009	181,847	2,755	63,538	-	248,140
E J J Pope	2010	225,136	2,800	20,208	-	248,144
	2009	202,910	2,815	33,300	-	239,025
J Sutcliffe	2010	146,608	1,941	13,195	-	161,744
	2009	-	-	-	-	-
J G Thorn	2010	247,038	2,784	14,305	-	264,127
	2009	254,000	2,812	22,860	-	279,672
G A Tomlinson (retired 20 April 2010)	2010	176,944	2,100	15,925	7,211 ⁽³⁾	202,180
	2009	247,587	2,800	22,283	17,198	289,868
TOTAL	2010	1,776,529	18,867	147,166	49,537	1,992,099
	2009	1,706,837	18,642	215,825	78,426	2,019,730

(1) Amounts shown represent CPI indexed adjustments.

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

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

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Appendix: Prior Year LTI and Other Equity Awards

Note regarding existing but unvested awards under Amcor's LTI programs

Awards (including options) granted under some employee incentive plans used to expire outside Amcor's formal trading windows. On 28 June 2010, Amcor's Executive Committee resolved that the expiry dates of those awards be amended so that they coincide with the close of Amcor's next available trading window.

LTI awards for the year ended 30 June 2009

As previously reported, the CEO and other selected executives received LTI awards in 2009. Participants were offered both performance rights and share options subject to specific performance hurdles being achieved over a four year performance period. The 2009 LTI awards were allocated 75% to performance rights and 25% to share options.

The terms and conditions of these awards are consistent with the 2010 LTI awards, although the following differences are noted:

Feature	Description										
Performance period	Four years to 30 June 2012										
Tranches	One										
Re-tests	None										
TSR peer group	<ul style="list-style-type: none"> Companies in the ASX 100 with market capitalisation between 50% and 200% of Amcor, less selected GICS Sector and Industry groupings (being 'Financial', 'Telecom Services', 'Metals & Mining', 'Media' and 'Chemicals'); plus A select list of international industry peers. <p>The peer group consisted of the following companies at the start of the performance period:</p> <p>ASX companies: Billabong International Limited, James Hardie Industries NV, Sonic Healthcare Limited, Boral Limited, ResMed Inc., Lion Nathan Limited, Computershare Limited, Coca-Cola Amatil Limited, Origin Energy Limited, Leighton Holdings Limited, Aristocrat Leisure Limited, Qantas Airways Limited, CSL Limited, Brambles Limited.</p> <p>International industry peers: Ball Corp., Bemis Co Inc., Constar International Inc., Crown Holdings Inc., Huhtamaki, MeadWestvaco Corp., Owens Illinois Inc., Pactiv Corp., Rexam plc, RPC Group plc, Sealed Air Corp., Silgan Holdings Inc, Smurfit Stone Container Corp., Sonoco Products Co.</p>										
Vesting schedule for RoAFE performance	<p>Increase on the published RoAFE percentage achieved for the year ended 30 June 2008 (11.7%).</p> <table border="1"> <thead> <tr> <th>Percentage point increase</th> <th>Vesting percentage</th> </tr> </thead> <tbody> <tr> <td><1%</td> <td>0%</td> </tr> <tr> <td>Between 1 but less than 1.5%</td> <td>50%</td> </tr> <tr> <td>Between 1.5% but less than 3%</td> <td>75%</td> </tr> <tr> <td>3% or more</td> <td>100%</td> </tr> </tbody> </table>	Percentage point increase	Vesting percentage	<1%	0%	Between 1 but less than 1.5%	50%	Between 1.5% but less than 3%	75%	3% or more	100%
Percentage point increase	Vesting percentage										
<1%	0%										
Between 1 but less than 1.5%	50%										
Between 1.5% but less than 3%	75%										
3% or more	100%										
Option exercise price*	\$5.62 (adjusted volume weighted average price of ordinary shares in the Company on the ASX over the five trading days prior to 3 November 2008).										

* As required by ASX Listing Rule 6.22, the option exercise price was reduced by \$0.53 per share (to \$5.09) following the Equity Raising Rights Issue in August 2009.

LTI awards for the year ended 30 June 2008

As previously reported, the CEO and other selected executives received LTI awards in 2008. The terms and conditions of these awards are consistent with the 2009 LTI awards although the following differences are noted:

Feature	Description
Performance period	Four years ending 30 June 2011
TSR comparator groups:	ASX companies: Billabong International Limited, James Hardie Industries NV, Sonic Healthcare Limited, Boral Limited, ResMed Inc, Lion Nathan Limited, Computershare Limited, Coca-Cola Amatil Limited, Origin Energy Limited, Leighton Holdings Limited, Aristocrat Leisure Limited, Qantas Airways Limited, CSL Limited, Brambles Limited. International industry peers: Ball Corp, Bemis Co Inc, Constar International Inc, Crown Holdings Inc, Huhtamaki, MeadWestvaco Corp, Owens Illinois Inc, Pactiv Corp, Rexam plc, RPC Group plc, Sealed Air Corp, Silgan Holdings Inc, Smurfit Stone Container Corp, Sonoco Products Co.
Option exercise price*:	\$7.07 (adjusted volume weighted average price of ordinary shares in the Company on the ASX over the five trading days prior to 1 November 2007).

* As required by ASX Listing Rule 6.22, the option exercise price was reduced by \$0.53 per share (to \$6.54) following the Equity Raising Rights Issue in August 2009.

LTI awards for the two years ended 30 June 2007

The CEO and selected Senior Executives received LTI awards in 2006; other Senior Executives received LTI awards in both the 2006 and 2007 financial years. Details of the terms of these awards are provided in Table 20 below.

Awards comprised both share options and performance rights. The level of awards was determined based on market positioning of executives' total rewards relative to their local markets. The awards are subject to relative TSR performance hurdles, details of which are provided below.

The periods over which performance will be measured and the vesting periods (during which performance is tested on a monthly basis) are as follows:

Table 20: Vesting Periods

Financial year	TSR base date	Tranche*	Vesting period	Expiry date
2006	1 July 2005	1	1 January 2008 to 31 December 2009	31 December 2010
		2	1 July 2008 to 30 June 2010	30 June 2011
		3	1 January 2009 to 31 December 2010	31 December 2011
2007	1 July 2006	1	1 January 2009 to 31 December 2010	31 December 2011

* Executives who participated in all three tranches of the 2006 award were not eligible to participate in the 2007 award. This included the CEO and a limited number of Senior Executives.

Share options and performance rights vest depending on the highest percentile reached by the Average Amcor TSR relative to the Average Comparator TSR for each of the relevant stocks in the comparator group during the vesting period. The comparator group of companies for awards granted in relation to 2006 and 2007 financial years under the Long Term Incentive Plan comprised the S&P/ASX100 Index as at the relevant base date for the awards (see table above), excluding Amcor and companies in the following industry categories ('Financial ex Property Trusts', 'Property Trusts', 'Resources', 'Telecommunications Services' and 'Media Sectors').

Directors' Report

Remuneration Report

The vesting schedule, which applies to all grants to date under this program, is as follows:

Table 21: Vesting Schedule LTI Awards

Level of TSR performance (relative to comparator group)	Level of vesting
Less than 50th percentile	Nil
50th percentile	50%
Between 50th and 75th percentile	Straight line between 50% and 100%
75th percentile and above	100%

These performance hurdles were chosen after extensive consultation with shareholders and governance advisory groups on the basis that they are transparent and measurable against objective data.

In addition to the performance hurdles, forfeiture conditions and provisions relating to termination of employment exist. In the event of termination of employment of plan participants, the Board retains overall discretion to determine the level of vesting that is appropriate. In the event of a change in control, the Board will determine in its discretion whether and, if appropriate, the extent to which outstanding awards will vest.

The option exercise prices for the 2006 and 2007 LTI awards are \$6.25 and \$6.66 respectively. As required by ASX Listing Rule 6.22, the option exercise prices have been reduced by \$0.53 per share following the Equity Raising Rights Issue in August 2009.

Legacy Share-Based Plans

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

Table 22: Legacy Share-Based Plans

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

Medium Term Incentive Plan (MTIP) – CEO only

As detailed in the 2007 Remuneration Report, an MTIP award was made to the CEO. Following shareholder approval at the 2007 Annual General Meeting, the award was structured to deliver a cash bonus, shares or a combination thereof.

Vesting was subject to the satisfaction of a set of challenging performance measures. Testing (single test only) was applied following the conclusion of the two year performance period ended 31 December 2008, as discussed in Section C.

The performance measures focused on the sustained delivery of The Way Forward strategy and the creation of a platform for excellent Company performance in the longer term. Targets were set in the following areas:

Performance area	Weighting
Financial performance (Return on Average Funds Employed and Average Working Capital)	25%
Business unit portfolio and market positions (focusing on business improvement, restructuring and growth)	25%
Customers, cost, capital and culture	50%

Performance expectations were set by the Board in respect of threshold, target and maximum performance levels. The quantum of the award that could vest was as follows:

Table 23: MTIP Award Quantum

Level of performance	Value of award (% of average TFR over the performance period)
Threshold	50%
Target	100%
Maximum	150%

The vested award is subject to further deferral periods – 50% to be received after a further 12 months (31 December 2009) and the remaining 50% after 24 months (31 December 2010). The vested award will be forfeited if the CEO resigns during the relevant deferral periods.

The notes contained in the 2007 Notice of Annual General Meeting (available on Amcor's website) detail the specific provisions relating to termination of employment, change of control and capping mechanism applicable to the MTIP award to the CEO.

Directors' Report

Corporate Governance Statement

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

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

Co-workers who joined Amcor in 2010 from the former Alcan Packaging businesses received induction and training on Amcor's key policies as part of a comprehensive on-boarding program implemented soon after the acquisition was completed.

Principle 1: Lay solid foundations for management and oversight

Role of the Board and management

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

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

Responsibilities of the Board

The responsibilities of the Board include:

- Overseeing the management of the Company and direction of its business strategy with the aim of increasing value for shareholders;
- Providing strategic direction for, and approving, the Company's business strategies and objectives;
- Providing oversight of the Company's occupational health and safety policies and standards;
- Monitoring the operational and financial position and performance of the Company;

- Overseeing the identification of the principal risks faced by the Company and taking reasonable steps designed to ensure that appropriate internal controls and monitoring systems are in place to manage and, to the extent possible, reduce the impact of these risks;
- Ensuring that financial and other reporting mechanisms are put in place by the Chief Executive Officer that result in adequate, accurate and timely information being provided to the Board and the Company's shareholders and the financial market as a whole being fully informed of all material developments relating to the Company;
- Appointing and, where appropriate, removing the Managing Director, approving other key executive appointments and planning for executive succession;
- Overseeing and evaluating the performance of the Managing Director, and other senior executives, having regard to the Company's business strategies and objectives;
- Instituting and implementing procedures for the annual review and evaluation of the performance of the Board;
- Reviewing and approving remuneration for the senior executives of the Company;
- Approving the Company's budgets and business plans and monitoring the management of the Company's capital, including the progress of any major capital expenditures, acquisitions or divestitures;
- Establishing procedures to ensure that financial results are appropriately and accurately reported on a timely basis in accordance with all legal and regulatory requirements;
- Adopting appropriate procedures to ensure compliance with all laws, governmental regulations and accounting standards;
- Approving, and reviewing, the Company's internal compliance procedures, including any codes of conduct and taking all reasonable steps to ensure that the business of the Company is conducted in an open and ethical manner; and
- Reviewing and amending the Board and Committee Charters.

Board processes

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

Standing items include the Managing Director's report, business group operating reports, financial reports, strategic matters and governance and compliance updates. All submissions are circulated in advance to allow the Board time to review and give due consideration to each report. The Board has access to Company executives and management, and independent advisers. Executives are regularly involved in Board discussions and Directors have other opportunities to interact with management and co-workers during visits to business units and plants, both locally and overseas.

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

- Audit and Compliance
- Executive
- Human Resources
- Nomination

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

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

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

A performance evaluation for senior executives takes place every six months and last took place in July 2010, in compliance with the established evaluation process, including emphasis on demonstrating Amcor's values. A description of the process for evaluation and remuneration of senior executives is set out in the Remuneration Report on pages 28 to 51. The Company's policy for senior executive reward and evaluation, upon which the evaluation process is based, is published on the Company's website.

Principle 2: Structure the Board to add value

The names of the members of the Board as at the date of this report are set out below. Details of the Board members' experience, expertise, qualifications, term of office and independence status, are set out in the Directors' profiles on pages 17 to 19.

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

K N MacKenzie – Managing Director and Chief Executive Officer

A Meyer – Independent Non-Executive Director

K J Guerra – Independent Non-Executive Director

G J Pizzey – Independent Non-Executive Director

E J J Pope – Independent Non-Executive Director

J L Sutcliffe – Independent Non-Executive Director

J G Thorn – Independent Non-Executive Director

Composition of the Board

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

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

The Board seeks to ensure that:

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

Directors' independence

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

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

Directors' Report

Corporate Governance Statement

- Have the capacity to devote the necessary time to the important tasks entrusted to him/her as a director of the Company.

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

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

Dr Keith Barton retired by rotation at the 2009 AGM and, consistent with the above policy on tenure, did not seek re election.

Also consistent with the Board's tenure policy, both Mr Chris Roberts and Mr Geoff Tomlinson offered to the Board to resign at the 2009 AGM.

In the case of Mr Roberts, however, the Board determined that, having regard to the offer to acquire parts of the operations of Alcan Packaging having just been made at that time by the Company, and also taking into account other projects then under consideration by the Company globally, special circumstances existed such that it would be in the best interests of the Company if Mr Roberts continued as Director and Chairman until February 2012. Mr Roberts agreed to remain a Director and Chairman on that basis. It is intended that Mr Roberts will resign as a Director at that time, absent any further special circumstances then existing that would, in the Board's view under its tenure policy, justify further service. Mr Roberts continued tenure will remain subject to the retirement by rotation and re election requirements set out in the Company's constitution and the ASX Listing Rules. In accordance with these requirements, Mr Roberts will retire by rotation at the 2010 AGM and seek re election.

The Board also determined in 2009 that special circumstances existed in the case of Mr Tomlinson, having regard to the offer to acquire parts of the operations of Alcan Packaging and to ensure an orderly process of Board succession. Mr Tomlinson agreed to remain a Director on that basis, and subsequently retired in April 2010.

Mr Jeremy Sutcliffe was elected to the Board by the shareholders at the 2009 AGM. Two new directors were appointed to the Board in April 2010, Mrs Karen Guerra and Dr Armin Meyer. Mrs Guerra and Dr Meyer will stand for election at this year's Annual General Meeting. Both Mrs Guerra and Dr Meyer are based in and have held senior executive positions in Europe. Their European experience brings diversity to the Board and Board committees of Amcor. Biographical details in respect of Mrs Guerra and Dr Meyer are found on pages 17 to 18.

Term of office held by each Director

The term of office of each Director in office at the date of this report is outlined in the Directors' profiles on pages 17 to 19.

The role of the Chairman

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

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

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

Nomination Committee

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

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

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

The Nomination Committee comprises three Independent Non-Executive Directors, and the Chairman of the Board is Chairman of the Committee. The names of the members as at the date of this report are set out below and further details of their profiles are set out on pages 17 to 18.

Nomination Committee:

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

G J Pizzey – Independent Non-Executive Director

E J J Pope – Independent Non-Executive Director

The Nomination Committee met once during the year. Attendance at meetings is disclosed on page 21.

The Board undertakes an assessment of its collective performance, the performance of the Board committees and the Chairman, on an annual basis. The Chairman meets privately with individual Directors as part of the assessment process. The results of this assessment are documented and any action plans implemented. An assessment in accordance with the established process was undertaken in June 2010. Further details of the Nomination Committee's Charter, policies and processes, including those for appointing Directors and evaluating the Board's performance, are available on the Company's website.

Individual Director's responsibilities

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

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

The Directors held ten Board meetings and twenty committee meetings during the year. The number of committee meetings held during the year was higher than normal as a result of the acquisition of the former Alcan Packaging businesses. The number of meetings attended by each Director is disclosed on page 21. Directors visited operational sites of the Company in addition to attending Board meetings during the year.

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

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

Director induction and education

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

Independent professional advice and access to information

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

The Board and the Company Secretary

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

Each Director is entitled to access the advice and services of the Company Secretary. The names and details of the Company Secretaries as at the date of this report are set out on page 21.

Executive Committee

The Executive Committee's Charter sets out the responsibilities of the Executive Committee. The Charter is available on the Company's website. The Committee deals with matters referred to it by the Board or with urgent matters which may not be deferred until the next meeting of the Board. A majority of the Committee must be independent. The names of the members of the Committee as at the date of this report are set out below and further details of their profiles are set out on pages 17 to 19.

Executive Committee:

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

K N MacKenzie – Executive Director

G J Pizzey – Independent Non-Executive Director

J G Thorn – Independent Non-Executive Director

All other Non-Executive Directors receive the Executive Committee agendas and papers and are encouraged to attend meetings of the Executive Committee as available. The Committee met eleven times during the year and members' attendance at these meetings is disclosed in the table of Directors' meetings on page 21.

Directors' Report

Corporate Governance Statement

Principle 3: Promote ethical and responsible decision making

Conflict of interest

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

Details of Director related entity transactions with the Company are set out in note 28 to the Financial Statements.

Code of Conduct and Ethics

Amcor recognises the importance of honesty, integrity and fairness in conducting its business, and is committed to increasing shareholder value in conjunction with fulfilling its responsibilities as a good corporate citizen. All Directors, managers and co workers are expected to act with the utmost integrity and objectivity, striving at all times to enhance the reputation and performance of the Company. Amcor believes that it is not only required to abide by the national laws in each country in which it operates, but that it must also conduct its business in accordance with internationally accepted practices and procedures.

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

Each new co worker is introduced to the Code as part of their induction training. Co-workers are asked to sign a declaration confirming their compliance with the Code and further training is periodically provided. Co-workers who joined Amcor in 2010 from the former Alcan Packaging businesses were introduced to Amcor's policies, including the Code of Conduct and Ethics Policy and the Whistleblower Policy, as part of a comprehensive induction and on-boarding program implemented soon after the acquisition was completed.

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

Whistleblower Policy

The Code of Conduct and Ethics Policy includes a Whistleblower Policy and Amcor operates a Whistleblower Service through an independent third party, to facilitate reporting of potential misconduct within the Company. The Board regularly reviews the Code of Conduct and Ethics Policy and the Whistleblower Policy and processes are in

place to promote and communicate these policies. The Whistleblower Policy can be found in the Corporate Governance section of the Company's website.

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

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

Fraud Policy

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

Trading in company securities by Directors and employees

Amcor has a Share Trading Policy that outlines insider trading laws and limits the times when Directors, co workers and certain associates may trade in Amcor's securities to trading windows. The trading windows are four weeks after the release of the half year results, full year results and the holding of the Annual General Meeting. Trading of securities outside the trading windows can only occur in exceptional circumstances and with the approval of the Company Secretary. The policy also prohibits Directors, co workers and certain associates from engaging in hedging arrangements over unvested securities issued pursuant to any employee option or share plans and certain vested securities that are subject to the Minimum Shareholding Policy. The policy meets the requirements of the proposed ASX Listing Rule on trading policies released by the ASX on 19 July 2010 and Principle 3 of the ASX Principles. The Share Trading Policy is available in the Corporate Governance section of the Company's website.

Principle 4: Safeguard integrity in financial reporting

Audit and Compliance Committee

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

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

The Audit and Compliance Committee assists the Board in fulfilling its responsibility for oversight of the quality and integrity of the accounting, auditing and financial reporting processes of the Company, the audits of the Company's financial statements, the performance of the Company's internal and external auditors and the Company's processes to manage financial risk. The Committee approves the appointment of or dismissal of the head of the Company's internal audit function. The head of internal audit provides regular reports directly to the Committee. The Committee Charter provides that the Committee will have the authority and resources necessary to discharge its duties and responsibilities, including meeting with the auditors without management present.

The Committee is responsible for the appointment, compensation, retention and oversight of the external auditor, including the independence of the external auditor, and review of any non audit services provided by the external auditor. The Company and Audit and Compliance Committee policy is to review the performance of the external auditor regularly regarding quality, costs and independence. PricewaterhouseCoopers was appointed as external auditor by the shareholders in 2007. It is a Company requirement for regular rotation of audit engagement partner and PricewaterhouseCoopers has a policy of rotation at least every five years. It is the policy of the external auditor to provide an annual declaration of their independence to the Audit Committee (page 60). Fees paid to the external auditor, including a break down of fees for non audit services, are reported in note 8 to the Financial Statements.

The Audit and Compliance Committee is required under the Charter to meet at least quarterly and otherwise as necessary. The Committee met four times during the year and Committee members' attendance records are disclosed in the table of Directors' meetings on page 21.

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

The names of the members of the Committee as at the date of this report are set out below and further details of their profiles are set out on pages 17 to 19.

Audit and Compliance Committee:

J G Thorn (Chairman) – Independent Non-Executive Director
 A Meyer – Independent Non-Executive Director
 E J J Pope – Independent Non-Executive Director
 C I Roberts – Independent Non-Executive Director

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

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

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

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

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

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

Directors' Report

Corporate Governance Statement

At the 2009 Annual General Meeting of the Company, shareholders approved a number of updates to the Company's Constitution. A copy of the Constitution is available to any shareholder who requests it, and can be viewed on the Company's website.

eTree

Amcor supports the environmental initiative eTree. Under this program, Amcor shareholders can help reduce paper usage and company costs by electing to receive all shareholder information (including the Annual Report) online. For every email address registered on www.eTree.com.au/amcor, \$2 is donated to Landcare Australia on the shareholders' behalf to support native reforestation and restoration projects in Australia and New Zealand. Amcor has already helped to facilitate the planting of more than 23,767 native trees via this initiative.

Principle 7: Recognise and manage risk

Risk Management Framework

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

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

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

Amcor has implemented an Enterprise Risk Management (ERM) framework to improve its ability to meet the above objectives and achieve the desired outcomes.

Amcor's approach incorporates the principles of effective risk management, as set out in the Global Risk Management Standard ISO31000. The approach also includes the application of a continuous improvement model which is underpinned by independent third party framework maturity assessments. The assessments include an analysis of Amcor's consistency of design (technical maturity) and consistency of approach (behavioural maturity).

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

ERM seeks to apply risk management across an entire organisation, and it does this so that all material risks can be identified, assessed and mitigated. In support of this approach the Amcor Board sets the risk appetite of the organisation to take account of safety, environment, reputation, and corporate governance risks, in addition to financial risks.

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

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

Internal control

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

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

Environmental regulation

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

The Board is responsible for the regular monitoring of environmental exposures and compliance with environmental regulations. As part of this process, the Board is responsible for:

- Overseeing implementation of environmental management plans in operating areas that may have a significant environmental impact;
- Identifying where remedial actions are required and implementing action plans to remedy problems, reduce the risks of adverse environmental impact, and improve environmental performance; and
- Regular monitoring of regulatory requirements.

To enable it to meet its responsibilities of oversight, the Board has established an internal reporting process. Environmental performance is reported from each site up through management to the Board on a regular basis. Compliance with the requirements of environmental regulations and with specific requirements of site environmental licences was substantially achieved across all operations. Information on compliance with significant environmental regulations is set out on page 25 of the Directors' Report. The Sustainability Review on pages 14 to 16 also addresses environmental performance.

Corporate reporting

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

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

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

Principle 8: Remunerate fairly and responsibly

Human Resources Committee

The Human Resources Committee reviews and makes recommendations to the Board on remuneration packages and policies applicable to the Managing Director and Chief Executive Officer, senior executives and Non-Executive Directors. It is also responsible for oversight of the Company's policies and procedures for retention of senior management, incentive performance schemes, executive development leadership and succession plans, and human resource plans for each business. The majority of members must be independent, and the Chairman of the Committee is an Independent Non-Executive Director. The Committee has appointed external advisers to review the remuneration of the Managing Director and

Chief Executive Officer and senior executives, independent of management. The Human Resources Committee's Charter and a summary of the Company's policy for senior executive reward and evaluation are available in the Corporate Governance section of the Company's website.

Details of the Company's remuneration, recruitment, retention and termination policies and procedures for senior executives, and details of senior executives' remuneration and incentives are set out in the Remuneration Report, on pages 28 to 51. Information regarding the structure of non executive director remuneration, superannuation for non executive directors and the Company policy on retirement benefits is contained in the Remuneration Report, on pages 28 to 51.

The names of the members of the Human Resources Committee as at the date of this report are set out below and further details of their profiles are set out on pages 17 to 19. The Human Resources Committee meets as and when required. The Committee met four times during the year and Committee members' attendance records are disclosed in the table of Directors' meetings on page 21.

Human Resources Committee:

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

C I Roberts – Independent Non-Executive Director

J L Sutcliffe – Independent Non-Executive Director

K J Guerra – Independent Non-Executive Director

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

Declaration

This Directors' Report is made in accordance with a resolution of the Directors, dated at Melbourne, in the State of Victoria, on 26 August 2010.



Chris Roberts
Chairman

Auditor's Independence Declaration



As lead auditor for the audit of Amcor Limited for the year ended 30 June 2010, I declare that to the best of my knowledge and belief, there have been:

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

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

A handwritten signature in black ink, appearing to read 'Dale McKee'.

Dale McKee
Partner
PricewaterhouseCoopers

Melbourne
26 August 2010

Financial Report

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Income Statements

For the financial year ended 30 June 2010

\$ million	Note	Consolidated	
		2010	2009
Sales revenue from continuing operations	2, 4	9,849.5	9,535.4
Cost of sales		(8,107.4)	(8,038.7)
Gross profit		1,742.1	1,496.7
Other income	4	80.9	87.2
Sales and marketing expenses		(333.9)	(326.7)
General and administration expenses		(963.6)	(820.6)
Research costs		(55.2)	(39.8)
Share of net profit of equity accounted investments	14	33.5	36.1
Profit from operations		503.8	432.9
Financial income	4	22.3	11.2
Financial expenses	5	(205.7)	(192.9)
Net finance costs		(183.4)	(181.7)
Profit before related income tax expense		320.4	251.2
Income tax expense	7	(118.8)	(32.8)
Profit from continuing operations		201.6	218.4
Loss from discontinued operations, net of tax	3	-	(0.6)
Profit for the financial period		201.6	217.8
Profit attributable to:			
Owners of Amcor Limited		183.0	211.7
Non-controlling interest		18.6	6.1
		201.6	217.8
		Cents	Restated Cents ⁽¹⁾
Earnings per share for profit from continuing operations attributable to the ordinary equity holders of Amcor Limited			
Basic earnings per share	9	15.8	24.1
Diluted earnings per share	9	15.6	24.0
Earnings per share for profit attributable to the ordinary equity holders of Amcor Limited			
Basic earnings per share	9	15.8	24.0
Diluted earnings per share	9	15.6	23.9

(1) The 2009 earnings per share figures have been restated to reflect the bonus element of the Entitlement Offer that was completed in September 2009.

The above income statements should be read in conjunction with the accompanying notes on pages 69 to 163.

Statements of Comprehensive Income

For the financial year ended 30 June 2010

\$ million	Note	Consolidated	
		2010	2009
Profit for the financial period		201.6	217.8
Other comprehensive income			
Available-for-sale financial assets			
Net change in fair value of available-for-sale financial assets		2.2	(0.8)
Net change in fair value of available-for-sale financial assets reclassified to profit or loss		(2.6)	2.2
Cash flow hedges			
Effective portion of changes in fair value of cash flow hedges		(166.3)	(13.1)
Net change in fair value of cash flow hedges reclassified to profit or loss		14.5	7.7
Net change in fair value of cash flow hedges reclassified to non-financial assets		158.3	(0.5)
Exchange differences on translating foreign operations			
Exchange differences on translation of foreign operations		(633.3)	314.1
Net investment hedge of foreign operations		283.9	(194.5)
Exchange differences on translating foreign operations reclassified to profit or loss		0.2	–
Actuarial losses on defined benefit plans		(103.3)	(40.1)
Share of other comprehensive income of associates		(50.5)	13.9
Income tax benefit on other comprehensive income	7	33.3	14.8
Other comprehensive (loss)/income for the financial period, net of tax	7	(463.6)	103.7
Total comprehensive (loss)/income for the financial period		(262.0)	321.5
Total comprehensive (loss)/income attributable to:			
Owners of Amcor Limited		(260.8)	307.2
Non-controlling interest		(1.2)	14.3
		(262.0)	321.5

The above statements of comprehensive income should be read in conjunction with the accompanying notes on pages 69 to 163.

Statements of Financial Position

As at 30 June 2010

\$ million	Note	Consolidated	
		2010	2009
Current assets			
Cash and cash equivalents	10	267.1	188.6
Trade and other receivables	11	1,786.8	1,141.0
Inventories	12	1,469.0	979.6
Other financial assets	13	22.8	8.7
Total current assets		3,545.7	2,317.9
Non-current assets			
Investments accounted for using the equity method	14	464.2	509.0
Other financial assets	13	35.3	42.3
Property, plant and equipment	15	4,800.6	3,795.9
Deferred tax assets	16	413.5	162.9
Intangible assets	17	1,835.5	1,499.1
Other non-current assets	18	215.4	118.9
Total non-current assets		7,764.5	6,128.1
Total assets		11,310.2	8,446.0
Current liabilities			
Trade and other payables	19	2,464.6	1,722.2
Interest-bearing liabilities	20	1,378.7	956.1
Other financial liabilities	21	23.8	16.2
Current tax liabilities		76.1	53.5
Provisions	22	271.7	204.3
Total current liabilities		4,214.9	2,952.3
Non-current liabilities			
Trade and other payables	19	30.2	31.5
Interest-bearing liabilities	20	1,932.5	1,875.7
Other financial liabilities	21	2.3	-
Deferred tax liabilities	16	448.5	210.2
Provisions	22	211.2	124.9
Retirement benefit obligations	23	346.7	175.8
Total non-current liabilities		2,971.4	2,418.1
Total liabilities		7,186.3	5,370.4
NET ASSETS		4,123.9	3,075.6
Equity			
Contributed equity	24	4,029.8	2,440.3
Reserves		(657.1)	(311.5)
Retained profits		695.2	883.8
Total equity attributable to the owners of Amcor Limited		4,067.9	3,012.6
Non-controlling interest		56.0	63.0
TOTAL EQUITY		4,123.9	3,075.6

The above statements of financial position should be read in conjunction with the accompanying notes on pages 69 to 163.

Statements of Changes in Equity

For the financial year ended 30 June 2010

Consolidated

\$ million	Contributed equity	Available-for-sale revaluation reserve	Cash flow hedge reserve	Share-based payments reserve	Exchange fluctuation reserve	Retained profits	Total attributable to owners of Amcor	Non-controlling interest	Total equity
Balance at 1 July 2009	2,440.3	(0.8)	(22.1)	33.1	(321.7)	883.8	3,012.6	63.0	3,075.6
– Profit for the financial period	–	–	–	–	–	183.0	183.0	18.6	201.6
<i>Other comprehensive income</i>									
– Net change in fair value of available-for-sale financial assets, net of tax	–	2.2	–	–	–	–	2.2	–	2.2
– Net change in fair value of available-for-sale financial assets reclassified to profit or loss, net of tax	–	(2.6)	–	–	–	–	(2.6)	–	(2.6)
– Effective portion of changes in fair value of cash flow hedges, net of tax	–	–	(165.1)	–	–	–	(165.1)	–	(165.1)
– Net change in fair value of cash flow hedges reclassified to profit or loss, net of tax	–	–	13.2	–	–	–	13.2	–	13.2
– Net change in fair value of cash flow hedges reclassified to non-financial assets, net of tax	–	–	158.0	–	–	–	158.0	–	158.0
– Exchange differences on translation of foreign operations, net of tax	–	–	–	–	(510.0)	–	(510.0)	(19.8)	(529.8)
– Net investment hedge of foreign operations, net of tax	–	–	–	–	186.5	–	186.5	–	186.5
– Exchange differences on foreign operations reclassified to profit or loss, net of tax	–	–	–	–	0.2	–	0.2	–	0.2
– Actuarial losses on defined benefit plans, net of tax	–	–	–	–	–	(75.7)	(75.7)	–	(75.7)
– Share of associates reserve movement, net of tax	–	–	–	–	(50.5)	–	(50.5)	–	(50.5)
Total other comprehensive income	–	(0.4)	6.1	–	(373.8)	(75.7)	(443.8)	(19.8)	(463.6)
Total comprehensive income for the financial period	–	(0.4)	6.1	–	(373.8)	107.3	(260.8)	(1.2)	(262.0)
Transactions with owners in their capacity as owners:									
– Contributions of equity, net of transaction costs	1,589.5	–	–	–	–	–	1,589.5	1.9	1,591.4
– Dividends paid (note 25)	–	–	–	–	–	(295.9)	(295.9)	–	(295.9)
– Dividends paid to non-controlling interests in subsidiaries	–	–	–	–	–	–	–	(7.7)	(7.7)
– Share-based payments option expense	–	–	–	22.5	–	–	22.5	–	22.5
Balance at 30 June 2010	4,029.8	(1.2)	(16.0)	55.6	(695.5)	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 on pages 69 to 163.

Statements of Changes in Equity

For the financial year ended 30 June 2010

Consolidated

\$ million	Contributed equity	Available-for-sale revaluation reserve	Cash flow hedge reserve	Share-based payments reserve	Exchange fluctuation reserve	Retained profits	Total attributable to owners of Amcor	Non-controlling interest	Total equity
Balance at 1 July 2008	2,406.1	(2.2)	(13.5)	23.2	(451.2)	986.4	2,948.8	54.5	3,003.3
– Profit for the financial period	–	–	–	–	–	211.7	211.7	6.1	217.8
<i>Other comprehensive income</i>									
– Net change in fair value of available-for-sale financial assets, net of tax	–	(0.8)	–	–	–	–	(0.8)	–	(0.8)
– Net change in fair value of available-for-sale financial assets reclassified to profit or loss, net of tax	–	2.2	–	–	–	–	2.2	–	2.2
– Effective portion of changes in fair value of cash flow hedges, net of tax	–	–	(8.8)	–	–	–	(8.8)	–	(8.8)
– Net change in fair value of cash flow hedges reclassified to profit or loss, net of tax	–	–	0.7	–	–	–	0.7	–	0.7
– Net change in fair value of cash flow hedges reclassified to non-financial assets, net of tax	–	–	(0.5)	–	–	–	(0.5)	–	(0.5)
– Exchange differences on translation of foreign operations, net of tax	–	–	–	–	252.0	–	252.0	8.2	260.2
– Net investment hedge of foreign operations, net of tax	–	–	–	–	(136.4)	–	(136.4)	–	(136.4)
– Actuarial losses on defined benefit plans, net of tax	–	–	–	–	–	(26.8)	(26.8)	–	(26.8)
– Share of associates reserve movement, net of tax	–	–	–	–	13.9	–	13.9	–	13.9
Total other comprehensive income	–	14	(8.6)	–	129.5	(26.8)	95.5	8.2	103.7
Total comprehensive income for the financial period	–	14	(8.6)	–	129.5	184.9	307.2	14.3	321.5
Transactions with owners in their capacity as owners:									
– Contributions of equity, net of transaction costs	34.2	–	–	–	–	–	34.2	–	34.2
– Dividends paid (note 25)	–	–	–	–	–	(284.2)	(284.2)	–	(284.2)
– Dividends paid to non-controlling interests in subsidiaries	–	–	–	–	–	–	–	(4.9)	(4.9)
– Share-based payments option expense	–	–	–	9.9	–	–	9.9	–	9.9
– Non-controlling interest buy-out	–	–	–	–	–	(3.3)	(3.3)	(0.9)	(4.2)
Balance at 30 June 2009	2,440.3	(0.8)	(22.1)	33.1	(321.7)	883.8	3,012.6	63.0	3,075.6

The above statements of changes in equity should be read in conjunction with the accompanying notes on pages 69 to 163.

Cash Flow Statements

For the financial year ended 30 June 2010

\$ million	Note	Consolidated	
		2010	2009
Cash flows from operating activities			
Profit for the financial period		201.6	217.8
Depreciation	15	424.8	412.4
Amortisation of intangible assets	17	29.9	29.7
Impairment losses on property, plant and equipment, receivables and inventory		4.8	14.3
Reversal of impairment losses on property, plant and equipment, receivables and inventory		(14)	(2.8)
Non-cash retirement benefit expense		31.4	29.2
Net finance costs		183.4	181.7
Grant income recognised	4	(1.6)	(2.2)
Net loss/(gain) on disposal of non-current assets	4, 5	1.8	(23.8)
Net loss/(gain) on disposal of businesses/controlled entities	4	–	(0.5)
Net gain on disposal of equity accounted investments		(0.6)	–
Fair value gains on other financial assets at fair value through income statement	4	(0.9)	(0.3)
Share of net profits of associates, net of dividends received	14	(33.5)	(36.1)
Net foreign exchange loss/(gain)		16.0	(46.4)
Dividends from other entities	4	(0.6)	(0.8)
Non-cash significant items		19.2	79.3
Other sundry items		33.4	7.0
Income tax expense	7	118.8	41.0
Operating cash flows before changes in working capital and provisions		1,026.5	899.5
– Increase in prepayments and other operating assets		(33.7)	(35.3)
– Decrease in employee benefits and other operating liabilities		(56.7)	(63.4)
– Increase/(decrease) in provisions		56.2	(21.8)
– (Increase)/decrease in trade and other receivables		(113.4)	139.5
– (Increase)/decrease in inventories		(137.0)	215.4
– Increase/(decrease) in trade and other payables		310.6	(221.8)
		1,052.5	912.1
Dividends received		3.4	7.0
Interest paid		(183.2)	(166.7)
Income tax paid		(88.6)	(78.7)
Net cash from operating activities		784.1	673.7
Cash flows from investing activities			
Repayment of loans by associated companies and other persons		3.4	0.6
Payments for acquisition of controlled entities, businesses and associates, net of cash acquired		(2,454.5)	(151.8)
Payments for property, plant and equipment and intangible assets		(501.5)	(564.3)
Proceeds on disposal of associates, controlled entities and businesses		8.8	39.8
Payments on disposal of controlled entities and business treated as discontinued operations, net of cash	3	–	(1.9)
Proceeds on disposal of property, plant and equipment		26.2	103.4
Net cash from investing activities		(2,917.6)	(574.2)

The above cash flow statements should be read in conjunction with the accompanying notes on pages 69 to 163.

Cash Flow Statements

For the financial year ended 30 June 2010

\$ million	Note	Consolidated	
		2010	2009
Cash flows from financing activities			
Proceeds from share issues and calls on partly-paid shares		1,570.6	28.7
Proceeds on capital contribution from non-controlling interest		2.0	-
Proceeds from borrowings		7,183.0	5,077.9
Repayment of borrowings		(6,161.6)	(5,028.1)
Principal lease repayments		(4.5)	(1.6)
Dividends and other equity distributions paid		(286.2)	(288.5)
Net cash from financing activities		2,303.3	(211.6)
Net increase/(decrease) in cash held			
Cash and cash equivalents at the beginning of the financial period		57.3	166.0
Effects of exchange rate changes on cash and cash equivalents		(24.7)	3.4
Cash and cash equivalents at the end of the financial period⁽¹⁾		202.4	57.3

(1) Refer to notes 10 and 20 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 period as shown in the Cash Flow Statements is reconciled to the related items in the Statements of Financial Position as follows:

\$ million	Note	Consolidated	
		2010	2009
Cash assets and cash equivalents	10	267.1	188.6
Bank overdrafts	20	(64.7)	(131.3)
		202.4	57.3

The above cash flow statements should be read in conjunction with the accompanying notes on pages 69 to 163.

Notes to the Financial Statements

30 June 2010

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 2010 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 26 August 2010.

Early adoption of standards

In the current financial period, the consolidated entity has elected to early adopt the following revised standards issued by the AASB that are relevant to its operations:

- AASB 2009-9 *Amendments to Australian Accounting Standards – Additional Exemptions for First-time Adopters* [AASB 1] (September 2009);
- AASB 2009-10 *Amendments to Australian Accounting Standards – Classification of Rights Issues* [AASB 132] (October 2009);
- AASB 2009-12 *Amendments to Australian Accounting Standards* [AASBs 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052] (December 2009);
- Interpretation 19 *Extinguishing Financial Liabilities with Equity Instruments* (December 2009);
- AASB 2009-5 *Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project* [AASB 5, 8, 101, 107, 118, 136 early adopted, refer note 1(x) for two amendments not early adopted within this standard] (May 2009); and
- AASB 2010-1 *Amendments to Australian Accounting Standards – Limited Exemption from Comparative AASB 7 Disclosures for First Time Adopters* [AASB 1 & AASB 7] (February 2010).

The adoption of these revised standards has not had a significant impact on the financial results of the consolidated entity.

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).

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 15 and 17;
- measurement of the recoverable amounts of cash-generating units containing goodwill – refer notes 1(o), 1(p) and note 17;
- direct and indirect income tax related assumptions and estimates, including utilisation of tax losses – refer note 1(i), note 16 and note 30;
- measurement of defined benefit obligations – refer note 1(t) and note 23;
- measurement of share-based payments – refer note 1(s) and note 27;
- valuation of financial instruments – refer note 1(j) and note 26; and
- the provisioning for restructuring and market sector rationalisation costs – refer note 1(r), note 6 and note 22.

Notes to the Financial Statements

30 June 2010

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 purchase 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 (net of any accumulated impairment loss) 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 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.

(d) Business combinations

The acquisition method of accounting is used to account for all business combinations, including business combinations involving entities or businesses under common control, 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 consolidated entity recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

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 consolidated entity'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.

Notes to the Financial Statements

30 June 2010

Note 1. Summary of Significant Accounting Policies (continued)

(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, in which case it is recognised in equity.

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

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

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

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

Use of estimates and judgements

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

current and deferred tax provisions in the period in which such determination is made.

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

Goods and services tax/value added tax

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

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

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

(j) Financial instruments

Non-derivative financial instruments

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

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

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 10 and 20.

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

(ii) Trade receivables, loans and other receivables

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest rate method, less any impairment losses, refer note 11.

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 11 and 13.

(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 13. 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 equity in the available-for-sale revaluation reserve. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments within equity are transferred 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 19.

(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 20.

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 13 and 21.

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 a net investment in foreign operations (net investment hedges). The fair value of various derivative financial instruments used for hedging purposes are disclosed in note 26.

Notes to the Financial Statements

30 June 2010

Note 1. Summary of Significant Accounting Policies (continued)

(j) Financial instruments (continued)

Derivative financial instruments (continued)

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.

(vi) 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.

(vii) 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.

(viii) 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

(i) 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.

(ii) Reserves

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.

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.

Share-based payments reserve

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

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). The relevant position of the reserve is recognised in the income statement when a foreign operation is disposed of.

(l) Inventories

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

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

(m) Property, plant and equipment

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

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

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

- Buildings between 1% – 5%
- Land improvements between 1% – 3%
- Finance leased assets between 4% – 20%
- 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 17.

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.

Notes to the Financial Statements

30 June 2010

Note 1. Summary of Significant Accounting Policies *(continued)*

(o) Intangible assets *(continued)*

Other intangible assets *(continued)*

(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.

(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) on a pro rata basis.

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.

(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 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.

Notes to the Financial Statements

30 June 2010

Note 1. Summary of Significant Accounting Policies (continued)

(r) Provisions (continued)

Restructuring

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

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

(s) Employee benefits

Wages, salaries, annual leave and sick leave

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

Long service leave

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

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

Profit sharing and bonus plans

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

Share-based payments

The Company provides benefits to employees (including senior executives) of the consolidated entity in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares.

The Company maintains two Employee Share Schemes: the Employee Share Purchase Plan (ESPP) and the Employee Share/Option Plan (ESOP). Both schemes were introduced in 1985, and have been subsequently amended and approved by shareholders at Annual General Meetings. A number of sub-plans exist under the ESPP, including the Employee Incentive Share Plan (EISP) and the Senior Executive Retention Share Plan (SERSP). Information relating to these schemes is set out in note 27.

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

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, refer note 9.

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

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

(t) Retirement benefit obligations

Defined contribution plans

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

Defined benefit plans

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

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

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

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

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

Use of estimates and judgements

In determining the liability or asset that the consolidated entity recognises in the statement of financial position in respect of defined benefit obligations and other post-retirement plans, the main categories of assumptions used in the valuations include: discount

rate; rate of inflation; expected return on plan assets; future salary increases; and medical cost trend rates (in the case of the post-retirement health plans). Refer to note 23 for details of the key assumptions used this financial period 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 \$169.2 million lower or \$63.5 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 \$16.9 million in the defined benefit expense/obligation while a one-half percentage point decrease would result in an increase of \$15.2 million in the defined benefit expense/obligation for the year ended 30 June 2010 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.

Notes to the Financial Statements

30 June 2010

Note 1. Summary of Significant Accounting Policies (continued)

(v) Earnings per share (EPS) (continued)

Diluted earnings per share (continued)

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

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

(w) Fair value estimation

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

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

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

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

(x) New accounting standards and interpretations not yet adopted

The following new or amended accounting standards and interpretations issued by the AASB have been identified as those which may impact the consolidated entity in the period of initial application. They are available for early adoption at 30 June 2010, but have not been applied in preparing this Financial Report:

- AASB 2009-5 *Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project (May 2009)*. As part of the *Annual Improvements Project (2009)* the requirements of AASB 117 *Leases* regarding the classification of leases of land were amended. Prior to the amendment AASB 117 generally required leases of land with indefinite useful life to be classified as operating leases. The relevant guidance resulting in this accounting treatment has been removed under this amendment due to concerns that it could lead to accounting that does not reflect the substance of an arrangement. Following the amendments, leases of land are now classified as either 'finance' or 'operating' in accordance with the general principles of AASB 117. These amendments will become applicable for the consolidated entity's 30 June 2011 financial statements and are to be applied retrospectively to unexpired leases at 1 July 2010. An assessment of the amendment is currently being performed, and as yet it is not possible to make a reasonable estimate of the effect of the amendment until the review has been completed.

In addition, amendments made to AASB 139 *Financial Instruments – Recognition and Measurement*, by AASB 2009-5, regarding embedded derivatives and hedge accounting have not been applied in preparing this financial report. The amendments provide additional guidance with regards to embedded derivative accounting stating that if the cost of a prepayment option on a loan reimburses the lender for an amount that exceeds the approximate present value of the lost interest for the remaining term of the contract, then the economic characteristics and risks of the prepayment option are not closely related to the loan and the embedded derivative would need to be separately recognised from the loan arrangement. In addition, the amendments clarify the scope exemption within AASB 139 in relation to hedge accounting for contracts that exist between a buyer and seller in a business combination to buy/sell a business at a future date. The scope amendment clarifies that the exception is restricted to forward contracts, and not options, between a buyer and a seller that will result in a business combination at a future acquisition date and that a forward contract should not be longer than a period normally expected to finalise such a transaction. These amendments will become mandatory for the consolidated entity's 30 June 2011 financial statements and its application is not expected to have any material impact upon the financial results of the consolidated entity.

- AASB 2009-8 *Amendments to Australian Accounting Standards – Group Cash-Settled Share-Based Payment Transactions (July 2009)* clarifies the scope of AASB 2 *Share-based Payment* by requiring an entity that receives goods or services in a share-based payment arrangement to account for those goods or services no matter which entity in the group settles the transaction, and no matter whether the transaction is settled in shares or cash. The amendment will become mandatory for the consolidated entity's 30 June 2011 financial statements. An assessment of the amendment is currently being performed, and as yet it is not possible to make a reliable measure of the financial impact upon the consolidated entity.

- AASB 9 *Financial Instruments* and AASB 2009-11 *Amendments to Australian Accounting Standards arising from AASB 9* (December 2009) set out the requirements for the classification and measurement of financial assets, resulting from the first part of Phase I of the International Accounting Standard Board's project to replace IAS 39 *Financial Instruments – Recognition and Measurement*. The changes introduced by the new standard simplify the classification of financial assets into those to be carried at amortised cost, and those to be carried at fair value. It also simplifies requirements for embedded derivatives and removes the tainting rules associated with held-to-maturity assets.

The new standard removes the requirement to separate embedded derivatives from financial asset hosts. It requires a hybrid contract to be classified in its entirety at either amortised cost or fair value. Most hybrid contracts with financial asset hosts will be measured at fair value in their entirety. In addition, AASB 9 prohibits reclassifications except in rare circumstances when an entity changes its business model for managing financial assets; in this case, an entity is required to reclassify affected financial assets prospectively.

In relation to accounting for investments in equity instruments, AASB 9 provides an opportunity to fair value these investments to other comprehensive income, with no separate impairment test necessary, whilst taking dividends to income.

AASB 9 and the amendments will become mandatory for the consolidated entity's 30 June 2014 financial statements. The potential effect of AASB 9 and the amending standard on the financial results of the consolidated entity 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*. Interpretation 14 currently states that a surplus in a plan cannot be recognised as a reduction in future contributions if the future minimum funding contribution required in respect of future accrual of benefits exceeds the future services cost calculated in accordance with AASB 119 *Employee Benefits*. Therefore, if the consolidated entity does not have an unconditional right to a refund or surplus, the prepayment is recognised as an expense. Under the amendments to Interpretation 14 such a prepayment would 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 will become 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 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 2010-2 *Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements* [AASB 1, 2, 3, 5, 7, 8, 101, 102, 107, 108, 110, 111, 112, 116, 117, 119, 121, 123, 124, 127, 128, 131, 133, 134, 136, 137, 138, 140, 141, 1050 and 1052 and interpretations 2, 4, 5, 15, 17, 127, 129 and 1052]. This Standard makes amendments to many Australian Accounting Standards, including interpretations, to introduce reduced disclosure requirements to the pronouncements for application by certain types of entities in preparing general purpose financial statements.

The amendments will become 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 has yet to be determined.

- AASB 2010-3 *Amendments to Australian Accounting Standards arising from the Annual Improvements Project* [AASB 3, 7, 121, 128, 131, 132 and 139]. This standard makes amendments:
 - AASB 3 – Measuring of non-controlling interests and unreplaced and voluntarily replaced share-based payment awards.
 - AASB 3, 7, 132 and 139 – Transition requirements for contingent consideration from a business combination that occurred before the effective date of the revised AASB 3 (2008).
 - AASB 121, 128 and 131 – Transition requirements for amendments arising as a result of AASB 127 *Consolidated and Separate Financial Statements*.

The amendments will become mandatory for the consolidated entity's 30 June 2011 financial statements. The potential effect of the amending standards on the financial results of the consolidated entity has yet to be determined.

- AASB 2010-4 *Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project* [AASB 1, 7, 101 & 134 and Interpretation 13]. The standards make amendments to:
 - AASB 1 – Accounting policy changes in the year of adoption, revaluation basis of deemed cost and use of deemed cost for operations subject to rate regulation.

Notes to the Financial Statements

30 June 2010

Note 1. Summary of Significant Accounting Policies (continued)

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

- 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 standards on the financial results of the consolidated entity has yet to be determined.

- AASB 1053 *Application of Tiers of Australian Accounting Standards* establishes a differential reporting framework consisting of two tiers of reporting requirements for general purpose financial statements, being Tier 1 – Australian Accounting Standards and Tier 2 – Australian Accounting Standards – Reduced Disclosure Requirements. The new accounting standard will become mandatory for the consolidated entity's 30 June 2014 financial statements. The potential effect of AASB 1053 on the consolidated entity has yet to be determined.

(y) Parent entity financial information

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

Investments in subsidiaries

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

Tax consolidation regime

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

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

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

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

Nature of tax funding agreement

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

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

Financial guarantee contracts

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

Note 2. Segment Information

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

All operating segment results are regularly reviewed by the consolidated entity's chief operating decision maker which has been identified as the Corporate Executive Team (CET), which 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.

Segment information is presented in the financial statements in respect of business segments, which are the primary reporting segments of the consolidated entity as they reflect the management and internal reporting structure of the consolidated entity during the financial period. The secondary reporting segments have been classified based on significant countries in which the consolidated entity's business segments operate in.

Management has reassessed its operating segments during the current financial period as a result of the Alcan Packaging acquisition. The acquisition has resulted in changes in the management and internal reporting structure within the consolidated entity and has resulted in adjustments to the business segments as detailed below. Comparative segment information has been presented in conformity with this reassessment, in accordance with AASB 8 *Operating Segments*.

(a) Description of segments

Reporting segments

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

Rigid Plastics (formerly Amcor PET)

This segment manufactures Polyethylene Terephthalate (PET) packaging 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.

Australasia and Packaging Distribution

During the current financial period the consolidated entity combined the Australasia and Packaging Distribution (formerly Sunclipse) operating segments into one operating segment called Australasia and Packaging Distribution. This has resulted from the deployment of the new strategic direction of this business announced in May 2010.

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 products.

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:

- Flexibles Europe and Americas which provides packaging for the food and beverage industry including confectionary, coffee, fresh food and dairy and also provides packaging for the pharmaceutical sector including high value-added medical applications.
- Flexibles Asia Pacific which provides packaging for the food and beverage industry including confectionary, coffee, fresh food and dairy and also provides packaging for the pharmaceutical sector and home and personal care. The segment includes the Australasia Flexibles operations which were integrated into this segment during the year and were previously included within the Australasia and Packaging Distribution segment.
- Tobacco Packaging which manufactures flexible packaging for specialty folding cartons for tobacco packaging.

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 speciality 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; multi-wall sacks; cartonboard; paper and paper recycling.

United States of America

The Rigid Plastics, Australasia and Packaging Distribution and Flexibles business segments operate manufacturing and distribution facilities in this country. Areas of manufacturing include production containers and preforms for a wide variety of food and beverage applications and supply of PET 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 facilities that manufacture both flexible and tobacco packaging in Singapore.

Notes to the Financial Statements

30 June 2010

Note 2. Segment Information (continued)

(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 as disclosed in note 1 and 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.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one period.

(c) Segment information provided to the CET

The following segment information was provided to the CET for the reporting segments for the financial period ended 30 June 2010 and 2009:

For the year ended 30 June \$ million	Australasia and													
	Rigid Plastics		Packaging Distribution		Flexibles		Other/ Investments		Consolidated continuing operations		Discontinued operations ⁽¹⁾		Consolidated	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
Reportable segment revenue														
Revenue from external customers	2,576.5	3,250.8	2,786.6	2,985.3	4,407.9	3,299.3	78.5	-	9,849.5	9,535.4	-	-	9,849.5	9,535.4
Inter-segment revenue	14	-	13.6	(0.7)	13.9	4.3	-	-	28.9	3.6	-	-	28.9	3.6
Total reportable segment revenue	2,579	3,250.8	2,800.2	2,984.6	4,421.8	3,303.6	78.5	-	9,878.4	9,539.0	-	-	9,878.4	9,539.0
Reportable segment profit/(loss)														
Profit/(loss) before depreciation, amortisation, interest, related income tax expense and significant items	375.4	427.8	284.3	268.4	563.2	399.3	(9.0)	(6.8)	1,213.9	1,088.7	-	-	1,213.9	1,088.7
Depreciation and amortisation	(162.6)	(185.2)	(123.1)	(127.8)	(166.1)	(127.2)	(2.9)	(1.9)	(454.7)	(442.1)	-	-	(454.7)	(442.1)
Profit/(loss) before interest, related income tax expense and significant items	212.8	242.6	161.2	140.6	397.1	272.1	(11.9)	(8.7)	759.2	646.6	-	-	759.2	646.6
Significant items before related income tax expense	(41.9)	(27.3)	(2.9)	(42.3)	(72.2)	(80.3)	(138.4)	(63.8)	(255.4)	(213.7)	-	76	(255.4)	(206.1)
Profit/(loss) before interest and related income tax expense	170.9	215.3	158.3	98.3	324.9	191.8	(150.3)	(72.5)	503.8	432.9	-	76	503.8	440.5
Share of net profits of associates	(0.5)	2.0	-	-	0.3	-	33.7	34.1	33.5	36.1	-	-	33.5	36.1
<i>Other material non-cash items</i>														
Impairment losses – trade receivables	0.3	(0.3)	(1.5)	(7.1)	0.8	(0.9)	(0.1)	(2.7)	(0.5)	(11.0)	-	-	(0.5)	(11.0)
Impairment losses – inventories	-	-	(14)	(1.5)	(0.7)	(3.4)	-	-	(2.1)	(4.9)	-	-	(2.1)	(4.9)
Impairment losses on property, plant and equipment and other non-current assets	(91)	(110)	(0.1)	-	(174)	(14.0)	(2.9)	-	(29.5)	(25.0)	-	-	(29.5)	(25.0)
Reversal of impairment losses on property, plant and equipment	-	-	-	-	0.7	-	-	-	0.7	-	-	-	0.7	-
Acquisition of property, plant and equipment and intangibles	131.0	188.8	221.3	192.9	141.2	176.9	8.0	5.7	501.5	564.3	-	-	501.5	564.3
Receivables	325.4	316.2	364.4	360.0	1,008.2	409.4	121.2	34.1	1,819.2	1,119.7	-	-	1,819.2	1,119.7
Inventory	342.5	324.8	341.6	295.4	760.8	359.4	24.1	-	1,469.0	979.6	-	-	1,469.0	979.6
Payables	(607.2)	(560.3)	(427.4)	(411.5)	(1,301.6)	(639.0)	(128.7)	(60.4)	(2,464.9)	(1,671.2)	-	-	(2,464.9)	(1,671.2)
Working capital	60.7	80.7	278.6	243.9	467.4	129.8	16.6	(26.3)	823.3	428.1	-	-	823.3	428.1
Average funds invested	1,666.7	2,101.9	1,604.6	1,713.4	2,302.7	1,848.1	555.7	521.8	6,129.7	6,185.2	-	(17)	6,129.7	6,183.5
Investment in associates	2.2	5.5	-	-	5.0	-	457.0	503.5	464.2	509.0	-	-	464.2	509.0

(1) Discontinued operations include the Australasian Food Can and Aerosol business (previously reported in Australasia) that was sold on 31 October 2007, refer note 3.

Notes to the Financial Statements

30 June 2010

Note 2. Segment Information (continued)

(d) Other segment information

(i) Segment revenue

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

Segment revenue reconciles from continuing operations as follows:

\$ million	2010	2009
Reporting segment revenue		
Total reporting segment revenue	9,878.4	9,539.0
Elimination of inter-segment revenue	(28.9)	(3.6)
Other income	80.9	87.2
Financial income	22.3	11.2
Consolidated revenue and other income from continuing operations	9,952.7	9,633.8

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

\$ million	2010	2009
Sales revenue by product		
PET packaging	2,576.5	3,250.8
Flexible and film packaging	3,563.0	2,674.6
Fibre and paper-based packaging	1,579.7	1,697.5
Metal packaging	379.9	375.1
Tobacco packaging	844.9	624.7
Glass	236.7	168.0
Other	668.8	744.7
Consolidated sales revenue from continuing operations	9,849.5	9,535.4

(ii) Segment profit/(loss)

Segment profit or loss reconciles from continuing operations as follows:

\$ million	2010	2009
Reporting segment profit/(loss)		
Profit before interest and related income tax expense	503.8	440.5
Elimination of discontinued operations	-	(7.6)
Financial income	22.3	11.2
Financial expense	(205.7)	(192.9)
Profit before related income tax expense	320.4	251.2

(iii) Segment receivables

Segment receivables reconciles from management working capital receivables as follows:

\$ million	2010	2009
Working capital receivables		
Total reportable segment working capital receivables	1,819.2	1,119.7
Financial instruments included for management reporting purposes	(22.8)	(8.7)
Financial instruments and other assets excluded for management reporting purposes	32.3	39.6
Inter-segment elimination	(41.9)	(9.6)
Consolidated trade and other receivables	1,786.8	1,141.0

(iv) Segment payables

Segment payables reconciles from management working capital payables as follows:

\$ million	2010	2009
Working capital payables		
Total reportable segment working capital payables	(2,464.9)	(1,671.2)
Financial instruments included for management reporting purposes	23.8	16.2
Capital creditors and other payables excluded for management reporting purposes	(65.4)	(76.8)
Inter-segment elimination	41.9	9.6
Consolidated trade and other payables	(2,464.6)	(1,722.2)

(v) Segment property, plant and equipment

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

\$ million	2010	2009
Acquisition of property, plant and equipment and intangibles		
Total reportable segment acquisition of property, plant and equipment and intangibles	501.5	564.3
Movement in capital creditors	(18.6)	28.2
Capitalised interest	11.3	5.3
Prepaid capital items	(6.9)	(1.4)
Capitalised asset restoration costs	4.2	0.9
Other non-cash adjustments	4.4	5.0
Consolidated acquisition of property, plant and equipment and intangibles	495.9	602.3

(e) Geographical information

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

\$ million	2010	2009
Revenues		
Australia	1,877.6	1,882.5
United States of America	2,849.1	3,319.9
Other	5,122.8	4,333.0
Consolidated sales revenue from continuing operations	9,849.5	9,535.4

Segments assets are based on the location of the assets:

\$ million	2010	2009
Non-current assets		
Australia	1,675.3	1,515.9
United States of America	2,021.1	1,919.2
Singapore	803.1	959.5
Other	2,845.0	1,569.6
Consolidated non-current assets for continuing operations	7,344.5	5,964.2

(f) Major customer

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

Notes to the Financial Statements

30 June 2010

Note 3. Discontinued Operations

(a) Description of events

30 June 2010

There has been no discontinued operations during the financial period to 30 June 2010 by the consolidated entity.

30 June 2009

During the financial period to 30 June 2009, the consolidated entity recognised an additional gain of \$0.2 million (after tax) arising on the sale of the Australasian Food Can and Aerosol business which occurred on 31 October 2007. In addition the consolidated entity recognised an additional loss of \$0.8 million (after tax) arising on the PET European sale which occurred on 29 June 2007.

\$ million	Discontinued operations	
	2010	2009
(b) Financial performance		
Profits attributable to the discontinued operations were as follows:		
Revenue (refer note 2)	-	-
Expenses	-	-
Operating profit before related income tax expense	-	-
Income tax expense	-	-
Operating profit after related income tax expense of discontinued operations	-	-
Profit on sale of discontinued operations before related income tax (expense)/benefit	-	76
Income tax (expense)/benefit	-	(8.2)
Profit/(loss) on sale of discontinued operations after related income tax (expense)/benefit	-	(0.6)
Profit/(loss) from discontinued operations	-	(0.6)
Profit attributable to:		
Owners of Amcor Limited	-	(0.6)
Non-controlling interest	-	-
	-	(0.6)
cents		
Basic earnings profit per share	-	(01)
Diluted earnings profit per share	-	(01)
\$ million		
(c) Cash flows from discontinued operations		
Net cash outflow from operating activities	-	-
Net cash (outflow)/inflow from investing activities	-	(1.9)
Net cash outflow from financing activities	-	-
Net cash flow from discontinued operations	-	(1.9)

(d) Carrying amounts assets and liabilities disposed of

For the financial period ended 30 June 2010, the carrying value of assets and liabilities disposed of were nil (2009: nil).

(e) Details of the sale of operations

\$ million	Discontinued operations	
	2010	2009
Consideration received or receivable:		
Cash and short-term deposits	-	-
Present value of deferred sales proceeds, net of transaction costs	-	-
Total disposal consideration	-	-
Less carrying amounts of net assets disposed of	-	-
Less share of exchange fluctuation reserve and foreign exchange translation	-	-
Profit on sale before related income tax benefit	-	-
Income tax benefit	-	-
Profit on sale after related income tax benefit of disposed operations	-	-
Settlement adjustments on prior year disposal, net of tax	-	(0.6)
Profit/(loss) on sale of discontinued operations after related income tax benefit	-	(0.6)
Net cash inflow/(outflow) on disposal		
Cash and cash equivalents consideration	-	-
Cash (paid)/received from prior period disposals ⁽¹⁾	-	(1.9)
Reported in the cash flow statement	-	(1.9)

(1) Represents expenditure incurred in relation to the finalisation of prior period disposals.

Note 4. Revenue, Other Income and Financial Income

\$ million	Consolidated	
	2010	2009
Revenue from continuing operations		
<i>Sales revenue</i>		
Revenue from sale of goods	9,849.5	9,535.4
<i>Other income</i>		
Dividend received/receivable	0.6	0.8
Net gain on disposal of property, plant and equipment	-	23.8
Net gain on disposal of businesses	-	0.5
Net foreign exchange gains	18.8	9.2
Fair value gains on other financial assets designated at fair value through income statement	0.9	0.3
Government grants	1.6	2.2
Supplier early payment discounts	3.1	4.6
Service income	5.5	8.5
Other	44.8	37.3
Significant items (refer note 6)		
– Gain arising on disposal of listed equity securities	1.9	-
– Gain arising on Singen insurance claim	3.7	-
Total other income	80.9	87.2
Financial income		
Interest received/receivable	22.3	11.2
Total financial income	22.3	11.2

Notes to the Financial Statements

30 June 2010

Note 5. Expenses

\$ million	Consolidated	
	2010	2009
Profit before related income tax includes the following specific expenses		
Depreciation:		
– Property, plant and equipment	424.8	412.3
– Leased assets	–	0.1
Amortisation:		
– Other intangibles	29.9	29.7
Total depreciation and amortisation	454.7	442.1
Financial expenses		
Interest paid/payable:		
– Finance charges on leased assets	0.4	0.2
– Unwind of discount on provisions	3.2	3.7
– External	160.4	182.2
Amount capitalised	(11.3)	(5.3)
	152.7	180.8
Borrowing costs	53.0	12.1
Total financial expenses	205.7	192.9
Net impairment of trade receivables	0.5	11.0
Net write-down of inventories	2.1	4.9
Provisions:		
– Insurance/workers' compensation and other claims	54.6	37.4
– Onerous contracts	4.0	0.1
– Asset restoration expense	0.6	3.9
– Restructuring	65.5	52.1
Employee benefits expense:		
– Wages and salaries	1,613.6	1,551.9
– Workers' compensation and other on-costs	328.1	168.4
– Superannuation costs – defined benefit funds	30.7	29.2
– Superannuation costs – accumulation funds	42.4	40.9
– Other employment benefits expense	7.4	5.5
– Share-based payments expense	24.4	15.9
Total employee benefits expense	2,046.6	1,811.8
Rental expense relating to operating leases:		
– Minimum lease payments	82.4	98.9
– Contingent rentals	4.6	6.0
Total rental expense relating to operating leases	87.0	104.9
Asset impairments	29.5	25.0
Net loss on sale of receivables	0.4	0.7
Net loss on disposal of property, plant and equipment	1.8	–

Note 6. Significant Items

\$ million	Consolidated	
	2010	2009
Significant items before related income tax expense		
Income		
Gain arising on disposal of listed equity securities	1.9	–
Gain arising on Singen insurance claim	3.7	–
Gains arising on disposal of Australasian Food Can and Aerosol business (refer note 3) ⁽²⁾	–	0.3
Gains arising on disposal of Rigid Plastics (formerly PET) European business (refer note 3) ⁽²⁾	–	7.3
	5.6	7.6

\$ million	Consolidated	
	2010	2009
<i>Expense</i>		
Loss arising on equity issue of associate – AMVIG ⁽¹⁾	–	(3.7)
Rigid Plastics (formerly PET) business integration and restructure	(8.2)	(16.3)
Rigid Plastics (formerly PET) business acquisition costs	(2.2)	–
Australasia restructuring	(14)	(32.5)
Flexibles market sector rationalisation	(16.8)	(68.1)
Legal costs ⁽³⁾	(11.5)	(23.4)
Legal claims settlement	–	(12.0)
Transaction and integration costs relating to Alcan Packaging acquisition	(114.7)	(29.7)
Costs to achieve synergies in relation to Alcan Packaging acquisition	(58.6)	–
Brazil tax amnesty program ⁽⁴⁾	(20.3)	–
Asset impairments, net of reversals	(27.3)	(28.0)
	(261.0)	(213.7)
Significant items before related income tax expense	(255.4)	(206.1)
Related income tax benefit/(expense) on significant items (where applicable)		
Income tax expense on disposal of Australasian Food Can and Aerosol business ⁽²⁾	–	(0.1)
Income tax expense on disposal of Rigid Plastics (formerly PET) Europe business ⁽²⁾	–	(8.1)
Income tax benefit on Rigid Plastics (formerly PET) business integration and restructure	2.6	1.9
Income tax benefit on Rigid Plastics (formerly PET) business acquisition costs	0.9	–
Income tax benefit on Australasia restructuring	0.4	9.2
Income tax benefit on Flexibles market sector rationalisation	2.2	17.9
Income tax benefit on legal costs	3.4	7.6
Income tax benefit on legal claims settlement	–	3.6
Income tax benefit on recognition of US tax losses	–	23.6
Income tax benefit on transaction and integration costs relating to Alcan Packaging acquisition	6.5	–
Income tax benefit on costs to achieve synergies in relation to Alcan Packaging acquisition	5.2	–
Income tax benefit on asset impairments, net of reversals	8.0	1.7
Income tax benefit on significant items	29.2	57.3
Significant items after related income tax benefit/(expense)	(226.2)	(148.8)
Significant items attributable to:		
Owners of Amcor Limited	(226.2)	(148.8)
Non-controlling interest	–	–
	(226.2)	(148.8)
Significant items before related income tax expense:		
Continuing operations	(255.4)	(213.7)
Discontinued operations	–	7.6
	(255.4)	(206.1)
Related income tax benefit/(expense) on significant items:		
Continuing operations	29.2	65.5
Discontinued operations	–	(8.2)
	29.2	57.3
Significant items after related income tax benefit/(expense) attributed to:		
Continuing operations	(226.2)	(148.2)
Discontinued operations	–	(0.6)
	(226.2)	(148.8)

(1) The amount represents the decrease in the consolidated entity's share of the associate's net worth, as a result of share issues and share buy-backs undertaken by the associate, refer note 14.

(2) The amount recognised in 2009 represents settlement adjustments in relation to prior year disposals.

(3) Legal costs include costs of the consolidated entity and others associated with defence and settlement of claims arising with respect to various ACCC matters.

(4) The consolidated entity has 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. Refer to note 30.

Notes to the Financial Statements

30 June 2010

Note 6. Significant Items (continued)

The following table represents a segmental analysis of significant items before income tax benefit/(expense), refer note 2:

2010

\$ million	Redundancy	Plant closure	Impairment of assets	Disposal of controlled entities	Other ⁽¹⁾	Total
Rigid Plastics	(0.6)	(8.2)	(9.1)	–	(24.0)	(41.9)
Australasia and Packaging Distribution	–	(1.3)	–	–	(1.6)	(2.9)
Flexibles	(35.1)	(16.3)	(15.9)	–	(4.9)	(72.2)
Other/Investments	(7.0)	(11.9)	(2.3)	–	(117.2)	(138.4)
Total	(42.7)	(37.7)	(27.3)	–	(147.7)	(255.4)

2009

\$ million	Redundancy	Plant closure	Impairment of assets	Disposal of controlled entities	Other ⁽¹⁾	Total
Rigid Plastics	(4.6)	(11.7)	(11.0)	–	–	(27.3)
Australasia and Packaging Distribution	(15.9)	(14.4)	–	–	(12.0)	(42.3)
Flexibles	(21.0)	(45.6)	(12.2)	(1.4)	(0.1)	(80.3)
Other/Investments	–	–	(4.8)	–	(59.0)	(63.8)
Discontinued Operations	–	–	–	7.6	–	7.6
Total	(41.5)	(71.7)	(28.0)	6.2	(71.1)	(206.1)

(1) The amounts in 'other' relate to transaction and integration costs of \$114.7 million as a result of the Alcan acquisition, \$20.3 million in relation to the Brazil tax amnesty program, \$11.5 million for legal costs and \$2.2 million in relation to Rigid Plastics acquisition costs, \$3.7 million in income for the Singen insurance claim and \$19 million in income in relation to Amcor's disposal of investments in K Laser and Univacco.

In 2009, 'other' included legal costs \$23.4 million, legal claims settlements \$12.0 million, a loss of \$3.7 million relating to the equity issues of an associate, the expensing of transaction costs relating to business acquisitions of \$29.7 million and other costs totalling \$2.3 million.

Note 7. Income Tax Expense

(a) Recognised in the income statement

\$ million	Consolidated	
	2010	2009
Current tax (expense)/benefit		
Current period	(63.6)	(112.4)
Adjustments relating to current tax expense of prior periods	(20.6)	5.0
Tax losses, tax credits and temporary differences not recognised for book in prior years now recouped	6.2	10.9
Total current tax (expense)/benefit	(78.0)	(96.5)
Deferred tax benefit/(expense)		
Origination and reversal of temporary differences	(40.9)	54.5
Change in applicable tax rates	0.1	1.0
Total deferred tax (expense)/benefit	(40.8)	55.5
Total income tax expense	(118.8)	(41.0)
Less income tax expense attributable to discontinued operations	–	(8.2)
Total income tax expense attributable to continuing operations	(118.8)	(32.8)
Deferred income tax benefit/(expense) included in income tax expense comprises:		
Increase in deferred tax assets	71.3	90.2
Increase in deferred tax liabilities	(112.1)	(34.7)
Deferred income tax (expense)/benefit included in income tax (note 16)	(40.8)	55.5

(b) Numerical reconciliation of income tax (expense)/benefit to prima facie tax payable

\$ million	Consolidated	
	2010	2009
Profit from continuing operations	320.4	251.2
Profit from discontinued operations	–	7.6
Profit before related income tax expense	320.4	258.8
Tax at the Australian tax rate of 30% (2009: 30%)	(96.1)	(77.6)
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:		
Net operating items non-deductible/non-assessable for tax	11.7	(6.6)
Goodwill tax adjustments	1.4	–
Net significant items non-deductible/non-assessable for tax	(47.4)	4.5
Capital structures	36.0	38.4
Tax losses, tax credits and temporary differences not recognised for book in prior years now recouped	6.2	10.9
Effect of local tax rate change	(0.4)	(0.7)
	(88.6)	(31.1)
Under provision in prior period	(30.2)	(2.0)
Foreign tax rate differential	–	(7.9)
Total income tax expense	(118.8)	(41.0)
Less income tax expense attributable to discontinued operations	–	(8.2)
Total income tax expense attributable to continuing operations	(118.8)	(32.8)

(c) Income tax recognised in other comprehensive income

\$ million	2010			2009		
	Before tax	Tax (expense)/benefit	Net of tax	Before tax	Tax (expense)/benefit	Net of tax
Income tax on other comprehensive income						
Net change in fair value of available-for-sale financial assets	2.2	–	2.2	(0.8)	–	(0.8)
Net change in fair value of available-for-sale financial assets reclassified to profit or loss	(2.6)	–	(2.6)	2.2	–	2.2
Effective portion of changes in fair value of cash flow hedges	(166.3)	1.2	(165.1)	(13.1)	4.3	(8.8)
Net change in fair value of cash flow hedges reclassified to profit or loss	14.5	(1.3)	13.2	7.7	(7.0)	0.7
Net change in fair value of cash flow hedges reclassified to non-financial assets	158.3	(0.3)	158.0	(0.5)	–	(0.5)
Exchange differences on translation of foreign operations	(633.3)	103.5	(529.8)	314.1	(53.9)	260.2
Net investment hedge of foreign operations	283.9	(97.4)	186.5	(194.5)	58.1	(136.4)
Exchange differences on translating foreign operations reclassified to profit or loss	0.2	–	0.2	–	–	–
Actuarial (losses)/gains on defined benefit plans	(103.3)	27.6	(75.7)	(40.1)	13.3	(26.8)
Share of other comprehensive income of associates	(50.5)	–	(50.5)	13.9	–	13.9
	(496.9)	33.3	(463.6)	88.9	14.8	103.7

(d) Amounts recognised directly in equity

\$ million	Consolidated	
	2010	2009
Deferred tax benefit recognised directly in equity	33.3	14.8
Total income tax benefit recognised directly in equity	33.3	14.8

Notes to the Financial Statements

30 June 2010

Note 8. Auditors' Remuneration

\$ thousand	Consolidated	
	2010	2009
Audit services		
PwC Australian firm:		
Audit and review of financial reports	3,091	2,472
Other regulatory audit services	18	71
Equity raising assurance services	-	1,130
Overseas PwC firms:		
Audit and review of financial reports	2,240	2,626
Equity raising assurance services	2,086	-
Other regulatory audit services	1,717	2,071
Other assurance services	345	42
Total remuneration for audit and other assurance services	9,497	8,412
Other services		
PwC Australian firm:		
Taxation services	489	1,453
Transaction related taxation advise and due diligence	8,387	4,537
Other advisory services	1,423	132
Overseas PwC firms:		
Taxation services	1,546	2,621
Completion audits and acquisition due diligence	990	6,640
Total remuneration for other services	12,835	15,383
Total auditors' remuneration	22,332	23,795

Note 9. Earnings per Share

cents	2010	Restated ⁽¹⁾ 2009
Basic earnings per share		
From continuing operations attributable to the ordinary equity holders of the Company	15.8	24.1
From discontinued operations	-	(0.1)
Attributable to the ordinary equity holders of the Company	15.8	24.0
Diluted earnings per share		
From continuing operations attributable to the ordinary equity holders of the Company	15.6	24.0
From discontinued operations	-	(0.1)
Attributable to the ordinary equity holders of the Company	15.6	23.9

(1) The 2009 earnings per share figures have been restated to reflect the bonus element of the Entitlement Offer that was completed in September 2009.

(a) Reconciliation of earnings used in calculating earnings per share

\$ million	2010	Restated ⁽¹⁾ 2009
Basic earnings per share		
Profit from continuing operations	201.6	218.4
Profit from continuing operations attributable to non-controlling interests	(18.6)	(6.1)
Profit from continuing operations attributable to the ordinary equity holders of the Company used in calculating basic earnings per share	183.0	212.3
Profit/(loss) from discontinued operations	-	(0.6)
Profit attributable to the ordinary equity holders of the Company used in calculating basic earnings per share	183.0	211.7
Diluted earnings per share		
Profit from continuing operations attributable to the ordinary equity holders of the Company used in calculating diluted earnings per share	183.0	212.3
Profit/(loss) from discontinued operations	-	(0.6)
Profit attributable to the ordinary equity holders of the Company used in calculating diluted earnings per share	183.0	211.7

(b) Weighted average number of shares used as denominator

Number million		
Weighted average number of ordinary shares for basic earnings per share	1,161.4	880.8
Effect of partly-paid shares	-	-
Effect of employee options	91	5.4
Weighted average number of ordinary shares and potential ordinary shares for diluted earnings per share	1,170.5	886.2

(1) The 2009 earnings per share figures have been restated to reflect the bonus element of the Entitlement Offer that was completed in September 2009.

(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 2010:

- 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 27.

Notes to the Financial Statements

30 June 2010

Note 10. Cash and Cash Equivalents

\$ million	Consolidated	
	2010	2009
Cash on hand and at bank	244.2	132.8
Short-term deposits	4.1	41.8
Deposits at call	18.8	14.0
Total cash and cash equivalents	267.1	188.6

Short-term deposits and deposits at call for the consolidated entity bear floating interest rates between 0.01% and 15.0% (2009: 0.02% and 9.02%). Details regarding interest rate risk, foreign currency risk, credit risk and the fair value of cash and cash equivalents are disclosed in note 26.

Note 11. Trade and Other Receivables

\$ million	Consolidated	
	2010	2009
Trade receivables ⁽¹⁾	1,546.1	959.8
Less provision for impairment losses	(35.8)	(22.0)
	1,510.3	937.8
Other receivables ⁽²⁾	197.6	142.2
Other loans	6.8	11.4
Prepayments	72.1	49.6
Total current trade and other receivables	1,786.8	1,141.0

Details regarding interest rate risk, foreign currency risk, credit risk and fair values of receivables are disclosed in note 26.

(1) Impaired trade receivables

The consolidated entity has recognised a loss of \$0.5 million (2009: \$11.0 million) in respect of impaired trade receivables during the financial year ended 30 June 2010. The loss has been included in 'general and administration' expenses in the income statement.

(2) 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.

Note 12. Inventories

\$ million	Consolidated	
	2010	2009
Raw materials and stores at cost	611.8	375.3
Work in progress at cost	177.3	88.5
Finished goods at cost	603.8	459.8
	1,392.9	923.6
Raw materials and stores at net realisable value	14.7	18.1
Work in progress at net realisable value	11.8	4.6
Finished goods at net realisable value	49.6	33.3
	76.1	56.0
Total inventories	1,469.0	979.6

Write-downs of inventories to net realisable value recognised as an expense during the financial year ended 30 June 2010 amounted to \$2.1 million (2009: \$4.9 million). The expense has been included in 'cost of sales' expenses in the income statement. As at 30 June 2010, no inventory of the consolidated entity is pledged as security over any borrowing (2009: nil).

Note 13. Other Financial Assets

\$ million	Consolidated	
	2010	2009
Current		
Derivative financial instruments:		
Forward exchange contracts	14	–
Hedge contracts for cash settled bonus and retention payment plans ('Equity Share Swap contracts')	1.2	0.9
	2.6	0.9
Derivative financial instruments – cash flow hedges:		
Forward exchange contracts	20.0	7.3
Commodity contracts	0.2	0.5
	20.2	7.8
Total current other financial assets	22.8	8.7
Non-current		
Investments in companies listed on stock exchanges at fair value	4.5	7.7
Investments in companies not listed on stock exchanges at cost	1.2	0.2
	5.7	7.9
Derivative financial instruments:		
Contracts for cash settled employee share plan options ('American' style contracts)	–	0.2
Contracts for cash settled bonus and retention payment plans ('Equity Share Swap contracts')	1.0	0.4
Forward exchange contracts	0.1	–
Other non-current financial assets	0.4	–
	1.5	0.6
Loans and other receivables	28.1	33.8
Total non-current other financial assets	35.3	42.3

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 26.

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 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 26(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 2010.

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30 June 2010

Note 14. Equity Accounted Investments

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 (%)	
				2010	2009
AMVIG Holdings Limited	Tobacco packaging	Cayman Islands	31 December	46.0	38.9
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	–

Financial information related to equity accounted investments

\$ million	Consolidated	
	2010	2009
Revenues (100%)	495.0	599.7
Expenses (100%)	(433.6)	(520.5)
Profit (100%)	61.4	79.2
Current assets (100%)	679.1	426.7
Non-current assets (100%)	560.1	972.2
Total assets (100%)	1,239.2	1,398.9
Current liabilities (100%)	230.4	309.5
Non-current liabilities (100%)	120.3	148.6
Total liabilities (100%)	350.7	458.1
Net assets reported by equity accounted investments	888.5	940.8
Consolidated entity's share of net assets equity accounted	464.2	509.0
Results of equity accounted investments		
Consolidated entity share of profits before taxes	40.6	43.6
Consolidated entity share of income tax expense	(7.1)	(7.5)
Consolidated entity share of profits after tax	33.5	36.1

Commitments

\$ million	Consolidated	
	2010	2009
Share of capital commitments contracted but not provided for or payable:		
Within one year	2.0	4.4
Between one and five years	–	–
More than five years	–	–
	2.0	4.4
Share of other expenditure commitments contracted but not provided for or payable (including operating lease commitments):		
Within one year	1.5	1.3
Between one and five years	5.3	4.4
More than five years	6.0	6.6
	12.8	12.3

Acquisitions and disposals

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% interest in Amcor Chengdu Co. Limited (Chengdu). The net assets of the 40% interest in Chengdu acquired were \$1.8 million on 2 February 2010.

Reporting date

The balance dates for AMVIG, Silgan White Cap de Venezuela S.A. and Amcor Chengdu Co. Limited 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 2010, the consolidated entity has used the latest publicly available financial information, being the unaudited interim results announcement for the six months to 30 June 2010, which was made to the Hong Kong Stock Exchange on 19 August 2010. This result, in conjunction with the audited results for the 12 months to 31 December 2009, has formed the basis for the accounting for the consolidated entity's share of profits recognised for the 12 months ended 30 June 2010.

Silgan White Cap de Venezuela S.A. ('Silgan White Cap') 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 2010 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 2010.

Amcor Chengdu Co. Limited'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 2010 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 2010.

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Note 15. Property, Plant and Equipment

Consolidated

\$ million	Land	Land improvements	Buildings	Plant and equipment	Assets under construction	Finance leases	Total
Cost							
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
Balance at 1 July 2008	203.5	27.5	817.6	6,171.5	46.6	4.9	7,271.6
Additions for the period	2.4	0.1	34.8	386.9	144.9	–	569.1
Disposals during the period	(20.0)	(5.3)	(50.3)	(326.8)	(0.6)	–	(403.0)
Additions through business acquisitions	–	–	–	2.6	–	–	2.6
Disposal of businesses and controlled entities	–	–	–	(14.2)	–	–	(14.2)
Other transfers	0.8	0.1	20.3	16.5	(37.7)	–	–
Effect of movements in foreign exchange rates	6.6	0.8	44.7	293.0	(2.4)	0.3	343.0
Balance at 30 June 2009	193.3	23.2	867.1	6,529.5	150.8	5.2	7,769.1
Accumulated depreciation and impairment							
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)
Balance at 1 July 2008	(0.2)	(7.3)	(224.3)	(3,410.6)	–	(4.8)	(3,647.2)
Depreciation charge	–	(0.7)	(33.9)	(377.7)	–	(0.1)	(412.4)
Disposals during the period	–	1.5	11.8	248.9	–	–	262.2
Disposal of businesses and controlled entities	–	–	–	11.4	–	–	11.4
Impairment loss	–	–	(3.7)	(19.1)	–	–	(22.8)
Effect of movements in foreign exchange rates	–	(0.3)	(14.4)	(149.5)	–	(0.2)	(164.4)
Balance at 30 June 2009	(0.2)	(6.8)	(264.5)	(3,696.6)	–	(5.1)	(3,973.2)
Carrying amounts							
Balance at 30 June 2010	287.0	18.2	1,029.7	3,274.6	175.1	16.0	4,800.6
Balance at 30 June 2009	193.1	16.4	602.6	2,832.9	150.8	0.1	3,795.9

(a) Non-current assets pledged as security

At 30 June 2010, property, plant and equipment with a carrying value of \$48.6 million (2009: \$12.9 million) was provided as security for certain interest-bearing borrowings. Refer to note 20 for more information on non-current assets pledged as security by the consolidated entity.

(b) Non-current asset impairments

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:

- Rigid Plastics recognised an impairment of \$91 million within North America relating to a number of items of property, 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.

- Flexibles recognised an impairment of \$174 million of which the majority relates to restructuring activities in the UK, Europe, USA and Asia as a result of the integration with Alcan Packaging. Of the \$174 million impairment, \$0.3 million related to buildings while \$171 million related to items of property, 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 property, plant and equipment.

30 June 2009

During the year ended 30 June 2009, the consolidated entity recorded impairments of property, plant and equipment totalling \$22.8 million within general and administration expense in the income statement. The impairments were recognised in the following segments:

- Rigid Plastics (formerly Amcor PET) recognised an impairment of \$11.0 million within Latin America relating to a number of items of property, plant and equipment that have been identified as idle as the result of the termination of various on-site lease agreements. The recoverable amount of these items was assessed based upon management's historical experience of the sale of similar assets, less costs to sell.
- Flexibles recognised an impairment of \$9.9 million relating to restructuring activities undertaken in the UK and across Europe with regards to the repositioning of the business, as announced in April 2007. Of the \$9.9 million impairment, \$3.7 million related to buildings while \$6.2 million related to items of property, plant and equipment. The recoverable amount of the buildings was assessed based on a valuation provided by an external independent valuer, less estimated costs to sell. Of the \$6.2 million impairment recognised in relation to property, plant and equipment, \$2.0 million was a write-off of certain identified items while the remainder of the impairment was determined based on the recoverable amount of the individual items using management's historical experience of the sale of similar assets, less estimated costs to sell.

In addition to the impairments identified in relation to the repositioning activities of Amcor Flexibles, an impairment charge of \$1.9 million was recognised in relation to obsolete items of property, plant and equipment. The recoverable amount of these items were assessed based upon the consolidated entity's historical experience of the sale of similar assets in the relevant market place, less selling costs.

(c) Non-current asset impairment reversals

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.

During the year ended 30 June 2009, the consolidated entity did not reverse any impairment that had previously been recognised with regards to items of property, plant and equipment.

Notes to the Financial Statements

30 June 2010

Note 16. Deferred Tax Assets and Liabilities

(a) Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

Consolidated

\$ million	2010			2009		
	Assets	Liabilities	Net	Assets	Liabilities	Net
Property, plant and equipment	–	(294.0)	(294.0)	–	(280.3)	(280.3)
Impairment of trade receivables	5.0	–	5.0	4.7	–	4.7
Valuation of inventories	46.1	(4.6)	41.5	31.2	(2.6)	28.6
Employee benefits	112.6	–	112.6	85.0	–	85.0
Provisions	63.3	–	63.3	53.6	–	53.6
Financial instruments at fair value	167.2	(269.9)	(102.7)	11.0	(25.8)	(14.8)
Tax losses carried-forward	243.0	–	243.0	122.3	–	122.3
Accruals and other items	48.0	(151.7)	(103.7)	49.6	(96.0)	(46.4)
Tax assets/(liabilities)	685.2	(720.2)	(35.0)	357.4	(404.7)	(47.3)
Set off of tax	(271.7)	271.7	–	(194.5)	194.5	–
Net deferred tax asset/(liability)	413.5	(448.5)	(35.0)	162.9	(210.2)	(47.3)

(b) Movement in temporary differences during the year

Consolidated

\$ million	Net asset/ (liability) at 1 July	Recognised in income statement	Recognised in equity	Acquired balances	Exchange difference	Net asset/ (liability) at 30 June
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)
2009						
Property, plant and equipment	(283.2)	24.7	–	–	(21.8)	(280.3)
Impairment of trade receivables	6.1	(1.4)	–	–	–	4.7
Valuation of inventories	45.8	(21.0)	–	–	3.8	28.6
Employee benefits	75.1	(6.5)	13.3	0.1	3.0	85.0
Provisions	50.1	(0.3)	–	–	3.8	53.6
Financial instruments at fair value	20.1	(36.5)	1.5	–	0.1	(14.8)
Tax losses carried-forward	68.8	53.9	–	–	(0.4)	122.3
Accruals and other items	(77.3)	42.6	–	–	(11.7)	(46.4)
	(94.5)	55.5	14.8	0.1	(23.2)	(47.3)

(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	Consolidated	
	2010	2009
Unused tax losses for which no deferred tax asset has been recognised	606.5	488.9
Potential tax benefits at applicable rates of tax losses	175.7	154.3
Deductible temporary differences	373	531
Total unrecognised deferred tax assets	213.0	2074

Unused tax losses have been incurred by entities in foreign 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.

Notes to the Financial Statements

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Note 17. Intangible Assets

Consolidated

\$ million	Product development	Computer software	Goodwill	Customer relationships	Other intangible assets	Total
Cost						
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
Balance at 1 July 2008	8.7	214.9	1,209.9	–	20.6	1,454.1
Additions through internal activities	–	27.2	–	–	–	27.2
Additions for the period	–	3.7	–	–	2.3	6.0
Disposals during the period	–	(22.7)	–	–	(2.0)	(24.7)
Additions through business acquisitions	–	0.1	10.6	–	–	10.7
Effect of movements in foreign exchange rates	0.6	12.8	170.7	–	14	185.5
Balance at 30 June 2009	9.3	236.0	1,391.2	–	22.3	1,658.8
Accumulated amortisation and impairment						
Balance at 1 July 2009	(79)	(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	(71)	(138.3)	(13.5)	(1.9)	(18.3)	(179.1)
Balance at 1 July 2008	(6.3)	(110.7)	(13.3)	–	(14.6)	(144.9)
Amortisation charge	(1.1)	(24.8)	–	–	(3.8)	(29.7)
Disposals during the period	–	22.4	–	–	1.9	24.3
Effect of movements in foreign exchange rates	(0.5)	(7.5)	(0.1)	–	(1.3)	(9.4)
Balance at 30 June 2009	(79)	(120.6)	(13.4)	–	(17.8)	(159.7)
Carrying amounts						
Balance at 30 June 2010	0.9	106.0	1,534.1	192.0	2.5	1,835.5
Balance at 30 June 2009	1.4	115.4	1,377.8	–	4.5	1,499.1

As at 30 June 2010 the consolidated entity does not hold any indefinite life intangible assets, other than goodwill.

(a) Amortisation and impairment charge

During the year ended 30 June 2010 and 2009, the consolidated entity did not recognise any impairments relating to intangible assets.

(b) Impairment tests for goodwill

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

The goodwill amounts allocated below are tested annually or semi-annually if there are indicators of impairment, by comparison with the recoverable amount of each CGU or group of CGUs' assets. Recoverable amounts for CGUs are measured at the higher of fair value less costs to sell and value in use. Value in use is calculated from cash flow projections for five years using data from the consolidated entity's latest internal forecasts. The key assumptions for the value in use calculations are those regarding discount rates, growth rates and expected changes in margins.

The forecasts used in the value in use calculations are management estimates in determining income, expenses, capital expenditure and cash flows for each asset and CGU. Changes in selling prices and direct costs are based on past experience and management's expectation of future changes in the markets in which the consolidated entity operates. Cash flows beyond the five year period are extrapolated using estimated growth rates.

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

CGU	Goodwill allocation (\$ million)		Discount rate (%)		Growth rate (%)	
	2010	2009	2010	2009	2010	2009
Rigid Plastics						
North America	518.3	555.8	9.8	9.2	3.0	3.0
Latin America	194.0	207.5	13.4	15.3	3.0	3.0
Australasia and Packaging Distribution						
Fibre Packaging Division	48.2	48.2	10.4	11.3	2.0	-
Beverage Can Group	14.8	14.7	10.4	11.3	2.0	-
Other	0.8	0.8	-	-	-	-
North America Distribution	81.5	87.2	9.8	9.2	-	2.0
North America Corrugator	9.3	9.9	9.8	9.2	-	2.0
North America Multi Purpose Packaging	22.6	24.2	9.8	9.2	-	2.0
Flexibles						
Flexibles Europe and Americas	98.3	-	8.8	-	-	-
Food	139.9	171.9	8.8	9.5	-	-
Healthcare	164.1	201.7	8.8	9.5	-	-
Tobacco Packaging	201.6	15.2	8.8	9.5	-	-
Flexibles Asia Pacific	40.7	40.7	10.4	11.3	3.0	-
	1,534.1	1,377.8				

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 18. Other Non-Current Assets

\$ million	Consolidated	
	2010	2009
Contract incentive payments ⁽¹⁾	65.3	46.3
Retirement benefit assets (note 23)	5.3	0.4
Other non-current assets	144.8	72.2
Total other non-current assets	215.4	118.9

(1) Contract incentives are provided to customers to secure long-term sale agreements and are amortised over the period of the contractual arrangement.

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Note 19. Trade and Other Payables

\$ million	Consolidated	
	2010	2009
Current		
Trade creditors	1,706.5	1,196.4
Deferred grant income	1.1	1.9
Other creditors and accruals	757.0	523.9
Total current trade and other payables	2,464.6	1,722.2
Non-current		
Secured creditors:		
Other creditors	0.1	–
Deferred grant income	17.2	21.6
Other unsecured creditors	12.9	9.9
Total non-current trade and other payables	30.2	31.5

Note 20. Interest-Bearing Liabilities

\$ million	Footnote	Consolidated	
		2010	2009
Current			
Secured borrowings:			
Bank loans	(2)	8.1	4.3
Lease liabilities (note 31)	(6)	3.3	2.3
		11.4	6.6
Unsecured borrowings:			
Bank overdrafts	(1)	64.7	131.3
Commercial paper	(3)	104.7	62.9
Eurobond	(10)	496.1	–
USD notes	(9)	–	49.6
Bank loans	(4, 5, 8)	662.5	692.7
Other loans	(5)	39.3	13.0
		1,367.3	949.5
Total current interest-bearing liabilities		1,378.7	956.1
Non-current			
Secured borrowings:			
Bank loans		9.2	–
Other loans	(7)	3.4	5.4
Lease liabilities (note 31)	(6)	16.4	–
		29.0	5.4
Unsecured borrowings:			
Bank loans	(8)	389.2	689.3
USD notes	(9)	1,512.3	569.7
Eurobond	(10)	–	608.6
Other loans	(5)	2.0	2.7
		1,903.5	1,870.3
Total non-current interest-bearing liabilities		1,932.5	1,875.7

\$ million	Consolidated	
	2010	2009
Reconciliation of consolidated net debt		
– Current	1,378.7	956.1
– Non-current	1,932.5	1,875.7
Total interest-bearing liabilities	3,311.2	2,831.8
– Cash and cash equivalents (note 10)	(267.1)	(188.6)
Net debt	3,044.1	2,643.2

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 26.

- (1) The consolidated entity has uncommitted bank overdraft facilities (both secured and unsecured) to a maximum of \$211.1 million (2009: \$247.2 million). As at 30 June 2010, the unused portions of the facilities were \$146.4 million (2009: \$115.9 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 \$8.1 million (2009: \$4.3 million). The carrying value of the pledged property is \$8.1 million (2009: \$4.3 million).
- (3) Borrowings in commercial paper markets include:
 - Promissory Note Facility – \$104.7 million (2009: \$62.9 million)*
This is an uncommitted promissory note facility of \$600.0 million (2009: \$600.0 million). This facility continues indefinitely until terminated by giving written notice to the dealer panel members. As at 30 June 2010, there were \$104.7 million in promissory notes outstanding with an average maturity of 19 days (2009: \$62.9 million).
 - US Commercial Paper Program – nil (2009: nil)*
This is an uncommitted commercial paper program of US\$400.0 million (2009: US\$400.0 million). As at 30 June 2010 nil commercial paper was outstanding (2009: nil).
- (4) Various bank borrowings including:
 - Amcor Limited – \$3.5 million (2009: \$45.0 million) drawn under uncommitted at call facilities. Amounts borrowed under these facilities bear interest at the overnight cash rate plus an applicable margin.
 - Amcor Limited/Amcor UK Finance Limited/Amcor Finance (USA) Inc. – \$486.5 million (2009: \$546.5 million) drawn under a US\$750.0 million (2009: US\$750.0 million) committed global syndicated multi-currency facility maturing June 2011.
 - Nil (2009: \$194.4 million) drawn under a committed US\$500.0 million (2009: US\$500.0 million) 364 day global syndicated multi-currency facility supporting uncommitted commercial paper program term maturing June 2011. Drawings are in various currencies and bear interest at the applicable BBSY or LIBOR rate plus a credit margin.
 - Amcor Limited – \$150.0 million (2009: \$150.0 million) committed multi-currency facility maturing in September 2010. \$150.0 million (2009: \$142.8 million) drawn under this facility are in various currencies and bear interest at the applicable BBSY or LIBOR rate plus an applicable credit 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 \$34 million (2009: \$54 million). The carrying value of the pledged property is \$8.9 million (2009: \$8.6 million).
- (8) Principally relates to bank borrowings in:
 - Amcor Limited – \$275.0 million (2009: \$350.0 million) committed multi-currency facility maturing in August 2012. \$104.2 million (2009: \$336.9 million) drawn under this facility are in various currencies and bear interest at the applicable BBSY, HIBOR or LIBOR rate plus an applicable credit margin.
 - Amcor Limited – \$255.9 million committed multi-currency facility maturing in May 2013. \$131.3 million (2009: \$62.0 million) drawn under this facility and bears interest at the applicable LIBOR, EURIBOR or HIBOR rate plus an applicable credit margin.
- (9) Represents 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 2012 and 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. Interest on these notes is payable semi-annually, at a fixed rate.
- (10) Represents €350.0 million Amcor Limited unsecured notes issued in the Eurobond market. The notes mature in March 2011 and pay an annual coupon of 4.25%. For the year ended 30 June 2010, the €350.0 million Amcor Limited unsecured notes are now classified as current unsecured borrowings.

Notes to the Financial Statements

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Note 21. Other Financial Liabilities

\$ million	Consolidated	
	2010	2009
Current		
Derivative financial instruments:		
Forward exchange contracts	77	51
	77	51
Derivative financial instruments – cash flow hedges:		
Forward exchange contracts	76	74
Commodity contracts	8.5	3.7
	16.1	11.1
Total current other financial liabilities	23.8	16.2
Non-current		
Derivative financial instruments – cash flow hedges:		
Forward exchange contracts	2.3	–
Total non-current other financial liabilities	2.3	–

Note 22. Provisions

\$ million	Employee entitlements	Insurance and other claims	Onerous contracts	Asset restoration	Restructuring	Other	Total
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
Balance at 1 July 2008	129.5	86.0	16.7	51.7	61.4	–	345.3
Provisions made during the period	53.9	37.4	0.1	5.2	52.1	0.3	149.0
Payments made during the period	(57.5)	(14.6)	(5.1)	(5.7)	(79.5)	(0.1)	(162.5)
Released during the period	(0.6)	(10.6)	–	(2.2)	(0.8)	–	(14.2)
Disposal of businesses and controlled entities	–	–	–	–	(0.7)	–	(0.7)
Additions through business acquisitions	0.2	–	–	–	–	–	0.2
Unwinding of discount	–	–	0.2	2.0	1.5	–	3.7
Effect of movement in foreign exchange rate	3.7	(0.5)	1.5	2.2	1.5	–	8.4
Balance at 30 June 2009	129.2	97.7	13.4	53.2	35.5	0.2	329.2
Current	108.0	59.0	13.4	4.8	18.9	0.2	204.3
Non-current	21.2	38.7	–	48.4	16.6	–	124.9

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 2010, 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 ongoing 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.

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Note 22. Provisions (continued)

Restructuring provisions

The following table provides a segmental analysis of the restructuring provision at the end of the reporting period:

\$ million	Flexibles	Rigid Plastics	Australasia and Packaging Distribution	Other	Total
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)	(3.8)	(36.8)
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)	-	(0.3)	(3.0)
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
Balance at 1 July 2008	29.6	-	31.3	0.5	61.4
Provisions made during the period	16.4	16.3	17.3	2.1	52.1
Payments made during the period	(38.2)	(14.2)	(25.8)	(1.3)	(79.5)
Released during the period	(1.0)	-	0.2	-	(0.8)
Disposal of business and controlled entities	-	-	(0.7)	-	(0.7)
Unwinding of discount	-	-	1.5	-	1.5
Effect of movement in foreign exchange rate	1.6	(0.1)	-	-	1.5
Balance at 30 June 2009	8.4	2.0	23.8	1.3	35.5
Current	8.4	2.0	7.2	1.3	18.9
Non-current	-	-	16.6	-	16.6

The Flexibles restructuring provision includes costs relating to activities undertaken with regards to the repositioning and market sector rationalisation of the Flexibles European business, as announced by the consolidated entity in April 2007 as well as costs associated with the realisation of expected synergies from the Alcan acquisition. The restructuring provision also includes costs in relation to the closure of the Regents Park manufacturing plant.

During the period Rigid Plastics recognised and utilised 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. The provision also includes employee costs associated with the closure of the existing mills at Botany and Fairfield, Victoria.

Note 23. Retirement Benefit Obligations

\$ million	Consolidated	
	2010	2009
Defined benefit pension plans	309.2	156.8
Defined benefit post-retirement plans	37.5	19.0
	346.7	175.8

Description of plans

The consolidated entity participates in a number of pension plans which have been established to provide benefits for employees and their dependants. The plans include company sponsored plans, industry/union plans and government plans.

Company sponsored plans

Company sponsored plans include both defined contribution and defined benefit plans. The principal benefits of these plans are pensions or lump sums for members on resignation, retirement, death or total permanent disablement. These benefits are determined on either a defined benefit or accumulation benefit basis.

Employee contribution rates are either determined by the rules of the plan or selected by members from a specified range of rates. In addition to legislative requirements, employer companies contribute to defined benefit funds as described below or, in the case of defined contribution funds, the amounts set out in the appropriate plan rules.

Industry/union plans

Employer companies participate in industry and union plans on behalf of certain employees. These plans operate on an accumulation basis and provide lump sum benefits for members on resignation, retirement or death. The employer entity has a legally enforceable obligation to contribute at varying rates to these plans.

Government plans

Employer companies participate in government plans, on behalf of certain employees, which provide pension benefits. There exists a legally enforceable obligation on employer companies to contribute as required by legislation.

Defined benefit plans

Globally the consolidated entity maintains numerous defined benefit pension arrangements. On a vested benefit basis, a few of these arrangements 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 fund's 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.

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Note 23. Retirement Benefit Obligations (continued)

The following tables set out financial information in relation to both defined benefit pension plans and defined benefit post-retirement plans.

(i) Amounts recognised in the statement of financial position

\$ million	Consolidated	
	2010	2009
Present value of the unfunded defined benefit obligation	1070	48.0
Present value of the funded defined benefit obligation	1,482.2	798.5
Liabilities for defined benefit obligations	1,589.2	846.5
Fair value of defined benefit plan assets	(1,249.9)	(671.1)
	339.3	175.4
Unrecognised past service cost	(0.5)	(0.4)
Amounts not recognised as an asset	2.6	0.4
Net liability in the statement of financial position	341.4	175.4
Net liability in the statement of financial position comprises:		
Retirement benefit assets (note 18)	(5.3)	(0.4)
Retirement benefit obligations	346.7	175.8
	341.4	175.4

(ii) Proportion of the fair value of total plan assets

%	Consolidated	
	2010	2009
Equity securities	32.9	25.2
Real estate	5.2	4.2
Debt securities	32.1	36.9
Other assets ⁽¹⁾	29.8	33.7
	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 parent entity may include Amcor Limited securities at various times throughout the year. At 30 June 2010, the plan did not hold any Amcor Limited securities (2009: nil).

(iii) Movement in the liability for defined benefit obligations

\$ million	Consolidated	
	2010	2009
Defined benefit obligation at 1 July	846.5	888.8
Current service cost	34.7	30.6
Interest cost on benefit obligation	55.9	51.7
Actuarial loss/(gain) recognised directly in other comprehensive income	135.0	(81.9)
Actuarial gain recognised directly in profit or loss	2.2	(0.7)
Acquired in business combination	676.2	–
Contributions by plan participants	8.9	6.5
Benefits paid by the plan	(54.2)	(67.8)
Past service cost	0.3	1.3
Gains on curtailment	(4.8)	(2.1)
Expenses, taxes, premiums paid	(8.0)	(10.7)
Exchange differences on foreign plans	(103.5)	30.8
Defined benefit obligations at 30 June	1,589.2	846.5

(iv) Movement in plan assets

\$ million	Consolidated	
	2010	2009
Fair value of plan assets at 1 July	671.1	728.0
Contributions by employer	55.8	65.6
Contributions by plan participants	8.9	6.5
Benefits paid by the plan	(54.2)	(67.8)
Expenses, taxes, premiums paid	(8.0)	(10.7)
Acquired in business combination ⁽¹⁾	563.7	–
Expected return on assets	52.0	50.3
Actuarial loss recognised directly in other comprehensive income	33.4	(127.7)
Transfer from external fund	2.2	–
Exchange differences on foreign plans	(75.0)	26.9
Fair value of plan assets at 30 June⁽¹⁾	1,249.9	671.1

(1) Included in the fair value of plan assets closing balance is an indemnification asset of \$104.4 million which was recognised through the Alcan Packaging acquisition.

(v) Amounts recognised in the income statement

\$ million	Consolidated	
	2010	2009
Current service cost	34.7	30.6
Interest cost on benefit obligation	55.9	51.7
Expected return on plan assets	(52.0)	(50.3)
Past service cost	0.1	1.3
Gains on curtailments and benefits paid	(4.8)	(2.1)
Impact of asset ceiling recognised directly in the income statement	0.7	(0.7)
	34.6	30.5
Actual return on plan assets	85.4	(77.4)

(vi) Actuarial gains and losses recognised in other comprehensive income

\$ million	Consolidated	
	2010	2009
Cumulative amount at 1 July	(108.9)	(68.8)
Recognised in equity during the period		
Movement in plan liabilities	(135.0)	81.9
Movement in plan assets	33.4	(127.7)
Impact of asset ceiling recognised directly in other comprehensive income	(1.7)	5.7
	(103.3)	(40.1)
Cumulative amount at 30 June	(212.2)	(108.9)

Notes to the Financial Statements

30 June 2010

Note 23. Retirement Benefit Obligations (continued)

(vii) 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:

%	Consolidated	
	2010	2009
Discount rate	4.5	5.3
Expected return on plan assets	5.8	6.2
Future salary increases	3.4	3.8
Medical cost trend rates	4.5	4.5

Expected return on assets 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 predetermined 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 \$0.2 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 \$0.2 million respectively.

(viii) 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 2011 are expected to total \$64.1 million.

(ix) Historical summary

\$ million	2010	2009	2008	2007	2006
Present value of the defined benefit obligation	1,588.7	846.1	894.2	988.9	1,092.5
Fair value of plan assets	(1,247.3)	(670.7)	(728.4)	(890.7)	(848.8)
Deficit in the plans	341.4	175.4	165.8	98.2	243.7
Experience adjustments arising on plan liabilities	(1.4)	18.8	22.2	(2.5)	42.1
Experience adjustments arising on plan assets	33.4	(127.7)	(105.3)	57.3	(37.9)

(x) 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	Consolidated	
	2010	2009
Cost of sales	9.2	3.3
Sales and marketing expenses	1.5	0.7
General and administration expenses	194	24.7
Research and development costs	0.6	0.5
Net financing benefit	3.9	1.3
	34.6	30.5

Note 24. Contributed Equity and Reserves**(a) Contributed equity**

\$ million	2010	2009
Issued and paid-up:		
1,221,647,084 ordinary shares with no par value (2009: 842,758,858) ⁽¹⁾	4,029.8	2,440.3
614,000 partly paid ordinary shares with no par value (2009: 624,000) ⁽²⁾	-	-
	4,029.8	2,440.3

(1) Fully paid ordinary shares carry one vote per share and carry the right to dividends.

(2) The partly-paid ordinary shares comprise 505,000 (2009: 510,000) shares paid to five cents and 109,000 (2009: 114,000) shares paid to one cent under Employee Share/Option Plans. The aggregate uncalled capital of \$4.4 million (2009: \$4.5 million) will be brought to account when these shares are fully paid.

(i) Reconciliation of fully paid ordinary shares

	2010		2009	
	No. '000	\$ million	No. '000	\$ million
Balance at beginning of period	842,759	2,440.3	834,753	2,406.1
Calls on partly paid shares	10	0.1	160	0.9
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 27(a)(ii))	190	-	201	-
Issue of shares under the dividend reinvestment plan ⁽¹⁾	3,357	18.7	6,399	25.5
Issue of shares under the management incentive plan	178	-	-	-
Loan repayments under the Employee Share Option Plan (note 27(b))	-	1.9	-	2.3
Exercise of options under the Long Term Incentive Plan (note 27(b)(ii))	31	0.2	1,208	5.4
Exercise of performance rights under the Long Term Incentive Plan (note 27(c)(vii))	281	1.6	38	0.1
Exercise of options under the Employee Share Option Plan	243	1.2	-	-
Transaction costs associated with the issue of capital	-	(45.0)	-	-
Balance at end of period	1,221,647	4,029.8	842,759	2,440.3

(1) Share requirements for the Dividend Reinvestment Plan (DRP) for March 2010 were met by the issue of 3,357,457 (2009: 6,399,353) new shares. Share requirements for the October 2009 DRP were met by on-market purchases, by a broker, on behalf of DRP participants.

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Note 24. Contributed Equity and Reserves (continued)

(ii) Reconciliation of partly paid ordinary shares

	2010		2009	
	No. '000	\$ million	No. '000	\$ million
Balance at beginning of period	624	–	784	–
Converted to fully paid ordinary shares	(10)	–	(160)	–
Balance at end of period	614	–	624	–

(b) Reserves

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.

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.

Share-based payments reserve

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

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). The relevant position of the reserve is recognised in the income statement when a foreign operation is disposed of.

Note 25. Dividends

Dividends recognised in the current period by the consolidated entity are:

	Cents per share	Total amount \$ million	Franked/unfranked ⁽¹⁾	Date of payment
2010				
2010 Interim dividend per fully paid share	12.5	152.6	Unfranked	31 March 2010
2009 Final dividend per fully paid share	170	143.3	Unfranked	18 September 2009
		295.9		
2009				
2009 Interim dividend per fully paid share	170	142.2	Unfranked	25 March 2009
2008 Final dividend per fully paid share	170	142.0	Unfranked	3 October 2008
		284.2		

(1) 100% is sourced from the Conduit Foreign Income Account (2009: 100%).

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 2010 and will be recognised in subsequent Financial Reports.

	Cents per share	Total amount \$ million	Franked/ unfranked ⁽¹⁾	Date of payment
2010				
Final dividend per fully paid share ⁽²⁾	170	2077	Unfranked	1 October 2010
2009				
Final dividend per fully paid share	170	143.3	Unfranked	18 September 2009

(1) 100% is sourced from the Conduit Foreign Income Account (2009: 100%).

(2) Estimated final dividend payable, subject to variations in number of shares up to record date.

Franking Account

There are no franking credits available for distribution from the franking account. Accordingly, the final dividend for 2010 is unfranked. Franking credits that will arise from payment of income tax in the year ending 30 June 2010 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 1 October 2010, 100% of the dividend is sourced from the parent entity's Conduit Foreign Income Account. As a result, 100% of the dividend paid to a non-resident will not be subject to Australian withholding tax.

The balance of the Conduit Foreign Income Account as at 30 June 2010 is \$1,173.9 million (2009: \$913.7 million). It is estimated that this will reduce to \$966.2 million (2009: \$770.4 million) after payment of the estimated final dividend on 1 October 2010.

Note 26. 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, credit risk and capital risk management. The consolidated entity uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of foreign exchange, interest rate and other price risks, aging analysis for credit risk and beta analysis in respect of investment portfolios to determine market risk. 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. Derivatives are exclusively used for hedging purposes – i.e. not as trading or other speculative instruments.

Financial risk management is carried out by Amcor Group Treasury under policies approved by the Board. Amcor Group Treasury identifies, evaluates and hedges financial risks in conjunction with the finance departments of the consolidated entity's business groups. The Board has determined written principles 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.

Notes to the Financial Statements

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Note 26. Financial Risk Management (continued)

The consolidated entity holds the following financial instruments:

\$ million	Consolidated	
	2010	2009
Financial assets		
<i>Loans and receivables</i>		
Cash and cash equivalents	267.1	188.6
Trade receivables and other receivables	1,707.9	1,080.0
Loans and other advances	17.2	14.4
Other financial assets	17.7	30.8
<i>Available-for-sale financial assets</i>		
Investments in companies listed on stock exchanges at fair value	4.5	7.7
Investments in companies not listed on stock exchanges at cost	1.2	0.2
Derivative financial instruments	23.9	9.3
	2,039.5	1,331.0
Financial liabilities		
<i>Financial liabilities measured at amortised cost</i>		
Trade and other payables	2,494.8	1,753.7
Interest-bearing liabilities	3,311.2	2,831.8
Derivative financial instruments	26.1	16.2
	5,832.1	4,601.7

(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 Euro and US 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.

Transactional foreign currency 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 \$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 \$500,000. Local management may elect to hedge exposures of less than \$500,000. All capital expenditure exposures greater than \$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.

In the absence of contractual uncertainty, the proportion of a forecasted foreign currency exposure hedged is dependent upon the timeframe of the forecasted transaction. Forecast hedge proportions are as follows:

- Up to six months 75%
- Seven to 12 months 50%
- One to two years 25%
- Over two years Nil

Forecast exposure greater than two years from the forecast date must not be hedged unless specifically approved by the Executive Vice President Finance.

Details of outstanding forward currency contracts (Australian dollar equivalents) at balance date for the consolidated entity are outlined below, specifying currency and the average exchange rate of the outstanding contracts:

	Weighted average rate		Contract amounts	
	2010	2009	2010 \$ million	2009 \$ million
Buy CAD Sell USD 0-12 months	0.96	-	20.6	-
Buy CAD Sell USD 1-2 years	0.97	-	4.0	-
Sell CAD Buy USD 0-12 months	0.96	-	(0.8)	-
Net CAD position – Buy/(Sell) CAD			23.8	-
Buy BRL Sell USD 0-12 months	0.40	0.40	0.1	0.1
Buy BRL Sell USD 1-2 years	-	0.42	-	0.3
Net BRL position – Buy BRL			0.1	0.4
Buy CHF Sell AUD 0-12 months	0.98	-	2.7	-
Net CHF position – Buy CHF			2.7	-
Buy CHF Sell EUR 0-12 months	1.43	1.51	80.1	4.3
Net CHF position – Buy CHF			80.1	4.3
Buy CHF Sell GBP 0-12 months	1.65	-	0.9	-
Net CHF position – Buy CHF			0.9	-
Buy CHF Sell USD 0-12 months	1.10	1.17	4.2	0.5
Sell CHF Buy USD 0-12 months	1.06	-	(0.1)	-
Net CHF position – Buy/(Sell) CHF			4.1	0.5
Buy DKK Sell EUR 0-12 months	7.44	7.45	3.0	3.7
Sell DKK Buy EUR 0-12 months	7.45	7.47	(2.8)	(0.7)
Net DKK position – Buy/(Sell) DKK			0.2	3.0
Buy DKK Sell USD 0-12 months	5.53	5.36	2.1	7.4
Net DKK position – Buy DKK			2.1	7.4
Buy EUR Sell AUD 0-12 months	0.68	0.54	329.4	81.1
Buy EUR Sell AUD 1-2 years	0.60	-	15.9	-
Net EUR position – Buy EUR			345.3	81.1
Buy EUR Sell CAD 0-12 months	0.74	-	3.8	-
Buy EUR Sell CAD 1-2 years	0.74	-	0.9	-
Net EUR position – Buy EUR			4.7	-
Buy EUR Sell CKZ 0-12 months	0.04	-	8.7	-
Sell EUR Buy CKZ 0-12 months	0.04	-	(0.6)	-
Net EUR position – Buy/(Sell) EUR			8.1	-
Buy EUR Sell USD 0-12 months	0.77	0.70	6.3	12.8
Buy EUR Sell USD 1-2 years	0.82	-	1.5	-
Sell EUR Buy USD 0-12 months	0.83	-	(2.1)	-
Net EUR position – Buy/(Sell) EUR			5.7	12.8
Buy EUR Sell NZD 0-12 months	-	0.43	-	1.8
Net EUR position – Buy EUR			-	1.8
Buy GBP Sell AUD 0-12 months	0.57	-	0.9	-
Net GBP position – Buy GBP			0.9	-
Buy EUR Sell GBP 0-12 months	1.19	0.10	46.2	79.5
Buy EUR Sell GBP 1-2 years	-	1.14	-	1.2
Sell EUR Buy GBP 0-12 months	1.14	1.14	(182.5)	(17.4)
Net EUR position – Buy/(Sell) EUR			(136.3)	63.3

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Note 26. Financial Risk Management (continued)

(a) Market risk (continued)

(i) Foreign currency risk (continued)

Transactional foreign currency risk (continued)

	Weighted average rate		Contract amounts	
	2010	2009	2010	2009
			\$ million	\$ million
Buy GBP Sell USD 0-12 months	1.53	–	2.5	–
Net GBP position – Buy GBP			2.5	–
Buy HKD Sell AUD 0-12 months	7.15	4.85	0.9	1.0
Net HKD position – Buy HKD			0.9	1.0
Sell NOK Buy SEK 0-12 months	0.83	–	1.7	–
Net NOK position – Sell NOK			1.7	–
Buy NOK Sell EUR 0-12 months	8.20	–	0.2	–
Sell NOK Buy EUR 0-12 months	8.07	8.85	(4.1)	(5.8)
Net NOK position – Buy/(Sell) NOK			(3.9)	(5.8)
Buy NZD Sell AUD 0-12 months	1.24	1.25	1.6	59.2
Sell NZD Buy AUD 0-12 months	1.25	1.02	(8.9)	(9.5)
Net NZD position – Buy/(Sell) NZD			(7.3)	49.7
Buy PLN Sell EUR 0-12 months	4.04	4.48	18.9	33.6
Sell PLN Buy EUR 0-12 months	3.89	4.48	(8.6)	(11.8)
Net PLN position – Buy/(Sell) PLN			10.3	21.8
Buy PLN Sell GBP 0-12 months	4.39	–	5.2	–
Sell PLN Buy GBP 0-12 months	4.39	–	(1.1)	–
Net PLN position – Buy/(Sell) PLN			4.1	–
Buy SEK Sell AUD 0-12 months	6.40	5.59	0.2	0.2
Net SEK position – Buy SEK			0.2	0.2
Buy SEK Sell EUR 0-12 months	9.70	10.67	0.3	4.3
Sell SEK Buy EUR 0-12 months	9.59	11.13	(2.4)	(0.1)
Net SEK position – Buy/(Sell) SEK			(2.1)	4.2
Buy SGD Sell AUD 0-12 months	–	0.97	–	0.2
Net SGD position – Buy SGD			–	0.2
Buy USD Sell AUD 0-12 months	0.84	0.74	166.8	59.0
Buy USD Sell AUD 1-2 years	0.74	0.75	0.1	0.8
Sell USD Buy AUD 0-12 months	0.88	0.80	(1.3)	(2.5)
Net USD position – Buy/(Sell) USD			165.6	57.3
Buy USD Sell NZD 0-12 months	0.68	0.62	18.3	8.6
Buy USD Sell NZD 1-2 years	0.67	–	0.3	–
Sell USD Buy NZD 0-12 months	0.68	0.64	(0.6)	(0.2)
Net USD position – Buy/(Sell) USD			18.0	8.4
Buy USD Sell EUR 0-12 months	1.33	1.35	45.5	8.7
Buy USD Sell EUR 1-2 years	1.30	–	4.2	–
Sell USD Buy EUR 0-12 months	1.32	1.34	(22.4)	(15.7)
Sell USD Buy EUR 1-2 years	1.25	–	(0.4)	–
Net USD position – Buy/(Sell) USD			26.9	(7.0)

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.

No portion of hedges of net investments in foreign currency operations were ineffective for the consolidated entity for the financial years ending 30 June 2010 and 30 June 2009.

Exchange rate sensitivity

The following table summarises the estimated impact on the financial results of the consolidated entity of a 10% increase and a 10% decrease in the value of the AUD against the relevant foreign currencies, with all other variables held constant, taking into account all underlying exposures and related hedges.

\$ million	Impact on post-tax profit		Impact on equity	
	2010	2009	2010	2009
<i>FX Rate Increase</i>				
AUD/USD	(8.5)	(0.9)	42.3	78.8
AUD/EUR	(15.0)	(0.5)	62.3	35.2
AUD/NZD	-	0.2	(14)	0.2
AUD/HKD	(0.1)	(0.1)	8.3	7.1
EUR/USD	-	0.7	(34)	0.8
EUR/European currencies	-	18.2	(26.9)	0.5
	(23.6)	17.6	81.2	122.6
<i>FX Rate Decrease</i>				
AUD/USD	10.4	1.1	(51.7)	(96.3)
AUD/EUR	18.4	(4.5)	(76.1)	(43.0)
AUD/NZD	-	0.7	1.7	(0.2)
AUD/HKD	0.1	0.1	(10.1)	(8.7)
EUR/USD	-	(0.8)	6.6	(0.7)
EUR/European currencies	-	(19.1)	38.6	(0.4)
	28.9	(22.5)	(91.0)	(149.3)

During the 12 months to 30 June 2010 the consolidated entity transferred a \$14.5 million loss (2009: \$7.7 million loss) from equity to operating profit and a \$158.3 million loss (2009: \$0.5 million gain) was added to the measurement of non-financial assets. The amounts that were transferred to operating profit have been included in the following income statement lines:

\$ million	Consolidated	
	2010	2009
Cost of sales	(10.7)	(4.1)
Financial expenses	(3.8)	(3.6)
	(14.5)	(7.7)

Notes to the Financial Statements

30 June 2010

Note 26. Financial Risk Management (continued)

(a) Market risk (continued)

(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 they invest and borrow funds at both fixed and floating rates. Borrowings issued at variable rates expose the consolidated entity to cash flow interest rate risk. The consolidated entity's income and operating cash flows are largely independent of changes in market interest rates.

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 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 following table summarises the impact on the financial results of the consolidated entity of a 1% increase and decrease in the floating interest rate on the relevant interest rate yield curve applicable to the underlying currency the borrowings are denominated in (including AUD, Euro and USD) with all other variables held constant, taking into account all underlying exposures and related hedges. A sensitivity of 1% has been determined 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.

Interest Rate Risk Sensitivities

\$ million	Impact on post-tax profit		Impact on equity	
	2010	2009	2010	2009
<i>Interest rate increase</i>				
AUD	(2.7)	(3.9)	-	-
EUR	(6.2)	(0.8)	-	-
HKD	(1.3)	(0.8)	-	-
USD	(1.9)	(5.6)	-	-
Other Currencies	(0.9)	-	-	-
	(13.0)	(11.1)	-	-
<i>Interest rate decrease</i>				
AUD	2.7	3.9	-	-
EUR	-	0.8	-	-
HKD	-	0.8	-	-
USD	-	5.6	-	-
Other Currencies	0.9	-	-	-
	3.6	11.1	-	-

The above analysis shows the sensitivity of movements subject to cash flow risk only. For the consolidated entity, no financial assets or liabilities that are subject to interest rate risk have been designated at fair value or as available-for-sale.

(iii) Commodity price risk

The consolidated entity is exposed to commodity price risk from a number of commodities, including aluminium.

In managing commodity price risk, the consolidated entity is ordinarily able to pass on the price risk contractually to certain customers via the rise and fall adjustments. In the case of aluminium, some hedging is undertaken using fixed price swaps, options and futures, 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.

The following table sets out, for the consolidated entity, the gross value (Australian dollar equivalents) to be received under commodity fixed priced contracts, the weighted average contracted London Metals Exchange rates and the settlement periods of contracts outstanding at 30 June:

	2010	2009	2010	2009
	Average fixed price A\$/tonne	A\$/tonne	Contract amounts A\$ million	A\$ million
Buy Aluminium contracts USD denominated				
Less than one year	2,274.6	1,550.4	60.3	9.6
Between one and two years	2,308.4	1,646.0	4.5	0.6
Buy Aluminium contracts A\$ denominated				
Less than one year	-	2,167.8	-	17.8

At 30 June 2010, if the USD aluminium price increased by 10%, with all other variables held constant, equity would have reduced by \$5.8 million (2009: decrease \$0.1 million). If the aluminium price had decreased by 10%, with all other variables held constant, equity would have increased by \$5.8 million (2009: \$0.1 million). The change in equity would result from changes in fair value of commodity fixed price contracts. As mentioned previously, there is no impact on profit as the consolidated entity passes the price risk contractually through rise and fall adjustments in customer contractual arrangements

(iv) Employee share plan risk

In relation to the cash settled variants of the 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. For all such entitlements offered, the consolidated entity has 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

	2010				2009		
	Expiry date	Contract volume	Average hedged price \$		Expiry date	Contract volume	Average hedged price \$
Less than one year	2-Aug-10	263,043	6.26	Less than one year	24-Mar-10	186,900	7.87
Between one and five years	31-Dec-10	20,073	6.21	Between one and five years	2-Aug-10	240,800	6.84
	31-Dec-11	76,029	6.58		31-Dec-10	23,550	6.78
	1-Nov-12	294,005	7.51		31-Dec-11	69,600	7.19
				1-Nov-12	277,200	8.20	

Equity share swap contracts

	2010				2009		
	Vesting date	Contract volume	Average hedged price \$		Vesting date	Contract volume	Average hedged price \$
Vested	Various	171,400	6.37	Vested	Various	180,991	7.06
Less than one year	Dec-10	625	6.37	Less than one year	Jul-09	11,672	7.06
Between one and five years	Dec-11	77,137	6.37	Between one and five years	Jul-10	5,425	7.06
	Mar-12	11,000	6.37		Sep-11	8,410	7.06
	Sep-11	8,410	6.37		Sep-12	25,619	7.06
	Sep-12	25,619	6.37		Sep-13	16,844	7.06
	Sep-13	16,844	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.

Notes to the Financial Statements

30 June 2010

Note 26. Financial Risk Management (continued)

(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 a 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 \$330.0 million (in various currencies) that can be drawn upon at short notice; generally uses instruments that are readily tradable in the financial markets; monitors duration of long-term debt; to the extent practicable, spreads the maturity dates of long-term debt facilities and regularly performs 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, where agreement conditions must be adhered to by the borrower for the facility to remain in place. Uncommitted facilities are those where an agreement is in place with the bank where the bank agrees in principle to make funding available but is under no obligation to provide funding.

\$ million	2010			2009		
	Committed	Uncommitted	Total	Committed	Uncommitted	Total
<i>Financing facilities available</i>						
Bank overdrafts	-	211.1	211.1	-	247.1	247.1
Unsecured bill acceptance facility/standby facility	579.4	-	579.4	425.2	-	425.2
Loan facilities and term debt	4,236.1	259.0	4,495.1	2,996.4	375.0	3,371.4
	4,815.5	470.1	5,285.6	3,421.6	622.1	4,043.7
<i>Facilities utilised</i>						
Bank overdrafts	-	64.7	64.7	-	131.3	131.3
Unsecured bill acceptance facility/standby facility	104.7	-	104.7	62.8	-	62.8
Loan facilities and term debt	3,033.7	108.1	3,141.8	2,510.5	126.9	2,637.4
	3,138.4	172.8	3,311.2	2,573.3	258.2	2,831.5
<i>Facilities not utilised</i>						
Bank overdrafts	-	146.4	146.4	-	115.8	115.8
Unsecured bill acceptance facility/standby facility	474.7	-	474.7	362.4	-	362.4
Loan facilities and term debt	1,202.4	150.9	1,353.3	485.9	248.1	734.0
	1,677.1	297.3	1,974.4	848.3	363.9	1,212.2

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 20 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.

\$ million	1 year or less	1-2 years	2-5 years	More than 5 years	Total
30 June 2010					
<i>Non-derivatives</i>					
Non-interest-bearing	2,464.6	30.2	–	–	2,494.8
Variable rate	910.1	24.0	416.3	8.1	1,358.5
Fixed rate	599.2	87.3	647.5	1,322.9	2,656.9
Total non-derivatives	3,973.9	141.5	1,063.8	1,331.0	6,510.2
<i>Derivatives</i>					
Gross settled					
– Inflow	1,003.9	23.6	–	–	1,027.5
– Outflow	(997.9)	(26.3)	–	–	(1,024.2)
Total financial liabilities	6.0	(2.7)	–	–	3.3

\$ million	1 year or less	1-2 years	2-5 years	More than 5 years	Total
30 June 2009					
<i>Non-derivatives</i>					
Non-interest-bearing	1,722.2	31.5	–	–	1,753.7
Variable rate	904.3	691.7	5.6	2.3	1,603.9
Fixed rate	108.0	663.3	298.9	377.9	1,448.1
Total non-derivatives	2,734.5	1,386.5	304.5	380.2	4,805.7
<i>Derivatives</i>					
Net settled (interest rate swaps)	–	–	–	–	–
Gross settled					
– Inflow	421.7	2.2	–	–	423.9
– Outflow	(413.1)	(2.1)	–	–	(415.2)
Total financial liabilities	8.6	0.1	–	–	8.7

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) 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 ongoing basis. Credit policies cover exposures generated from the sale of products and the use of derivative instruments.

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.

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30 June 2010

Note 26. Financial Risk Management (continued)

(c) Credit risk (continued)

Credit risk relating to financial instruments and cash deposits

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 are made only with approved counterparties and within credit limits assigned to each counterparty. The consolidated entity has no significant concentration of credit risk in relation to derivatives undertaken in accordance with the consolidated entity's hedging and risk management activities.

The carrying amount of financial assets recognised in the statement of financial position (excluding equity securities and carrying amounts associated with prepayments), as disclosed in notes 11 and 13, 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 the consolidated entity are disclosed in note 30. Financial guarantees are only provided in exceptional circumstances.

Impairment of financial assets

As at 30 June 2010 current trade receivables of the consolidated entity with a nominal value of \$376 million (2009: \$26.0 million) were impaired. The amount of the provision was \$35.8 million (2009: \$22.0 million). The individually impaired receivables relate to transactions which have been disputed by customers, or receivables owing from customers experiencing financial difficulties. It has been assessed that a portion of the receivables is expected to be recovered.

As at 30 June 2010, current trade receivables of \$143.7 million (2009: \$105.1 million) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default.

The ageing of these receivables, according to their due date, is as follows:

\$ million	Impaired receivables		Not impaired	
	2010	2009	2010	2009
Not past due	1.5	2.5	1,364.8	828.7
Past due 0-30 days	2.5	1.8	81.8	64.0
Past due 31-120 days	7.5	8.1	59.3	38.2
More than 121 days	26.1	13.6	2.6	2.9
	376	26.0	1,508.5	933.8

Movements in the provision for impairments of receivables are as follows:

\$ million	Consolidated	
	2010	2009
Opening balance	22.0	30.4
Bad debts expense – charge to expense	0.5	8.1
Reversal of impairment	–	(0.5)
Receivables written off during the year as uncollectible	(11)	(16.5)
Additions through business acquisition	18.1	–
Unused amount reversed	(1.7)	(1.1)
Effects of movement in exchange rate	(2.0)	1.6
	35.8	22.0

In assessing an appropriate provision for impairments of receivables consideration is given to historical experience of bad debts, based on the ageing of receivables, knowledge of debtor insolvency or other credit risk and individual account assessment.

(d) Capital risk management

The key objectives of the consolidated entity when managing capital is to safeguard their 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 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 2010 were investment grade BBB/Baa2 (2009: BBB/Baa2). Various financial ratios and internal targets are assessed and reported to the Board on a quarterly 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.

Notes to the Financial Statements

30 June 2010

Note 26. Financial Risk Management *(continued)*

(d) Capital risk management *(continued)*

Management's targeted and actual metrics for the years ending 30 June 2010 and 30 June 2009, based on continuing operations, were as follows:

Measure	Target	Actual	
		2010	2009
Gearing Ratio	50-55% ⁽¹⁾	46.6% ⁽¹⁾	50.7% ⁽¹⁾
EBITDA Interest Cover	> 6 times	6.6 times	6.0 times
Fixed/Floating Debt Ratio	40-60% fixed	61% fixed	43% fixed
Bank Debt/Total Debt Percentage	< 45%	36.2%	54.3%

(1) Includes off balance sheet items (future operating lease commitments).

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 2010.

Metrics are maintained in excess of any debt covenant restrictions.

(e) Fair value estimation

The fair values of cash and cash equivalents and monetary financial assets and financial liabilities approximate their carrying value. The fair values of other monetary financial assets and liabilities are either based upon market prices, where a market exists, or have been determined by discounting the expected future cash flows by the current interest rate for financial assets and financial liabilities with similar risk profiles.

Listed equity investments have been valued by reference to market prices prevailing at reporting date. The quoted market price used is the current bid price. For unlisted equity instruments, the fair value is an assessment by the directors based on the underlying net assets, future maintainable earnings and any special circumstances pertaining to the particular investment.

The valuation of derivative financial assets and liabilities detailed below reflects the estimated amounts which the consolidated entity would be required to pay or receive to terminate the contracts or replace the contracts at their current market rates at reporting date. This is based on internal valuations using standard valuation techniques.

As the purpose of these derivative financial instruments is to hedge the consolidated entity's underlying assets and liabilities denominated in foreign currencies and to hedge against risk of interest rate fluctuations, it is unlikely that, in the absence of abnormal circumstances, these contracts would be terminated prior to maturity.

The carrying amount of trade receivables less impairment provision and trade payables is a reasonable approximation of their fair values due to the short-term nature of trade receivables and payables. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the consolidated entity for similar financial instruments.

For details relating to methods and significant assumptions applied in determining fair values of financial assets and liabilities, refer to note 1(w).

The carrying amount and fair values of financial assets and liabilities for the consolidated entity at 30 June are:

Consolidated \$ million	Note	Carrying amount 2010	Fair value 2010	Carrying amount 2009	Fair value 2009
Financial assets					
Cash and cash equivalents	10	2671	2671	188.6	188.6
Trade receivables	11	1,510.3	1,510.3	937.8	937.8
Other debtors and prepayments	11	269.7	269.7	191.8	191.8
Loans to other persons, net position	11, 13	34.9	34.9	45.2	45.2
Available-for-sale financial assets	13	4.5	4.5	7.7	7.7
Financial assets at fair value through profit or loss	13	1.2	1.2	0.2	0.2
Forward foreign exchange contracts, net position	13, 21	3.9	3.9	-	-
Equity share options 'American' contracts	13	-	-	0.2	0.2
Equity share swap contracts	13	2.2	2.2	1.3	1.3
		2,093.8	2,093.8	1,372.8	1,372.8
Financial liabilities					
Payables	19	2,494.8	2,494.8	1,753.7	1,753.7
Bank and other loans	20	1,178.4	1,178.4	1,538.7	1,538.7
Commercial paper	20	104.7	104.7	62.9	62.9
USD notes	20	1,512.3	1,671.3	619.3	674.2
Eurobond	20	496.1	503.0	608.6	607.1
Lease liabilities	20	19.7	19.7	2.3	2.3
Forward foreign exchange contracts, net position	13, 21	-	-	5.2	5.2
Commodity fixed price contracts, net position	13, 21	8.3	8.3	3.2	3.2
		5,814.3	5,980.2	4,593.9	4,647.3

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 March 2011.

For all other assets and liabilities, based on the facts and circumstances existing at reporting date and the nature of the consolidated entity's assets and liabilities, including hedged positions, the consolidated entity has no reason to believe that any of the above assets could not be exchanged, or any of the above liabilities could not be settled in an 'arm's length' transaction at an amount approximating its carrying value having considered those routinely held to maturity.

(f) Fair value measurements

Financial assets and liabilities carried at fair value are detailed in the table below by valuation method. The different levels are defined as follows:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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Note 26. Financial Risk Management (continued)

(f) Fair value measurements (continued)

The following table presents the consolidated entity's assets and liabilities measured and recognised at fair value at 30 June 2010. Comparative information has not been provided as permitted by the transitional provisions of the Standard.

\$ million	Note	Level 1 2010	Level 2 2010	Level 3 2010
Financial assets				
<i>Available-for-sale financial assets</i>				
Investments in companies listed on stock exchanges a fair value	13	4.5	-	-
<i>Derivative financial instruments</i>				
Forward exchange contracts	13	-	21.5	-
Hedge contracts for cash settled bonus and retention payments plans (Equity Share Swap Contracts)	13	-	2.2	-
Commodity contracts	13	-	0.2	-
		4.5	23.9	-
Financial liabilities				
<i>Derivative financial instruments</i>				
Forward exchange contracts	21	-	17.6	-
Commodity contracts	21	-	8.5	-
		-	26.1	-

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 2010.

Note 27. Share-Based Payments

(a) Employee Share Purchase Plan

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 2010 (2009: nil) to issue shares under the EISP and none were granted or exercised during the year ended 30 June 2010 (2009: nil).

(ii) Senior Executive Retention Share Plan

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

These retention shares are used to reward outstanding levels of previous performance, with the intention to retain key senior executives by:

- tying the longer term interests of senior executives more closely to those of its shareholders;
- providing exposure for those senior executives to the Company's development; and
- providing an incentive for those senior executives to stay with the Company by providing such senior executives with Amcor Limited shares which must be retained for certain periods of time in order to gain full access to their values.

The weighted average fair value for these SERSPs 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 2010 fair value		Weighted average 2009 fair value	
	No.	\$	No.	\$
Restricted shares at beginning of financial period	593,500	6.20	432,500	6.81
Issued during the period	190,000	6.30	201,000	5.03
Restriction lifted	–	–	(40,000)	6.95
Restricted shares at end of financial period	783,500	6.23	593,500	6.20

(b) Employee Share Option Plans

(i) Employee Share Option Plan

In 1985, the consolidated entity also 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 selected by the directors.

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 may be issued upon such terms and subject to such conditions as the directors of the Company determine at the time. Options granted under the ESOP 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 with performance hurdles established by the directors.

Options are granted under the ESOP 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.

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Note 27. Share-Based Payments (continued)

(b) Employee Share Option Plans (continued)

(i) Employee Share Option Plan (continued)

Details of the total movement in options issued under the ESOP during the current and comparative period are as follows:

	Weighted average 2010 fair value		Weighted average 2009 fair value	
	No.	\$	No.	\$
Outstanding at beginning of financial period	7,846,032	1.38	9,097,432	1.38
Exercised	(242,520)	1.15	–	–
Cancelled	(2,808,920)	1.32	(1,251,400)	1.40
Outstanding at end of financial period	4,794,592	1.52	7,846,032	1.38
Exercisable at end of financial period	4,749,592	1.53	7,651,032	1.39

(ii) Long Term Incentive Plan – Share Options

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 27(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.

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.

Details of the total movement in options issued under the LTIP during the current period are as follows:

	Weighted average 2010 fair value		Weighted average 2009 fair value	
	No.	\$	No.	\$
Outstanding at beginning of financial period	12,041,286	0.98	9,961,625	1.00
Granted	–	–	2,709,000	0.93
Exercised	(30,540)	1.04	–	–
Cancelled	(990,633)	1.01	(629,339)	0.99
Outstanding at end of financial period	11,020,113	1.09	12,041,286	0.98
Exercisable at end of financial period	6,642,515	1.09	5,789,954	0.99

(iii) Long Term Incentive Plan – Share Options – Alcan Acquisition Award

During the financial year, 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 27(c)(viii) for details of performance rights issued under the Award during the period.

Options granted under the Award give the employee the right to acquire a share at a future point in time upon meeting specified vesting conditions that are time based, share price 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 three to five years from the date of grant and the outcome of a Return on Average Funds Employed test to be performed at a predetermined time. If the performance condition is deemed satisfied, a share price condition is to be met. The exact terms and conditions of the options granted were determined by the directors of the Company at the time of granting the options.

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 five days prior to the grant date. The options are granted at no consideration and carry no dividend entitlement or voting rights until they vest and are exercised to ordinary shares on a one-for-one basis.

Options that do not vest before the end of the vesting period will expire. Awards that have vested during the vesting period will remain exercisable until the expiry date, following which any vested awards that remain unexercised will expire. Any unvested awards will be forfeited if the employee voluntarily ceases employment or if the employee is dismissed for poor performance.

Details of the total movement in options issued under the Award during the current period are as follows:

	Weighted average 2010 fair value		Weighted average 2009 fair value	
	No.	\$	No.	\$
Outstanding at beginning of financial period	-	-	-	-
Granted	26,026,000	1.82	-	-
Outstanding at end of financial period	26,026,000	1.82	-	-
Exercisable at end of financial period	-	-	-	-

Notes to the Financial Statements

30 June 2010

Note 27. Share-Based Payments (continued)

(b) Employee Share Option Plans (continued)

The following tables provide a summary of the options granted under the ESOP and LTIP Options for the consolidated entity during the current and comparative period:

30 June 2010

Grant date	Exercise date on or after	Expiry date	Exercise price \$	Balance at beginning of period		Options granted	Options cancelled	Options exercised	Weighted average share price at exercise date \$	Balance at end of period		Proceeds received \$
				No.	No.					No.	No.	
1 Nov 02 ⁽¹⁾	1 Nov 05	1 Nov 12	8.20	2,123,000	-	-	105,600	-	-	2,017,400	2,017,400	-
13 Oct 03 ⁽²⁾	1 Nov 05	1 Nov 12	7.67	79,200	-	-	-	-	-	79,200	79,200	-
23 Mar 04	23 Mar 07	23 Mar 10	7.34	129,940	-	-	129,940	-	-	-	-	-
24 Mar 04	24 Mar 07	24 Mar 10	7.34	2,360,280	-	-	2,360,280	-	-	-	-	-
31 May 04	24 Mar 07	24 Mar 10	7.34	17,800	-	-	17,800	-	-	-	-	-
2 Aug 04	2 Aug 07	2 Aug 10	6.31	2,360,012	-	-	90,300	242,520	6.49	2,027,192	2,027,192	1,530,301
2 May 05	2 Aug 07	2 Aug 10	6.31	25,800	-	-	-	-	-	25,800	25,800	-
27 Oct 05	1 Jan 08	31 Dec 10	6.25	250,000	-	-	60,000	-	-	190,000	190,000	-
27 Oct 05	1 Jul 08	30 Jun 11	6.25	250,000	-	-	45,000	-	-	205,000	205,000	-
27 Oct 05	1 Jan 09	31 Dec 11	6.25	250,000	-	-	-	-	-	250,000	205,000	-
4 Aug 06	1 Jan 08	31 Dec 10	6.25	1,724,455	-	-	433,039	17,100	6.52	1,274,316	1,274,316	106,875
4 Aug 06	1 Jan 08	31 Dec 10	6.25	1,068,160	-	-	249,024	4,560	6.39	814,576	814,576	28,500
4 Aug 06	1 Jan 08	31 Dec 10	6.25	280,000	-	-	67,200	-	-	212,800	212,800	-
4 Aug 06	1 Jan 08	30 Jun 11	6.25	280,000	-	-	50,400	-	-	229,600	229,600	-
4 Aug 06	1 Jan 09	31 Dec 11	6.25	280,000	-	-	-	-	-	280,000	229,600	-
4 Aug 06	1 Jan 08	31 Dec 10	6.25	100,000	-	-	26,000	-	-	74,000	74,000	-
4 Aug 06	1 Jul 08	30 Jun 11	6.25	90,000	-	-	16,200	-	-	73,800	73,800	-
4 Aug 06	1 Jan 09	31 Dec 11	6.25	90,000	-	-	-	-	-	90,000	73,800	-
22 Sep 06	1 Jan 08	31 Dec 10	6.25	103,600	-	-	14,064	-	-	89,536	89,536	-
1 Feb 07	1 Jan 09	31 Dec 11	6.66	2,289,010	-	-	95,160	-	-	2,193,850	2,065,243	-
1 Feb 07	1 Jan 09	31 Dec 11	6.66	1,521,566	-	-	6,246	8,880	6.70	1,506,440	1,416,320	59,141
5 Mar 07	1 Jan 09	31 Dec 11	6.66	94,600	-	-	-	-	-	94,600	88,924	-
1 Dec 07	31 Oct 11	30 Jun 12	6.54	719,105	-	-	-	-	-	719,105	-	-
1 Dec 07	31 Oct 11	30 Jun 12	6.54	393,492	-	-	-	-	-	393,492	-	-
1 Dec 07	31 Oct 11	30 Jun 12	7.07	38,472	-	-	-	-	-	38,472	-	-
31 Dec 07	31 Oct 11	30 Jun 12	6.54	63,205	-	-	-	-	-	63,205	-	-
1 Nov 07	31 Oct 11	30 Jun 12	6.54	165,000	-	-	-	-	-	165,000	-	-
23 Apr 08	1 Jan 09	31 Dec 11	7.19	33,300	-	-	33,300	-	-	-	-	-
30 May 08	1 Jun 10	31 Dec 11	6.21	22,321	-	-	-	-	-	22,321	-	-
1 Dec 08	31 Oct 12	30 Jun 13	5.09	1,320,000	-	-	-	-	-	1,320,000	-	-
1 Dec 08	31 Oct 12	30 Jun 13	5.09	280,000	-	-	-	-	-	280,000	-	-

30 June 2010 (continued)

Grant date	Exercise date on or after	Expiry date	Exercise price \$	Balance at beginning of period		Options granted No.	Options cancelled No.	Options exercised No.	Weighted average share price at exercise date \$	Balance at end of period		Proceeds received \$
				No.	No.					No.	No.	
1 Dec 08	31 Oct 12	30 Jun 13	5.09	975,000	-	-	-	-	-	975,000	-	-
2 Jan 09	31 Oct 12	30 Jun 13	5.09	110,000	-	-	-	-	-	110,000	-	-
4 Nov 09	31 Oct 12	29 Jun 16	4.73	-	1,380,000	-	-	-	-	1,380,000	-	-
4 Nov 09	31 Oct 13	29 Jun 16	4.73	-	828,000	-	-	-	-	828,000	-	-
4 Nov 09	31 Oct 14	29 Jun 16	4.73	-	552,000	-	-	-	-	552,000	-	-
26 Mar 10	31 Oct 12	30 Jun 16	4.73	-	6,750,500	-	-	-	-	6,750,500	-	-
26 Mar 10	31 Oct 13	30 Jun 16	4.73	-	4,050,300	-	-	-	-	4,050,300	-	-
26 Mar 10	31 Oct 14	30 Jun 16	4.73	-	2,700,200	-	-	-	-	2,700,200	-	-
26 Mar 10	31 Oct 12	30 Jun 16	5.86	-	3,280,000	-	-	-	-	3,280,000	-	-
26 Mar 10	31 Oct 13	30 Jun 16	5.86	-	1,968,000	-	-	-	-	1,968,000	-	-
26 Mar 10	31 Oct 14	30 Jun 16	5.86	-	1,312,000	-	-	-	-	1,312,000	-	-
3 May 10	31 Oct 12	30 Jun 16	4.73	-	705,500	-	-	-	-	705,500	-	-
3 May 10	31 Oct 13	30 Jun 16	4.73	-	423,300	-	-	-	-	423,300	-	-
3 May 10	31 Oct 14	30 Jun 16	4.73	-	282,200	-	-	-	-	282,200	-	-
8 Jun 10	31 Oct 12	30 Jun 16	4.73	-	650,000	-	-	-	-	650,000	-	-
8 Jun 10	31 Oct 13	30 Jun 16	4.73	-	390,000	-	-	-	-	390,000	-	-
8 Jun 10	31 Oct 14	30 Jun 16	4.73	-	260,000	-	-	-	-	260,000	-	-
18 Jun 10	31 Oct 12	30 Jun 16	5.86	-	247,000	-	-	-	-	247,000	-	-
18 Jun 10	31 Oct 13	30 Jun 16	5.86	-	148,200	-	-	-	-	148,200	-	-
18 Jun 10	31 Oct 14	30 Jun 16	5.86	-	98,800	-	-	-	-	98,800	-	-
				19,887,318	26,026,000	3,799,553	273,060	41,840,705	11,392,107	1,724,817		

(1) Fixed exchange rates apply to overseas participants on these share option grants.

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30 June 2010

Note 27. Share-Based Payments (continued)

(b) Employee Share Option Plans (continued)

30 June 2009

Grant date	Exercise date on or after	Expiry date	Exercise price \$	Balance at beginning of period		Options granted	Options cancelled	Options exercised	Weighted average share price at exercise date		Balance at end of period		Proceeds received \$
				No.	\$				No.	\$	No.	No.	
1 Nov 02 ⁽¹⁾	1 Nov 05	1 Nov 12	8.20	2,456,080	—	—	333,080	—	—	2,123,000	2,123,000	—	
13 Oct 03 ⁽¹⁾	1 Nov 05	1 Nov 12	7.67	79,200	—	—	—	—	—	79,200	79,200	—	
20 Oct 03 ⁽¹⁾	1 Nov 05	1 Nov 12	8.20	13,200	—	—	13,200	—	—	—	—	—	
23 Mar 04	23 Mar 07	23 Mar 10	7.34	152,190	—	—	22,250	—	—	129,940	129,940	—	
24 Mar 04	24 Mar 07	24 Mar 10	7.34	2,834,650	—	—	474,370	—	—	2,360,280	2,360,280	—	
31 May 04	24 Mar 07	24 Mar 10	7.34	17,800	—	—	—	—	—	17,800	17,800	—	
2 Aug 04	2 Aug 07	2 Aug 10	6.31	2,768,512	—	—	408,500	—	—	2,360,012	2,360,012	—	
2 May 05	2 Aug 07	2 Aug 10	6.31	25,800	—	—	—	—	—	25,800	25,800	—	
27 Oct 05	1 Jan 08	31 Dec 10	6.25	250,000	—	—	—	—	—	250,000	190,000	—	
27 Oct 05	1 Jul 08	30 Jun 11	6.25	250,000	—	—	—	—	—	250,000	190,000	—	
27 Oct 05	1 Jan 09	31 Dec 11	6.25	250,000	—	—	—	—	—	250,000	175,000	—	
4 Aug 06	1 Jan 08	31 Dec 10	6.25	1,907,200	—	—	182,745	—	—	1,724,455	1,214,539	—	
4 Aug 06	1 Jan 08	31 Dec 10	6.25	1,155,100	—	—	86,940	—	—	1,068,160	778,696	—	
4 Aug 06	1 Jan 08	31 Dec 10	6.25	280,000	—	—	—	—	—	280,000	212,800	—	
4 Aug 06	1 Jan 08	30 Jun 11	6.25	280,000	—	—	—	—	—	280,000	212,800	—	
4 Aug 06	1 Jan 09	31 Dec 11	6.25	280,000	—	—	—	—	—	280,000	196,000	—	
4 Aug 06	1 Jan 08	31 Dec 10	6.25	100,000	—	—	—	—	—	100,000	74,000	—	
4 Aug 06	1 Jul 08	30 Jun 11	6.25	90,000	—	—	—	—	—	90,000	68,400	—	
4 Aug 06	1 Jan 09	31 Dec 11	6.25	90,000	—	—	—	—	—	90,000	63,000	—	
22 Sep 06	1 Jan 08	31 Dec 10	6.25	109,150	—	—	5,550	—	—	103,600	44,536	—	
1 Feb 07	1 Jan 09	31 Dec 11	6.66	2,421,950	—	—	132,940	—	—	2,289,010	1,696,413	—	
1 Feb 07	1 Jan 09	31 Dec 11	6.66	1,632,900	—	—	111,334	—	—	1,521,566	1,125,466	—	
5 Mar 07	1 Jan 09	31 Dec 11	6.66	98,600	—	—	4,000	—	—	94,600	70,004	—	
1 Dec 07	31 Oct 11	30 Jun 12	6.54	748,829	—	—	29,724	—	—	719,105	—	—	
1 Dec 07	31 Oct 11	30 Jun 12	6.54	407,996	—	—	14,504	—	—	393,492	—	—	
1 Dec 07	31 Oct 11	30 Jun 12	7.07	38,472	—	—	—	—	—	38,472	—	—	
31 Dec 07	31 Oct 11	30 Jun 12	6.54	89,107	—	—	25,902	—	—	63,205	—	—	
1 Nov 07	31 Oct 11	30 Jun 12	6.54	165,000	—	—	—	—	—	165,000	—	—	
23 Apr 08	1 Jan 09	31 Dec 11	7.19	45,000	—	—	11,700	—	—	33,300	33,300	—	
30 May 08	1 Jun 10	31 Dec 11	6.21	22,321	—	—	—	—	—	22,321	—	—	
1 Dec 08	31 Oct 12	30 Jun 13	5.09	—	1,344,000	—	24,000	—	—	1,320,000	—	—	
1 Dec 08	31 Oct 12	30 Jun 13	5.09	—	280,000	—	—	—	—	280,000	—	—	
1 Dec 08	31 Oct 12	30 Jun 13	5.09	—	975,000	—	—	—	—	975,000	—	—	
2 Jan 09	31 Oct 12	30 Jun 13	5.09	—	110,000	—	—	—	—	110,000	—	—	
				19,059,057	2,709,000	1,880,739	—	—	—	19,887,318	13,440,986	—	

(1) Fixed exchange rates apply to overseas participants on these share option grants.

(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. Under the EBPP, participants were offered entitlements which were equivalent to 60% of the weighted average price of Amcor shares, and over the period during which employees held their entitlements, the value mirrored the fluctuating value of Amcor's shares, including all dividends paid on the shares during this time. The consolidated entity hedged its exposure to fluctuations in the value of the underlying Amcor shares. Employees were only able to convert their entitlements into a cash bonus payment when they left the Company or three years had passed since the date on which entitlements were originally issued.

Offers of new entitlements under the EBPP have been discontinued for the foreseeable future.

(ii) Senior Executive Retention Payment Plan

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

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

	Weighted average 2010 fair value		Weighted average 2009 fair value	
	No.	\$	No.	\$
Outstanding at beginning of financial period	71,000	5.76	60,000	6.02
Granted	50,000	6.35	11,000	4.33
Outstanding at end of financial period	121,000	6.00	71,000	5.76
Exercisable at end of financial period	-	-	-	-

(iii) Share Appreciation Entitlements

Share Appreciation Entitlements (SAE) may be issued to employees who take part of their bonus by way of entitlements. The value of entitlements is equivalent to the fluctuating value of Amcor Limited shares during the period which the employee holds the entitlements.

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

	Weighted average 2010 fair value		Weighted average 2009 fair value	
	No.	\$	No.	\$
Outstanding at beginning of financial period	-	-	50,000	-
Exercised	-	-	(50,000)	-
Outstanding at end of financial period	-	-	-	-
Exercisable at end of financial period	-	-	-	-

Notes to the Financial Statements

30 June 2010

Note 27. Share-Based Payments (continued)

(c) Other compensation plans (continued)

(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.

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

	Weighted average 2010 fair value		Weighted average 2009 fair value	
	No.	\$	No.	\$
Outstanding at beginning of financial period	752,838	0.39	847,138	0.21
Exercised	(34,400)	0.20	–	–
Cancelled	(190,778)	0.25	(94,300)	0.19
Outstanding at end of financial period	527,660	0.35	752,838	0.39 ⁽¹⁾
Exercisable at end of financial period	522,182	0.35	721,655	0.35 ⁽¹⁾

(1) The year end weighted average fair value has been restated to reflect the rights issue in September 2009.

(v) CEO Medium Term Incentive Plan

On 19 April 2007, the CEO Medium Term Incentive Plan (MTIP) was established. The MTIP is at the discretion of the directors and has initially been structured as a cash award. 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.

Based on an independent valuation of the MTIP, as at 30 June 2010, the consolidated entity has recognised a provision of \$0.6 million (2009: \$0.6 million) in relation to this employee compensation plan.

(vi) 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.

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

	Weighted average 2010 fair value		Weighted average 2009 fair value	
	No.	\$	No.	\$
Outstanding at beginning of financial period	1,839,712	5.00	–	–
Granted	1,855,458	5.00	1,908,515	5.00
Exercised	–	–	(37,696)	5.00
Cancelled	(61,271)	5.00	(31,107)	5.00
Outstanding at end of financial period	3,633,899	5.00	1,839,712	5.00
Exercisable at end of financial period	–	–	–	–

For the year ended 30 June 2010, the equity outcomes will be determined and allocated in September 2010. As at 30 June 2010, the consolidated entity recognised a provision of \$3.8 million (2009: \$1.9 million) in relation to this incentive plan.

(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 27(b)(ii) 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 number of rights that vest are based on performance over a period 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 rights to be received. The exact terms and conditions of the rights granted are determined by the directors of the Company at the time of granting the right.

The rights 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.

Rights 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.

Details of the total movement in rights issued under the LTIP during the current and comparative period are as follows:

	Weighted average 2010 fair value		Weighted average 2009 fair value	
	No.	\$	No.	\$
Outstanding at beginning of financial period	3,915,304	4.19	3,648,717	4.29
Granted	–	–	1,643,000	4.14
Exercised	(280,610)	4.57	(1,208,492)	4.40
Cancelled	(325,925)	4.16	(167,921)	4.36
Outstanding at end of financial period	3,308,769	4.16	3,915,304	4.19
Exercisable at end of financial period	798,339	4.60	779,910	4.55

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30 June 2010

Note 27. Share-Based Payments (continued)

(c) Other compensation plans (continued)

(viii) Long Term Incentive Plan – Performance Rights – Alcan Acquisition Award

During the financial year, 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 27(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 number of rights that vest are based on performance over a period 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 rights to be received. The exact terms and conditions of the rights granted were determined by the directors of the Company at the time of granting the right.

The rights were 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.

Rights that do not vest before the end of the vesting period will expire. Rights that have vested during the vesting period will remain exercisable until the expiry date, following which any vested rights that remain unexercised will expire. Any unvested rights will be forfeited if the employee voluntarily ceases employment or if the employee is dismissed for poor performance.

Details of the total movement in rights issued under the Award during the current and comparative period are as follows:

	Weighted average 2010 fair value		Weighted average 2009 fair value	
	No.	\$	No.	\$
Outstanding at beginning of financial period	-	-	-	-
Granted	3,125,000	4.11	-	-
Outstanding at end of financial period	3,125,000	4.11	-	-
Exercisable at end of financial period	-	-	-	-

(viii) Long Term Incentive Plan – Performance Rights

The following tables provide a summary of the rights granted under the LTIP Performance Rights for the consolidated entity during the current and comparative period:

30 June 2010

Grant date	Exercise date on or after	Expiry date	Balance at beginning of period		Rights granted	Rights cancelled/lapsed	Rights vested	Rights exercised	Weighted average share price at exercise date \$	Balance at end of period	
			No.	No.						No.	No.
27 Oct 05	1 Jan 08	31 Dec 10	24,000	-	-	24,000	-	-	-	-	-
27 Oct 05	1 Jul 08	30 Jun 11	24,000	-	-	18,000	6,000	5.91	-	-	-
27 Oct 05	1 Jan 09	31 Dec 11	30,000	-	-	-	12,000	5.91	18,000	-	-
4 Aug 06	1 Jan 09	31 Dec 10	416,029	-	-	126,109	56,960	5.79	232,960	232,960	15,000
4 Aug 06	1 Jan 09	31 Dec 10	94,800	-	-	79,800	-	-	15,000	-	-
4 Aug 06	1 Jan 09	31 Dec 10	22,800	-	-	22,800	-	-	-	-	-
4 Aug 06	1 Jan 09	30 Jun 11	22,800	-	-	17,100	5,700	6.02	-	-	-
4 Aug 06	1 Jan 09	31 Dec 11	28,500	-	-	-	11,400	6.02	17,100	-	-
4 Aug 06	1 Jan 09	31 Dec 10	13,800	-	-	13,800	-	-	-	-	-
4 Aug 06	1 Jan 09	30 Jun 11	7,200	-	-	5,400	1,800	5.81	-	-	-
4 Aug 06	1 Jan 09	31 Dec 11	9,000	-	-	-	3,600	5.81	5,400	-	-
4 Aug 06	1 Jan 09	31 Dec 10	19,500	-	-	4,680	-	-	14,820	14,820	-
1 Feb 07	1 Jan 09	31 Dec 11	645,461	-	-	12,700	83,858	5.84	548,903	506,372	-
1 Feb 07	1 Jan 09	31 Dec 11	130,612	-	-	1,536	99,292	6.34	29,784	-	-
5 Mar 07	31 Dec 10	31 Dec 11	31,050	-	-	-	-	-	31,050	29,187	-
1 Dec 07	31 Oct 11	30 Jun 12	388,308	-	-	-	-	-	388,308	-	-
1 Dec 07	31 Oct 11	30 Jun 12	212,484	-	-	-	-	-	212,484	-	-
1 Dec 07	31 Oct 11	30 Jun 12	20,775	-	-	-	-	-	20,775	-	-
31 Dec 07	31 Oct 11	30 Jun 12	34,131	-	-	-	-	-	34,131	-	-
1 Dec 07	31 Oct 11	30 Jun 12	100,000	-	-	-	-	-	100,000	-	-
30 May 08	1 Jun 10	31 Dec 11	12,054	-	-	-	-	-	12,054	-	-
1 Dec 08	31 Oct 12	30 Jun 13	170,000	-	-	-	-	-	170,000	-	-
1 Dec 08	31 Oct 12	30 Jun 13	801,000	-	-	-	-	-	801,000	-	-
1 Dec 08	31 Oct 12	30 Jun 13	590,000	-	-	-	-	-	590,000	-	-
2 Jan 09	31 Oct 12	30 Jun 13	67,000	-	-	-	-	-	67,000	-	-
4 Nov 09	31 Oct 12	30 Jun 16	-	183,500	-	-	-	-	183,500	-	-
4 Nov 09	31 Oct 13	30 Jun 16	-	110,100	-	-	-	-	110,100	-	-
4 Nov 09	31 Oct 14	30 Jun 16	-	73,400	-	-	-	-	73,400	-	-
26 Mar 10	30 Jun 12	30 Jun 16	-	886,000	-	-	-	-	886,000	-	-
26 Mar 10	30 Jun 13	30 Jun 16	-	531,600	-	-	-	-	531,600	-	-
26 Mar 10	30 Jun 14	30 Jun 16	-	354,400	-	-	-	-	354,400	-	-
26 Mar 10	30 Jun 12	30 Jun 16	-	301,000	-	-	-	-	301,000	-	-
26 Mar 10	30 Jun 13	30 Jun 16	-	180,600	-	-	-	-	180,600	-	-
26 Mar 10	30 Jun 14	30 Jun 16	-	120,400	-	-	-	-	120,400	-	-
3 May 10	30 Jun 12	30 Jun 16	-	93,500	-	-	-	-	93,500	-	-
3 May 10	30 Jun 13	30 Jun 16	-	56,100	-	-	-	-	56,100	-	-

Notes to the Financial Statements

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Note 27. Share-Based Payments (continued)

(c) Other compensation plans (continued)

(viii) Long Term Incentive Plan – Performance Rights (continued)

30 June 2010 (continued)

Grant date	Exercise date on or after	Expiry date	Balance at beginning of period		Rights granted	Rights cancelled/lapsed	Rights vested	Rights exercised	Weighted average share price at exercise date \$	Balance at end of period	
			No.	No.						No.	No.
3 May 10	30 Jun 14	30 Jun 16	-	-	37400	-	-	-	-	37400	-
8 Jun 10	30 Jun 12	30 Jun 16	-	-	76,000	-	-	-	-	76,000	-
8 Jun 10	30 Jun 13	30 Jun 16	-	-	45,600	-	-	-	-	45,600	-
8 Jun 10	30 Jun 14	30 Jun 16	-	-	30,400	-	-	-	-	30,400	-
18 Jun 10	30 Jun 12	30 Jun 16	-	-	22,500	-	-	-	-	22,500	-
18 Jun 10	30 Jun 13	30 Jun 16	-	-	13,500	-	-	-	-	13,500	-
18 Jun 10	30 Jun 14	30 Jun 16	-	-	9,000	-	-	-	-	9,000	-
			3,915,304	3,125,000	325,925	104,692	280,610	6,433,769	798,339		

30 June 2009

Grant date	Exercise date on or after	Expiry date	Balance at beginning of period		Rights granted	Rights cancelled/lapsed	Rights vested	Rights exercised	Weighted average share price at exercise date \$	Balance at end of period	
			No.	No.						No.	No.
27 Oct 05	1 Jan 08	31 Dec 10	100,000		-	-	20,000	76,000	5.65	24,000	-
27 Oct 05	1 Jul 08	30 Jun 11	100,000		-	-	76,000	76,000	5.66	24,000	-
27 Oct 05	1 Jan 09	31 Dec 11	100,000		-	-	70,000	70,000	4.96	30,000	-
4 Aug 06	1 Jan 09	31 Dec 10	604,195		-	24,389	106,445	163,777	5.08	416,029	292,150
4 Aug 06	1 Jan 09	31 Dec 10	173,400		-	11,010	67,590	67,590	5.74	94,800	-
4 Aug 06	1 Jan 09	31 Dec 10	95,000		-	-	19,000	72,200	5.52	22,800	-
4 Aug 06	1 Jan 09	30 Jun 11	95,000		-	-	72,200	72,200	5.52	22,800	-
4 Aug 06	1 Jan 09	31 Dec 11	95,000		-	-	66,500	66,500	5.01	28,500	-
4 Aug 06	1 Jan 09	31 Dec 10	19,800		-	-	6,000	6,000	5.74	13,800	-
4 Aug 06	1 Jan 09	30 Jun 11	30,000		-	-	22,800	22,800	5.92	7,200	-
4 Aug 06	1 Jan 09	31 Dec 11	30,000		-	-	21,000	21,000	5.62	9,000	-
4 Aug 06	1 Jan 09	31 Dec 10	21,350		-	814	3,900	1,036	5.04	19,500	14,820
1 Feb 07	1 Jan 09	31 Dec 11	799,250		-	40,390	561,401	113,399	4.75	645,461	449,963
1 Feb 07	1 Jan 09	31 Dec 11	535,700		-	33,978	371,110	371,110	5.62	130,612	-
5 Mar 07	31 Dec 10	31 Dec 11	32,400		-	1,350	22,977	-	-	31,050	22,977
1 Dec 07	31 Oct 11	30 Jun 12	404,359		-	16,051	-	-	-	388,308	-
1 Dec 07	31 Oct 11	30 Jun 12	220,316		-	7,832	-	-	-	212,484	-
1 Dec 07	31 Oct 11	30 Jun 12	20,775		-	-	-	-	-	20,775	-
31 Dec 07	31 Oct 11	30 Jun 12	48,118		-	13,987	-	-	-	34,131	-
1 Dec 07	31 Oct 11	30 Jun 12	100,000		-	-	-	-	-	100,000	-
1 Feb 07	1 Jun 10	31 Dec 11	12,000		-	3,120	8,880	8,880	4.96	-	-
30 May 08	1 Jun 10	31 Dec 11	12,054		-	-	-	-	-	12,054	-
1 Dec 08	31 Oct 12	30 Jun 13	-	170,000	-	-	-	-	-	170,000	-
1 Dec 08	31 Oct 12	30 Jun 13	-	816,000	15,000	-	-	-	-	801,000	-
1 Dec 08	31 Oct 12	30 Jun 13	-	590,000	-	-	-	-	-	590,000	-
2 Jan 09	31 Oct 12	30 Jun 13	-	67,000	-	-	-	-	-	67,000	-
			3,648,717	1,643,000	16,7921	1,515,803	1,208,492	3,915,304	779,910		

Notes to the Financial Statements

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Note 27. 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 by independent valuers, 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:

	2010	2009
Expected dividend yield (%)	5.51	4.97
Expected price volatility of the Company's shares (%)	28.00	22.00
Share price at grant date (\$)	6.58	6.73
Exercise price (\$)	6.09	6.82
Historical volatility (%)	28.00	22.00
Risk-free interest rate (%)	5.45	5.57
Expected life of option (years)	4.10	4.70

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 27(b).

Fair value of rights

An independent valuer is used to identify the fair value of each right granted. 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	Consolidated	
	2010	2009
Equity settled share-based payment transactions		
Options issued	5,953	2,931
Performance rights issued	17,769	12,867
Cash settled share-based payment transactions		
Cash settled share-based payments	655	133
	24,377	15,931

(f) Liabilities for share-based payments

\$ thousand	Consolidated	
	2010	2009
Cash settled share-based payments liability		
Shares	1,113	987
Shares – Overseas	325	254
Options	207	174
Total carrying amount of liabilities for cash settled arrangements	1,645	1,415
Intrinsic value for vested cash settled shares liability		
Shares	1,418	1,117
Options ⁽¹⁾	–	–
Total intrinsic value of liability for vested benefits	1,418	1,117

(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 28. Key Management Personnel Disclosures

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
R K (Keith) Barton	Independent Non-Executive Director (retired 22 October 2009)
G J (John) Pizzey	Independent Non-Executive Director
J G (John) Thorn	Independent Non-Executive Director
G A (Geoff) Tomlinson	Independent Non-Executive Director (retired 20 April 2010)
E J J (Ernest) Pope	Independent Non-Executive Director
J (Jeremy) Sutcliffe	Independent Non-Executive Director (appointed 22 October 2009)
K (Karen) Guerra	Independent Non-Executive Director (appointed 20 April 2010)
A (Armin) Meyer	Independent Non-Executive Director (appointed 20 April 2010)

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30 June 2010

Note 28. Key Management Personnel Disclosures (continued)

(b) Senior executives

The persons who qualified as KMP for the current year are:

Name	Position	Employer
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. (formerly Amcor PET Packaging USA Inc)
N Garrard	President, Amcor Australasia and Packaging Distribution	Amcor Limited
G Blatrix ⁽¹⁾	Vice President & General Manager, Snacks & Confectionary, Amcor Flexibles Europe and Americas (formerly Managing Director, Amcor Flexibles Food)	Amcor Flexibles Packaging Europe NV
P Brues	President, Amcor Flexibles Europe and Americas (formerly President, Amcor Flexibles Healthcare)	Amcor Flexibles Inc
J Czubak ⁽¹⁾	Global COO and Vice President, European Operations, Amcor Tobacco Packaging (formerly Managing Director, Amcor Rentsch)	Amcor Rentsch Rickenbach AG

(1) G Blatrix and J Czubak ceased to be KMPs from 2 February 2010.

During 2009, the persons that were designated as KMP were:

Name	Position	Employer
2009		
L A Desjardins	Executive General Manager Finance	Amcor Limited
I G Wilson	Strategic Development Director	Amcor Limited
W J Long	President, Amcor Rigid Plastics	Amcor Rigid Plastics USA, Inc. (formerly Amcor PET Packaging USA Inc)
N Garrard	Managing Director, Amcor Australasia (appointed 11 May 2009)	Amcor Limited
G Blatrix	Managing Director, Amcor Flexibles Food	Amcor Flexibles Packaging Europe NV
P Brues	President, Amcor Flexibles Healthcare	Amcor Flexibles Inc
J Czubak	Managing Director, Amcor Rentsch	Amcor Rentsch Rickenbach AG

(c) Key management personnel compensation

The following table details the compensation paid to KMP included in 'employee benefits expense', refer note 5.

\$ thousand	Consolidated	
	2010	2009
Short-term employee benefits	14,205	13,049
Post-employment benefits	982	1,417
Termination benefits	50	78
Share-based payments	6,276	5,152
	21,513	19,696

(d) Individual director's and executive's compensation disclosures

Detailed remuneration disclosures are provided in the Remuneration Report section of the Directors' Report on pages 28 to 51.

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 key management person or related party holds a loan greater than \$100,000 with the consolidated entity (2009: nil).

No impairment losses have been recognised in relation to any loans made to key management personnel (2009: nil).

No loans were advanced during the current year (2009: 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 27.

The number of options and rights over ordinary shares in the Company held during the financial year by each of the Key Management Personnel of the consolidated entity, including their personally related entities, are set out below:

Name		Balance at 1 July	Granted as compensation		Exercised	Other changes ⁽¹⁾	Balance at 30 June	Balance vested and not yet exercised
			Share options	Share rights				
Directors⁽²⁾								
K N MacKenzie	2010	1,806,000	2,760,000	414,419	(18,000)	(236,000)	4,726,419	774,000
	2009	1,578,000	280,000	170,000	(222,000)	-	1,806,000	818,000
Senior Executives								
L A Desjardins	2010	286,623	903,000	138,066	-	-	1,327,689	-
	2009	96,451	92,000	98,172	-	-	286,623	-
I G Wilson ⁽³⁾	2010	729,185	1,300,000	244,592	(6,300)	(56,700)	2,210,777	240,000
	2009	535,741	141,000	130,144	(77,700)	-	729,185	222,000
W J Long	2010	1,182,375	1,680,000	179,100	(16,000)	(216,400)	2,809,075	532,800
	2009	952,781	145,000	151,794	(67,200)	-	1,182,375	662,800
N Garrard	2010	-	1,100,000	150,710	-	-	1,250,710	-
	2009	-	-	-	-	-	-	-
G Blatrix	2010	774,769	-	9,938	-	(784,707)	-	-
	2009	553,785	110,000	110,984	-	-	774,769	365,250
P Brues	2010	655,423	1,715,000	215,238	(12,000)	(59,950)	2,513,711	294,100
	2009	502,275	103,000	100,548	(50,400)	-	655,423	289,250
J Czubak ⁽⁴⁾	2010	751,993	-	65,652	-	(817,645)	-	-
	2009	592,072	90,000	69,921	-	-	751,993	427,100

(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 KMPs from 2 February 2010.

(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) I G Wilson held 50,000 entitlements issued in accordance with the Share Appreciation Entitlements Plan as described in note 27(c)(iii), these were fully exercised during the prior period.

(4) J Czubak held 60,000 (2009: 60,000) entitlements issued in accordance with the Senior Executive Retention Plan as described in note 27(c)(ii).

No options are vested and unexercisable at the end of the year. No options or performance rights were held by Key Management Personnel related parties.

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Note 28. 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 period 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 ⁽²⁾	Balance at 30 June
Directors						
C I Roberts	2010	164,670	-	80,739	-	245,409
	2009	164,670	-	-	-	164,670
K N MacKenzie	2010	245,097	18,000	307,153	-	570,250
	2009	12,763	222,000	10,334	-	245,097
R K Barton (retired 22 October 2009)	2010	33,899	-	15,067	-	48,966
	2009	33,899	-	-	-	33,899
G J Pizzey	2010	18,181	-	8,081	-	26,262
	2009	18,181	-	-	-	18,181
J G Thorn	2010	10,380	-	4,614	-	14,994
	2009	10,380	-	-	-	10,380
G A Tomlinson (retired 20 April 2010)	2010	43,482	-	19,325	-	62,807
	2009	43,482	-	-	-	43,482
E J J Pope	2010	5,731	-	24,548	-	30,279
	2009	5,731	-	-	-	5,731
J Sutcliffe (appointed 22 October 2009)	2010	-	-	20,416	-	20,416
	2009	-	-	-	-	-
K Guerra (appointed 20 April 2010)	2010	-	-	1,000	-	1,000
	2009	-	-	-	-	-
A Meyer (appointed 20 April 2010)	2010	-	-	18,000	-	18,000
	2009	-	-	-	-	-
Senior Executives						
L A Desjardins	2010	40,000	-	17,778	-	57,778
	2009	40,000	-	-	-	40,000
I G Wilson	2010	422,285	6,300	1,400,000	(580,000)	1,248,585
	2009	344,585	77,700	-	-	422,285
W J Long	2010	130,700	16,000	10,000	-	156,700
	2009	63,500	67,200	-	-	130,700
N Garrard	2010	110,000	-	-	-	110,000
	2009	-	-	110,000 ⁽¹⁾	-	110,000
G Blatrix	2010	300	-	-	(300)	-
	2009	300	-	-	-	300
P Brues	2010	51,600	12,000	-	-	63,600
	2009	1,200	50,400	-	-	51,600
J Czubak	2010	30,100	-	-	(30,100)	-
	2009	30,100	-	-	-	30,100

(1) 110,000 fully paid Amcor Limited ordinary shares were issued to N Garrard for nil consideration under the terms and conditions of the Senior Executive Retention Share Plan (refer note 27(a)(ii)) on appointment as Amcor Australasia's Managing Director.

(2) Other changes represent ordinary shares sold during the period and balances for those individuals that 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 29. Other Related Party Disclosures

Subsidiaries

Details of investments in associates and controlled entities are disclosed in notes 14 and 32.

Equity accounted investments

During the year ended 30 June 2010, the consolidated entity did not enter into any trading transactions with associates. Refer note 14 for further information on equity accounted investments and changes in ownership interest.

During the 12 months to 30 June 2010, the consolidated entity received dividends of \$9.7 million from associates (2009: \$9.6 million).

Other related parties

Contributions to superannuation funds on behalf of employees are disclosed in notes 5 and 23.

Notes to the Financial Statements

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Note 30. Contingencies

Details of contingent liabilities where the probability of future payments/receipts is not considered remote are set out below:

\$ million	Consolidated	
	2010	2009
Contingent liabilities arising in respect of guarantees ⁽¹⁾	11.3	14.4
Total contingent liabilities	11.3	14.4

(1) Comprises mainly guarantees given by Amcor Limited in respect of certain borrowings principally in wholly-owned subsidiaries. A subsidiary of the consolidated entity has also given a guarantee in respect of a former subsidiary.

Details of other contingent liabilities which the directors consider should be disclosed 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 33. No liabilities subject to the Deed of Cross Guarantee at 30 June 2010 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 Latin American 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.

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, the *Commerce Act 1986*. Amcor applied for leniency pursuant to the NZCC's Leniency Policy for Cartel Conduct ('NZ Leniency Policy').

The NZ Leniency Policy allows for immunity from NZCC initiated proceedings to the first person involved in a cartel to come forward with information about the cartel and co-operate fully with the NZCC in its investigation and prosecution of the cartel.

Amcor was granted conditional immunity on 1 December 2004. Pursuant to the NZ Leniency Policy, Amcor entered into an agreement with the NZCC under which Amcor is obliged to comply with specified conditions including full co-operation with the NZCC. The NZCC's investigation is continuing and Amcor continues to provide full co-operation. The NZCC has commenced proceedings in New Zealand against various parties (but not against Amcor companies) alleging conduct prohibited by the *Commerce Act 1986* (including cartel conduct). Amcor will assist in the proceeding to the extent required by the leniency agreement.

The operation of the NZ Leniency Policy does not exclude or limit claims by third parties who claim to have suffered loss or damage as a result of any cartel conduct. Under the *Commerce Act*, 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.

Class Action – Australia

On 21 December 2005, the Australian Competition and Consumer Commission (ACCC) commenced legal proceedings in the Federal Court of Australia against certain Visy Group companies and executives. The ACCC alleged that the Visy parties had engaged in conduct in the corrugated fibreboard container industry with Amcor companies and certain former Amcor executives that was anti-competitive, including engaging in price fixing and market sharing, in contravention of the *Trade Practices Act 1974*.

Amcor and its former senior executives were granted immunity under the ACCC's Leniency Policy for Cartel Conduct and were not parties to the ACCC's proceedings.

In October 2007, the ACCC settled its prosecution of the Visy parties on the basis of an agreed statement of facts in which the Visy parties agreed to certain of the alleged conduct. On 2 November 2007, the Federal Court imposed substantial fines on Visy and certain of its officers.

The immunity from proceedings commenced by the ACCC granted to Amcor and its relevant former executives did not extend to exclude or limit third party claims.

On 11 April 2006, Jarra Creek Central Packaging Shed Pty Ltd ('Jarra Creek') filed a class action claim in the Federal Court of Australia alleging cartel behaviour and seeking declarations, injunctions and unspecified damages. The respondents to the proceeding are three Visy companies, Amcor Limited, Amcor Packaging (Australia) Pty Ltd and Fibre Containers (Queensland) Pty Ltd. The proceeding is expressed to have been brought on behalf of all persons or entities that purchased more than \$100,000 of corrugated fibreboard packaging products between 1 May 2000 and 5 May 2005.

The allegations made in the class action are broadly similar to the allegations that were made in the ACCC's proceeding against the Visy parties and assert facts which conform closely with the statement of facts that had been agreed between the ACCC and the Visy parties in the ACCC's proceedings. In broad terms, it is alleged that certain Amcor Group and Visy Group companies engaged in anti-competitive conduct in the corrugated fibreboard container industry, including engaging in price fixing and market sharing, in breach of section 45 of the *Trade Practices Act 1974*. The class members seek, amongst other things, compensation in respect of the alleged effect that the asserted behaviour had on the prices they paid for corrugated fibreboard products during the relevant period.

Amcor is defending the claims made in the class action and has cross-claimed against the three Visy Group companies, claiming contribution for any damages which may be awarded.

The Federal Court instituted an 'opt-out' period in April and May of 2008 during which it was open for class members to elect not to participate in the class action. Approximately 350 parties lodged opt-out notices with the Court.

On 19 March 2010, the representative applicant, Jarra Creek, released to the parties an economist report. The report estimates, based on the range of disputed and contentious facts and assumptions, that the damages suffered by Amcor customers, should Jarra Creek be successful in its claim, are potentially in the vicinity of \$466.0 million plus an estimated \$231.0 million in interest.

Amcor strongly disputes the estimate put forward and will dispute the facts and assumptions upon which the report appears to be based. Amcor is continuing to vigorously defend the claim and will, in the course of the litigation, put forward independent expert evidence refuting the damages calculation put forward by the plaintiff.

It is too early for Amcor to provide any reliable assessment of the likely quantum of any damages that may become payable if its defence is unsuccessful in whole or in part or of the extent to which it may obtain contribution from the Visy Group companies in respect of any damages awarded.

Although it is not possible at present to establish a reliable assessment of damages, there can be no assurance that any damages that may be awarded will not be material to the results of operations or financial condition of Amcor.

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Note 31. Commitments

(a) Capital expenditure commitments

\$ million	Consolidated	
	2010	2009
Contracted at the reporting date but not provided for or payable:		
Property, plant and equipment:		
Within one year	156.1	179.6
Between one and five years	11.9	73.6
	168.0	253.2

(b) Supply and service commitments

Expenditure contracted but not provided for or payable covering other supplies and services to be provided:		
Within one year	43.9	57.6
Between one and five years	77.5	91.4
More than five years	7.8	12.3
	129.2	161.3

(c) Operating lease commitments

Lease expenditure contracted but not provided for or payable:		
Within one year	147.1	135.2
Between one and five years	337.2	323.0
More than five years	190.5	223.6
	674.8	681.8
Less sub-lease rental income	(94)	(14.2)
	665.4	667.6

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 5.

(d) Finance lease commitments

\$ million	Consolidated	
	2010	2009
Lease expenditure contracted and provided for due:		
Within one year	3.6	2.5
Between one and five years	11.1	-
More than five years	6.6	-
Minimum lease payments	21.3	2.5
Less future finance charges	(1.6)	(0.2)
	19.7	2.3
Current lease liability (note 20)	3.3	2.3
Non-current lease liability (note 20)	16.4	-
	19.7	2.3

Note 32. 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	Note	Country of incorporation	Amcor Group's effective interest	
			2010	2009
Amcor Packaging (Australia) Pty Ltd	(a)	Australia	100.0%	100.0%
Amcor Fibre Packaging – Asia Pte Ltd		Singapore	100.0%	100.0%
Amcor Packaging (New Zealand) Ltd	(a)	New Zealand	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 PET Packaging de Venezuela SA		Venezuela	61.0%	61.0%
Amcor Flexibles Inc		United States of America	100.0%	100.0%
Vinisa Fuegina S.A.		Argentina	100.0%	100.0%
Amcor Rigid Plastics do Brasil Ltda		Brazil	100.0%	100.0%
Amcor Flexibles Transpac S.A.		British Virgin Islands	100.0%	100.0%
Amcor Flexibles Helio Folien GmbH		Germany	100.0%	100.0%
Amcor Flexibles UK Ltd		United Kingdom	100.0%	100.0%
Amcor Flexibles Denmark A/S		Denmark	100.0%	100.0%
Amcor Flexibles France SA		France	100.0%	100.0%
Amcor Flexibles Italia S.r.l.		Italy	100.0%	–
Amcor Flexibles Singen GmbH		Germany	100.0%	–
Amcor Rentsch Novgorod		Russia	100.0%	100.0%
Amcor Rentsch Polska Spolka z.o.o.		Poland	100.0%	100.0%
Grupo Amcor Flexibles Hispania SL		Spain	100.0%	100.0%
Amcor Pharmaceutical Packaging USA Inc		United States of America	100.0%	–
Amcor Flexibles Schubach AG		Switzerland	100.0%	100.0%
Amcor Tobacco Packaging Americas Inc.		United States of America	100.0%	–
Amcor Flexibles Europa Sur S.A.		Spain	100.0%	100.0%

(a) Amcor Limited and these subsidiary companies have entered into an approved deed for the cross guarantee of liabilities, refer note 33.

Acquisition of controlled entities

Acquisitions of controlled entities acquired during the financial period ended 30 June 2010 and 2009 are detailed in note 34 of the financial report.

Disposal of controlled entities

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.

In addition to the business disposal, the following legal entities were liquidated during the financial period:

- Amcor White Cap Austria GmbH
- Flexirepro OY
- Amcor Holdings Germany GmbH
- Amcor Flexibles Hochheim GmbH & Co KG

Notes to the Financial Statements

30 June 2010

Note 32. Particulars in Relation to Controlled Entities and Businesses (continued)

Disposal of controlled entities (continued)

30 June 2009

Amcor Flexibles disposed of a confectionary and snack food business in Thetford, United Kingdom, resulting in a loss on disposal of \$14 million. This disposal was undertaken as part of the repositioning of the Amcor Flexibles Europe business, as announced in April 2007.

In addition to the business disposals the following legal entities were liquidated during the financial period:

- Amcor PET Packaging Europe NV/SA;
- Amcor Magyarország Csomagolastechnikai korlatolt Feleossegu Tarsasag;
- Sidlaw South Gyle Ltd;
- Akerlund & Rausing SA;
- Steel Can Components Ltd; and
- Amcor PET Packaging Polska.

Note 33. Deed of Cross Guarantee

Pursuant to ASIC Class Order 98/1418 (as amended) dated 13 August 1998, the wholly-owned subsidiaries listed below are relieved from the *Corporations Act 2001* requirements for preparation and lodgement of audited financial reports, and directors' reports.

It is a condition of the Class Order that the holding entity, Amcor Limited, and each of the relevant subsidiaries enter into a deed of cross guarantee ('the deed'). The effect of the deed is that, in the event of winding up any of these subsidiaries under certain provisions of the *Corporations Act 2001*, Amcor Limited guarantees to each creditor of that subsidiary payment in full of any debt. If a winding up occurs under other provisions of the *Corporations Act 2001*, Amcor Limited will only be liable in the event that after six months any creditor has not been paid in full. These subsidiaries have also given similar guarantees in the event that Amcor Limited is wound up.

The holding entity, Amcor Limited, and subsidiaries subject to the deed of cross guarantee are:

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

Financial statements for the Amcor Limited Deed of Cross Guarantee

Consolidated income statements, consolidated statement 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) Summarised income statement and retained profits

\$ million	2010	2009
Profit/(loss) before related income tax expense	(150.8)	540.4
Income tax benefit	13.1	42.3
Profit/(loss) from continuing operations after tax	(137.7)	582.7
Retained profits at beginning of financial period	1,146.6	873.3
Actuarial losses recognised directly in equity	(18.7)	(25.2)
	990.2	1,430.8
Dividends recognised during the financial period	(295.9)	(284.2)
Retained profits at the end of the financial period	694.3	1,146.6

(b) Income statement

Sales revenue from continuing operations	2,159.3	2,165.5
Cost of sales	(1,829.4)	(1,887.6)
Gross profit	329.9	277.9
Other income	83.2	633.5
Operating expenses	(501.1)	(249.5)
Profit/(loss) from operations	(88.0)	661.9
Financial income	129.3	153.6
Financial expenses	(192.1)	(275.1)
Net finance costs	(62.8)	(121.5)
Profit/(loss) before related income tax expense	(150.8)	540.4
Income tax benefit	13.1	42.3
Profit/(loss) from continuing operations	(137.7)	582.7
Profit/(loss) from discontinued operations, net of tax	-	-
Profit/(loss) for the financial period	(137.7)	582.7
Profit/(loss) attributable to:		
Owners of Amcor Limited	(137.7)	582.7
Non-controlling interest	-	-
	(137.7)	582.7

Notes to the Financial Statements

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Note 33. Deed of Cross Guarantee (continued)

(c) Statement of comprehensive income

\$ million	2010	2009
Profit/(loss) for the financial period	(1377)	582.7
Other comprehensive income		
Available-for-sale financial assets		
Net change in fair value of available-for-sale financial assets	(04)	0.7
Net change in fair value of available-for-sale financial assets reclassified to profit or loss	-	-
Cash flow hedges		
Effective portion of changes in fair value of cash flow hedges	(1579)	(9.2)
Net change in fair value of cash flow hedges reclassified to profit or loss	75	4.2
Net change in fair value of cash flow hedges reclassified to non-financial assets	1584	0.1
Exchange differences on translating foreign operations		
Exchange differences on translation of foreign operations	2.5	(274)
Net investment hedge of foreign operations	(0.5)	46.0
Actuarial losses on defined benefit plans	(26.4)	(35.9)
Income tax on other comprehensive income	71	2.0
Other comprehensive loss for the period, net of tax	(97)	(19.5)
Total comprehensive (loss)/income for the period	(1474)	563.2
Total comprehensive (loss)/income attributable to:		
Owners of Amcor Limited	(1474)	563.2
Non-controlling interest	-	-
	(1474)	563.2

(d) Statement of financial position

\$ million	2010	2009
Current assets		
Cash and cash equivalents	21.3	15.5
Trade and other receivables	3,635.3	3,783.7
Inventories	330.2	292.5
Other financial assets	4.5	2.7
Total current assets	3,991.3	4,094.4
Non-current assets		
Other financial assets	2,787.1	3,046.1
Property, plant and equipment	1,544.6	1,441.7
Deferred tax assets	93.7	65.4
Intangible assets	148.1	157.9
Other non-current assets	74.1	45.1
Total non-current assets	4,647.6	4,756.2
Total assets	8,638.9	8,850.6
Current liabilities		
Trade and other payables	438.2	420.4
Interest-bearing liabilities	2,218.7	2,700.6
Other financial liabilities	14.8	14.8
Provisions	121.4	117.5
Total current liabilities	2,793.1	3,253.3
Non-current liabilities		
Trade and other payables	7.6	2.6
Interest-bearing liabilities	921.2	1,867.6
Other financial liabilities	2.5	0.3
Provisions	51.3	47.9
Retirement benefit obligations	52.7	36.5
Total non-current liabilities	1,035.3	1,954.9
Total liabilities	3,828.4	5,208.2
Net assets	4,810.5	3,642.4
Equity		
Contributed equity	4,029.8	2,440.3
Reserves	86.4	55.5
Retained profits	694.3	1,146.6
Total equity	4,810.5	3,642.4

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Note 34. Business Combination

(a) Summary of acquisition

On 2 February 2010, the consolidated entity announced the successful completion of the acquisition of certain parts of the Alcan Packaging operations. As a result of the acquisition, the consolidated entity is among the world's largest packaging companies with a global presence and leading position in flexible packaging, folding cartons for tobacco and custom Polyethylene Terephthalate (PET) containers.

The businesses that the consolidated entity acquired include:

- Alcan Packaging Food Europe;
- Alcan Packaging Global Pharmaceuticals;
- Alcan Packaging Food Asia; and
- Alcan Packaging Global Tobacco.

The consolidated entity acquired 100% of the above businesses, which included a 40% non-controlling interest in Alcan Chengdu Co. Limited which is an equity accounted investment.

On 1 July 2010, the consolidated entity successfully completed the acquisition of the Alcan Medical Flexibles operations to complete the Alcan Packaging acquisition. The acquisition was subject to obtaining final US Department of Justice approval which was announced on 11 June 2010. This part of the acquisition has been assessed as an event subsequent to reporting date and is disclosed further in note 36. Up until 1 July 2010, the Alcan Medical Flexibles operations remained under the control of Rio Tinto plc.

Accounting for the Alcan Packaging acquisition has been provisionally determined as at 30 June 2010. The accounting cannot be completed at this time as the post close adjustment processes remain in progress. Management continues the process of assessing the fair value of the opening balance sheet which may result in further adjustments to the value attributable to net assets acquired.

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

\$ million

Purchase consideration:	
Cash paid	2,652.0
Deferred consideration ⁽¹⁾	–
Total purchase consideration	2,652.0

(1) The final consideration remains subject to certain customary post close adjustments.

The assets and liabilities recognised as a result of the acquisition have been provisionally determined at 30 June 2010 and are as follows:

\$ million	Fair value
Cash and cash equivalents	212.4
Trade and other receivables	1,508.6
Inventories	461.8
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	1,307.8
Deferred tax assets	95.4
Intangible assets	222.0
Other non-current assets	56.5
Trade and other payables	(1,145.4)
Current interest-bearing liabilities	(17.4)
Current tax liabilities	(44.7)
Current provisions	(43.0)
Non-current interest-bearing liabilities	(30.2)
Deferred tax liabilities	(80.9)
Non-current provisions	(58.5)
Retirement benefit obligations	(113.4)
Net identifiable assets acquired	2,343.6
Less non-controlling interest	(8.5)
Add goodwill	316.9
Net assets acquired	2,652.0

(i) 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.

(ii) Acquired receivables

The fair value of acquired trade receivables is \$573.3 million. The gross contractual amount for receivables due is \$591.4 million of which \$18.1 million has been provided for potential impairment losses.

(iii) Indemnified liabilities

The terms of the Sale Agreement provide the consolidated entity with indemnification of certain liabilities on acquisition related to environmental, litigation, pensions and tax. An indemnification asset of \$152.9 million from the seller has been recognised in accordance with the terms of the Sale Agreement.

Notes to the Financial Statements

30 June 2010

Note 34. Business Combination (continued)

(b) Purchase consideration – cash outflow

\$ million	Consolidated	
	2010	2009
Outflow of cash to acquire entities, net of cash acquired		
Cash consideration	2,652.0	–
Less balances acquired		
Cash	(212.4)	–
Bank overdraft	4.4	–
	(208.0)	–
Outflow of cash	2,444.0	–

Acquisition-related costs of \$76.7 million (2009: \$29.7 million) were recognised as an expense during the financial period and are classified as general and administration expenses in the income statement.

(c) Acquisition and disposal of other businesses

30 June 2010

In addition to the acquisition of the Alcan Packaging operations included in (a) and (b) above, the consolidated entity acquired the operations of a packaging distribution business based in Memphis, United States, for total consideration of \$8.7 million.

30 June 2009

During the 12 months to 30 June 2009 the consolidated entity acquired businesses in the following segments:

- Amcor Australasia (now part of Australasia and Packaging Distribution) acquired the operations of a corrugated speciality packaging business in Sainsbury, NSW, for total consideration of \$6.4 million; and
- Amcor Sunclipse (now part of Australasia and Packaging Distribution) acquired the operations of a distribution business, with a focus on the wine industry, located in central California, United States, for total consideration of \$7.3 million.

Note 35. Amcor Limited Information

(a) Summary financial information

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

\$ million	Amcor Limited	
	2010	2009
Statement of financial position		
Total current assets	7,348.2	5,580.9
Total assets	11,029.5	10,518.8
Total current liabilities	4,072.6	4,615.5
Total liabilities	5,309.7	6,523.8
Net assets	5,719.8	3,995.0
Equity		
Contributed equity	4,029.8	2,440.3
Reserves		
Share-based payments reserve	54.8	32.7
Cash flow hedge reserve	(9.7)	(14.9)
Retained profits	1,644.9	1,536.9
Total equity	5,719.8	3,995.0
Profit/(loss) before related income tax expense	574.9	(201.1)
Income tax (expense)/benefit	(152.7)	98.6
Profit/(loss) from continuing operations after tax	422.2	(102.5)
Total comprehensive income/(loss)	409.3	(128.1)
(b) Financial guarantees		
Carrying amount included in current liabilities	0.2	0.9
Carrying amount included in non-current liabilities	0.2	0.3
	0.4	1.2

The Company has guaranteed the bank overdrafts, finance leases and drawn components of bank loans of a number of subsidiaries. Under the terms of the financial guarantee contracts, the Company will make payments to reimburse the lenders upon failure of the guaranteed entity to make payments when due.

Terms and face values of the liabilities guaranteed were as follows:

\$ million	Year of	30 June 2010	30 June 2009
	maturity	Face value	Face value
Bank term loans of controlled entities	2010	17.3	11.8

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 33. The method used in determining the fair value of these guarantees has been disclosed in the consolidated entity's accounting policy Financial Guarantee Contracts, refer note 1(q).

Notes to the Financial Statements

30 June 2010

Note 35. 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	Amcor Limited	
	2010	2009
Contingent liabilities arising in respect of guarantees ⁽¹⁾	13.2	18.7
Total contingent liabilities	13.2	18.7

(1) Comprises mainly guarantees given by Amcor Limited in respect of certain borrowings principally in wholly-owned subsidiaries. A subsidiary of the consolidated entity has also given a guarantee in respect of a former subsidiary.

Details of other contingent liabilities which the directors consider should be disclosed for Amcor Limited are set out in note 30. 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 36. Events Subsequent to Balance Date

Acquisition of Alcan's Medical Flexibles operations

On 1 July 2010, the consolidated entity successfully completed the acquisition of the Alcan Medical Flexibles operations for consideration of US\$66.0 million (\$76.5 million⁽¹⁾) as part of the Alcan Packaging acquisition that was completed on 2 February 2010. The Medical Flexibles businesses consist of four plants in North America and as announced on 11 June 2010, final US Department of Justice approval is conditional on divesting one of the plants which is located in Marshall, North Carolina. The divestment process for the Marshall operations has commenced, and until completed, the consolidated entity is required to hold and operate Marshall separately from other businesses.

The combined Medical Flexibles business has annual sales of approximately US\$115.0 million (\$131.3 million⁽²⁾), of which the Marshall operations account for approximately US\$30.0 million (\$34.2 million⁽²⁾), and will reside in the Flexibles reporting segment.

Acquisition of Ball Plastics Packaging Americas

On 16 June 2010, the consolidated entity announced that it had reached agreement to purchase the assets of Ball Plastics Packaging Americas from Ball Corporation. The acquisition was subject to the receipt of Department of Justice approval in the United States of America and closed on 3 August 2010. The purchase price is US\$280.0 million (\$307.0 million⁽³⁾) representing four times the last 12 months acquired EBITDA of US\$70 million (\$76.8 million⁽³⁾) which is inclusive of US\$15 million (\$16.4 million⁽³⁾) payable upon the successful renewal of a contract which was achieved prior to closing.

The business has five plants in North America and sales of approximately US\$600.0 million (\$684.9 million⁽²⁾) and will reside within the Rigid Plastics reporting segment.

Approximately 50% of the earnings of the business are derived from the Diversified Products and Custom Beverage and 50% from Carbonated Soft Drink and Water (CSDW).

The acquisition will expand Amcor's Diversified Products business. The Diversified Products business targets the healthcare/pharmaceutical, personal care, food and distilled spirits end markets. The acquisition brings exposure to new growth opportunities including wine bottles, retort packaging for food and high density polyethylene (HDPE) and polypropylene (PP) containers for various market segments.

Additionally, Rigid Plastics will be positioned to offer a broader range of innovation and technology based solutions to customers. The acquisition of Ball Plastics Packaging Americas brings with it expanded capabilities, including exciting developments in multi layer, retort and barrier technologies as well as the assets and know how to manufacture HDPE and PP extrusion blow moulded containers.

(1) Converted at an exchange rate of A\$/US\$ = 0.863.

(2) Converted at an exchange rate of A\$/US\$ = 0.876. This information has not been subject to audit procedures.

(3) Converted at an exchange rate of A\$/US\$ = 0.912.

Divestment of Tobepal operations

An announcement was made on 15 December 2009 that to successfully complete the acquisition of the Alcan Packaging operations, the consolidated entity was required to obtain European Commission approval. This approval would be achieved upon the divestment of the Amcor Tobepal operations in Spain which resides within the Flexibles reporting segment.

On 30 May 2010, the consolidated entity entered into an agreement to sell the Tobepal operations and certain assets of Grupo Amcor Flexibles Hispania S.L. to Constantia Packaging AG for Euro 92.0 million (\$130.5 million⁽⁴⁾). European Commission approval for the divestment has been granted with the closing date expected by the end of September 2010. Final consideration remains subject to certain customary post close adjustments.

The Tobepal operations comprise two plants that produce a range of pharmaceutical, personal care and food packaging products which had combined sales of approximately Euro 103.1 million (\$162.4 million⁽⁵⁾) for the year ended 30 June 2010.

Debt refinancing

The Company has successfully refinanced the following interest-bearing liabilities subsequent to 30 June 2010 for the purposes of renewing existing debt facilities and for the general corporate and working capital purposes of the Amcor Group:

- US\$1.25 billion global syndicated revolving facility due to mature in June 2011 of which the Company on 23 August 2010 has received US\$600 million in commitments from Mandated Lead Arrangers and Bookrunners. The commitments are subject to finalisation and execution of a Facility Agreement and related documentation in a form acceptable to the parties. This syndication process is continuing in accordance with the strategy of the Company to obtain a level of funding considered appropriate.
- \$150 million bilateral facility due to mature in September 2010 has been refinanced by a three year \$100 million facility with an effective date of 26 August 2010.

(4) Converted at an exchange rate of A\$/Euro = 0.705.

(5) Converted at an exchange rate of A\$/Euro = 0.635.

Directors' Declaration

1. In the opinion of the directors of Amcor Limited ('the Company'):
 - (a) the financial statements and notes and remuneration disclosures that are detailed within the Remuneration Report, in the Directors' Report, are in accordance with the *Corporations Act 2001*, including:
 - i. complying with Australian Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - ii. giving a true and fair view of the consolidated entity's financial position as at 30 June 2010 and of its performance for the financial year ended on that date; and
 - (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Note 1(a) confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

2. At the date of this declaration, there are reasonable grounds to believe that the Company and the consolidated entities identified in note 33 will be able to meet any obligations or liabilities to which they are or may become subject to by virtue of the Deed of Cross Guarantee between the Company and those consolidated entities pursuant to ASIC Class Order 98/1418.
3. The directors have been given the declarations required by Section 295A of the *Corporations Act 2001* from the chief executive officer and the chief financial officer for the financial year ended 30 June 2010.

Signed in accordance with a resolution of the directors, dated at Melbourne Victoria, this 26th day of August 2010.



Chris Roberts
Chairman

Independent auditor's report to the members of Amcor Limited



Report on the financial report

We have audited the accompanying financial report of Amcor Limited ('the company'), which comprises the statement of financial position as at 30 June 2010, and the income statement, the statement of comprehensive income, statement of changes in equity and statement of cash flows 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 and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. 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.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

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*.

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 2010 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.


Independent auditor's report to the members of Amcor Limited

Report on the Remuneration Report

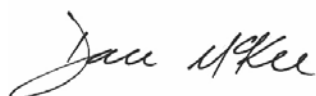
We have audited the remuneration report included on pages 28 to 51 of the directors' report for the year ended 30 June 2010. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our 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 2010, complies with section 300A of the *Corporations Act 2001*.

The logo for PricewaterhouseCoopers, featuring the company name in a cursive script.

PricewaterhouseCoopers

A handwritten signature in blue ink that reads "Dale McKee".

Dale McKee
Partner

Melbourne
26 August 2010

Statement of Shareholdings

Statement pursuant to Australian Securities Exchange official list requirements:
Holders of shares in Amcor Limited at 11 August 2010

Rank	Company	Shares held	% held
1	HSBC Custody Nominees (Australia) Limited	309,257,353	25.31
2	J P Morgan Nominees Australia	248,465,017	20.33
3	National Nominees Limited	234,129,385	19.16
4	Citicorp Nominees Pty Limited	101,342,488	8.29
5	Cogent Nominees Pty Limited	25,203,849	2.06
6	RBC Dexia Investor Services	14,376,832	1.18
7	UBS Nominees Pty Ltd	13,312,278	1.09
8	Australian Foundation Investment Company Limited	12,623,653	1.03
9	ANZ Trustees Limited	10,985,124	0.90
10	AMP Life Limited	8,706,832	0.71
11	Queensland Investment Corporation	7,375,180	0.60
12	Tasman Asset Management Ltd	4,784,975	0.39
13	Argo Investments Limited	4,614,711	0.38
14	Bond Street Custodians Limited	3,750,944	0.31
15	Australian Reward Investment Alliance	2,866,026	0.23
16	The Senior Master Of The Supreme Court	2,769,033	0.23
17	CS Fourth Nominees Pty Ltd	2,082,677	0.17
18	Sandhurst Trustees Limited	1,948,341	0.16
19	Djerriwarrh Investments Ltd	1,904,608	0.16
20	J Vincent Murray	1,850,000	0.15

Substantial Shareholders

Blackrock Investment Management (Australia) Limited, by notice dated 11 December 2009, has a relevant interest in 73,027,792 shares.

Commonwealth Bank of Australia, by notice dated 16 August 2010, has a relevant interest in 73,998,325 shares.

Mondrian Investment Partners Limited, by notice dated 5 January 2010, has a relevant interest in 81,011,766 shares.

These shares are held through several nominee companies.

Distribution of Shareholdings

Fully paid ordinary shares (at 10 August 2010)

Size of Holding	Number of Shareholders	% of Shareholders	Number of Shares	% of Shares
1 - 1,000*	32,903	45.98	144,50,022	1.18
1,001 - 5,000	29,983	41.90	690,94,768	5.65
5,001 - 10,000	5,440	7.60	37,740,679	3.09
10,001 - 100,000	3,087	4.31	61,707,987	5.05
100,001- and over	150	0.21	1,038,940,341	85.02
Total	71,563	100.00	1,221,933,797	100.00

*Of these shareholders, 2,859 held less than a marketable parcel.

Votes of shareholders are governed by Rules 43 to 48 of the Company's Constitution. In broad summary, but without prejudice to the provisions of these rules, on a show of hands every shareholder present in person shall have one vote and upon a poll every shareholder present in person or by proxy or attorney shall have one vote for every fully-paid share held.

Unquoted Equity Securities – Issued pursuant to the Amcor Employee Share/Option Plan approved by shareholders on 24 October 1985, and as amended on 20 October 1988 and subsequently on 23 October 2002.

Unquoted equity securities	Numbers of employees participating	Numbers of securities
Partly paid ordinary shares paid to 1 cent	12	109,000
Partly paid ordinary shares paid to 5 cents	40	500,000
Options over ordinary shares exercisable at various prices	418	43,982,651

Statistical Summary

Results shown before significant items except where indicated
\$ million (except where indicated)

For the years ended 30 June:	2010 ⁽¹⁾	2009 ⁽¹⁾	2008 ⁽¹⁾	2007 ⁽¹⁾	2006 ⁽¹⁾	2005 ⁽¹⁾
Amcor Consolidated Results:						
Net sales	9,849.5	9,535.4	9,316.8	10,875.2	11,439.3	11,099.6
Operating profit before interest and tax	759.2	646.6	657.0	731.9	775.7	821.8
Operating profit before tax ⁽³⁾	575.8	464.9	477.6	517.0	529.1	613.6
Net operating profit ⁽³⁾	409.2	360.5	369.1	397.0	405.9	458.8
Net operating profit after significant items ⁽³⁾	183.0	211.7	258.8	533.7	351.3	193.0
Earnings per share (cents) pre significant items ⁽²⁾	35.2	40.9 ⁽⁴⁾	42.9	44.2	46.1	52.2
Earnings per share (cents) post significant items	15.8	24.0 ⁽⁴⁾	30.1	59.5	39.9	22.0
Return on average shareholders' equity (% p.a.)	9.8	11.0	11.5	11.2	11.9	12.9
Dividend and distribution	296.1	284.2	294.2	305.7	298.8	290.2
Dividend per ordinary share (cents)	29.5	34.0	34.0	34.0	34.0	34.0
Dividend franking (% p.a.)	-	-	-	-	15.0	25.0
Dividend cover (times)	1.19	1.27	1.26	1.30	1.36	1.54
Financial Ratios:						
Net tangible asset backing per share (\$)	1.5	1.6	1.9	2.3	1.8	1.8
Net PBITDA interest cover (times)	6.6	6.0	6.0	5.6	5.1	5.9
Gearing (net debt/net debt and shareholders' equity) (%)	42.5	46.2	42.9	44.6	46.4	50.9
Financial Statistics:						
Income from dividends and interest	22.9	12.0	30.3	23.9	20.0	21.0
Depreciation and amortisation provided during the year	454.7	442.1	413.1	466.9	473.4	461.8
Net interest (including PACRS)	183.4	181.7	179.4	214.9	246.6	218.7
Cash flow from operations	784.1	673.7	661.4	946.3	964.1	901.8
Capital expenditure and acquisitions	2,956.0	716.1	585.8	637.8	562.7	692.8
Balance Sheet Data as at 30 June:						
Current assets	3,545.7	2,317.9	2,618.3	3,394.5	3,196.9	3,483.4
Non-current assets	7,764.5	6,128.1	5,451.6	5,747.8	6,701.3	6,985.1
Total Assets	11,310.2	8,446.0	8,069.9	9,142.3	9,898.2	10,468.5
Current liabilities	4,214.9	2,952.3	2,742.0	3,521.6	3,579.1	3,676.3
Non-current liabilities	2,971.4	2,418.1	2,324.6	2,039.4	2,713.1	3,401.7
Total Liabilities	7,186.3	5,370.4	5,066.6	5,561.0	6,292.2	7,078.0
Net Assets	4,123.9	3,075.6	3,003.3	3,581.3	3,606.0	3,390.5
Shareholders' Equity						
Share capital	4,029.8	2,440.3	2,406.1	2,742.8	2,810.3	2,725.5
Reserves	(657.1)	(311.5)	(443.7)	(313.5)	(84.5)	(176.3)
Retained profits	695.2	883.8	986.4	1,099.8	828.6	763.3
Shareholders' equity attributable to Amcor Limited	4,067.9	3,012.6	2,948.8	3,529.1	3,554.4	3,312.5
Non controlling interests in controlled entities	56.0	63.0	54.5	52.2	51.6	78.0
Total Shareholders' equity	4,123.9	3,075.6	3,003.3	3,581.3	3,606.0	3,390.5
Other data as at 30 June:						
Fully paid shares (000's)	1,221,647	842,759	834,753	883,119	890,252	878,183
Convertible securities - number of shares (000's)	-	-	-	-	69,900	140,763
Amcor share price						
- year's high (\$)	6.75	6.45	7.69	7.71	7.70	7.90
- year's low (\$)	4.37	3.90	4.97	6.16	6.41	6.26
- close (\$)	6.38	4.99	5.05	7.47	6.68	6.70
Market capitalisation	7,794.1	4,205.4	4,215.5	6,596.9	5,946.9	5,883.8
Employee numbers	33,606	19,974	21,030	22,312	24,538	27,243
Number of shareholders	72,046	73,165	75,676	87,433	104,433	125,936

(1) Numbers have been prepared in accordance with Australian Equivalents to International Financial Reporting Standards and include all operations.

(2) Based on net operating profit before significant items divided by the weighted average number of shares for the period.

(3) PACRS coupon payment is treated as interest in the 2006 and 2005 periods. The 2005 period excludes the 5% conversion discount.

(4) The 2009 earnings per share figures have been restated to reflect the bonus element of the Entitlement Offer that was completed in September 2009.

Flexibles

	2010
Sales (Euro billion proforma)	4.1
Number of plants	116
Countries	34
Employees	22,000

Sales by region



- Western Europe **71%**
- North America **9%**
- Australia & NZ **5%**
- Emerging markets **15%**

Rigid Plastics

	2010
Sales (USD billion proforma)	2.3
Number of plants	74
Countries	12
Employees	5,500

Sales by region

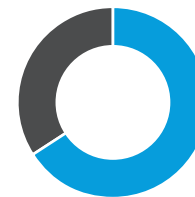


- North America **59%**
- Emerging markets **41%**

Australasia and Packaging Distribution

	2010
Sales (AUD billion proforma)	2.8
Number of plants	117
Countries	6
Employees	6,500

Sales by region



- Australia & NZ **66%**
- North America **34%**

Amcor Group

Focused portfolio

Proforma 2010 Sales



- Flexibles **54%**
- Fibre Metal Glass **24%**
- Rigid Plastics **22%**

Global footprint

Proforma 2010 Sales



- Western Europe **37%**
- North America **28%**
- Australia & NZ **18%**
- Emerging markets **17%**

Note: Proforma sales represents an estimate of sales for the combined Amcor and former Alcan Packaging operations for the year ended 30 June 2010

Investor Information

Amcor provides a progress report to shareholders in two different formats. Shareholders can choose the detailed financial information available in the comprehensive Full Year Financial Report produced annually. Alternatively, shareholders can choose to receive an easy-to-read environmentally-friendly Annual Review.

The Amcor Annual Review contains the information of most interest to shareholders including: key financial results, performance highlights and a report from the Chairman.

Both or either of these reports are sent by post or e-mail to shareholders who are on record and wish to receive a copy.

Amcor also provides these reports on its website www.amcor.com in a user friendly format. The reports are interactive, searchable, printable, downloadable and easily able to be viewed quickly on your computer at any time.

Share registry enquiries

Shareholders who wish to approach the Company on any matter related to their shareholding should contact Amcor's Share Registry in Melbourne.

For enquiries within Australia, call 1300 302 458, and from outside Australia, call +61 3 9415 4104.

Alternatively, shareholders can contact the Share Registry –

By post to:

Amcor Share Registry
Yarra Falls
452 Johnston Street
Abbotsford Victoria 3067
Australia

Or

GPO Box 2975
Melbourne Victoria 3001
Australia

Or

By fax to : +61 3 9473 2500

Internet facilities

Shareholders can access Amcor's Share Registry information via Amcor's website www.amcor.com. This facility provides a 24-hour service to shareholders, enabling access to information such as current holding balances, TFN notification, dividend history, choice about receipt of reports, historical price information and graphs of the share price against market indices. This information can be accessed by clicking on 'For Investors &

Analysts' in the main menu then choosing Amcor Shareholder Services > Amcor Share Registry Online. You will need to key in your Securityholder Reference Number (SRN) or Holder Identification Number (HIN), your family name and postcode.

Changes to your shareholder details, such as a change of name or address, or notification of your tax file number, direct credit of dividend advice or Dividend Reinvestment Plan preferences, can be made directly on the internet or by printing out any forms you need, filling them in and sending the changes to Amcor's Share Registry.

Change of address

Issuer sponsored shareholders should notify Amcor's Share Registry immediately of any change to their registered address in writing, signed by the shareholder/s. Shareholders should quote their previous address and SRN. CHESS uncertificated shareholders should advise their sponsoring broker or non-broker participant. Forms for this service are available from Amcor's Share Registry or from the Amcor website.

Dividends

The Company normally pays dividends around April and October each year. Shareholders should retain all remittance advices relating to dividend payments for tax purposes.

The following alternatives are available to shareholders regarding payment of dividends:

- 1. By direct deposit to an Australian bank, building society or credit union account.** Shareholders may choose to have their dividends paid directly into a nominated bank, building society or credit union account anywhere in Australia. Payments are electronically credited on the dividend date and confirmed by a payment advice sent to the shareholder. Forms for this service are available from Amcor's Share Registry or Amcor's website.
- 2. By cheque payable to the shareholder.** Lost or stolen cheques should be reported, in writing, immediately to Amcor's Share Registry to enable a 'stop payment' and replacement.
- 3. Dividend Reinvestment Plan (DRP).** The DRP provides shareholders with the opportunity to re-invest their dividends to acquire additional Amcor shares. Shares acquired under the DRP rank equally with existing fully paid ordinary shares and have been provided to participants with no discount at a price equivalent to the arithmetic average of the daily weighted

average market price of Amcor shares sold on the ASX during a period of nine business days after the record date for the relevant dividend. That period begins on the second business day after the record date and ends on the tenth business day.

Due to legal constraints which apply, security holders who reside in certain countries will not be able to participate in the DRP and will receive dividends by cheque. A booklet containing full details of the DRP and a DRP election form are available on request from Amcor's Share Registry. The DRP election form and booklet are also available from Amcor's website in PDF format.

Tax File Numbers

Amcor is required to withhold tax at the rate of 46.5% on any unfranked component of a dividend or interest paid to investors resident in Australia who have not supplied the Company with a tax file number (TFN) or exemption form. Investors are not required by law to provide their TFN and can choose whether or not they wish to do so.

Stock Exchange Listings

Amcor shares are listed on the Australian Securities Exchange (ASX). All shares are recorded on the principal share register of Amcor Limited, located in Victoria, Australia. Amcor Limited's Eurobonds are listed on the London Stock Exchange.

American Depositary Receipts

Amcor shares are traded in the form of American Depositary Shares (ADSs) evidenced by American Depositary Receipts (ADRs) on the Over-The-Counter market in the US. Each ADS represents four Amcor ordinary shares. Information about ADRs is available from the depository, JPMorgan Chase Bank and via the internet on ADR.com

Amcor Publications

The Company's Full Year Financial Report has historically been the main source of information for investors. Changes to the law in 2007 mean that the report is now published on the Company's website. The printed Report is mailed in late September only to those shareholders who request a copy.

The Half Year Financial Report reviewing the Company's performance for the six months to 31 December is similarly available in March.

These publications, and many others which may also be of interest, such as Sustainability and Community reports, are best sourced from the Company's website.

Senior Management and Corporate Directory

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Corporate Executives

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Chairman AMVIG

Leslie Desjardins
Executive Vice President Finance

Steve Keogh
Executive Vice President Human Resources

Julie McPherson
Senior Vice President Legal, Group General
Counsel and Company Secretary

John Murray
Senior Vice President Corporate Affairs

Garry Noonan
Senior Vice President Corporate Operations

Ian Wilson
Executive Vice President Strategy
and Development

Share Registry

Amcor Share Registry
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Abbotsford Victoria 3067
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Melbourne Victoria 3001
Australia

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Telephone: +61 3 9415 4104 (outside
Australia)

Facsimile: +61 3 9473 2500

Email: web.queries@computershare.com.au

Financial Calendar

Financial calendar 2010/11

Financial year 2009/10 ends	30 June 2010
Announcement of full year results for 2009/10	26 August 2010
Ex-dividend date for final dividend for 2009/10	2 September 2010
Record date for final dividend and DRP for 2009/10	8 September 2010
Final dividend payment date for 2009/10	1 October 2010
Annual General Meeting	21 October 2010
Financial half year ends	31 December 2010
Announcement of interim results for 2010/11	February 2011
Ex-dividend date for interim dividend for 2010/11	Early March 2011
Record date for interim dividend for 2010/11	Early March 2011
Interim dividend payment date for 2010/11	Late March 2011
Financial year 2010/11 ends	30 June 2011

Certified against the Forest Stewardship Council (FSC) Standards.

The printing process used digital printing plates to eliminate film and chemicals. Vegetable-based inks were used rather than traditional mineral oils that emit higher volumes of greenhouse gases.





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Addendum to Annual Report

Page 26 of the Amcor Limited 2010 Annual Report contains a table setting out details regarding options issued by Amcor Limited (Table 4). After printing of the Annual Report, typographical errors in the expiry dates of certain options set out in that table were identified. Accordingly, an updated version of Table 4 is set out below.

Table 4: Unissued Shares Under Option

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

Date options granted	Expiry date	Exercise price of shares (\$)	Number under options
1 November 2002	1 November 2012	7.67*	1,999,800
13 October 2003	1 November 2012	7.67*	79,200
2 August 2004	23 September 2010**	6.31	1,984,192
2 May 2005	23 September 2010**	6.31	25,800
27 October 2005	31 December 2010	6.25	190,000
27 October 2005	30 June 2011	6.25	205,000
27 October 2005	31 December 2011	6.25	250,000
4 August 2006	31 December 2010	6.25	2,343,772
4 August 2006	30 June 2011	6.25	303,400
4 August 2006	31 December 2011	6.25	370,000
22 September 2006	31 December 2010	6.25	89,536
1 February 2007	31 December 2011	6.66	3,637,260
5 March 2007	31 December 2011	6.66	94,600
1 November 2007	30 June 2012	6.54	165,000
1 December 2007	30 June 2012	6.54	1,073,093
31 December 2007	30 June 2012	6.54	63,205
30 May 2008	30 June 2012	6.21	22,321
1 December 2008	30 June 2013	5.09	2,504,000
2 January 2009	30 June 2013	5.09	110,000
24 November 2009	30 June 2016	4.73	2,760,000
18 February 2010	30 June 2012	6.21	38,472
12 April 2010	30 June 2016	4.73	13,501,000
12 April 2010	30 June 2016	5.86	6,560,000
17 May 2010	30 June 2016	4.73	1,411,000
8 June 2010	30 June 2016	4.73	1,300,000
18 June 2010	30 June 2016	6.53	494,000
5 August 2010	30 June 2016	6.39	2,408,000
Total			43,982,651

* Certain overseas plans are at fixed exchange rates.

** Awards (including options) granted under some employee incentive plans used to expire outside Amcor's formal trading windows. On 28 June 2010, Amcor's Executive Committee resolved that the expiry dates of those awards be amended so that they coincide with the close of Amcor's next available trading window. As Amcor sets its trading windows yearly, the above table reflects the change for the 2010 calendar year only. Any dates affected for next year will be changed as soon as next year's trading windows have been set.