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Annual General Meeting

The Annual General Meeting of Amcor Limited will be held at the Park Hyatt, 1 Parliament Square, Melbourne, at 10.30am (Melbourne time), Thursday 25 October 2012.

Formal notice of the meeting is sent to each shareholder.

Julie McPherson
Company Secretary
Amcor Limited

About this Report

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

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

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In this report, 'the year', '2011/12' and '2012' refer to the financial year ended 30 June 2012. '2010/11' and '2011' refer to the financial year ended 30 June 2011.

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

The Financial Report was authorised for issue by the Directors on 21 August 2012. The Directors have the power to amend and reissue the Financial Report.

Note regarding non-IFRS financial information

Throughout this report, Amcor has included certain non-IFRS financial information, including profit after tax and before significant items, operating cash flow, free cash flow, PBIT and PBITDA before significant items. This information is presented to assist in making appropriate comparisons with prior periods and to assess the operating performance of the business. Amcor uses these measures to assess the performance of the business and believes that the information is useful to investors.

In particular;

- (1) References to earnings throughout this report are references to PBIT before significant items.
- (2) Operating cash flow is cash flow from operating activities calculated in accordance with IFRS and extracted from Amcor's annual financial report, adjusted to take into account base capital expenditure and other items. Free cash flow is operating cash flow less dividends paid during the period calculated in accordance with IFRS and extracted from Amcor's annual financial report.
- (3) Significant items are items of income or expense which are considered outside the ordinary course of operations, are non-recurring in nature and are material.
- (4) Return on sales and return on average funds employed are calculated using PBIT before significant items.

Aspiring to new heights

In 2005, Amcor introduced 'The Way Forward' agenda, designed to improve the core competencies of the Company and narrow the portfolio of businesses.

The success of this program was evident in the improvement of a number of key metrics and, in 2009, the principles of The Way Forward became 'The Amcor Way'.

Over the past three years, the benefits from the acquisitions undertaken through the global financial crisis have further improved shareholder value, and this is evident in higher earnings and dividends.

It is now appropriate that the Company move to the next stage in its development.

Aspiring to new heights builds on the success of The Amcor Way operating model by focusing on building a culture of Outperformance that moves Amcor to the next level in everything it does. This program is for all co-workers and has at its core the expectation that aspiring to outperform is something everyone does, everyday. It includes continually improving customer responsiveness, developing better products through superior innovation capabilities or enhancing manufacturing efficiencies.

Importantly, customers, shareholders and co-workers all benefit from their association with an organisation that consistently outperforms and continually aspires to reach new heights.

Message to our shareholders

Chris Roberts
Chairman



Ken MacKenzie
Managing Director and
Chief Executive Officer

Overview

Profit after tax and before significant items for the year was \$634.9* million, up 11.3% on the previous year's \$570.3 million. Profit after tax was \$412.6 million, up 15.7% on the previous year's \$356.7 million. This was a strong performance given subdued economic conditions in developed regions. The increase was predominantly driven by the benefits from acquisitions, ongoing improvement in product mix and growth in emerging markets. It also reflects the resilience of the business in more difficult economic conditions.

Amcor has over 300 plants in 42 countries and over 85% of its sales in the consumer staples markets of food, beverage, tobacco packaging and healthcare. Demand in these segments is generally less volatile than the broader economy, and this has been the experience of the past three years.

For the 2011/12 year, volumes were subdued in the developed markets, with continued solid growth in emerging markets.

Amcor entered the global financial crisis with a conservative balance sheet and strong financial metrics. This enabled the Company to undertake the transformational acquisitions of Alcan Packaging and Ball Plastics Packaging at the bottom of the economic cycle and at very attractive prices.

These acquisitions offered the opportunity to reduce costs and improve the operating footprint. They also substantially improved industry structures and enabled Amcor to be the clear leader in its respective market segments.

The benefits from these acquisitions were a key contributor to a 46.3% increase in operating cash flow for the year to \$643.7* million. During the year, the

Company elected to use this cash to increase the dividend 5.7%, announce and complete a \$150 million share buy-back and commit \$350 million to new acquisitions. The business also spent an additional \$265 million on the completion of the new paper recycling mill in Botany, New South Wales.

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

At June 30, the balance sheet gearing was 51.3%, which is within the target range of 45% to 55%, measured as net debt over net debt plus equity.

Significant items after tax for the year were an expense of \$222.3* million, primarily relating to the costs associated with achieving synergy benefits from the Alcan Packaging and Ball Plastics Packaging businesses as well as costs associated with closing the old recycled paper mills following the construction of the new mill at Botany.

Review of operations

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

Given that economic conditions were generally subdued across a number of key markets, performance of the businesses was particularly pleasing. The key drivers for this success were:

Alcan Packaging and Ball Plastics Packaging acquisitions

Operating improvements and cost synergies resulting from the Alcan Packaging and Ball Plastics Packaging

acquisitions have been key components of the earnings improvement for the year.

At the time of the announcement of the Alcan Packaging acquisition in August 2009, the businesses acquired were achieving a return on sales of approximately 6%*. This compared to Amcor's operations, in the same market segments, achieving a return on sales of approximately 9%.

The objective was to improve the operating performance of the acquired businesses as well as realise cost synergies of between \$200 to \$250 million. Achieving both of these objectives would result in the return on sales for the combined business increasing over three years to more than 11%. For the 2011/12 year, the return on sales for the Flexibles segment was 11.2%. This improvement resulted in the return on average funds employed increasing to 23.9%*.

This outstanding result has been achieved one year ahead of schedule and reinforces the success of the Alcan Packaging acquisition in adding considerable shareholder value.

The Ball Plastics Packaging acquisition in the Rigid Plastics business group has also been an outstanding success. This business was purchased in August 2010 and has been successfully integrated into the North American Rigid Plastics business, realising over \$30 million in cost synergy benefits to date and enabling that business to significantly improve its manufacturing footprint and reduce operating costs.

Stable volumes

Volumes across all the business units reflected the defensive nature of the end market serviced, with minimal adverse impact due to weaker economic conditions.

As part of the acquisition integration program there were a number of plant closures during the year. Through this process the business elected to withdraw from some low-margin business.

In Europe, underlying volumes were stable. Amcor's businesses in this region are in the healthcare, food and tobacco packaging end market segments. Over the past three years, these market segments have proven to be particularly resilient to weakening economic conditions.

In North America, the operations are focused on the beverage, healthcare, tobacco packaging and industrial distribution markets. During the year, volumes in these segments were broadly consistent with the prior year.

In Australia, the business is focused on the food and beverage sectors and volumes were generally stable, notwithstanding the difficulties associated with a particularly strong Australian dollar.

During the year, all the businesses continued to improve their product mix, having an increased proportion of sales in higher value-add products. This ongoing improvement is being driven by a deeper understanding of the customer value proposition, a key component of 'The Amcor Way' and includes an increased focus on product innovation.

Business unit performance

The Flexibles segment had a strong year, with earnings up 16.9% to €526.5 million. This increase was driven by the cost synergy benefits from the Alcan Packaging acquisition and the ongoing improvement in product mix to higher value-add products.

The Rigid Plastics segment also had an excellent year, with earnings up 13.4% to US\$272.5 million. This improvement was predominantly driven by the benefit from the Ball Plastics Packaging acquisition.

The Australasia and Packaging Distribution segment achieved underlying earnings in line with the previous year. This was a solid performance, given the particularly difficult economic conditions experienced in the second half of the year.

Currency sensitivity

Amcor operates over 300 plants in 42 countries and translates the non-Australian dollar denominated earnings into Australian dollars for reporting purposes. The main currencies to which Amcor is exposed when translating overseas earnings into Australian dollars for reporting purposes are US dollars and euros.

For the 2012/13 financial year, the profit after tax sensitivity for a one cent movement against the euro is expected to be \$5 million. The sensitivity for a one cent movement against the US dollar is expected to be \$3 million.

Balance sheet

The Company has a strong balance sheet and excellent debt profile.

Gearing measured as net debt as a percentage of net debt plus equity at 30 June 2012 was 51.3%. Interest cover measured as PBITDA to net interest was 7.6 times.

In addition, on 30 June 2012 the Company had \$854.3 million committed but undrawn debt facilities and the duration of the non-current debt is five years.

The ratings agency Standard & Poor's has reaffirmed Amcor's BBB investment grade rating and Moody's reaffirmed the investment grade rating Baa2.

Cash flow and capital management

One of The Amcor Way core competencies is capital discipline. This involves a focus on all aspects of cash generation and uses of cash. Over the past seven years, there has been a substantial improvement in capital discipline and 2011/12 is the seventh consecutive year of positive free cash flow, after the payment of dividends. Over that period, the aggregate free cash flow has been over \$1.3 billion.

Operating cash flow for the year, after cash significant items and base capital expenditure, was \$643.7 million, and free cash flow, after the \$443.6 million payment of dividends, was \$200.1 million.

The final dividend of 19 cents per share is 5.6% higher than the final dividend last year. Combined with an interim dividend payment of 18 cents per share, the total dividend for the year is up 5.7% to 37 cents per share.

Well positioned for growth

The acquisitions made during the depth of the global financial crisis have added substantial value and have resulted in improved earnings, higher returns and increased dividends. These benefits, combined with an improved cash flow position, have the Company well positioned for future growth.

Message to our shareholders

continued

Since the start of the global financial crisis in 2009, Amcor has delivered a total return to shareholders of 97.6%*, made up of a combination of dividends and the share price increasing from \$4.50 to \$7.52**.

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

- Continued focus on improving the customer value proposition;
- Leveraging market leadership to create a differentiated position in product innovation;
- Expanding in emerging markets; and
- Further value-creating acquisitions.

Innovation

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

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

Emerging markets

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

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

Over the past ten years, sales have grown at a compound rate of 18% per annum and, today, approximately 19% of total Company revenue is derived from emerging markets.

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

Acquisitions

Acquisitions will focus on one or more of:

- Expanding the footprint in emerging markets;
- Improving industry structure, primarily in developed markets;
- Adding new technologies to capture additional value; or
- Synergistic bolt-ons that lower the cost position.

Since June 2011, the business has announced five acquisitions and purchased the minority interests in two joint ventures in China. All are aligned with one or more of the above objectives and the aggregate consideration was \$350 million.

Aperio Group

In May 2012, Amcor acquired the Aperio Group, one of Asia Pacific's leading producers of flexible packaging products, for \$238 million. The company generates annual revenues of approximately \$350 million and has 13 manufacturing facilities across Australia and New Zealand and a modern facility in Thailand.

The acquisition brings together the two leaders in flexible packaging in Australasia and is an important strategic addition to Amcor's existing flexible packaging business in Asia Pacific. The combined business will have a unique offering, being the market leader in Australia and New Zealand and the ability to supply from an extensive footprint in Asia.

Uniglobe

In March 2012, Amcor expanded its existing footprint in India announcing the acquisition of Uniglobe, a flexible packaging business based near Mumbai.

India is a high growth market for flexibles packaging and the business is strongly aligned with Amcor's existing operations, servicing large multi-national customers in the food, personal care and health care markets.

Aluprint

In April 2012, Amcor announced the acquisition of the Aluprint tobacco packaging business in Monterrey, Mexico.

The acquisition establishes a local presence in Mexico, a large and strategically located market for tobacco packaging. The business has an excellent management team and the opportunity exists for growth by leveraging Amcor's global customer relationships.

International Playing Card and Label Company (IPC&L)

In October 2011, the Company announced the acquisition of IPC&L, the largest tobacco packaging business in Argentina. Located near Buenos Aires, the business has opportunities for growth both within Argentina as well as in surrounding countries.

Wayne Richardson Sales

In June 2012, Amcor announced the acquisition of Wayne Richardson Sales. The business is one of the largest independently owned packaging distributors in Australia, with a network of eight distribution centres across Australia and sales of approximately \$50 million. It brings to Amcor a new and more effective channel to small and medium sized packaging customers.

China joint ventures

During the year, Amcor reached agreement to acquire shares held by minorities in the flexibles plants located in Beijing and Chengdu. Amcor held 75% and 40% interests in these plants, respectively. Buying out the joint venture partners will provide the business with additional leverage to the growth opportunities being pursued in the north and west of China.

Recycled paper machine

The new recycled paper machine in Botany, New South Wales, has commenced commissioning. This is a world-class machine that will introduce to the Australian market a lighter-weight board with a higher quality surface finish. These benefits will result in better print quality, lighter corrugated boxes and the ability to introduce new innovative products to the Australasian market.

The environmental credentials of the new machine will assist customers in meeting or exceeding many of their obligations under the Australian Packaging Covenant. The significantly improved environmental impact includes a 34% reduction in energy usage, a 26% reduction in water usage and a 75% reduction in waste to landfill.

Cost reduction benefits are approximately \$50 million with additional benefits due to the improved paper quality and the ability to bring new products to market.

Summary

In summary, 2011/12 was a successful year measured against all key financial metrics.

Future success is underpinned by the hard work of the past seven years. The Amcor Way, a proprietary operating model, is the foundation of the Company and provides a focus on the core capabilities and values required for success in the packaging industry.

The transformational acquisitions, made during the global financial crisis, have been a key driver for earnings growth over the past two years and will continue to contribute to growth going forward.

The legacy of these acquisitions is the improvement in their respective industry structures and the significant increase in earnings and returns. These improvements have resulted in a step change in cash generation and with it the ability to achieve a higher growth trajectory going forward.

Focusing on the customer remains a key priority. For Amcor, as the market leader, continually improving the customer value proposition and demonstrating ongoing leadership in innovation are critical attributes for success.

Amcor's global footprint includes a significant position in the fast growing emerging markets and this is a unique platform in the packaging industry from which to grow.

Acquisition opportunities have been prioritised against strategic objectives and the ability to deliver substantially improved earnings and returns.

The objective is to deliver consistent improvement in returns to shareholders, measured as growth in earnings per share and increases in the dividend.

Outlook

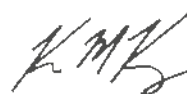
The outlook for the current year is for ongoing growth, expressed in constant currency terms. The increase, expressed in Australian dollar terms, will depend on the level of the Australian dollar throughout the year.

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

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



Chris Roberts
Chairman



Ken MacKenzie
Managing Director
and Chief Executive Officer

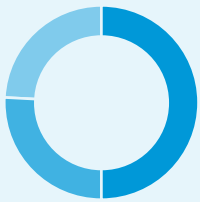
The world of Amcor

Amcor Group

Focused portfolio

Sales by business group

%

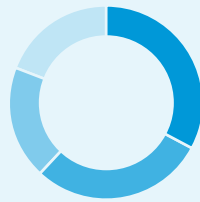


Flexibles	50%
Rigid Plastics	26%
Fibre, Metal, Glass	24%

Global footprint

Sales by region

%



North America	33%
Western Europe	29%
Australia & NZ	19%
Emerging markets	19%

Flexibles

	2012
Sales (€ million)	4,683
Number of plants	125
Countries	35
Employees	20,338

Rigid Plastics

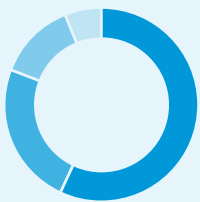
	2012
Sales (US\$ million)	3,365
Number of plants	65
Countries	12
Employees	6,295

Australasia and Packaging Distribution

	2012
Sales (A\$ million)	2,872
Number of plants	139
Countries	7
Employees	6,015

Sales by region

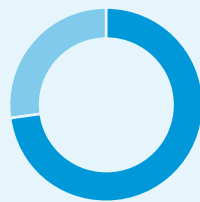
%



Western Europe	57%
Emerging markets	24%
North America	13%
Australia & NZ	6%

Sales by region

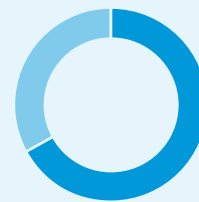
%



North America	73%
Emerging markets	27%

Sales by region

%



Australia & NZ	67%
North America	33%

Sales

A\$12 billion

Employees

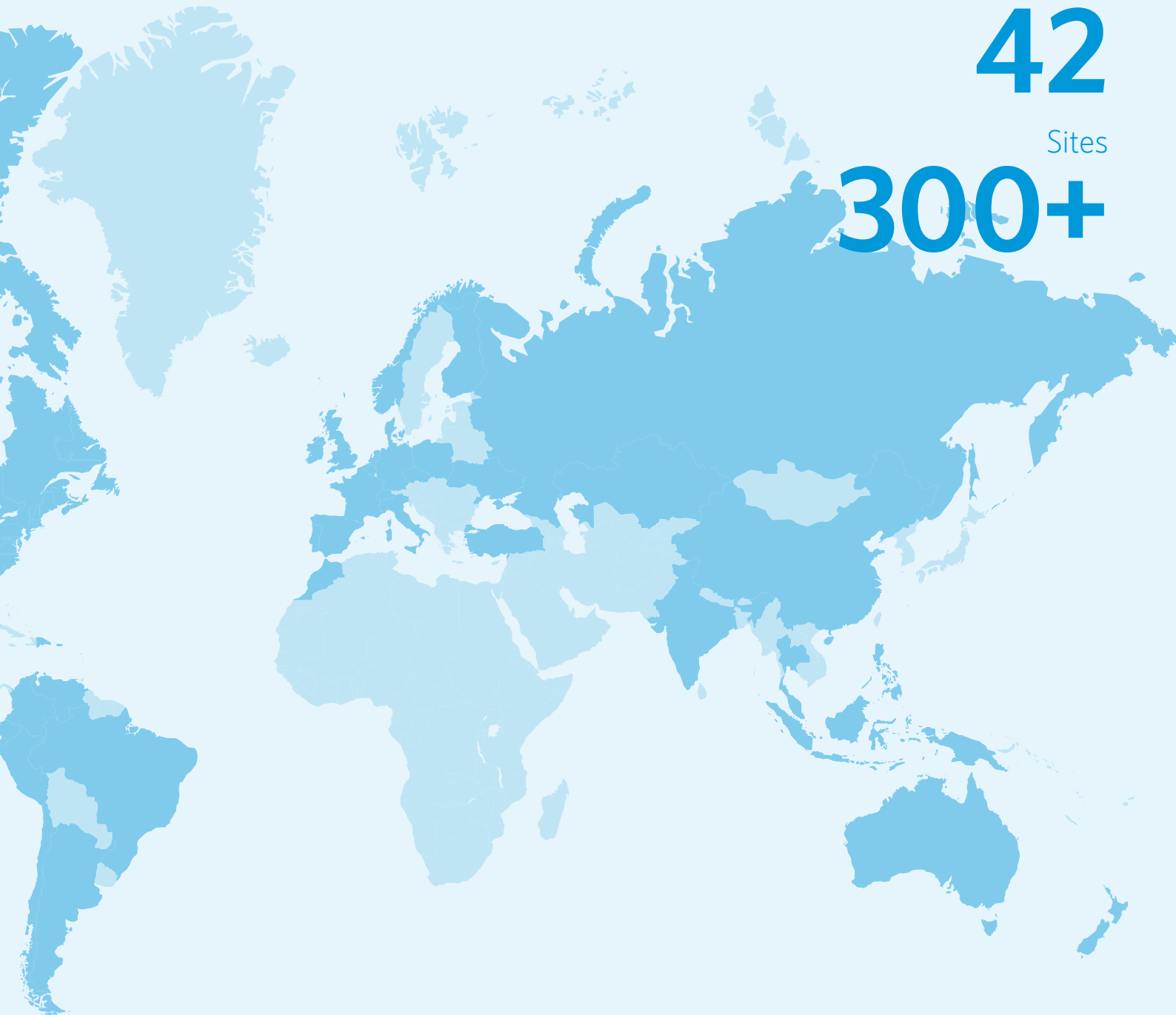
33,000

Countries

42

Sites

300+



Earnings

A\$ million	2012	2011	Change (%)
Sales revenue	6,078	6,310	(3.7)
PBIT⁽¹⁾	683.3	620.5	10.1
Operating Margin (%)	11.2	9.8	
Average Funds Employed (AFE)	2,854	3,045	(6.3)
PBIT/AFE (%)	23.9	20.4	
€ million			
Sales revenue	4,683	4,577	2.3
PBIT⁽¹⁾	526.5	450.2	16.9
Operating Margin (%)	11.2	9.8	
Average Funds Employed (AFE)	2,199	2,209	(0.4)
PBIT/AFE (%)	23.9	20.4	
Average exchange rate (cents)	0.77	0.73	

(1) Before significant items.

Cash Flow

€ million	2012
PBITDA ⁽²⁾	687.8
Base Capital Expenditure	(111.8)
Movement in Working Capital	32.0
Significant items	(84.7)
Operating Cash Flow	523.3

(2) Includes share of net profit of associates.

Below: left to right

Peter Brues

President, Amcor Flexibles Europe & Americas

Peter Konieczny

President, Amcor Tobacco Packaging

Ralf Wunderlich

President, Amcor Flexibles Asia Pacific

Review of Operations Flexibles



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 & Americas, Flexibles Asia Pacific and Global Tobacco Packaging. The business has approximately 20,300 co-workers and 125 sites, and supplies a wide range of products to the food, beverage, healthcare and tobacco packaging end markets. These products include packaging for fresh foods such as meat, fish, bread, produce and dairy, processed foods such as confectionery, snack foods, coffee and ready meals, as well as high value-added resin and aluminium-based packaging for industrial, hospital, pharmaceutical and personal and home care end markets.

The Flexibles segment had a strong year, with PBIT up 16.9% to €526.5 million. This was a particularly strong result achieved against a backdrop of subdued economic conditions in the developed markets.

Sales revenue for the year increased 2.3% or €106 million. Factors that impacted sales included:

- Underlying sales growth, raw material movements and FX changes combined to increase sales by approximately €165 million; and

- Exiting low margin volume as plants closed. This, combined with the net impact of divestments and acquisitions, reduced sales by approximately €60 million.

There was continued strong volume growth in emerging markets, modest growth in North America and stable underlying volumes in Western Europe and Australasia. This solid performance across the regions reflects the defensive nature of the food, beverage, healthcare and tobacco packaging end markets.

The operating sales margin increased from 9.8% to 11.2%. This increase is consistent with the guidance given in August 2011 that the operating margin for the 2012 year would be between 11.0% and 11.5%. The substantial improvement predominantly reflects the ongoing benefits from the Alcan Packaging acquisition.

Returns, measured as PBIT over average funds employed, increased from 20.4% to 23.9%. Over the past three years, returns have substantially improved due to the combination of higher asset turns, 1.8 to 2.1 times, and a 300 plus basis point increase in margins.

Total capital expenditure was €111.8 million.

Synergies

Two and a half years after the acquisition of Alcan Packaging, the businesses are fully integrated and it is not possible to disaggregate cost synergies from operating improvements. The final synergy realisation, however, was in excess of \$200 million. This benefit is reflected in the significantly improved operating margins and higher returns.

In 2011/12, the final synergy costs relating to the Alcan Packaging acquisition were expensed as significant items. In the current year, there will be some residual cash spending relating to items such as plant dismantling and site remediation as well as redundancy payments; however, there will be no further profit and loss significant items from this program.

Raw material input costs

During the year, there was no consistent trend in the movement of raw material input costs either by product or geography, and for many products prices moved both higher and lower during the 12 months. For the year, there was an overall modest positive impact from the timing in the movement in raw material prices. In the first half, there was a modest adverse impact that was more than offset by a positive impact in the second half.

Flexibles Europe & Americas

The Flexibles Europe & Americas business services the defensive market segments of food and healthcare in Europe and the Americas. The major end markets served, making up more than 85% of sales, are medical and pharmaceutical, snacks and confectionery, cheese and yoghurt, bakery and fresh produce, coffee and pet food.

Despite challenging economic conditions, underlying volumes were stable. In North America, volumes were modestly higher, driven by growth in pharmaceutical applications, and in Europe underlying volumes were generally stable. As plants were closed in Europe the business chose to reduce volumes in order to optimise plant operations and improve mix.

Earnings were substantially higher, mainly due to an improved cost position and the timing of raw material cost pass-through. The business continues to improve its cost position by simplifying operations through standardisation of raw materials, optimisation of production and reduction of selling, general and administrative costs.

During the second half, the business announced the closure of a small plant in Drammen, Norway. This plant is expected to cease operation in October 2012. Closures announced in prior periods have proceeded as planned, with benefits from the plant closure in Viersen, Germany, being realised in the second half.

By combining its focus on innovation and advantaged cost position, the business is positioned to increase the value it creates for customers and further drive profit improvement.

Flexibles Asia Pacific

The Flexibles Asia Pacific business has leading positions in key markets and significant growth opportunities from its 34 plants. Strong relationships with large multinational customers along with Amcor's technology, scale and financial strength provide the capability to support customer growth objectives in the region.

The business had a strong year, with earnings and returns significantly higher than the prior year. This was driven by strong volume growth, excellent cost management and operating improvements.

In China, the operations consist of seven plants and hold market leading positions across China's major regional centres. Sales for the year increased by 13%, primarily due to the benefits of new capacity installed over the past 12 months. There was solid growth in the healthcare and high barrier

film segments and the business was successful in gaining share in targeted food end markets. Earnings for the year were significantly higher.

In addition to organic growth, agreement was reached to acquire shares held by minorities in the flexibles plants located in Beijing and Chengdu. Previously, Amcor held 75% and 40% interests in these plants respectively. Both transactions were finalised in the June 2012 half, with closing formalities expected to be completed by the end of September 2012. These acquisitions provide the business with additional leverage to the growth opportunities being pursued in the north and west of China.

The Thailand business had a solid year, with increased sales and earnings. This was an outstanding outcome given the significant challenges presented by severe flooding through the December 2011 quarter. The business benefited from new investments that are directed at growing the higher value-add, high barrier products. The recent acquisition of the Aperio Group included a plant in Thailand. The assets of this newly acquired site complement the existing portfolio and, with four plants in Thailand, Amcor is well positioned to further support its valued customers.

The business unit that comprises the operations in Indonesia, Singapore and India had a solid year. The four plants all have good positions in their local markets, creating strong platforms for future growth. Off a relatively low base, earnings were substantially higher than last year.

The Australia and New Zealand operations had improved earnings. During the year, overall volumes were flat, with earnings improvements from cost-reduction programs, particularly the closure of the Regents Park facility in New South Wales.

In May 2012, the \$238 million acquisition of the Aperio Group was completed. The business has 13 manufacturing facilities in Australia and New Zealand and sales of approximately \$350 million. The acquisition brings together the two leaders in the Australasia flexibles market and is expected to deliver net synergy benefits of \$25 million, with a net cash cost to achieve these benefits of \$25 million. The integration is proceeding well, with solid customer support and good progress across all components of talent placement and synergy capture. The business has announced the closure of Coopers Plains, a small plant in Queensland, with the majority of the volume from that plant transferred to Amcor's Acacia Ridge site, also in Queensland.

Tobacco Packaging

The Tobacco Packaging business had another strong year, with higher earnings driven by solid volumes, improved product mix, cost savings and ongoing operating improvements.

There was strong sales growth in both Western and Eastern Europe. In both regions, volume growth was modest; however, the ongoing trend from customers to introduce new pack shapes and more sophisticated design features drove significant sales growth. The trend towards higher value-add products is continuing and with the improved operating performance across the European operations, the business is well positioned to service these increasingly complex customer requirements.

The operations in North America also had a strong year, driven by an increase in market share and additional export volumes. The business is selectively moving into non-tobacco on the existing equipment and customers require high quality, large volume gravure printing.

The US\$40 million acquisition of the Aluprint tobacco packaging plant in Monterrey, Mexico, was completed in July 2012. The business has sales of US\$30 million and establishes a local presence in Mexico, a large and strategically located market for tobacco packaging. Aluprint has an excellent management team and the opportunity exists for substantial growth by leveraging Amcor's global customer relationships.

In July 2012, Amcor completed the acquisition of International Playing Card & Label Company (IPC&L). Located near Buenos Aires, IPC&L is the largest tobacco packaging producer in Argentina. The business is a key supplier to the market leader and has opportunities for growth within Argentina, as well as supplying surrounding countries.

Outlook

For the 2012/13 year, the Flexibles segment is expected to achieve a solid increase in earnings, expressed in local currency terms.

Volumes are likely to be stable in developed countries, have continued growth in emerging markets and benefit from the recent acquisitions in Australasia, Mexico, India and Argentina.

There will be continued acquisition synergies and ongoing operating improvements.

Margins for the legacy operations are expected to increase; however, the new acquisitions will have lower margins until synergy benefits are realised. In aggregate, this should result in a modest increase in margins.

Earnings

A\$ million	2012	2011	Change (%)
Sales revenue	3,261	3,142	3.8
PBIT⁽¹⁾	264.1	242.8	8.8
Operating Margin (%)	8.1	7.7	
Average Funds Employed (AFE)	1,699	1,823	(6.8)
PBIT/AFE (%)	15.5	13.3	
US\$ million			
Sales revenue	3,365	3,110	8.2
PBIT⁽¹⁾	272.5	240.3	13.4
Operating Margin (%)	8.1	7.7	
Average Funds Employed (AFE)	1,753	1,804	(2.8)
PBIT/AFE (%)	15.5	13.3	
Average exchange rate (cents)	1.03	0.99	

(1) Before significant items.

Cash Flow

US\$ million	2012
PBITDA ⁽²⁾	434.8
Base Capital Expenditure	(174.0)
Movement in Working Capital	91.0
Significant items	(36.9)
Operating Cash Flow	314.9

(2) Includes share of net profit of associates.

Below:

Mike Schmitt
President, Amcor Rigid Plastics

Review of Operations Rigid Plastics



Rigid Plastics employs approximately 6,300 co-workers at 65 sites, including 29 on or near site manufacturing facilities in 12 countries. Rigid Plastics is one of the world's largest producers of polyethylene terephthalate (PET) containers, used for a broad range of predominantly food and beverage applications. The business also supplies PET containers to the pharmaceutical, personal care, household chemical and agri-chemical industries.

The Rigid Plastics business had a solid year, with PBIT up 134% to US\$272.5 million.

The key driver for this improvement was the realisation of synergy benefits from the Ball Plastics Packaging acquisition. For the 2011/12 year, the contribution to PBIT from synergy benefits was approximately US\$30 million.

Overall beverage volumes across the group for the year were 5% lower than the same period last year, comprising custom container volumes 1% lower and carbonated soft drink and water (CSDW) volumes 7% lower. Sales for Diversified Products increased by 15%.

Capital expenditure was US\$174.0 million, and returns, measured as PBIT over average funds employed, were 15.5%.

North American strategy

Over the past seven years, the Rigid Plastics strategy in North America has been to increase participation in the higher value-add custom containers and diversified product segments, focusing on improving the customer value proposition through innovation in bottle design and light weighting, as well as moving into new bottle materials and barrier technologies.

At the same time, the business has selectively reduced participation in the CSDW segment, only choosing to continue operating where it has an advantaged position through scale or customer proximity. In part, this reduction was also driven by the trend to customer self-manufacture of blown containers.

Through this transition there has been a positive change in product mix and, in 2012/13, the business will have substantially reduced exposure to the water segment and only approximately 10% of total volumes in blown CSD containers.

Synergy program

Following the acquisitions of Ball Plastics Packaging and Alcan Packaging, the business undertook a number of cost-reduction and operating improvement initiatives across North and South America. Restructuring under this program is largely complete.

The plant in Delran, New Jersey, closed in February, the plant in Lenexa, Kansas, closed in June and the business has also exited lower margin CSD volumes in Mexico. In Orlando, Florida, the operations have been relocated to a larger facility, enabling ongoing expansion in this fast-growing region. Where plants have been closed the business has redeployed most of the assets across the manufacturing network to improve operating efficiencies.

The operations in North America have further improved the product mix by selectively exiting low margin CSDW volumes and focusing on hot-fill custom containers, diversified products and niche cold-fill containers. For the 2012/13 year, volumes for CSDW will be lower than in 2011/12, due to the full year impact of these changes.

Net synergy benefits from these restructuring activities will be approximately US\$35 million, with an estimated US\$30 million reflected in the 2011/12 result. Although there will be additional synergies benefits in 2012/13, these will be largely offset by the negative impact of finalising the move to customer self-manufacture of CSD containers and the full year impact of exiting low margin business in 2011/12.

North America

The North American business, which includes Mexico, delivered a solid operating performance, with earnings substantially higher. Benefits from excellent cost management, synergies and operating improvement initiatives more than offset lower beverage volumes.

Beverage

Custom beverage container volumes were 1% lower. In the first half, volumes were 7% lower, mainly due to a cooler summer in 2011 and weak consumer demand in higher priced premium juice products. In the third quarter, volumes continued to track lower against the previous corresponding period. In the fourth quarter, the business benefited from warm weather and this resulted in custom volumes for the second half being 3% higher than the same period last year.

CSDW volumes were 10% lower for the year. This reduction was primarily due to the business electing to exit low margin business and the final phase of some customers moving to self-manufacture of blown containers.

Diversified Products

The Diversified Products (DP) segment consists of rigid plastic containers predominantly for the pharmaceutical / healthcare, food, alcoholic beverage and personal care / homecare markets. It produces containers with a number of different plastic substrates including high density polyethylene (HDPE), polypropylene and PET. It employs a number of different technologies, including multilayer containers, plasma coatings and oxygen scavenging. The manufacturing platform consists of a range of processes, including extrusion blow molding, compression blow molding and single stage injection / blow molding.

Product innovation is an important driver in enabling the business to meet specific customer needs and, over the past year, volumes have been converted from other substrates, especially glass, to plastic containers. This has resulted in growth rates well above GDP.

During the year, the business achieved a substantial improvement in both sales and earnings. Sales were 15% higher, with a particularly strong performance in the second half. The business has been successful in winning new business across a range of end market segments, including personal care and infant formula.

To support the growth in the DP business, capital expenditure for 2011/12 was 185% of depreciation and for the 2013 year is again expected to be well above depreciation.

Following the acquisitions of Ball Plastics Packaging and Alcan Packaging, the business has undertaken an operating improvement program to modernise the manufacturing base, lower operating costs and significantly improve quality and service.

As the business continues to grow it is able to leverage off the extensive beverage footprint, thereby improving the customer supply chain and reducing costs by sharing overheads with the beverage operations.

The combination of higher sales and improved operating performance should enable the business to achieve higher earnings in 2012/13.

South & Central America

Overall, the performance in the South & Central American business remained solid, with earnings higher than the same period last year.

Beverage volumes were 2% higher, with a mixed performance across the region. There was solid volume growth in Argentina, Brazil

and Colombia, partly offset by declines in volumes in Venezuela and Peru. The new preform manufacturing plant in Suape, Brazil, commenced operations during the second half, resulting in higher volumes for the period.

Across the region, benefits from operating efficiencies, cost management initiatives and higher beverage volumes were partially offset by the negative impact of a reduction in fiscal benefits in Brazil of approximately US\$7 million.

In the second half, economic growth across the region slowed. This trend has continued into the start of the 2012/13 year.

Bericap

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

Earnings for the year were higher, mainly as a result of increased volumes particularly in the fourth quarter.

Outlook

For the 2012/13 year, earnings for the Rigid Plastics business overall are expected to be moderately higher, expressed in local currency terms. There are a number of factors that will influence earnings, including economic conditions and summer weather in the major markets.

Both the Diversified Products and South & Central American business units are expected to achieve improved earnings. Additional benefits from the restructuring in North America will offset the final phase of the self-manufacture reset in the North American CSDW market.

Earnings

A\$ million	2012	2011	Change (%)
Sales revenue	2,872	2,836	1.3
PBIT⁽¹⁾	152.5	159.7	(4.5)
Operating Margin (%)	5.3	5.6	
Average Funds Employed (AFE)	1,632	1,592	2.5
PBIT/AFE (%)	9.3	10.0	

(1) Before significant items.

Cash Flow

A\$ million	2012
PBITDA	279.1
Base Capital Expenditure	(79.3)
Movement in Working Capital	(20.7)
Significant items	(38.2)
Operating Cash Flow	140.9
Growth capital expenditure	(264.5)

Below:

Nigel Garrard
President, Amcor Australasia and
Packaging Distribution

Review of Operations Australasia and Packaging Distribution



Australasia and Packaging Distribution is a diverse packaging business that includes the fibre, glass, beverage can and recycling operations within Australia and New Zealand, and distribution and corrugated manufacturing sites in North America, Europe and Asia. The business employs approximately 6,000 co-workers across 139 sites. Products include corrugated boxes, point of purchase displays, folding cartons, paper, carton board, recycling services, aluminium beverage cans, plastic and metal closures, glass wine and beer bottles and multiwall sacks. The North American distribution business unit is a major supplier of packaging products and equipment, industrial and janitorial supplies to businesses in the region.

Australasia and Packaging Distribution achieved a PBIT of \$152.5 million, 4.5% lower than last year.

Underlying earnings, for Australasia and Packaging Distribution, were flat compared to last year after adjusting for the \$7 million profit on asset sales in the prior year and the impact of the higher Australian dollar when translating earnings of the US-based Packaging Distribution business into Australian dollars.

In Australasia, the business had a solid first half; however, in the second half difficult economic conditions and the high Australian dollar negatively impacted volumes in some segments. Notwithstanding these impacts, second half earnings were only marginally lower than the corresponding prior period. Packaging Distribution achieved solid underlying earnings growth. This was a good result given economic conditions in the US remained subdued.

Returns, measured as PBIT over average funds employed, were 9.3% and operating cash flow for the year was \$140.9 million.

Capital expenditure was \$343.8 million, comprising \$79.3 million for base capital spending and \$264.5 million for the new recycled paper mill.

Paper – Botany Mill

The new recycled paper mill, located at Botany, New South Wales, is expected to commence commissioning in September. Initially, it will run a limited number of paper grades and for a machine of this size the ramp-up to full production is normally around 18 to 24 months. The machine is world-class and will create a differentiated customer value proposition by introducing

to the Australian market higher quality recycled paper for use in the corrugated box market. It will also produce a broader range of lightweight papers, enabling the development of innovative new products.

The new machine will deliver cost-reduction benefits of approximately \$50 million once operating at full speed and manufacturing the full range of papers. There will also be additional benefits, over time, due to the improved paper quality and the ability to bring new products to market. The net capital cost, subject to outcomes relating to excess land sales, is expected to be approximately \$300 million.

The environmental credentials of the new machine at Botany will assist customers in meeting or exceeding many of their obligations under the Australian Packaging Covenant. The significantly improved environmental impact includes a 34% reduction in energy usage, a 26% reduction in water usage and a 75% reduction in waste to landfill.

Corrugated and Paper

Volumes in the corrugated box business were in line with the prior year and earnings in the integrated corrugated and paper operations were flat. This was a solid performance given the difficult economic conditions in Australia in the second half of the year adversely impacted industrial volumes. Over the past two years, the business has modestly increased market share and, with the start-up of the new recycled paper mill at Botany, is committed to maintaining its market share.

The Australian corrugated box market remains very competitive due to the combination of a strong Australian dollar and lower international paper prices. The business is currently experiencing selling prices that are unsatisfactory given costs continue to increase, notably energy and labour. The business needs increased selling prices in the corrugated market to reflect these higher costs.

Cartons and Cartonboard

The carton converting business had a solid year, with improved operating performance and recovery of inflationary cost increases. Following the acquisition of a former Carter Holt Harvey plant in December 2010, the business closed one of two sites in New South Wales in June 2012. The benefits from this restructuring are expected to be evident in the 2012/13 year.

The recycled cartonboard mill in Petrie, Queensland, produces board for internal requirements as well as for both the domestic and export markets. The mill is trade exposed and with the high Australian dollar there has been significant pressure

on export selling prices. In the current environment, increases in energy and labor costs are not being recovered and this trend is expected to continue while the Australian dollar remains at current levels. The combination of unrecovered higher costs and lower export selling prices will result in a substantial reduction in earnings for the current year.

Rigids

The beverage can business had a solid year, with volumes 1% lower. There were cool and wet conditions in the key markets of New South Wales and Queensland over summer and the business lost its share of the Schweppes contract, impacting volumes in the second half of the year. This loss of volume was partially offset by additional business from new and existing customers. There was also a full year contribution from the new can line in New Zealand.

The glass operations had a solid year, with higher earnings. This business continues to be adversely affected by the high Australian dollar impacting export bottled wine volumes. Over the past 18 months, the business has successfully offset this reduction in wine bottle volumes by diversifying its product range into beer and other non-wine products. Taking into account the closure of three furnaces by a major competitor, overall glass demand in Australia remains well supplied. As a result, Amcor is unlikely to pursue further growth capital expenditure in this segment for the foreseeable future.

Packaging Distribution

The Packaging Distribution business performed well, with underlying US dollar earnings higher than last year. The result was positively impacted by incremental gains in market share, earnings from acquired businesses and excellent management of costs. The business has successfully completed two small acquisitions in the last two years. The Memphis-based Wurzburg business increased the scale of operations in this important growth market, and the Californian-based Marfred Industries leverages the extensive existing footprint in this market.

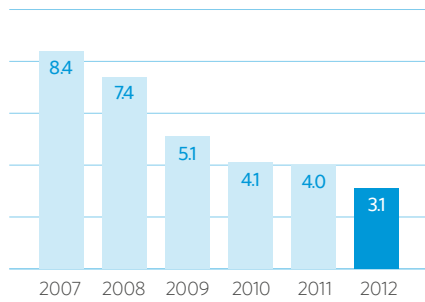
Outlook

Given the uncertain outlook for the Australian economy and the ongoing adverse impact of the high Australian dollar, earnings in the Australasian and Packaging Distribution business in the 2012/13 financial year are expected to be in line with the 2011/12 financial year.

It is anticipated that the business will build momentum during the year as second half earnings will benefit from the start-up of the new paper mill at Botany.

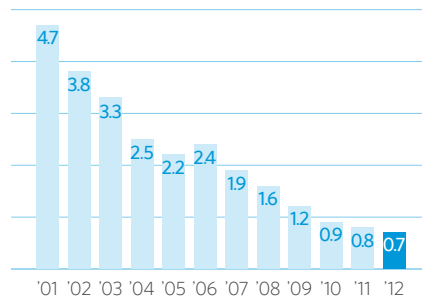
Recordable case frequency rate*

Number of recordable cases per million hours worked



Lost time injury frequency rate*

Number of full work days lost per million hours worked



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

Review of Operations Sustainability

As a global leader in the packaging industry, Amcor has an important role to play in creating a sustainable future.

We believe in responsible packaging. Responsible packaging protects the resources invested in a product, and reduces waste across the supply chain and throughout the product's life cycle.

Responsible packaging delivers by protecting, informing and performing:

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

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

Responsible packaging performs beyond its basic function to serve its own purpose, reinventing the way products can be used, stored, frozen, carried, handled, opened or heated.

At Amcor, we have the expertise and tools to systematically evaluate packaging sustainability from a total life cycle perspective and recommend the optimal packaging solution for our customers.

Our approach to sustainability

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

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

Details of Amcor's sustainability activities and performance are included in this year's Sustainability Report (published on Amcor's website: www.amcor.com). Following are some of Amcor's key highlights for sustainability for the 2011/12 year.

Recognition

This year, Amcor's leading environmental, social and corporate governance practices were recognised at the prestigious Australian Sustainability Awards. The Awards are an initiative of the *Ethical Investor Magazine* and are judged by Environmental, Social and Governance (ESG) analysts, investors and fund managers.

Amcor was also recognised in a report released by the Association of Chartered Certified Accountants (Australia) for our overall integration of material non-financial concerns into Company vision and strategy, management systems and risk management framework. The report ranked Amcor the best amongst the ASX50 companies for demonstrating the interdependencies between environmental and social matters, and financial performance.

Amcor continues to be listed on global and regional market indices, including the Dow Jones Sustainability Asia Pacific Index; the Carbon Disclosure Leadership Index, Materials Sector, Australia and New Zealand region; and the FTSE4Good index.

Environment

Regularly setting and working towards our EnviroAction reduction targets for greenhouse gas emissions, waste to landfill and water use

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

The EnviroAction program sets short and long term reduction targets for greenhouse gas emissions, water use and waste to landfill.

EnviroAction targets

Greenhouse gas (GHG) emissions

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

Waste to landfill

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

Water consumption

- 25% reduction in municipal water consumption intensity from 2010/11 by 2015/16 (Amcor Australasia only); and
- Other regions are implementing water management plans.

Each of the Amcor business groups implements action plans 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 communication amongst members of Amcor's Sustainability Leadership Council facilitates sharing of best practice initiatives, tools and processes for reducing

operational impacts, and dissemination of sustainability information across the entire Amcor Group.

Implementing environmental management systems and continuously improving environmental performance at Amcor sites

Amcor maintains environmental management systems appropriate for each site's operations and for the country in which the site is located. Typically, these are either ISO14001 compliant or equivalent.

This year, our Flexible Packaging plant in Singen, Germany, was certified to the ISO50001:2011 standard for energy management. Certification to this standard recognises this site's continuous improvement in energy efficiency and reducing energy consumption.

Environmental incidents

In FY2011/12, there were no material reported non-compliances with environmental laws or regulations across the Amcor Group.

Working with suppliers and customers to reduce environmental impacts throughout our supply chains and the life cycle of our products

Work continued this year on the development of corporate sustainability standards for Amcor suppliers. Amcor's Flexibles Europe & Americas business continued the implementation of supplier sustainability assessments in coordination with its procurement team, and this approach is being shared across the Amcor Group.

Customers continue to seek our technical expertise and product development

capability to guide them on responsible packaging options for their products. Our work in this area is discussed in 'Marketplace' below.

Workplace

We recognise that our co-workers are our most valuable asset and the foundation of our success. We are committed to providing a safe, rewarding and motivating environment to support co-workers in reaching their potential.

Maintaining a safe workplace with the aim of achieving 'No Injuries'

Our five-year strategic plan for workplace safety and environmental management requires that the following objectives are met:

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

All Amcor sites have annual action plans in place to support these objectives.

We have a set of mandatory global standards for safety, environmental management and security with which each of our sites must comply.

Review of Operations Sustainability

continued

Internal audits are conducted at least annually and third party audits every three years to measure compliance against these standards.

Amcor's business groups are required to report regularly to Amcor's Board on compliance with these standards and with local legislation.

Safety performance

This year, we made significant progress in improving the safety of our workplace and reducing injuries. Amcor's safety performance is measured using two criteria – Lost Time Injury Frequency Rate (LTIFR) and Recordable Case Frequency Rate (RCFR). The lost time injury severity rate 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 the 2011/12 year, the LTIFR was 0.7, corresponding to 56 cases across our global business. This represents a 12.5% improvement, compared to the previous year's result of 0.8.

Amcor's RCFR is measured by calculating the combined total of medical treatment cases and injuries resulting in at least one full work day per million hours worked. In the 2011/12 year, the RCFR was 31, corresponding to 243 cases across our global business. This represents an improvement of 22.5% when compared to the previous year's result of 4.0.

Amcor did not have any workplace fatalities during the 2011/12 year.

Fines and prosecutions

Amcor did not have any material fines or prosecutions for workplace safety violations in the 2011/12 year.

Engaging and developing our co-workers

Although we have come a long way, we recognise that the journey of improvement never stops and we must now build on the success of The Amcor Way operating model. By embedding and driving a culture of Outperformance, we strive to achieve even higher standards in everything we do.

Our key areas of focus are:

Employee engagement

We are committed to creating an inclusive environment that supports high performance, engagement and passion to succeed.

In March 2012, Amcor conducted a global, Group-wide engagement survey that was conducted in 22 languages. The response rate to the survey was very high and feedback from co-workers was very positive. Overall Employee Engagement compared well with general benchmark data available, with both our Performance Excellence Index (feedback on performance standards within the Company) and efficient work practices score at 'best-in-class' level for manufacturing organisations as determined by external benchmarks.

Performance management

Amcor's talent management processes ensure that co-workers have individual and team goals and development plans. Amcor utilises these processes to continually work with our co-workers to improve performance and provide development opportunities.

In April 2012, Amcor also introduced the new Amcor Leadership Framework. This framework outlines the skills and competencies required at all leadership levels to ensure that Amcor achieves success in all its

objectives. This framework is the foundation of leadership development at Amcor.

Maintaining a diverse workforce and providing equal opportunity

At Amcor, diversity means the positive recognition of the differences individuals bring to the organisation and how those individuals work together to capture the benefits these differences bring to the business. Amcor's focus is on recruiting, retaining and developing local talent to manage its businesses around the world, and on selecting from this broad talent pool for its global leadership roles. Amcor strives to achieve 'Talent through Diversity'.

Diversity is discussed further on page 48 of the Corporate Governance Statement.

Marketplace

Utilising our life cycle assessment capabilities to offer customers responsible packaging, and supporting our customers' sustainability objectives

As a global leader in the packaging industry, Amcor has the product development capability and technical know-how to drive sustainability throughout the supply chain and the packaging life cycle. Amcor works with many of its customers to identify the most sustainable packaging option and to support their sustainability objectives.

Life cycle assessments help customers make data-based decisions about responsible packaging that take into account sustainability impacts of different packaging options throughout the value chain and across the product life cycle.

During the 2011/12 year, Amcor completed 855 life cycle assessments using ASSET, Amcor's proprietary life cycle assessment software. This represents a 30% increase from the previous year. The number of packaging life cycle assessments in the ASSET database is now over 3,000, making it a valuable resource for Amcor and our customers.

In 2012, the Carbon Trust certified that the cradle-to-gate greenhouse gas calculation tool in ASSET conforms to the requirements of the GHG Protocol product standard and the PAS2050:2008 standard.

Demonstrating packaging sustainability leadership by promoting the role and benefits of responsible packaging

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

Ensuring responsible and ethical sourcing/procurement

Amcor is a member of the Supplier Ethical Data Exchange (SEDEX), a not-for-profit membership organisation that enables the sharing of ethical performance information between companies and their suppliers.

During the 2011/12 year, we registered all of our manufacturing sites in the SEDEX database. Of those sites, 47% have completed the SEDEX self-assessment questionnaire (SAQs) and the rest are in the process of doing so. Twenty-one customers requested access to SEDEX information of Amcor sites during the 2011/12 year.

We also supported independent, third-party audits of the ethical performance of 16 Amcor sites. This represents a considerable increase from the six audits completed during the previous year and is indicative of the increased attention our major customers are placing on ethical sourcing.

Community

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

Conducting open and constructive dialogue with our communities

We have established multiple opportunities for engagement and dialogue with the communities in which we operate. We receive communications from the general community via telephone and our website, and we engage with local regulatory bodies. We also host community engagement activities at many of our sites.

Our B9 paper mill development in Botany, New South Wales, was a major area of community focus this year. Regular community consultation meetings were held and the community was kept informed about the project progress and impacts on neighbours.

Supporting local community projects

On a global level, our long term relationship with the EarthWatch organisation saw 16 Amcor co-workers participate in environmental projects in China, Costa Rica and the UK.

Community requests for support (e.g. from sporting clubs and special interest groups) are managed at the local site level within each Amcor business group. We encourage Amcor co-workers to determine the best way for Amcor to contribute to the community in which they live and work. This support usually takes the form of volunteerism, financial support and contributions of packaging.

For example, the Amcor site in Novgorod, Russia, has a long term partnership with the local community to collect and dispose of litter. The program includes co-workers volunteering time as well as financial support. In 2011, co-workers collected 14m³ of litter during the annual waste collection event – more than twice the amount collected in previous years. The total volume of waste collected since 2002 is more than 70m³.

Utilising our packaging expertise to address social and environmental needs

The Food and Agriculture Organisation of the United Nations reported in May 2011 that roughly one-third of the food produced in the world for human consumption each year is lost or wasted. We support our customers by providing responsible packaging that reduces waste throughout the supply chain and by protecting food and other packaged products until they are fully consumed.



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 past three years, other directorships and offices (current and 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 June 2009 to March 2012)

Board Committee membership

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

Term of office

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

K N (Ken) MacKenzie

(BEng, FIEA)

Managing Director and Chief Executive Officer

Skills and experience

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

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

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

Board Committee membership

- 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. Mrs Guerra is currently a Non-Executive Director of Swedish Match AB, Davide Campari-Milano S.p.A and Samlerhuset BV. Mrs Guerra holds a degree in Management Sciences from the University of Manchester and is based in Switzerland.

Directorships of listed entities within the past three years, other directorships and offices (current and 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



G R (Graeme) Liebelt

(BEc (Hons), FAICD, FTSE)

Independent Non-Executive Director

Skills and experience

Until recently, Mr Liebelt was Managing Director and Chief Executive Officer of Orica Limited, a position he held for six and a half years. During his 22 years with the ICI Australia/Orica group he held a number of senior positions, including Managing Director of Dulux, Chairman of Incitec Ltd, Director of Incitec Pivot Ltd and Chief Executive of Orica Mining Services. He was an Executive Director of the Orica Group from 1997 until March 2012.

Mr Liebelt is on the Boards of the Australian Foundation Investment Company, the Business Council of Australia, Melbourne Business School (where he is also Deputy Chairman), Carey Baptist Grammar School and the Global Foundation. He is a Fellow of the Australian Academy of Technological Sciences and Engineering and a Fellow of the Australian Institute of Company Directors.

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

- Managing Director and CEO of Orica Limited (2005 to 2012)
- Board member of the Australian Foundation Investment Company (since 2012)
- Board member of Business Council of Australia (since 2010)
- Deputy Chairman (since 2012) and Board member of Melbourne Business School (since 2008)
- Board member of Carey Baptist Grammar School (since 2012)
- Board member of the Global Foundation (since 2006)
- Fellow of the Australian Academy of Technological Sciences and Engineering (since 2007)
- Fellow of the Australian Institute of Company Directors (since 2012)

Board Committee membership

- Member of the Audit & Compliance Committee
- Member of the Human Resources Committee

Term of office

- Director since April 2012



Dr Armin Meyer

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

Independent Non-Executive Director

Skills and experience

Dr Meyer has broad international corporate experience and is based in Switzerland. Until 2009, Dr Meyer was the Chairman of the Board of Ciba Ltd, a position he had held since 2000. He was also Chief Executive Officer of that company between 2001 and 2007. From 1995 until 2000, Dr Meyer was Executive Vice President of ABB Ltd and a member of that group's executive committee. He is a Director of Zurich Financial Services, a global insurance company and was, until the end of 2011, a member of the executive committee and the foundation Board of the International Institute for Management Development, IMD, in Lausanne Switzerland.

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

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

- Chairman (since November 2011) and 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



J L (Jeremy) Sutcliffe

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

Skills and experience

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

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

- Director and Member, Australian Rugby League Commission Limited (since February 2012)
- Chairman, CSR Limited (since July 2011), and Director (since December 2008)
- Member of the Advisory Board of Veolia Environmental Services Australia (since June 2010)
- Advisory Director, Scholz AG (since November 2009)
- Vice President Ferrous Division Bureau of International Recycling, Brussels (2002–2009)
- Director of Sims Metal Management Limited (2002–2009)

Board Committee membership

- Member of the Human Resources Committee

Term of office

- Director since October 2009

J G (John) Thorn

(FCA)
Independent Non-Executive Director

Skills and experience

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

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

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

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

Board Committee membership

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

Term of office

- Director since December 2004

J F (Julie) McPherson

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

Skills and experience

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

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

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

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

Term of office

- Company Secretary since April 2005

The Board of Directors and Company Secretary

continued

Directors' Report

Your Directors present their report together with the financial report of Amcor Limited, being the Company and its controlled entities, for the year ended 30 June 2012 and the independent audit report thereon.

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Directors' Report

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Board of Directors

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

C I (Chris) Roberts
 K N (Ken) MacKenzie
 K J (Karen) Guerra
 G R (Graeme) Liebelt (since 1 April 2012)
 A (Armin) Meyer
 G J (John) Pizzey
 E J J (Errn) Pope
 (retired effective 20 October 2011)
 J A (Jenny) Seabrook
 (from 1 December 2011 to 3 July 2012)
 J L (Jeremy) Sutcliffe
 J G (John) Thorn

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

Company Secretaries

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

Ann Stubbings, BA LLB, was appointed as an additional Company Secretary in February 2009. Ms Stubbings also holds a position as Senior Group Legal Counsel. Prior to joining

Amcor, Ms Stubbings held legal positions at Insurance Australia Group and has experience as a Company Secretary within the former CGU Insurance Group.

Officers

The names and roles of other Officers of the Company during the year are disclosed in Table 7 in section 3 of the Remuneration Report on page 36 of this report.

Table 1: Directors' Meetings held between 1 July 2011–30 June 2012

	Board		Executive Committee		Audit & 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	-		-		-		-		1	
	A	B	A	B	A	B	A	B	A	B
K J Guerra	10	10	-	-	-	-	4	4	-	-
G R Liebelt ⁽¹⁾	3	3	-	-	-	-	1	1	-	-
K N Mackenzie	9	10	1	2	4*	-	4*	-	-	-
A Meyer	9	10	-	-	4	4	-	-	-	-
G J Pizzey	10	10	2	2	-	-	4	4	1	1
C I Roberts	10	10	2	2	4	4	4	4	1	1
E J J Pope ⁽²⁾	4	4	-	-	1	1	-	-	-	-
J A Seabrook ⁽³⁾	6	6	-	-	2	2	-	-	-	-
J L Sutcliffe	10	10	-	-	-	-	4	4	-	-
J G Thorn ⁽⁴⁾	10	10	2	2	4	4	-	-	1	1

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

A Number of meetings attended.

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

(1) Appointed as a Director effective 1 April 2012.

(2) Retired as a Director effective 20 October 2011.

(3) Appointed as a Director effective 1 December 2011 and retired as a Director effective 3 July 2012.

(4) Appointed to Nomination Committee June 2012.

Principal Activities

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

Operating and Financial Review

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

State of Affairs

Significant changes in the state of affairs of the consolidated entity that occurred during the financial year ended 30 June 2012:

- Asset acquisitions and divestments including:
 - The acquisition of the Aperio Group, one of Asia Pacific's leading producers of flexible packaging products, for \$237.6 million on 11 May 2012. The acquisition brings together the two leaders in flexible packaging in Australasia and is an important strategic addition to Amcor's existing Flexible Packaging business in Asia Pacific. The business will have a unique offering, being the market leader in Australia and New Zealand and the ability to supply from an extensive footprint in Asia.
 - The finalisation of the divestment of the Glass Tubing Business to Nipro Corporation for consideration of US\$161.0 million on 25 July 2011.
- The completion on 21 December 2011 of an on-market share buy-back under which 21,130,985 shares were bought back at a total consideration of \$150.0 million.
- The completion of a six-year, CHF150,000,000 Swiss bond issue with a 2.125% annual coupon, listed on the SIX Swiss Exchange. The Notes will mature on 4 April 2018.

- Mr Ern Pope retired as a Director on 20 October 2011 (with effect from the end of the 2011 Annual General Meeting) and Mr Graeme Liebelt was appointed a Director on 1 April 2012. Mrs Jenny Seabrook was appointed a Director on 1 December 2011 and retired as a Director on 3 July 2012.

Dividends

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

Events Subsequent to the end of the Financial Year

Business Acquisitions

Subsequent to year end, the consolidated entity completed a number of business acquisitions that are summarised below:

- The acquisition of a tobacco packaging plant in Piso, Argentina, on 2 July 2012 from International Playing Card & Label Company, a privately held business in Argentina. The acquisition will help strengthen the consolidated entity's value proposition to clients by establishing a local presence in the Latin American market.
- The acquisition of Aluprint on 17 July 2012, a tobacco packaging plant in Monterrey, Mexico. The acquisition establishes a local presence in Mexico, a large and strategically located market for tobacco packaging.
- The acquisition of Wayne Richardson Sales on 3 July 2012, an independently owned packaging and industrial distributor with eight distribution centres across Australia. The business is a distributor of a broad range of industrial packaging and packaging consumables to small and medium size customers.

Debt Refinancing

On 20 August 2012, the Company successfully refinanced a tranche of the existing US\$1,850.0 million Syndicated Facility (refer to note 21 to the Financial Statements) for the purpose of renewing existing debt facilities and for the general corporate and working capital purposes of

the Amcor Group. The US\$740.0 million tranche of the interest-bearing liability, which was due to mature in December 2012, has been increased to US\$900.0 million for an additional three years and will mature in August 2015.

AMVIG Holdings Limited Special Dividend Declaration

On 15 August 2012, AMVIG Holdings Limited (AMVIG), an equity accounted investment of the consolidated entity, announced its interim result for the six months ended 30 June 2012. Included in the results announcement was the declaration of a special dividend of HK108 cents per share. The consolidated entity owns 442,547,440 shares in AMVIG and as a result will receive a dividend of approximately \$59.9 million subsequent to the reporting date. Refer to note 16 to the Financial Statements for further information on the consolidated entity's investment in AMVIG.

Except as disclosed above, in the opinion of the Directors, there has not arisen in the period between 30 June 2012 and the date of this report, any other matter or circumstance that has significantly affected, or may significantly affect, the operations of Amcor, the results of those operations or Amcor's state of affairs in future financial years.

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 page 51 and also in the Review of Operations – Sustainability section on pages 14 to 17. Amcor currently participates in the European Union's Emissions Trading Scheme, the 'Climate Change Agreements' program in the UK,

Directors' Report Statutory Matters

continued

the 'Covenants' program in Belgium, official environmental programs in Switzerland (dealing with both CO² reduction and reduction of the energy consumption) and various state-based initiatives in Australia. Amcor also pays carbon taxes in any countries where they are applicable.

Amcor Packaging (Australia) Pty Ltd will also participate in the Australian Government's Clean Energy Future Scheme, which includes the initial fixed carbon pricing mechanism, as a liable entity. In addition, as a manufacturer of goods in Australia, Amcor will be liable to pay increased costs for inputs as a result of the commencement of the Scheme on 1 July 2012. As Emissions Intensive Trade Exposed (EITE) businesses, Amcor Australasia's Paper and Glass Australian manufacturing operations expect to receive an allocation of emission allowances to

assist in funding energy-efficient projects to reduce Amcor Australasia's carbon footprint and ongoing liability under the Clean Energy Future Scheme. 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 will increase from 2% to 20% by 2020. Other Australian manufacturing operations that are not eligible for EITE assistance will also seek Government funding for energy-efficiency projects.

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 Amcor 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 for the collection and calculation of data required have been updated to comply with the Clean Energy Regulator's audit requirements. Amcor submitted its 2010/11 report to the Greenhouse and Energy Data Officer in October 2011, who reported that there were no material errors or omissions. Amcor will submit its 2012 report by 31 October 2012.

Table 2: Directors' Interests

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

Name	Balance at date of 2011 Annual Report	Net amount received during the year on the exercise of rights and options	Other changes during the year	Balance as at the date of this report
Directors of Amcor Limited				
C I Roberts	287,782	-	15,545	303,327
K N MacKenzie	774,470	173,322	50,536	998,328
K J Guerra	11,328	-	6,760	18,088
G R Liebelt	-	-	10,860	10,860
A Meyer	22,000	-	8,000	30,000
G J Pizzey	27,586	-	17,748	45,334
J L Sutcliffe	43,746	-	8,735	52,481
J G Thorn	20,994	-	5,000	25,994

Table 3: Unissued Shares Under Option

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

Date options granted	Expiry date ⁽¹⁾	Exercise price of shares (\$)	Number under option
1/11/2002	1/11/2012	7.67 ⁽²⁾	1,399,844
13/10/2003	1/11/2012	7.67 ⁽²⁾	79,200
1/11/2007	18/09/2012	6.54	165,000
1/12/2007	18/09/2012	6.54	612,061
31/12/2007	18/09/2012	6.54	63,205
1/12/2008	29/09/2013	5.09	2,200,940
2/01/2009	29/09/2013	5.09	110,000
24/11/2009	29/09/2016	4.73	2,760,000
12/04/2010	29/09/2016	4.73	11,918,971
12/04/2010	29/09/2016	5.86	5,899,600
17/05/2010	29/09/2016	4.73	1,411,000
8/06/2010	29/09/2016	4.73	1,300,000
18/06/2010	29/09/2016	6.53	494,000
5/08/2010	29/09/2016	6.39	1,940,000
22/09/2010	29/09/2016	6.39	98,000
23/05/2011	29/09/2016	6.79	423,200
7/06/2011	29/09/2016	7.05	92,000
9/12/2011	30/11/2017	7.03	3,942,500
9/12/2011	30/11/2018	7.03	14,196,500
12/06/2012	30/11/2017	7.03	104,400
12/06/2012	30/11/2018	7.03	50,600

(1) The expiry date of certain options was amended by shareholders at the 2011 Annual General Meeting. Further detail is provided in the Remuneration Report, forming part of this report, on page 42.

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

Table 4: Shares Issued on Exercise of Options

The following ordinary shares of Amcor Limited were issued during the year ended 30 June 2012 pursuant to the exercise of options granted:

Date options granted	Issue price of shares (\$)	Number of shares issued
1 February 2007	AUD6.66	11,750

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

Directors' Report Statutory Matters

continued

Indemnification and Insurance of Officers

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

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

Non-audit Services

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

- All non-audit services were subject to the corporate governance procedures adopted by the Company and have been reviewed by the Audit and Compliance Committee to ensure they do not impact upon the impartiality and objectivity of the auditor. In particular, all non-audit services are approved in accordance with the non-audit services delegations and approvals framework and reported to the Audit and Compliance Committee at each meeting; and

- The non-audit services provided do not undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as an advocate for the Company or jointly sharing risks and rewards. A copy of the auditor's independence declaration as required under Section 307C of the *Corporations Act 2001* is included in the Directors' Report on page 52.

Details of the amounts paid to PwC and its related practices for audit and non-audit services provided during the year are set out in note 9 to the Financial Statements on page 84.

A significant proportion of the non-audit services during the year relates to taxation advice and tax compliance services provided by PwC to the Company and its subsidiaries in multiple jurisdictions. The Company's considerable global reach is such that it is critical that the firm used to provide tax advice is able to advise in relation to all relevant jurisdictions and structure its advice accordingly. Further, PwC has been providing tax advice since the year 2000. This pre-dates their appointment as the Company's auditor and, consequently, their historical knowledge is of material value to the Company. In each case, the engagement of PwC was made on its merits (based on service level, expertise, cost as well as geographical spread) and after careful consideration of the factors noted above.

Rounding Off

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

Loans to Directors and Senior Executives

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

Directors' Report Remuneration Report

Dear Shareholder,

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

Amcor has achieved great results on a variety of business metrics and this has translated into strong shareholder returns when compared to the performance of other Australian industrials and industry-specific international companies. This has been achieved during a period of uncertainty in the global economy and the challenges that a high Australian dollar has on reported earnings.

This success can be attributable to management's disciplined application of the Amcor operating model, 'The Amcor Way', which focuses on:

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

During recent years, the business has grown profitably through a disciplined program of acquisition. The application of The Amcor Way operating model has ensured that these acquisitions and integration of new businesses have been executed very successfully.

Our remuneration strategy and associated programs have also been successful. We place a great deal of attention on getting the balance of metrics correct across our incentive plans to ensure that we encourage the behaviours that support The Amcor Way, our Values, and ultimately create shareholder value. When Amcor's leadership delivers these challenging targets, they are rewarded for their success.

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



Chris Roberts
Chairman

Directors' Report

Remuneration Report

continued

Introduction and Summary of Contents

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

Key Management Personnel

For the purpose of this report, Key Management Personnel (KMP) are members of the leadership team who have the authority and responsibility for planning, directing and controlling the activities of the consolidated entity of Amcor Limited either directly or indirectly. They include all Directors of the Board (executive and non-executive). The use of the term Senior Executives in this report is a reference to all direct reports of the CEO.

Structure of this Report

Amcor's 2012 Remuneration Report is divided into the following sections:

1. Overview of Amcor's Executive Remuneration Arrangements
2. Company Performance – a key driver of remuneration
3. Details of CEO and Senior Executive remuneration for the year ended 30 June 2012
4. CEO and Senior Executive Service Agreements
5. Non-Executive Directors' remuneration

Appendix: Details of Share-Based Awards

1. Overview of Amcor's Executive Remuneration Arrangements

Remuneration strategy

At Amcor, remuneration for the CEO and Senior Executives is determined by reviewing what is generally paid for similar roles in similar industries in the relevant geographic location. This is not a simple matter given that Amcor is an international company made up of a diverse group of executives working in a range of different countries. Furthermore, their responsibilities extend beyond their own geographic location.

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

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

Overview of Remuneration Arrangements

We remunerate the CEO and Senior Executives using a combination of fixed and variable plans, with a greater emphasis on variable performance-based plans. Performance metrics are carefully selected to ensure alignment with business imperatives.

An overview of remuneration arrangements is included in the table below.

Table 1: Overview of Remuneration Arrangements

		% of total	
		CEO	Senior Executives
Fixed⁽¹⁾		30%	36%
Variable or 'at risk'			
Short Term Incentive (STI) Cash		24%	21%
Purpose	Reward the achievement of annual business objectives		
Term	1 year		
Instrument	Cash		
Performance conditions ⁽²⁾	<ul style="list-style-type: none"> • 5–10% Safety (reduction in recordable case frequency from previous year) • 65–75% Financial (Earnings per share (EPS), Profit before interest and tax (PBIT), Cash Flow, Working Capital, Return on Average Funds Employed (RoAFE)) • 20–30% Priority project goals linked to The Amcor Way • A minimum behaviour/ethical standard determined through the use of a 'Values Gateway' review 		
Why these were chosen	To incentivise continuous safety improvement; successful and sustainable financial business outcomes; and annual objectives that drive long term business success and sustainability		
Short Term Incentive (STI) Deferred Equity⁽³⁾		12%	11%
Purpose	Defer a portion of the STI to build equity ownership; align management incentives with shareholder value creation; and act as a retention tool		
Term	2 years (following payment of cash Short Term Incentive)		
Instrument	Share Rights		
Performance conditions	Time restricted and continuation of employment (subject to forfeiture in the event of voluntary termination or termination for cause)		
Why these were chosen	To provide a mid term retention tool based on impact on business performance		
Long Term Incentive (LTI)⁽⁴⁾		34%	32%
Purpose	Reward the achievement of long term sustainable business outcomes and value creation for shareholders		
Term	4 years		
Instrument	Performance Shares or Share Rights; Share Options		
Performance conditions ⁽²⁾	RoAFE combined with a Share Price Condition (for Share Options). Relative Total Shareholder return (TSR) for Performance Shares or Share Rights.		
Why these were chosen	RoAFE represents a strong measure of overall business performance. A Share Price Condition ensures that this performance translates into shareholder value creation as no Share Options are earned unless the share price increases. The use of TSR provides a shareholder perspective of the Company's relative performance against comparable companies both in Australia and internationally.		
Retention Share/Payment Plan⁽⁵⁾			
Purpose	Used on a limited basis at recruitment to replace existing entitlements from previous employers or 'ad-hoc' retention awards to existing executives		
Term	Up to 5 years		
Instrument	Shares or cash		
Performance conditions	Time restricted and continuation of employment (subject to forfeiture in the event of voluntary termination or termination for cause)		

(1) Consists of base salary, retirement and other benefits. Retirement benefits are delivered under defined contribution funds for all new executives. These and other benefits are set by reference to regulatory and salary market requirements in the relevant employing jurisdictions.

(2) Performance conditions are assessed using both quantitative and qualitative assessments. The financial performance conditions are determined on a pre significant items basis. The outcomes for the CEO and Senior Executives are reviewed and approved by the Human Resources Committee. This approach provides appropriate oversight and a rigorous review of the performance outcomes.

(3) Details provided in the Appendix to this report.

(4) The CEO and Senior Executives were granted an LTI award in the year ended 30 June 2012. The details of the award can be found in the Appendix to this report. The award for the CEO was approved at the 2011 Annual General Meeting. At the 2012 Annual General Meeting, we will be seeking the approval of Amcor Shareholders for an award under the Amcor Long Term Incentive Plan to the CEO. Senior Executives and other selected executives who are in a position to influence the outcome of the performance hurdles will also be invited to participate. Details of this award are included in the Notice of Meeting.

(5) During the year to 30 June 2012, no awards were made to Senior Executives.

Directors' Report

Remuneration Report

continued

Equity related remuneration policies

Hedging of securities	Minimum Shareholding Policy	Share Trading Policy
<p>The CEO and Senior Executives are prohibited from engaging in hedging arrangements over unvested securities issued under any employee share plan. This extends to vested securities over which the Minimum Shareholding Policy applies. (Note: no Non-Executive Directors participate in our employee share plans.)</p>	<p>To strengthen alignment of the interests of the CEO and Senior Executives with value creation for shareholders, the CEO and Senior Executives must build and maintain a minimum shareholding of Amcor shares. The CEO is required to build and maintain a shareholding equivalent to 100% of base salary; Senior Executives are required to build and maintain a shareholding equivalent to 50% of base salary.</p>	<p>The Board has implemented blackout periods during which KMP and co-workers are unable to trade in Amcor shares. Further detail is provided on page 47 of the Corporate Governance Statement. The Appendix in this report details the new expiry dates for Share Options that have been extended so as not to fall within any blackout periods. These extensions were approved at the 2011 Annual General Meeting.</p>

Remuneration governance

The Human Resources Committee

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

Where appropriate, the Human Resources Committee seeks advice from independent remuneration consultants in determining appropriate CEO and Senior Executive remuneration. During 2012, the Committee engaged Ernst & Young to provide such advice. However, during 2012 no advice was sought from Ernst & Young relating to the quantum and/or structure of the remuneration for the CEO and Senior Executives.

2. Company Performance – a key driver of remuneration

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

Table 2: Shareholder Return Information over the Past Five Financial Years

	2008	2009	2010	2011	2012
Net profit before significant items after tax (\$ million)	3691	360.5	409.2	570.3	634.9
Basic EPS before significant items (cents)	42.9	40.9	35.2	46.5	52.3
Dividend paid (\$ million)	294.2	284.2	295.9	416.7	438.4
Dividends per share (cents)	34.0	34.0	29.5	35.0	37.0
Opening share price at 1 July (\$)	747	5.05	4.99	6.38	7.20
Change in share price (\$)	(242)	(0.06)	1.39	0.82	(0.11)
Closing share price at 30 June (\$)	5.05	4.99	6.38	7.20	7.09
Total Shareholder Return (TSR) % pa ⁽¹⁾	(27.8)	5.5	33.8	18.3	3.6
On-market share buy-back (\$ million)	350.0	-	-	-	150.0

(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)

Details of the range of potential STI cash payments, the proportion to be received at 'target' performance, actual payments made and the amounts forfeited by the CEO and Senior Executives in respect of the 2012 financial year are shown in Table 3 below. The actual outcomes are based on performance against a selected range of safety, financial and priority project goals both on an Amcor and business group level.

Table 3: STI Cash and Deferred Equity Awards

Name	STI % Range	STI % Target	STI Payment (\$)	% Paid in Year	% Forfeited in Year	Deferred Equity Awarded (\$)	Deferred Equity Awarded (No. Rights) ⁽¹⁾
Executive Directors							
K N MacKenzie	0% to 120% of TFR	80%	2,021,193	71.0%	29.0%	1,010,597	139,200
Senior Executives							
P Brues	0% to 100% of Base Salary	50%	601,362	64.7%	35.3%	300,681	41,416
R Delia	0% to 100% of Base Salary	50%	533,413	68.3%	31.7%	266,707	36,736
N Garrard	0% to 100% of Base Salary	50%	249,750	30.0%	70.0%	124,875	17,200
M Schmitt ⁽²⁾	0% to 100% of Base Salary	50%	385,295	60.6%	39.4%	192,648	26,535
I G Wilson	0% to 100% of Base Salary	50%	670,540	68.3%	31.7%	335,270	46,180

(1) The cash and deferred equity awarded are usually paid and granted during the month of September following the determination of the STI. Equity allocations were determined based on the volume weighted average price of Amcor Limited shares for the five trading days prior to 30 June 2012 (A\$7.26 per share). Where bonuses are determined in currencies other than Australian dollars, the average foreign exchange rate for the same five day period was applied to determine the Australian dollar equivalent.

(2) M Schmitt was appointed to the position of President, Amcor Rigid Plastics, on 1 July 2011 and designated a KMP from this date.

Directors' Report

Remuneration Report

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Long Term Incentive (LTI)

The following illustrates Amcor's performance against the key metrics that exist in the LTI plans awarded to the CEO and Senior Executives. Amcor's relative TSR performance against a group of comparable companies determines the level of Performance Shares or Share Rights that vest, while RoAFE performance determines the level of Share Options that vest – although an improvement in share price is also required before any rewards are delivered. This ensures there is a strong correlation between rewards and an increase in shareholder value. The following table shows the current performance outcomes. It is important to highlight that RoAFE levels were below 11% when the 2009 grant was made. The performance since then represents the disciplined application of the Amcor operating model and successful integration activities.

Table 4: LTI Performance Conditions and current indicative outcomes

Performance Shares or Share Rights

Relative TSR performance (percentile ranking)

Grant year	min	max	at 30 June 2012	
			ASX comparator group	International comparator group
2009	50	75	89 ⁽¹⁾	
2010	50	75	100	85
2012	50	75	79	71

Share Options

RoAFE & share price increase

Grant year	min	max	at 30 June 2012	
			RoAFE	Share price increase since grant
2009	12.7	14.7	15.9	Yes
2010	12.0	15.0	15.9	Yes
2012	13.5	16.0	15.9	Yes

	Performance hurdle met or exceeded
	Performance hurdle partly met
	Performance hurdle not met

(1) Combined ASX and International comparator group.

3. Details of CEO and Senior Executive remuneration for the year ended 30 June 2012

Table 5 details awards granted that are still in progress or those that were tested during 2012 which impact the remuneration received by the CEO and Senior Executives for the year ended 30 June 2012:

Table 5: Grants of Options and Rights affecting remuneration

Grant Year	Grant Type	Instrument	Vesting condition(s)	Performance/Vesting Period	Status
2008 ⁽¹⁾	Long Term Incentive	Performance Shares or Share Rights; Share Options	<ul style="list-style-type: none"> Return on average funds employed Relative TSR performance to comparator group Share price increase 	31 October 2011	Testing completed. This resulted in 100% of Share Options and 88% of Performance Shares or Share Rights vesting.
	Retention Share/Payment Plan	Shares or Cash	Continuous service	31 December 2011 31 December 2012	Vested in full In progress
2009 ⁽²⁾	Long Term Incentive	Performance Shares or Share Rights; Share Options	<ul style="list-style-type: none"> Return on average funds employed Relative TSR performance to comparator group Share price increase 	31 October 2012	In progress
	Retention Share/Payment Plan	Shares or Cash	Continuous service	1 July 2011 1 July 2012	Vested in full In progress

Table 5: Grants of Options and Rights affecting remuneration (continued)

Grant Year	Grant Type	Instrument	Vesting condition(s)	Performance/Vesting Period	Status
2010 ⁽³⁾	Short Term Incentive Deferred Equity	Share Rights	Continuous service	1 September 2011	Vested in full
	Long Term Incentive	Performance Shares or Share Rights; Share Options	<ul style="list-style-type: none"> Return on average funds employed Relative TSR performance to comparator group Share price increase 	31 October 2012 to 31 October 2014	In progress
	Retention Share/Payment Plan	Shares or Cash	Continuous service	31 December 2012	In progress
2011 ⁽⁴⁾	Short Term Incentive Deferred Equity	Share Rights	Continuous service	1 September 2012	In progress
	Long Term Incentive	Performance Shares or Share Rights; Share Options ⁽⁵⁾	<ul style="list-style-type: none"> Return on average funds employed Relative TSR performance to comparator group Share price increase 	31 October 2012 to 31 October 2014	In progress
		Performance Shares ⁽⁶⁾	Continuous service	31 December 2011	Vested in full
	Retention Share/Payment Plan	Shares or Cash	Continuous service	1 September 2012	In progress
2012 ⁽⁷⁾	Short Term Incentive Deferred Equity	Share Rights	Continuous service	1 September 2013	In progress
	Long Term Incentive	Performance Shares or Share Rights; Share Options	<ul style="list-style-type: none"> Return on average funds employed Relative TSR performance to comparator group Share price increase 	31 October 2015	In progress

(1) The Long Term Incentive Awards were granted on 1 November 2007 and 1 December 2007, whilst the grant of the Retention Share/Payment Plan Award occurred on 1 January 2008.

(2) The Long Term Incentive Awards were granted on 1 December 2008, whilst the grant of the Retention Share/Payment Plan Award occurred on 15 June 2009.

(3) The Short Term Incentive Deferred Equity Award was granted on 1 September 2009, whilst the grants of the Long Term Incentive Awards occurred on 4 November 2009, 12 April 2010 and 8 June 2010. The Retention Share/Payment Plan Award was granted on 4 January 2010.

(4) The Short Term Incentive Deferred Equity Award was granted on 1 September 2010, whilst the grants of the Long Term Incentive Awards occurred on 5 August 2010, 11 November 2010 and 23 May 2011. The Retention Share/Payment Plan Award was granted on 13 October 2010.

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

(6) This award was provided to M Schmitt to replace an existing employment entitlement following the acquisition of the Alcan Packaging operations by Amcor.

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

Refer to note 29 to the Financial Statements for further information regarding the terms and conditions of the awards.

Directors' Report

Remuneration Report

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Table 6: Details of Awards Granted, Vested and Exercised

The following table illustrates the movements in Share Options and Performance Shares or Share Rights granted to the CEO and Senior Executives during the period, including details of ordinary shares provided in the Company as a result of the exercise of those Share Options and Performance Shares or Share Rights:

Name	Number				Closing Balance	Vested during the year	Fair value of grant yet to vest (\$) ⁽⁶⁾
	Opening Balance	Granted during the year ^{(1),(2)}	Exercised during the year ⁽³⁾	Lapsed during the year ⁽⁴⁾			
Executive Directors							
K N MacKenzie							
Short Term Incentive Deferred Equity Awards	190,061	141,908	(47,419)	-	284,550	47,419	287,127
Long Term Incentive Awards:							
– Share Options	3,748,000	2,097,000	(410,000)	(45,000)	5,390,000	165,000	1,850,049
– Performance Shares or Share Rights	655,000	110,000	(88,000)	(30,000)	647,000	88,000	439,062
Senior Executives							
P Brues⁽⁵⁾							
Short Term Incentive Deferred Equity Awards	93,916	64,920	(58,238)	-	100,598	58,238	131,355
Long Term Incentive Awards:							
– Share Options	2,070,780	1,075,800	(169,200)	(10,800)	2,966,580	46,380	949,110
– Performance Shares or Share Rights	247,645	56,300	(22,040)	(6,605)	275,300	22,040	224,720
R Delia⁽⁵⁾							
Short Term Incentive Deferred Equity Awards	82,002	35,209	(48,863)	-	68,348	48,863	71,240
Long Term Incentive Awards:							
– Share Options	697,291	828,300	(16,200)	(16,200)	1,493,191	54,691	730,756
– Performance Shares or Share Rights	127,633	43,400	(25,989)	(8,944)	136,100	25,989	173,230
Retention Share/ Payment Plan Awards	100,000	-	-	-	100,000	-	-
N Garrard							
Short Term Incentive Deferred Equity Awards	42,526	14,611	(4,710)	-	52,427	4,710	29,563
Long Term Incentive Awards:							
– Share Options	1,100,000	735,600	-	-	1,835,600	-	648,973
– Performance Shares or Share Rights	146,000	38,500	-	-	184,500	-	153,672
Retention Share/ Payment Plan Awards	110,000	-	(55,000)	-	55,000	55,000	-

Name	Number					Closing Balance	Vested during the year	Fair value of grant yet to vest (\$) ⁽⁶⁾
	Opening Balance	Granted during the year ^{(1),(2)}	Exercised during the year ⁽³⁾	Lapsed during the year ⁽⁴⁾				
Senior Executives (cont.)								
M Schmitt								
Short Term Incentive Deferred Equity Awards	9,784	17,659	-	-	27,443	-	35,730	
Long Term Incentive Awards:								
- Share Options	707,000	747,600	-	-	1,454,600	-	659,560	
- Performance Shares or Share Rights	133,000	39,200	(68,000)	-	104,200	68,000	156,466	
I G Wilson								
Short Term Incentive Deferred Equity Awards	92,592	49,875	(92,592)	-	49,875	92,592	100,914	
Long Term Incentive Awards:								
- Share Options	1,707,897	520,600	(164,000)	(18,000)	2,046,497	84,897	459,292	
- Performance Shares or Share Rights	289,144	27,300	(40,343)	(11,801)	264,300	40,343	108,967	
Retention Share/ Payment Plan Awards	365,553	-	(166,250)	-	199,303	141,250	-	

(1) The Long Term Incentive Awards were granted on 9 December 2011. Share Options granted have an exercise price of \$7.03, a fair value of \$1.03 and will expire 28 days after the Annual General Meeting in 2018. Performance Shares or Share Rights granted have a fair value of \$4.66 and will expire 28 days after the Annual General Meeting in 2018. The Short Term Incentive Deferred Equity Awards were granted on 1 September 2011 and have a fair value of \$6.07 and will expire on 1 September 2013. No exercise price is applicable to Performance Shares or Share Rights granted. No awards granted during the period vested during the period.

(2) The value of all awards granted during the period to the CEO and Senior Executives are as follows: K N MacKenzie \$3,533,892; P Brues \$1,764,496; R Delia \$1,269,112; N Garrard \$1,025,767; M Schmitt \$1,059,890 and I G Wilson \$966,177. For the Long Term Incentive, awards are only exercisable upon satisfaction of performance conditions after 1 July 2015. For the Short Term Deferred Equity, awards are exercisable on 1 September 2013.

(3) The value of awards exercised during the period by the CEO and each Senior Executive are as follows: K N MacKenzie \$3,721,794; P Brues \$1,744,978; R Delia \$610,462; N Garrard \$425,719; M Schmitt \$479,400 and I G Wilson \$3,269,893.

(4) The value and percentage of awards that lapsed during the period for the CEO and each Senior Executive are as follows: K N MacKenzie \$228,240 (16.7%); P Brues \$46,367 (27.9%); R Delia \$69,429 (16.8%); N Garrard nil; M Schmitt nil and I G Wilson \$90,142 (16.5%).

(5) During the period, on the exercise of Long Term Performance Rights, 22,040 shares were issued to P Brues and 25,989 shares were issued to R Delia. The price paid per share issued was \$6.53, and there are no amounts unpaid on the shares issued as a result of the exercise of these Performance Shares or Share Rights.

(6) This represents the maximum value of the Long Term Performance Awards and Short Term Deferred Equity Awards as at their grant date. The minimum possible total value of the grants is nil if the applicable performance/vesting conditions are not met.

Directors' Report Remuneration Report

continued

Table 7: Remuneration of CEO and Senior Executives

Table 7 shows the nature and amount of each component of remuneration received by the CEO and Senior Executives during the year ended 30 June 2012:

Name	Position	Short Term Employee Benefits				Post Employment			Share-Based Payments ⁽¹⁾			% of Total Employee Compensation Received as Options and/or Rights	Total Employee Compensation
		Base Salary	Monetary Benefits	Non Monetary Benefits	Relocation Expenses	Bonus	Superannuation Benefits	Other Payments	Shares	Equity Settled			
Executive Directors													
K N MacKenzie ^{(2),(3)}	Managing Director and Chief Executive Officer	2012	1,924,415	238,286	143,899	2,021,193	175,000	-	-	2,950,164	-	39.6%	7,452,957
		2011	1,777,438	243,512	73,461	1,995,240	175,000	-	-	2,171,766	-	33.7%	6,436,417
Other Key Management Personnel													
P Brues	President, Amcor Flexibles Europe and Americas	2012	995,859	184,286	238,301	601,362	333,294	-	-	1,644,898	-	41.1%	3,998,000
		2011	964,578	127,805	445,216	912,783	196,280	-	-	1,396,746	-	34.5%	4,043,408
R Delia ⁽³⁾	Executive Vice President Finance and Chief Financial Officer	2012	775,140	153,183	139,452	533,413	116,602	-	-	804,157	209,240	29.4%	2,731,187
		2011	332,618	37,293	221,171	244,701	17,558	-	-	156,432	-	15.5%	1,009,773
N Garrard ⁽³⁾	President, Amcor Australasia and Packaging Distribution	2012	864,475	152,083	-	249,750	47,917	-	-	1,217,324	90,446	46.4%	2,621,995
		2011	821,550	175,934	-	205,433	47,917	-	-	1,015,297	229,625	40.7%	2,495,756
I G Wilson ⁽³⁾	Executive Vice President, Strategy & Development	2012	974,738	230,292	131,295	670,540	23,621	-	-	1,513,992	509,806	37.3%	4,054,284
		2011	889,473	242,452	110,45	701,254	77,827	-	-	1,506,291	592,180	37.5%	4,020,522
M Schmitt ⁽⁴⁾	President, Amcor Rigid Plastics	2012	614,413	34,935	238,489	385,295	50,405	-	-	871,511	-	39.7%	2,195,048
		2011	415,300	60,036	-	581,038	29,167	536,037	-	618,661	-	27.6%	2,240,239
W J Long ⁽⁶⁾	President, Amcor Rigid Plastics	2011	660,916	56,143	-	463,304	430,960	-	-	1,373,928	-	46.0%	2,985,251
		2012	6,149,040	993,065	891,436	4,461,553	746,839	-	-	9,002,046	809,492	39.0%	23,053,471
		2011	5,861,873	943,175	750,893	5,103,753	974,709	536,037	821,805	8,239,121	-	35.5%	23,231,366

(1) In addition to the equity awards granted under the Short Term Incentive program and the Long Term Incentive Awards for the year ended 30 June 2012, the amounts disclosed as share-based payments above include the Long Term Incentive Awards for the years ending 30 June 2011, 2010, 2009 and 2008; awards granted under Senior Executive Retention Share/Payment Plan; and other awards previously granted under Legacy Share Based Plans. Details of these awards can be found in past Annual Reports.

(2) K N MacKenzie was awarded a fixed pay increase in October 2011 that followed a review of his remuneration against several comparator groups both domestically and internationally. The increase aimed at positioning his remuneration broadly between the median and upper quartile. This approach reflected strong individual performance and followed a two year period where no fixed pay increase was awarded.

(3) The remuneration in Table 7 above does not include long service leave accruals recognised during the period for the following Australian contracted employees: K N MacKenzie: \$821,29 (2011: \$36,492); R Delia: \$716 (2011: \$1,888); I G Wilson: \$11,916 (2011: \$28,312); N Garrard: \$144,449 (2011: \$10,655); and L A Desjardins: nil (2011: \$16,122).

(4) M Schmitt was appointed to the position of President, Amcor Rigid Plastics, on 1 July 2011 and designated a KMP from this date.

(5) L A Desjardins was a Key Management Personnel until 31 January 2011. The other payment includes her monthly salary (under the terms of her contract), which continued to be payable until the end of her notice period on 16 September 2011.

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

4. 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 CEO and Senior Executives is set out in the table below:

Table 8: Summary of specific terms of Service Agreements

Name	Term	Notice period	Redundancy/termination payment
K N MacKenzie	Open	12 months	Greater of amount payable required by law and 12 months' Total Remuneration. ⁽¹⁾
P Brues	Open	12 months	Greater of amount payable required by law and payment in lieu of notice (12 months' base salary).
R Delia	Open	12 months	Greater of amount payable required by law and payment in lieu of notice (12 months' base salary).
N Garrard	Open	12 months	Greater of amount payable required by law and payment in lieu of notice (12 months' base salary).
M Schmitt ⁽²⁾	Open	12 months	Greater of amount payable required by law and payment in lieu of notice (12 months' base salary).
I G Wilson	Open	12 months	Greater of amount payable required by law and payment in lieu of notice (12 months' base salary).

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

(2) M Schmitt was appointed to the position of President, Amcor Rigid Plastics on 1 July 2011 and designated a KMP from this date.

5. Non-Executive Directors' Remuneration

Fee Policy

The Non-Executive Director fee policy enables the Company to attract and retain high quality Directors with relevant experience. At the same time, the cost to the Company is managed in relation to the maximum aggregate fee limit. The current aggregate fee limit of \$3,000,000 was approved by shareholders at the 2011 Annual General Meeting.

Non-Executive Directors receive a fixed 'base' fee for their role as Board members, plus additional fees for members and chairs of sub-committees. The Chairman 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 Human Resources Committee, which obtains advice on market practice from independent remuneration consultants. Non-Executive Director fees for the year to 30 June 2012 have been reviewed and no increase in fees will be applied. This means there has been no increase in Directors' fees since 2006.

Performance-Based Remuneration and Minimum Shareholding

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

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 have been made to the Plan other than CPI indexed adjustments.

Directors' Report

Remuneration Report

continued

Non-Executive Directors' Remuneration for the 2012 Financial Year

Table 9: Details of Non-Executive Directors' Remuneration

Non-Executive Directors		Salary and Fees	Non Monetary Benefits	Post-Employment		Total Compensation
				Superannuation Benefits	Retirement Benefit ⁽¹⁾	
C I Roberts	2012	604,500	4,756	54,405	32,611	696,272
	2011	604,500	4,668	54,405	43,413	706,986
K J Guerra	2012	211,500	3,522	773	-	215,795
	2011	211,500	1,527	783	-	213,810
G R Liebelt ⁽²⁾	2012	52,875	1,533	3,944	-	58,352
A Meyer	2012	216,500	5,532	489	-	222,521
	2011	216,500	1,534	957	-	218,991
G J Pizzev	2012	221,500	7,012	15,775	-	244,287
	2011	222,684	2,816	18,751	-	244,251
E J J Pope ⁽³⁾	2012	66,153	717	5,954	-	72,824
	2011	216,500	2,816	19,485	-	238,801
J A Seabrook ⁽⁴⁾	2012	126,292	1,680	11,366	-	139,338
J L Sutcliffe	2012	211,500	2,852	19,035	-	233,387
	2011	211,500	2,800	19,035	-	233,335
J G Thorn	2012	241,500	8,812	15,775	-	266,087
	2011	248,036	2,800	15,199	-	266,035
Total	2012	1,952,320	36,416	127,516	32,611	2,148,863
	2011	1,931,220	18,961	128,615	43,413	2,122,209

(1) Amounts shown represent CPI indexed adjustments.

(2) G R Liebelt was appointed a Director on 1 April 2012.

(3) E J J Pope retired on 20 October 2011.

(4) J A Seabrook was appointed a Director on 1 December 2011 and retired on 3 July 2012.

Appendix to Remuneration Report details of Share-Based Awards

Details of STI Deferred Equity Award

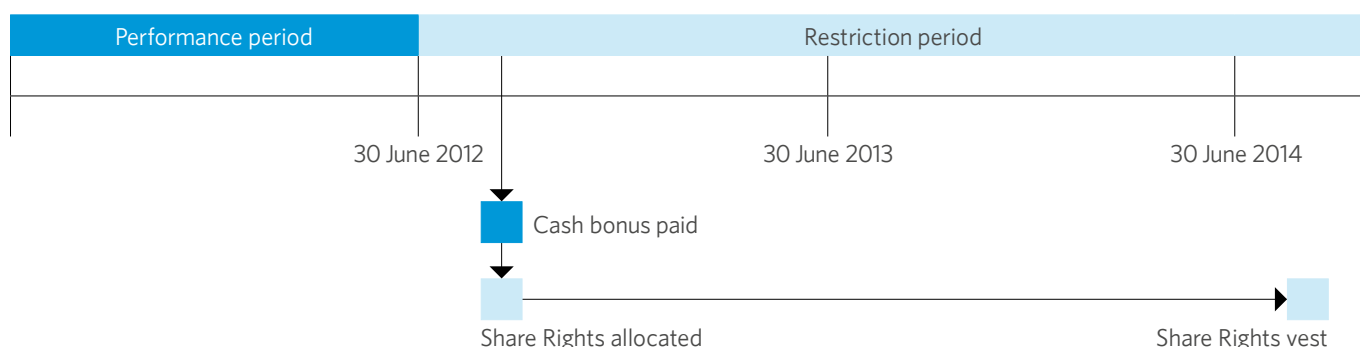
The Human Resources Committee considers that the use of time-restricted equity in Amcor's STI program provides for greater retention in Amcor's remuneration arrangements and alignment with shareholders through exposure to Amcor's share price movements. The deferred STI is delivered in the form of Performance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

The number of Performance Shares or Share Rights to be allocated to the CEO and Senior Executives is based on:

- 50% of the value of the CEO's and the Senior Executives' cash bonuses payable following the end of the performance period;
- The volume weighted average price 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 2012, STI deferred equity awards will be allocated in September 2012. These will be subject to a risk of forfeiture if the CEO or a Senior Executive either voluntarily leaves Amcor employment during the restriction period or if the CEO or a Senior Executive's employment is terminated for cause. Board discretion regarding vesting and/or forfeiture applies in the case of involuntary termination of employment and change of control.

Financial Year 2012: illustration



Appendix to Remuneration Report

details of Share-Based Awards

continued

Details of LTI Awards made in 2012 are shown below:

Feature	Description								
Participation	Selected Executives (including CEO and those Senior Executives participating in the Alcan Acquisition Award)								
Performance period	Four years to 30 June 2015								
Vehicle	Performance Shares or Share Rights; Share Options								
Performance conditions	Relative Total Shareholder Return (TSR) for Performance Shares or Share Rights; Return on Average Funds Employed (RoAFE) combined with a Share Price Condition for Share Options								
Re-tests	None								
Expiry	The expiry date of the Performance Shares or Share Rights and Share Options is 28 days after Amcor's Annual General Meeting in 2018.								
TSR peer group	<ul style="list-style-type: none"> Companies in the ASX 100 with exclusions to those companies either in (or with heavy exposure to) the financial, resources, media, and property trust sectors; plus A select list of international industry peers. <p>Those companies are:</p> <p>ASX companies: Ansell Limited, Asciano Limited, Billabong International Limited, Boral Limited, Brambles Limited, Coca-Cola Amatil Limited, Computershare Limited, Cochlear Limited, CSL Limited, CSR Limited, Crown Limited, David Jones Limited, Downer EDI Limited, Elders Limited, Goodman Fielder Limited, Harvey Norman Holdings Limited, Incitec Pivot Limited, JB Hi Fi Limited, James Hardie Industries, Leighton Holdings Limited, Lend Lease Group, Sydney Airport Holdings Limited, Metcash Limited, Myer Holdings Limited, Primary Health Care Limited, Qantas Airways Limited, Ramsay Health Care Limited, Resmed Inc, Sonic Healthcare Limited, Tabcorp Holdings Limited, Telstra Corporation Limited, Transurban Group, Toll Holdings Limited, Transfield Services Limited, Tatts Group Limited, UGL Limited, Wesfarmers Limited, Westfield Group Limited, Woolworths Limited.</p> <p>International industry peers: Ball Corporation, Bemis Company, Inc., Crown Holdings, Inc., Graphic Packaging Holding Company, Huhtamäki Oyj, International Paper Company, Mayr-Melnhof Karton AG, MeadWestvaco Corp., Owens-Illinois Inc., Rexam plc, RPC Group plc, Sealed Air Corp., Silgan Holdings Inc., Sonoco Products Company.</p> <p>Certain events may occur that could affect the structure of either of the Peer Groups and therefore whether a share in a Peer Group is considered to be a relevant share, for the purposes of calculating the TSR for each relevant share in each Peer Group (for example, takeovers, mergers and acquisitions, demergers, delisting, company failures and capital reconstructions, including a material transaction or other strategic initiative that affects Amcor's capital structure and/or the relevance of a share in a Peer Group). The Board retains the discretion to determine how such events will be treated at the time they arise, including altering the make-up of the companies contained in a Peer Group.</p>								
Vesting schedule for TSR performance (applicable to Performance Shares or Share Rights)	<p>The table below sets out the TSR hurdle, and the percentage of Performance Shares or Share Rights that will vest based on satisfaction of this hurdle as determined by the Board.</p> <table border="1"> <tbody> <tr> <td>Less than 50th percentile</td> <td>Nil</td> </tr> <tr> <td>50th percentile</td> <td>50%</td> </tr> <tr> <td>Between 50th and 75th percentile</td> <td>50% of the Performance Rights will vest plus an additional 2% for each 1 percentile increase above the 50th percentile</td> </tr> <tr> <td>75th percentile and above</td> <td>100%</td> </tr> </tbody> </table>	Less than 50th percentile	Nil	50th percentile	50%	Between 50th and 75th percentile	50% of the Performance Rights will vest plus an additional 2% for each 1 percentile increase above the 50th percentile	75th percentile and above	100%
Less than 50th percentile	Nil								
50th percentile	50%								
Between 50th and 75th percentile	50% of the Performance Rights will vest plus an additional 2% for each 1 percentile increase above the 50th percentile								
75th percentile and above	100%								

Feature	Description								
Vesting schedule for RoAFE performance (applicable to Share Options)	<p>The table below sets out the indicative RoAFE hurdle, and the percentage of Share Options that will vest based on satisfaction of this indicative RoAFE hurdle (and the Share Price Condition), as determined by the Board.</p> <table border="1"> <thead> <tr> <th>RoAFE percentage achieved over the year ending 30 June 2015</th> <th>Vesting percentage</th> </tr> </thead> <tbody> <tr> <td>Less than or equal to 13.5%</td> <td>0%</td> </tr> <tr> <td>Greater than 13.5% but less than 16.0%</td> <td>4.0% of Options for each 0.1% above 13.5%</td> </tr> <tr> <td>Equal to or greater than 16.0%</td> <td>100%</td> </tr> </tbody> </table> <p>The Board will determine the final RoAFE hurdle, to be used for the purposes of determining the percentage of Options that may vest, by no later than 30 June 2014. This is to allow the Board flexibility to increase the performance hurdle (e.g. in the event of a windfall following a divestment) or decrease the performance hurdle (e.g. so as not to discourage management from pursuing acquisition opportunities in the event they have adverse consequences on RoAFE). The Board may also at its discretion change the structure of the RoAFE hurdle in the event of a material transaction or other strategic initiative that affects Amcor's capital structure and the relevance of the RoAFE hurdle as the Performance Condition.</p>	RoAFE percentage achieved over the year ending 30 June 2015	Vesting percentage	Less than or equal to 13.5%	0%	Greater than 13.5% but less than 16.0%	4.0% of Options for each 0.1% above 13.5%	Equal to or greater than 16.0%	100%
RoAFE percentage achieved over the year ending 30 June 2015	Vesting percentage								
Less than or equal to 13.5%	0%								
Greater than 13.5% but less than 16.0%	4.0% of Options for each 0.1% above 13.5%								
Equal to or greater than 16.0%	100%								
Share Price Condition (applicable to Share Options)	The volume weighted average price (VWAP) of shares over the five trading days on which Amcor shares trade on the Australian Securities Exchange (ASX) prior to 30 June 2015 exceeds the Share Option exercise price. If the condition is not satisfied, testing continues at the end of each calendar month until the earlier of vesting or expiry of the Share Option.								
Share Option exercise price	\$703 (VWAP of shares over the five trading days on which Amcor shares trade on the ASX before 30 June 2011).								
Participation in future issues	Executives cannot participate in new issues of shares in respect of Share Options and Share Rights held under the LTI until the Share Options and Share Rights have been validly exercised and the underlying shares registered in their name. However, in the case of certain bonus or rights issues or a reorganisation of the capital of the Company, then subject to the Listing Rules, an appropriate adjustment may be made to the outstanding awards.								

Appendix to Remuneration Report details of Share-Based Awards

continued

Extension of expiry date of certain Share Options

The following table details those Share Options that were amended during the financial year ended 30 June 2012 and which were granted as compensation to the CEO and Senior Executives in prior periods. Shareholder approval to amend these Share Options was granted at the 2011 Annual General Meeting. The date of amendment for all Share Options is 20 October 2011. The closing price of Amcor's ordinary shares on the date of amendment was \$7.03.

Table 10: Share Options that were amended during the Financial Year Ended 30 June 2012

Grant Year	Grant Type	Original Expiry Date	New Expiry Date ⁽¹⁾
2006 ⁽²⁾	Long Term Incentive	31 December 2011	19 March 2012
2007 ⁽³⁾	Long Term Incentive	31 December 2011	19 March 2012
2008 ⁽⁴⁾	Long Term Incentive	30 June 2012	18 September 2012
2009 ⁽⁵⁾	Long Term Incentive	30 June 2013	29 September 2013
2010 ⁽⁶⁾	Long Term Incentive	30 June 2016	29 September 2016
2011 ⁽⁷⁾	Long Term Incentive	30 June 2016	29 September 2016

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

(2) The number of Share Options granted during 2006 is as follows: K N MacKenzie 250,000; R Delia 27,000 and I G Wilson 100,000. All Share Options were issued at an exercise price of \$6.25. This grant has now expired.

(3) The number of Share Options granted during 2007 is as follows: P Brues 180,000, issued at an exercise price of \$6.66.

(4) The number of Share Options granted during 2008 is as follows: K N MacKenzie 165,000; P Brues 46,380; R Delia 54,691 and I G Wilson 84,897. All Share Options were issued at an exercise price of \$6.54.

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

(6) The number of Share Options granted during 2010 and their exercise price is as follows: K N MacKenzie 2,760,000 (\$4.73); P Brues 1,715,000 (\$5.86); R Delia 423,200 (\$6.79); N Garrard 1,100,000 (\$4.73); M Schmitt 707,000 (\$5.86); and I G Wilson 1,300,000 (\$4.73).

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

Given the short period of these extensions, there is no difference between the total of the fair value of the Share Options immediately before the amendment and the total of the fair value of those Share Options immediately after the amendment. Details in relation to the other conditions in the terms of the above Share Options that affect the vesting or exercise of those Share Options are set out in the Remuneration Reports contained in Amcor's Annual Reports for the financial years 2006 through to 2011.

Directors' Report

Corporate Governance Statement

The Board is committed to achieving and demonstrating the highest standards of corporate governance. The Board continues to refine and improve the governance framework and practices in place to ensure they meet the interests of shareholders.

The Company complies with the Australian Securities Exchange Corporate Governance Council's Corporate Governance Principles and Recommendations 2nd Edition ('the ASX Principles'). This Statement incorporates the disclosures required by the ASX Principles, and generally follows the order of the ASX Principles. Amcor's main corporate governance practices are summarised in this Statement. All these practices, unless otherwise stated, were in place for the full reporting period. Copies of Amcor's Board and Board Committee Charters, and key corporate governance policies or summaries, are available in the Corporate Governance section of Amcor's website at www.amcor.com/about_us.

Principle 1: Lay solid foundations for management and oversight

Role of the Board and management

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

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

Responsibilities of the Board

The responsibilities of the Board include:

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

capital expenditures, acquisitions or divestitures;

- Establishing procedures to ensure that financial results are appropriately and accurately reported on a timely basis in accordance with all legal and regulatory requirements;
- Adopting appropriate procedures to ensure compliance with all laws, governmental regulations and accounting standards;
- Approving, and reviewing, the Company's internal compliance procedures, including any codes of conduct and taking all reasonable steps to ensure that the business of the Company is conducted in an open and ethical manner; and
- Reviewing and amending the Board and Committee Charters.

Board processes

The Board currently holds up to 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.

Directors' Report

Corporate Governance Statement

continued

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 2012, 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 27 to 42. The Company's policy for senior executive reward and evaluation, upon which the evaluation process is based, is published on the Company's website.

Principle 2: Structure the Board to add value

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

C I Roberts (Chairman)
Independent Non-Executive Director

K N MacKenzie
Managing Director
and Chief Executive Officer

K J Guerra
Independent Non-Executive Director

G R Liebelt
Independent Non-Executive Director

A Meyer
Independent Non-Executive Director

G J Pizzey
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:

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

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

The Board seeks to ensure that:

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

In reviewing its membership, the Board adheres to Amcor's diversity framework 'Talent through Diversity'. Further detail is available on page 48.

Directors' independence

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

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

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

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

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

The Chairman has served on the Board for more than ten years. The Board does not believe that Mr Roberts has served for a period that could materially interfere with his ability to act in the best interests of the Company. The Board also believes that Mr Roberts retains independent judgment and has not formed an association with management that might compromise his ability to exercise independent judgment or act in the best interests of the Company.

In addition, the Board has formed the view that, in light of the continuing work to integrate and derive costs synergies from acquisitions made to date, the number of capital projects still under construction, the Company's continuing strategy to drive earnings through expanding in emerging markets, and identifying further value creating acquisitions and Mr Roberts' past stewardship through the development and execution of this strategy, the Company's best interests would be served by Mr Roberts continuing to act as a Director and Chairman for a further period of three years. Mr Roberts has agreed to this request subject to re-election as required by the Constitution.

Mr Graeme Liebelt was appointed to the Board in April 2012 and will stand for election at this year's Annual General Meeting.

Term of office held by each Director

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

The role of the Chairman

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

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

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

Nomination Committee

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

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

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

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

Directors' Report

Corporate Governance Statement

continued

Nomination Committee:

C I Roberts (Chairman)
Independent Non-Executive Director

G J Pizzey
Independent Non-Executive Director

J G Thorn
Independent Non-Executive Director

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

The Board undertakes an assessment of its collective performance, the performance of the Board Committees and the Chairman, on an annual basis. The Chairman meets privately with individual Directors as part of the assessment process. The results of this assessment are documented and any action plans implemented. An assessment in accordance with the established process was undertaken in June 2012. 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 eleven Committee meetings during the year. The number of meetings attended by each Director is disclosed on page 22 of this report. Directors visited operational sites of the Company in addition to attending Board meetings during the year.

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

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

Director induction and education

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

Independent professional advice and access to information

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

The Board and the Company Secretary

The Company Secretary is accountable to the Board and the appointment or removal of the Company Secretary is a matter for the Board as a whole. Each Director is entitled to access the advice and services of the Company Secretary. The names and details of the Company Secretaries as at the date of this report are set out on page 22.

Executive Committee

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

Executive Committee:

C I Roberts (Chairman)
Independent Non-Executive Director

K N MacKenzie
Executive Director

G J Pizzey
Independent Non-Executive Director

J G Thorn
Independent Non-Executive Director

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

Principle 3: Promote ethical and responsible decision-making

Conflict of interest

Directors must keep the Board advised, on an ongoing basis, of any interest that could potentially conflict with those of the Company. The Board has developed procedures to assist Directors to disclose potential conflicts of interest and, each year, all Non-Executive Directors complete independence declarations. Where the Board believes that a significant conflict exists for a Director on a Board matter, the Director concerned does not receive the relevant Board papers and is not present at the meeting whilst the item is considered. Details of Director related entity transactions with the Company are set out in note 30 to the Financial Statements.

Code of Conduct and Ethics

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

Amcor believes that it is not only required to abide by the national laws in each country in which it operates, but that it must also conduct its business in accordance with internationally accepted practices and procedures. These core principles, which the Board and senior management of Amcor are committed to upholding, are enshrined in Amcor's values and encapsulated in Amcor's Corporate Code of Conduct and Ethics Policy, which is available in the Corporate Governance section of the Company's website.

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

Whistleblower Policy

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

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

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

Fraud Policy

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

Trading in Company securities by Directors and co-workers

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

Under the policy, Directors and senior executives are required to certify their compliance with the policy at the end of each financial year. The policy also prohibits Directors, co-workers and certain associates from engaging in hedging arrangements over unvested securities issued pursuant to any employee option or share plans and certain vested securities that are subject to the Minimum Shareholding Policy. The policy meets the requirements of the ASX Listing Rule on trading policies and is available in the Corporate Governance section of the Company's website.

People at Amcor

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

During the year, a number of key initiatives were developed for Amcor's co-workers globally, with a particular focus on Leadership, Engagement and Diversity.

Directors' Report

Corporate Governance Statement

continued

Leadership

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

Diversity

Amcor is a diverse global organisation with 33,000 co-workers working in 42 countries and with over 55 different nationalities represented and 22 languages spoken around our operations. Amcor's focus is on recruiting, retaining and developing local talent to manage its businesses around the world, and selecting candidates from this broad talent pool for its global leadership roles. Amcor strives to achieve 'Talent through Diversity'.

The Board of Directors approved a formal diversity policy in April 2011, which is available in the Corporate Governance section of Amcor's website at www.amcor.com/about_us.

At Amcor, diversity means the positive recognition of the differences individuals bring to the organisation and how those individuals work together to capture the benefits these differences bring to the business.

With respect to Australia specifically, there are ASX reporting requirements which demand that Australian listed companies establish a diversity policy, disclose the policy or summary of that policy in the Annual Report, and report on progress against measurable objectives for achieving gender diversity as set by the Board.

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

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

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

- The Board includes one female Director, Mrs Karen Guerra (12.5% of total Directors).
- Amcor has an employee population of 33,000 co-workers in 42 countries and approximately 21% of this population are women.
- The representation of women in leadership positions is 24%.

There are a wide range of initiatives underway in our global operations, but given the ASX reporting requirements, it is worthwhile reporting on specific examples in our Australian business:

- Two years ago, the Amcor Australasia Diversity Council was established, chaired by the President of Amcor Australasia;
- Amcor sponsors and was instrumental in the development of the National Association of Women in Operations;
- A specific forum called the 'Women's Village' has been established – an externally based internet site designed specifically for working women (of the more than 30 companies involved, Amcor's forum is the second largest);
- A mentoring program is in place, with over a third of participants being women; and
- An Amcor Australasia Diversity intranet site is in place, which includes statistics, research and articles, minutes of Diversity Council meetings and email contacts to raise concerns.

Co-worker Engagement

In March 2012, Amcor conducted a global, Group-wide engagement survey that was conducted in 22 languages. The response rate to the survey was very high and feedback from co-workers was very positive. Overall Employee Engagement compared well with general benchmark data available, with both our Performance Excellence Index (feedback on performance standards within the Company) and efficient work practices score at 'best-in-class' level for manufacturing organisations as determined by external benchmarks.

Our CEO Awards program was refreshed and conducted again during the year.

This program recognises co-workers from around the business for their outstanding achievements in Safety, Customer Focus and Being Amcor – our Values and operating model, The Amcor Way.

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

Principle 4: Safeguard integrity in financial reporting

Audit and Compliance Committee

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

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

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

The Committee is responsible for the appointment, compensation, retention and oversight of the external auditor, including the independence of the external auditor, and review of any non-audit services provided by the external auditor. The Company 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. Mr Dale McKee was appointed as the Company's audit engagement partner at that time. Under the law, audit engagement partners must be rotated at least every 5 years. This means that, in the ordinary course, Mr McKee would be rotated and replaced with another audit engagement partner at the conclusion of the 2012 reporting season.

However, in June, the Audit and Compliance Committee, as well as the Board, considered the impact of the rotation of Mr McKee this year. The Board resolved that it believed compliance with the rotation requirements for Mr McKee this year would impose an unreasonable burden on Amcor. In particular, in relation to audit quality, the Board noted that, amongst other things:

- Amcor is part way through a global consolidation and expansion strategy and is one of the relatively few companies that is truly global, with such complexity in its operations; and
- While the Company continues its integration, restructuring and acquisition activities, it is important that the detailed knowledge and understanding that Mr McKee has built up in relation to the Company and its industry over the past 5 years is retained to ensure the quality of the audit of the Company for shareholders.

Accordingly, the Company sought, and obtained, a declaration from the Australian Securities and Investments Commission under section 342A of the Corporations Act to extend the term of Mr McKee for an additional year. This means that Mr McKee will continue as the Company's audit engagement partner for the 2013 financial year.

Importantly, in considering the extension of Mr McKee's term as audit engagement partner, the Board was satisfied that such an extension would not give rise to a conflict of interest situation, as defined in Corporations Act and, thereby, impair Mr McKee's independence.

It is also the policy of the external auditor to provide an annual declaration of their independence to the Audit Committee (page 52).

Fees paid to the external auditor, including a breakdown of fees for non-audit services, are reported in note 9 to the Financial Statements.

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

The external auditor met with the Audit and Compliance Committee without management being present at each Committee meeting held this year. The names of the members of the Committee as at the date of this report are set out below and further details of their profiles are set out on pages 18 to 20.

Audit and Compliance Committee:

J G Thorn (Chairman)
Independent Non-Executive Director

G R Liebelt
Independent Non-Executive Director

A Meyer
Independent Non-Executive Director

C I Roberts
Independent Non-Executive Director

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

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

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

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

Directors' Report

Corporate Governance Statement

continued

materials, including notices of meetings and associated explanatory material. All ASX announcements, media releases and financial information are available on Amcor's website within one day of public release.

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

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

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

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, \$1 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 24,075 native trees via this initiative.

Principle 7: Recognise and manage risk

Risk Management Framework

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

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

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

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

the Group. Each business group then has responsibility for implementing this approach and adapting it, as appropriate, to its own circumstances. The existence of an executive level Risk Champion in each business group helps ensure a consistent approach to risk management.

ERM seeks to apply risk management across an entire organisation and it does this so that all material risks can be identified, assessed and managed. 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 team, 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 the internal audit plan, overseeing the performance of the internal audit team and reporting to the Board on the status of the risk management system.

Environmental regulation

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

The Board is responsible for the regular monitoring of environmental exposures and compliance with environmental regulations. To enable it to meet its responsibilities of oversight, the Board has established an internal reporting process. Environmental performance is reported from each site up through OHSE 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 pages 23 to 24 of the Directors' Report. The Sustainability Review on pages 14 to 17 also addresses environmental performance.

Corporate reporting

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

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

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

Principle 8: Remunerate fairly and responsibly

Human Resources Committee

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

It is also responsible for oversight of the Company's policies and procedures for retention of senior management, incentive performance schemes, executive development leadership and succession plans, and human resource plans for each business. The majority of members must be independent, and the Chairman of the Committee is an Independent Non-Executive Director. The Committee reviews the remuneration of the Managing Director and Chief Executive Officer and senior executives, taking advice from external advisers where appropriate. No individual is directly involved in deciding their own remuneration. The Human Resources Committee's Charter 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 27 to 42. 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 37 to 38.

The names of the members of the Human Resources Committee as at the date of this report are set out below and further details of their profiles are set out on pages 18 to 20. The Human Resources Committee meets at least quarterly and, otherwise, as and when required.

The Committee met four times during the year and Committee members' attendance records are disclosed in the table of Directors' meetings on page 22.


Human Resources Committee:

G J Pizzey (Chairman)
Independent Non-Executive Director
C I Roberts
Independent Non-Executive Director
J L Sutcliffe
Independent Non-Executive Director
K J Guerra
Independent Non-Executive Director
G R Liebelt
Independent Non-Executive Director

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

Declaration

This Directors' Report is made in accordance with a resolution of the Directors, dated at Melbourne, in the State of Victoria, on 21 August 2012.



Chris Roberts
Chairman

Auditor's Independence Declaration



pwc

As lead auditor for the audit of Amcor Limited for the year ended 30 June 2012, I declare that to the best of my knowledge and belief, there have been:

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

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

Dale McKee
Partner
PricewaterhouseCoopers

Melbourne
21 August 2012

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Financial Report

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Income Statement

for the financial year ended 30 June 2012

\$ million	Note	2012	2011
Sales revenue	2, 5	12,192.9	12,412.3
Cost of sales		(10,128.4)	(10,288.8)
Gross profit		2,064.5	2,123.5
Other income	5	137.6	257.2
Sales and marketing expenses		(340.8)	(362.9)
General and administration expenses		(1,057.7)	(1,197.4)
Research costs		(68.1)	(93.2)
Share of net profit of equity accounted investments	16	36.7	39.2
Profit from operations		772.2	766.4
Finance income	5	22.1	19.0
Finance expenses	6	(227.9)	(236.1)
Net finance costs		(205.8)	(217.1)
Profit before related income tax expense		566.4	549.3
Income tax expense	8	(129.6)	(169.4)
Profit for the financial period		436.8	379.9
Profit attributable to:			
Owners of Amcor Limited		412.6	356.7
Non-controlling interest		24.2	23.2
		436.8	379.9
		Cents	Cents
Earnings per share for profit attributable to the ordinary equity holders of Amcor Limited			
Basic earnings per share	10	34.0	29.1
Diluted earnings per share	10	33.5	28.7

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

Statement of Comprehensive Income for the financial year ended 30 June 2012

\$ million	Note	2012	2011
Profit for the financial period		436.8	379.9
Other comprehensive income/(loss)			
Items that may be reclassified subsequently to profit or loss:			
<i>Cash flow hedges</i>			
Effective portion of changes in fair value of cash flow hedges	26(a)	3.6	9.6
Net change in fair value of cash flow hedges reclassified to profit or loss	26(a)	3.2	(4.7)
Tax on cash flow hedges	26(a)	(0.7)	0.1
<i>Exchange differences on translating foreign operations</i>			
Exchange differences on translation of foreign operations		(88.5)	(554.3)
Net investment hedge of foreign operations		53.0	198.5
Exchange differences on translating foreign operations reclassified to profit or loss	26(a)	-	(2.2)
Share of associates exchange fluctuation reserve		10.4	5.3
Tax on exchange differences on translating foreign operations	26(a)	1.7	(43.4)
Items that will not be reclassified to profit or loss:			
<i>Retained earnings</i>			
Actuarial (loss)/gain on defined benefit plans	24(g)	(132.9)	9.3
Tax on actuarial gains/(losses) on defined benefit plans		26.5	(11.6)
Other comprehensive loss for the financial period, net of tax		(123.7)	(393.4)
Total comprehensive income/(loss) for the financial period		313.1	(13.5)
Total comprehensive income/(loss) attributable to:			
Owners of Amcor Limited		285.3	(23.8)
Non-controlling interest		27.8	10.3
		313.1	(13.5)

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

Statement of Financial Position as at 30 June 2012

\$ million	Note	2012	2011
Current assets			
Cash and cash equivalents	11	3576	2244
Trade and other receivables	12	1,584.8	1,739.9
Inventories	13	1,663.6	1,583.7
Other financial assets	14	12.0	6.2
Other current assets	15	110.1	106.1
Total current assets		3,728.1	3,660.3
Non-current assets			
Investments accounted for using the equity method	16	4899	442.2
Other financial assets	14	41.1	46.2
Property, plant and equipment	17	4,667.6	4,497.3
Deferred tax assets	18	143.6	132.8
Intangible assets	19	1,999.5	1,881.5
Retirement benefit assets	24	64.1	64.2
Other non-current assets	15	200.7	199.8
Total non-current assets		7,606.5	7,264.0
Total assets		11,334.6	10,924.3
Current liabilities			
Trade and other payables	20	2,744.7	2,560.0
Interest-bearing liabilities	21	918.0	356.2
Other financial liabilities	22	1434	22.8
Current tax liabilities		95.1	87.0
Provisions	23	297.0	324.5
Total current liabilities		4,198.2	3,350.5
Non-current liabilities			
Trade and other payables	20	191	15.9
Interest-bearing liabilities	21	2,995.7	3,063.6
Other financial liabilities	22	13.2	0.1
Deferred tax liabilities	18	212.3	244.3
Provisions	23	167.6	211.6
Retirement benefit obligations	24	348.9	289.7
Total non-current liabilities		3,756.8	3,825.2
Total liabilities		7,955.0	7,175.7
NET ASSETS		3,379.6	3,748.6
Equity			
Contributed equity	25	3,784.4	4,070.4
Reserves	26(a)	(994.0)	(1,015.2)
Retained profits	26(b)	500.7	633.2
Total equity attributable to the owners of Amcor Limited		3,291.1	3,688.4
Non-controlling interest		88.5	60.2
TOTAL EQUITY		3,379.6	3,748.6

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

Statement of Changes in Equity

for the financial year ended 30 June 2012

\$ million	Note	Contributed equity	Reserves	Retained profits	Total attributable to owners of Amcor Limited	Non-controlling interest	Total equity
Balance at 1 July 2011	25, 26	4,070.4	(1,015.2)	633.2	3,688.4	60.2	3,748.6
Profit for the financial period		-	-	412.6	412.6	24.2	436.8
Total other comprehensive income/(loss)	26	-	(20.9)	(106.4)	(127.3)	3.6	(123.7)
Total comprehensive income/(loss) for the financial period		-	(20.9)	306.2	285.3	27.8	313.1
Transactions with owners in their capacity as owners:							
Contributions of equity, net of transaction costs	25(a)	55.0	-	-	55.0	2.1	57.1
Shares purchased on-market to satisfy exercise of options and rights under share-based payment plans	25(a)	(53.3)	-	-	(53.3)	-	(53.3)
Purchase of treasury shares	25(c)	(17.7)	-	-	(17.7)	-	(17.7)
Share buy-back	25(a)	(150.0)	-	-	(150.0)	-	(150.0)
Dividends paid	26(b), 27	-	-	(438.4)	(438.4)	(5.2)	(443.6)
Forward contract to purchase own equity to meet share plan obligations	25(a), 26(a)	(120.0)	29.4	-	(90.6)	-	(90.6)
Settlement of performance rights	26(a)	-	(23.5)	-	(23.5)	-	(23.5)
Share-based payments expense	26(a)	-	36.2	-	36.2	-	36.2
Non-controlling interest buy-out	26(b)	-	-	(0.3)	(0.3)	(0.6)	(0.9)
Acquisition of controlled entities and businesses		-	-	-	-	4.2	4.2
Balance at 30 June 2012	25, 26	3,784.4	(994.0)	500.7	3,291.1	88.5	3,379.6
Balance at 1 July 2010	25, 26	4,029.8	(657.1)	695.2	4,067.9	56.0	4,123.9
Profit for the financial period		-	-	356.7	356.7	23.2	379.9
Total other comprehensive income/(loss)	26	-	(378.2)	(2.3)	(380.5)	(12.9)	(393.4)
Total comprehensive income/(loss) for the financial period		-	(378.2)	354.4	(23.8)	10.3	(13.5)
Transactions with owners in their capacity as owners:							
Contributions of equity, net of transaction costs	25(a)	52.4	-	-	52.4	9.7	62.1
Shares purchased on-market to satisfy exercise of options and rights under share-based payment plans	25(a)	(11.8)	-	-	(11.8)	-	(11.8)
Dividends paid	26(b), 27	-	-	(416.7)	(416.7)	(15.8)	(432.5)
Settlement of performance rights	26(a)	-	(20.4)	-	(20.4)	-	(20.4)
Share-based payments expense	26(a)	-	40.5	-	40.5	-	40.5
Non-controlling interest buy-out	26(b)	-	-	0.3	0.3	-	0.3
Balance at 30 June 2011	25, 26	4,070.4	(1,015.2)	633.2	3,688.4	60.2	3,748.6

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Cash Flow Statement

for the financial year ended 30 June 2012

\$ million	Note	2012	2011
Cash flows from operating activities			
Profit for the financial period		436.8	379.9
Depreciation	17	455.3	471.5
Amortisation of intangible assets	19	40.2	39.5
Impairment losses on property, plant and equipment, receivables and inventory		102.8	80.0
Reversal of impairment losses on property, plant and equipment, receivables and inventory		(19.3)	(4.1)
Non-cash retirement benefit expense, net of curtailment gains		3.3	(22.7)
Net finance costs		205.8	217.1
Grant income recognised	5	(0.9)	(9.5)
Net gain on disposal of non-current assets	5	(22.0)	(117.4)
Net loss on disposal of equity accounted investments		0.6	–
Fair value (gain)/loss on other financial assets at fair value through income statement	5, 6	(1.8)	0.3
Share of net profits of equity accounted investments	16	(36.7)	(39.2)
Net foreign exchange (gain)/loss		(1.2)	3.6
Dividends from other entities	5	(0.3)	(0.4)
Share-based payments expense	29(e)	36.2	40.5
Other sundry items		5.5	11.9
Income tax expense	8	129.6	169.4
Operating cash flows before changes in working capital and provisions		1,333.9	1,220.4
– (Increase)/Decrease in prepayments and other operating assets		(14.7)	(49.9)
– (Decrease)/Increase in employee benefits and other operating liabilities		(54.6)	(63.2)
– (Decrease)/Increase in provisions		(32.8)	43.8
– Decrease/(Increase) in trade and other receivables		53.3	(24.7)
– (Increase)/Decrease in inventories		(55.3)	(233.7)
– Increase/(Decrease) in trade and other payables		115.8	231.3
		1,345.6	1,124.0
Dividends received		13.6	15.8
Interest received		11.0	11.4
Borrowing costs		(217.3)	(217.3)
Income tax paid		(112.7)	(148.1)
Net cash from operating activities		1,040.2	785.8
Cash flows from investing activities			
Granting/(Repayment) of loans by associated companies and other persons		2.4	(1.4)
Payments for acquisition of controlled entities, businesses and associates, net of cash acquired		(251.1)	(472.4)
Payments for property, plant and equipment and intangible assets		(705.0)	(623.5)
Proceeds on disposal of associates, controlled entities and businesses		136.2	148.7
Proceeds on disposal of property, plant and equipment		41.5	78.8
Net cash from investing activities		(776.0)	(869.8)

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

\$ million	Note	2012	2011
Cash flows from financing activities			
Proceeds from share issues and calls on partly-paid shares		31.7	32.5
Share buy-back	25(a)	(150.0)	–
Shares purchased on-market to satisfy exercises of options and rights under share-based payment plans	25(a)	(53.3)	(11.8)
Payments for treasury shares	25(c)	(177)	–
Proceeds on capital contribution from non-controlling interest		1.8	3.2
Proceeds from borrowings		5,766.1	7,750.9
Repayment of borrowings		(5,256.6)	(7,205.7)
Principal lease repayments		(3.0)	(2.1)
Dividends and other equity distributions paid		(443.6)	(433.0)
Net cash from financing activities		(124.6)	134.0
Net increase in cash held			
Cash and cash equivalents at the beginning of the financial period		197.3	202.4
Effects of exchange rate changes on cash and cash equivalents		(14.8)	(55.1)
Cash and cash equivalents at the end of the financial period⁽¹⁾		322.1	197.3

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

Reconciliation of cash and cash equivalents

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

Cash assets and cash equivalents	11	357.6	224.4
Bank overdrafts	21	(35.5)	(27.1)
Cash and cash equivalents at the end of the financial period		322.1	197.3

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

Notes to the Financial Statements

30 June 2012

Note 1. Summary of Significant Accounting Policies

Arcor 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 the consolidated financial statements are set out below. These policies have been consistently applied to all periods presented.

(a) Basis of preparation

Statement of compliance

This general purpose Financial Report for the year ended 30 June 2012 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 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 the consolidated financial statements have been rounded to the nearest \$100,000 or, where the amount is \$50,000 or less, zero, unless specifically stated otherwise.

The consolidated financial statements were approved by the Board of Directors on 21 August 2012.

Basis of measurement

The consolidated financial statements have been prepared under the historical cost convention except for available-for-sale financial assets, derivative financial instruments and financial instruments at fair

value through profit or loss which are measured at fair value, refer note 1(j).

Comparative presentation

In the preparation of the consolidated financial statements, comparative disclosures in the following statements and notes have been restated to conform to the current period presentation, the restatement does not impact the financial position of the consolidated entity:

- Cash Flow Statement
- Note 25 – Contributed Equity
- Note 28 – Financial Risk Management
- Note 30 – Key Management Personnel Disclosures

New and amended standards adopted

The adoption of AASB 1054 *Australian Additional Disclosures* and AASB 2011-1 *Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project* has resulted in the removal of certain disclosures in relation to commitments and the franking of dividends including a presentational change of the auditor remuneration disclosures. Comparative information in the following notes have been restated to conform to the current period disclosure on adoption of AASB 1054 and AASB 2011-1:

- Note 9 – Auditors' Remuneration
- Note 27 – Dividends
- Note 33 – Commitments

Early adoption of new and amended standards

In the current financial period, the consolidated entity elected to early adopt AASB 2011-9 *Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income*. Early adoption of this standard has resulted in a presentation change to the Statement of Comprehensive Income, the comparative information has been restated to conform to the new presentation.

Critical accounting estimates and assumptions

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

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

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

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

(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 also 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 statement and statement of financial position respectively.

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

Investments in associates (equity accounted investees)

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

investees are recognised as a reduction in the carrying amount of the investment.

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

Amcor Employee Share Trust

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

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

(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 or net investment hedges, refer note 1(j).

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

Foreign operations

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

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

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

Notes to the Financial Statements

30 June 2012

continued

Note 1. Summary of Significant Accounting Policies (continued)

(c) Foreign currency translation (continued)

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

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

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

The consolidated entity measures goodwill at the acquisition date as:

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

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

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

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

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

(e) Revenue

Sale of goods

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

Dividend income

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

(f) Government grants

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

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

(g) Lease payments

Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease, while any lease incentive is recognised as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding lease liability. The interest element of the finance cost is recognised in the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

(h) Net finance costs

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

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

Financing costs are brought to account in determining profit for the year, except to the extent the financing costs are directly attributable to the acquisition, construction or production of a qualifying asset. Such financing costs are capitalised as part of the cost of the asset up to the time it is ready for its intended use and are then amortised over the expected useful economic life.

(i) Income tax

General

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

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

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

(j) Financial instruments

Non-derivative financial instruments

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

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

Notes to the Financial Statements

30 June 2012

continued

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

(j) Financial instruments *(continued)*

Non-derivative financial instruments *(continued)*

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

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

(i) Cash and cash equivalents

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

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

(ii) Trade receivables, loans and other receivables

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

The collectability of trade and other receivables is reviewed on an ongoing basis. Individual debts which are known to be uncollectible are written off when identified. An impairment provision is recognised when there is objective evidence that the consolidated entity will be unable to collect amounts due, according to the original terms of the receivables. Financial difficulty

of the debtor, default in payments and the probability that the debtor will enter bankruptcy are considered indicators that a trade receivable is impaired. Where it is considered unlikely that the full amount of the receivable will be collected, a provision is raised for the amount that is doubtful.

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

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

(iii) Investments in equity securities

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

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

(iv) Trade and other payables

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

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

(v) Interest-bearing liabilities

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

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

(vi) Other financial liabilities

Other non-derivative financial liabilities comprise forward contracts that the consolidated entity has entered into for the future on-market purchase of ordinary shares of the Company, for the purpose of managing the consolidated entity's obligations under the Employee Share Plans, refer note 29.

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

Other financial liabilities are classified as current, except where the contract has a

maturity of greater than 12 months after the balance sheet date, in which case the liability is classified as non-current, refer note 22.

Derivative financial instruments

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

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

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

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

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

(i) Fair value hedge

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

(ii) Cash flow hedge

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

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

When a hedging instrument expires or is sold, terminated or exercised, or when a

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

(iii) Net investment in a foreign operation

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

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

Embedded derivatives

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

(k) Equity

Contributed equity

(i) Ordinary shares

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

Notes to the Financial Statements

30 June 2012

continued

Note 1. Summary of Significant Accounting Policies (continued)

(k) Equity (continued)

Contributed equity (continued)

(ii) Repurchase of share capital

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

(iii) Treasury shares

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

(iv) Dividends

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

Reserves

(i) Available-for-sale revaluation reserve

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

(ii) Cash flow hedge reserve

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

(iii) Share-based payments reserve

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

(iv) Exchange fluctuation reserve

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

(l) Inventories

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

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

(m) Property, plant and equipment

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

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

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

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

- Buildings between 1% – 5%
- Land improvements between 1% – 3%
- Finance leased assets between 4% – 20%
- 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 that arises upon the acquisition of subsidiaries is included in intangible assets and is measured as described in note 1(d).

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

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

Other intangible assets

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

(i) Product development

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

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

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

(ii) Computer software

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

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

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

(iii) Customer relationships

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

(p) Impairment

Non-financial assets

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

In relation to goodwill and intangible assets that have indefinite useful lives or assets that are not ready for use, impairment testing is completed at each reporting date,

or more frequently if events or changes in circumstances indicate that they might be impaired.

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

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

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

Notes to the Financial Statements

30 June 2012

continued

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

(p) Impairment *(continued)*

Financial assets

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

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

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

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

Use of estimates and judgements

The determination of impairment for non-financial assets, financial assets, goodwill and other intangible assets

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

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

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

(q) Financial guarantee contracts

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

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

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

(r) Provisions

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

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

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

Asset restoration and decommissioning

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

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

Insurance and other claims

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

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

Onerous contracts

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

Restructuring

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

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

(s) Employee benefits

Wages, salaries, annual leave and sick leave

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

Long service leave

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

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

Profit sharing and bonus plans

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

Share-based payments

The Company provides benefits to employees (including senior executives) of the consolidated entity in the form of

share-based payments, whereby employees render services in exchange for options or rights over shares. Information relating to the Company's share-based payments schemes are set out in note 29.

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

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

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

Upon exercise of the options or rights, 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 or rights is reflected as additional share dilution in the computation of earnings per share (see note 10).

Notes to the Financial Statements

30 June 2012

continued

Note 1. Summary of Significant Accounting Policies (continued)

(s) Employee benefits (continued)

Share-based payments (continued)

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.

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

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

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

When the calculation results in a benefit to the consolidated entity, the recognised asset is limited to the total of any

unrecognised past service cost and the present economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan, or on settlement of the plan liabilities.

Use of estimates and judgements

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

If the discount rate were to differ by 10% from management's estimates, the carrying amount of defined benefit obligations would be an estimated \$71.2 million lower or \$111.4 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 \$5.7 million in the defined benefit expense/obligation while a one-half percentage point decrease would result in an increase of \$5.6 million in the defined benefit expense/obligation for the year ended 30 June 2012 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 on issue during the reporting period excluding ordinary shares purchased by the Company and held as treasury shares (refer note 25), adjusted for any bonus issue.

Diluted earnings per share

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

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

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

(w) Fair value estimation

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

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

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

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

(x) New accounting standards and interpretations not yet adopted

The following new or amended accounting standards and interpretations issued by the AASB have been identified as those which may have a material impact on the consolidated entity in the period of initial application. They are available for early adoption at 30 June 2012, but have not been applied in preparing the consolidated financial statements:

- AASB 9 *Financial Instruments*, AASB 2009-11 *Amendments to Australian Accounting Standards arising from AASB 9* (December 2009) and AASB 2010-7 *Amendments to Australian Accounting Standards arising from AASB 9* (December 2010) address the classification and measurement of financial instruments and may affect the consolidated entity's accounting for its financial instruments. The new accounting standard and amendments are mandatory for the consolidated entity's 30 June 2016 consolidated financial statements. The potential effect of the new and amending standards on the financial results of the consolidated entity upon adoption has yet to be determined.
- AASB 10 *Consolidated Financial Statements*, AASB 11 *Joint Arrangements*, AASB 12 *Disclosure of Interests in Other Entities*, AASB 127 *Separate Financial Statements*, AASB 128 *Investments in Associates and Joint Ventures* and AASB 2011-7 *Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangement Standards* (August 2011) together represent a suite of six related standards covering the accounting and disclosure requirements for consolidated financial statements, associates, joint arrangements and off balance sheet vehicles, with mandatory adoption to be applied by the consolidated entity for the financial year ending 30 June 2014. The potential affect of the amending standards on the financial results of the consolidated entity upon adoption has yet to be determined.

Notes to the Financial Statements

30 June 2012

continued

Note 1. Summary of Significant Accounting Policies (continued)

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

- AASB 13 *Fair Value Measurement* and AASB 2011-8 *Amendments to Australian Accounting Standards arising from AASB 13* (September 2011) combines guidance for all fair value measurements required in other standards. These standards do not require fair value measurements additional to those already required or permitted by other Australian accounting standards, and therefore this standard is not expected to have an impact on the financial results of the consolidated entity on adoption. The new accounting standard and amendments are to be first applied by the consolidated entity for the financial year ending 30 June 2014.
- AASB 119 *Employee Benefits* (September 2011) has been amended for disclosure, presentation and accounting changes to defined benefit plans and other employee benefits. The accounting change eliminates the option to defer the recognition of actuarial gains and losses (the 'corridor method'), requiring remeasurements to be presented in other comprehensive income. AASB 2011-10 *Amendments to Australian Accounting Standards arising from AASB 119* (September 2011) makes amendments to other accounting standards and interpretations as a result of the revised standard. The consolidated entity's accounting policy for defined benefit plans is to recognise actuarial gains and losses in other comprehensive income and therefore the accounting change introduced by the amendment will have no financial impact upon the consolidated entity. The amendments will become mandatory for the consolidated entity's 30 June 2014 consolidated financial statements and it will impact the disclosures and presentation of defined benefit plans of the consolidated entity.
- AASB 2011-4 *Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements* makes amendments to AASB 124 *Related Party Disclosures* to remove individual key management personnel (KMP) disclosure requirements on the basis they are not in line with International Financial Reporting Standards, with the current requirements considered to be more in the nature of governance disclosures that are better dealt with as part of the *Corporations Act 2001*. The amendment will become mandatory for the consolidated entity's 30 June 2014 financial statements and as it relates to disclosures only, the amendment will not have any financial impact on the consolidated entity.

(y) Parent entity financial information

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

Investments in subsidiaries

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

Tax consolidation regime

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

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

In addition to its current and deferred tax balances, the Company also recognises the current tax liabilities (or assets), and the deferred tax assets arising from unused tax losses and unused tax credits assumed from members of the tax-consolidated group, as part of the tax-consolidation arrangement. Assets or liabilities arising under tax funding agreements with members of the tax-consolidated group are recognised as current amounts receivable or payable from the other entities within the tax-consolidated group.

Nature of tax funding agreement

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

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

Financial guarantee contracts

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

Note 2. Segment Information

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

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

(a) Description of segments

Reporting segments

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

Amcor Rigid Plastics

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

Amcor Australasia and Packaging Distribution

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

Amcor Flexibles

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

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

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

Other/Investments

This segment holds the consolidated entity's associate investment in AMVIG Holdings Limited (AMVIG). AMVIG is principally involved in the manufacture of tobacco packaging. In addition to holding the investment in AMVIG, this segment includes the Corporate function of the consolidated entity and historically included the Specialty Packaging operations acquired as part of the Alcan Packaging acquisition which manufactured glass tubing and specialty cartons. The Specialty Packaging operation was divested by the consolidated entity during the year ended 30 June 2011, refer to note 4.

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 and folding cartons; aluminium beverage cans and household products; flexible packaging; plastic and metal closures; glass wine and beer bottles; multiwall sacks; cartonboard; paper and paper recycling. Both Australasia and Flexibles Asia Pacific business segments operate in Australia.

United States of America

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

Singapore

A number of manufacturing facilities for both flexible and tobacco packaging operate within this country. In addition, the headquarters of the Amcor Flexibles Asia Pacific reporting segment is based in Singapore, including several other corporate functions which support the consolidated entities operations across Asia. Singapore also 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.

Notes to the Financial Statements

30 June 2012

continued

Note 2. Segment Information *(continued)*

(a) Description of segments *(continued)*

Geographic segments (continued)

Switzerland

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

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

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

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

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

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

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

(c) Segment information provided to the CET

The following segment information was provided to the CET for the reporting segments for the financial years ended 30 June 2012 and 2011:

	Amcor Rigid Plastics		Amcor Packaging Distribution		Amcor Flexibles		Other/Investments		Consolidated	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
\$ million										
Reportable segment revenue										
Revenue from external customers	3,261.3	3,142.3	2,867.6	2,830.9	6,064.0	6,294.3	-	144.8	12,192.9	12,412.3
Inter-segment revenue	-	-	4.6	5.2	13.9	15.4	-	-	18.5	20.6
Total reportable segment revenue	3,261.3	3,142.3	2,872.2	2,836.1	6,077.9	6,309.7	-	144.8	12,211.4	12,432.9
Reportable segment profit/(loss)										
Profit/(loss) before depreciation, amortisation, interest, related income tax expense and significant items	421.4	410.8	279.1	280.2	892.6	842.0	(36.2)	(18.8)	1,556.9	1,514.2
Depreciation and amortisation	(157.3)	(168.0)	(126.6)	(120.5)	(209.3)	(221.5)	(2.3)	(1.0)	(495.5)	(511.0)
Profit/(loss) before interest, related income tax expense and significant items	264.1	242.8	152.5	159.7	683.3	620.5	(38.5)	(19.8)	1,061.4	1,003.2
Significant items before related income tax expense (refer note 7)	(109.2)	(32.8)	(53.5)	(70.5)	(114.5)	(87.3)	(12.0)	(46.2)	(289.2)	(236.8)
Profit/(loss) before interest and related income tax expense	154.9	210.0	99.0	89.2	568.8	533.2	(50.5)	(66.0)	772.2	766.4
Share of net profits of equity accounted investments	0.1	1.0	-	-	0.7	1.0	35.9	37.2	36.7	39.2
Other material non-cash items										
Impairment losses, net of reversals – trade receivables	(1.4)	-	(2.5)	(2.2)	(1.1)	(0.5)	-	-	(5.0)	(2.7)
Impairment losses, net of reversals – inventories	(1.7)	(0.4)	3.6	(4.2)	(1.2)	(2.6)	-	-	0.7	(7.2)
Impairment losses on property, plant and equipment and other non-current assets	(53.0)	(12.6)	(18.5)	(50.0)	(12.3)	(9.1)	-	-	(83.8)	(71.7)
Reversal of impairment losses on property, plant and equipment and other non-current assets	-	-	-	-	1.8	-	-	0.6	1.8	0.6
Acquisition of property, plant and equipment and intangibles	175.0	172.1	348.4	281.3	172.6	159.0	9.0	11.1	705.0	623.5
Receivables	312.1	328.0	353.4	353.9	932.4	936.0	71.7	59.0	1,669.6	1,676.9
Inventory	518.6	432.8	404.5	389.2	740.5	761.7	-	-	1,663.6	1,583.7
Payables	(884.9)	(713.1)	(447.2)	(464.3)	(1,232.6)	(1,266.9)	(149.3)	(76.7)	(2,714.0)	(2,521.0)
Working capital	(54.2)	47.7	310.7	278.8	440.3	430.8	(77.6)	(17.7)	619.2	739.6
Average funds employed	1,698.5	1,822.9	1,632.4	1,591.9	2,854.2	3,045.3	508.9	637.4	6,694.0	7,097.5
Investment in equity accounted investments	-	2.7	-	-	-	5.2	489.9	434.3	489.9	442.2

Notes to the Financial Statements

30 June 2012

continued

Note 2. Segment Information (continued)

(d) Other segment information

(i) Segment revenue

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

Segment revenue reconciles as follows:

\$ million	2012	2011
Reporting segment revenue		
Total reporting segment revenue	12,211.4	12,432.9
Elimination of inter-segment revenue	(18.5)	(20.6)
Other income	137.6	257.2
Finance income	22.1	19.0
Consolidated revenue and other income	12,352.6	12,688.5

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

\$ million	2012	2011
Sales revenue by product		
Rigid plastics packaging	3,261.3	3,142.3
Flexible and film packaging	4,796.9	5,082.7
Fibre and paper-based packaging	1,521.6	1,551.5
Metal packaging	415.1	413.0
Tobacco packaging	1,267.1	1,211.6
Glass packaging	222.7	336.9
Other	708.2	674.3
Consolidated sales revenue	12,192.9	12,412.3

(ii) Segment profit/(loss)

Segment profit or loss reconciles as follows:

\$ million	2012	2011
Reporting segment profit/(loss)		
Profit before interest and related income tax expense	772.2	766.4
Finance income	22.1	19.0
Finance expense	(227.9)	(236.1)
Profit before related income tax expense	566.4	549.3

(iii) Segment receivables

Segment receivables reconcile from management working capital receivables as follows:

\$ million	2012	2011
Working capital receivables		
Total reportable segment working capital receivables	1,669.6	1,676.9
Financial instruments included for management reporting purposes	(12.0)	(6.2)
Receivable on divested business	-	138.5
Other current assets included for management reporting purposes	(110.1)	(106.1)
Financial instruments and other assets excluded for management reporting purposes	37.3	36.8
Consolidated trade and other receivables	1,584.8	1,739.9

(iv) Segment payables

Segment payables reconciles from management working capital payables as follows:

\$ million	2012	2011
Working capital payables		
Total reportable segment working capital payables	(2,714.0)	(2,521.0)
Financial instruments included for management reporting purposes	35.7	22.8
Capital creditors and other payables excluded for management reporting purposes	(66.4)	(61.8)
Consolidated trade and other payables	(2,744.7)	(2,560.0)

(v) Segment property, plant and equipment

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

\$ million	2012	2011
Acquisition of property, plant and equipment and intangibles		
Total reportable segment acquisition of property, plant and equipment and intangibles	705.0	623.5
Movement in capital creditors	9.8	(11.7)
Capitalised interest	270	171
Movement in prepaid capital items	3.2	4.7
Capitalised asset restoration costs	6.2	1.2
Other non-cash adjustments	2.0	6.2
Consolidated acquisition of property, plant and equipment and intangibles	753.2	641.0

(e) Geographical information

(i) Revenues

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

\$ million	2012	2011
Geographical segment revenue		
Australia	1,991.7	1,934.0
United States of America	3,773.0	3,741.7
Switzerland	445.7	442.9
Other	5,982.5	6,293.7
Consolidated sales revenue	12,192.9	12,412.3

(ii) Non-current assets

Segments assets are based on the location of the assets:

\$ million	2012	2011
Non-current assets		
Australia	2,079.4	1,739.1
United States of America	1,876.0	1,764.1
Singapore	828.6	765.0
Switzerland	216.3	187.6
Other	2,357.4	2,565.0
Consolidated non-current assets⁽¹⁾	7,357.7	7,020.8

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

(f) Major Customer

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

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Note 3. Business Combinations

(a) Aperio Group acquisition

(i) Summary of Acquisition

On 11 May 2012, the consolidated entity announced the successful completion of the 100% acquisition of the Aperio Group, one of Asia Pacific's leading producers of flexible packaging products consisting of 13 manufacturing facilities across Australia and New Zealand and a modern facility in Thailand.

The acquisition of the Aperio Group brings together two leaders in flexible packaging in Australasia and is an important strategic addition to Amcor's existing Flexible Packaging Business in the Asia Pacific region.

The accounting for the Aperio acquisition has been provisionally determined as at 30 June 2012 as the post close adjustment processes remain in progress. Management is continuing to assess the fair value of the opening balance sheet which may result in adjustments to the fair value attributable to the net assets acquired as reported below.

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

\$ million

Purchase consideration	
Cash paid	237.6
Completion adjustments ⁽¹⁾	–
Total purchase consideration	237.6

(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 as follows:

\$ million

	Fair value
Fair value of net assets acquired	
Cash and cash equivalents	71
Trade and other receivables	56.3
Inventories	44.8
Current other financial assets	2.3
Property, plant and equipment	83.9
Deferred tax assets	5.6
Intangible assets	14.8
Trade and other payables	(56.6)
Current tax liabilities	0.2
Current provisions	(16.5)
Deferred tax liabilities	(6.7)
Fair value of net identifiable assets acquired	135.2
Add goodwill	102.4
Fair value of net assets acquired	237.6

(ii) Goodwill

The goodwill on acquisition is primarily attributable to expected synergies available to the consolidated entity upon the integration of the businesses into the Group, as well as benefits derived from the acquired workforce and other intangible assets that cannot be separately recognised. The goodwill recognised on acquisition is not considered deductible for tax purposes.

(iii) Acquired receivables

The fair value of acquired trade receivables is \$49.7 million of which no impairment losses have been recognised.

(iv) Purchase Consideration

\$ million

Outflow of cash to acquire entities, net of cash acquired:

Cash consideration	237.6
Less: Balances acquired	
Cash	(7.1)

Outflow of cash	230.5
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(v) Acquisition Costs

Acquisition costs of \$5.2 million were recognised as an expense during the reporting period and are classified as 'general and administrative' expenses in the income statement.

(b) Other acquisitions during the financial year ended 30 June 2012

In addition to the Aperio Group acquisition disclosed in (a) above, the following acquisitions occurred during the year:

- The Amcor Australasia Beverage division acquired the business assets of Carter & Associates, a major distributor of Amcor glass wine, champagne and spirit bottles in New Zealand on 4 January 2012. The business is included in the Australasia and Packaging Distribution reporting segment.
- On 1 April 2012 the consolidated entity acquired an additional interest in the equity accounted investment Amcor Chengdu Co. Limited (Chengdu). This acquisition increased the consolidated entity's ownership in this entity to 50.0% and at this date the consolidated entity obtained a controlling interest in the previously equity accounted associate, refer note 16. The business is included in the Flexibles reporting segment.
- On 21 September 2011 the consolidated entity acquired certain assets of Marfred Industries, a corrugated and folding carton manufacturer and packaging distributor in California. The business is included in the Australasia and Packaging Distribution reporting segment.

(c) Acquisitions during the financial year ended 30 June 2011 where acquisition accounting was finalised

During the 12 months to 30 June 2011 the consolidated entity finalised the acquisition accounting for a number of business combinations including:

- the Alcan Medical Flexibles operations acquired on 1 July 2010, as part of the Alcan Packaging acquisition completed on 2 February 2010, for consideration of \$77.3 million (US\$65.2 million);
- the assets of Ball Plastics Packaging Americas from Ball Corporation on 3 August 2010, for total consideration of \$307.0 million (US\$280.0 million);
- the acquisition of B-Pak Due, a cast polypropylene firm manufacturer based in Italy, on 1 October 2010 for total consideration of \$60.3 million (€43.0 million);
- the acquisition of Techni-Chem Australia, a distribution business for flexible packaging based in Sydney, Australia on 23 December 2010; and
- the acquisition of certain parts of the Alcan Packaging operations on 2 February 2010 for total consideration of \$2,662.0 million.

Refer to note 3 of the consolidated entity's 2011 Annual Report for further detail regarding the net assets acquired and goodwill recognised at 30 June 2011 in relation to each of the acquisitions above.

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Note 4. Business Disposals

(a) Disposals during the year ended 30 June 2012

During the 12 months to 30 June 2012 the consolidated entity did not dispose of any businesses. Refer to note 16 for details of acquisitions and disposals relating to equity accounted investments.

(b) Disposals during the year ended 30 June 2011

During the 12 months to 30 June 2011 the consolidated entity disposed of the following businesses:

- On 30 May 2010, the consolidated entity entered into an agreement to sell the Amcor Tobepal operations and certain assets of Grupo Amcor Flexibles Hispania S.L. to Constantia Packaging AG for \$130.5 million (€92.0 million). The transaction was completed on 10 September 2010 and a profit of \$10.4 million before tax was recognised upon disposal.
- In September 2010, the consolidated entity completed the disposal of the Marshall operations to Printpack, Inc. for sale proceeds of \$20.1 million (US\$19.5 million). In January 2011, as part of the post close completion process, the consolidated entity paid Printpack, Inc. \$0.4 million (US\$0.4 million). There was no profit or loss recognised on the disposal of the Marshall operations.
- On 23 June 2011 the consolidated entity entered into an unconditional sale agreement to dispose of the Glass Tubing business, which resided in the Other / investments reporting segment, for \$150.9 million (US\$161.0 million). A profit of \$89.6 million before tax (US\$95.6 million) was recognised for the year ended 30 June 2011 with proceeds from the disposal received on 25 July 2011. Final sale adjustments of \$4.2 million (US\$4.1 million), reducing the profit on sale before tax to \$85.4 million (US\$91.5 million), were recognised as a significant item during the year ended 30 June 2012.

Note 5. Revenue, Other Income and Finance Income

\$ million	2012	2011
Sales revenue		
Revenue from sale of goods	12,192.9	12,412.3
Other income		
Dividend received/receivable	0.3	0.4
Net gain on disposal of property, plant and equipment	22.0	17.4
Net foreign exchange gains	4.7	–
Fair value gains on other financial assets designated at fair value through income statement	1.8	–
Government grants	0.9	9.5
Supplier early payment discounts	3.5	3.6
Service income	5.8	5.8
Gain on acquisition of controlled entity, previously equity accounted (refer note 16)	9.8	–
Other	88.8	79.7
Significant items (refer note 7):		
– Retirement benefit curtailments	–	40.8
– Gain on disposal of controlled entities and businesses	–	100.0
Total other income	137.6	257.2
Finance income		
Retirement benefit interest income	11.2	11.3
Interest received/receivable	10.9	7.7
Total finance income	22.1	19.0

Note 6. Expenses

Profit before related income tax includes the following specific expenses. These amounts include items disclosed as significant (refer note 7).

\$ million	2012	2011
Depreciation and amortisation		
Depreciation:		
– Property, plant and equipment	450.5	469.0
– Leased assets	4.8	2.5
Amortisation:		
– Other intangibles	40.2	39.5
Total depreciation and amortisation	495.5	511.0
Finance expenses		
Interest paid/payable:		
– Finance charges on leased assets	0.9	0.9
– Unwind of discount on provisions	2.7	2.8
– Retirement benefit interest expense	5.2	9.1
– External	217.4	206.0
Amount capitalised	(27.0)	(17.1)
	199.2	201.7
Borrowing costs	28.7	34.4
Total finance expenses	227.9	236.1
Net impairment of trade receivables	5.0	2.7
Net (write-back)/down of inventories	(0.7)	7.2
Provisions		
– Insurance/workers compensation and other claims	19.9	75.6
– Onerous contracts	1.2	5.2
– Asset restoration expense	9.1	1.9
– Restructuring	147.3	158.4
Employee benefits expense		
– Wages and salaries	2,137.4	2,313.4
– Workers' compensation and other on-costs	186.7	192.3
– Superannuation costs – defined benefit funds	31.4	37.2
– Superannuation costs – accumulation funds	50.6	47.3
– Other employment benefits expense	8.5	7.7
– Share-based payments expense	36.2	40.5
Total employee benefits expense	2,450.8	2,638.4
Rental expense relating to operating leases		
– Minimum lease payments	163.8	134.5
– Contingent rentals	6.2	5.5
Total rental expense relating to operating leases	170.0	140.0
Asset impairment reversal – property, plant and equipment and non-current assets	(1.8)	(0.6)
Asset impairments – property, plant and equipment and non-current assets	83.8	71.7
Net loss on sale of receivables	0.1	0.3
Fair value losses on other financial assets designated at fair value through income statement	–	0.3
Net foreign exchange losses	–	0.2

Notes to the Financial Statements

30 June 2012

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Note 7. Significant Items

\$ million	2012			2011		
	Before tax	Tax (expense)/ benefit	Net of tax	Before tax	Tax (expense)/ benefit	Net of tax
<i>Income</i>						
Retirement benefit curtailments ⁽¹⁾	-	-	-	40.8	(11.3)	29.5
Gain on disposal of controlled entities and businesses (refer note 4)	-	-	-	100.0	(15.2)	84.8
	-	-	-	140.8	(26.5)	114.3
<i>Expense</i>						
Rigid Plastics business integration and restructure	(32.2)	8.7	(23.5)	(14.9)	6.4	(8.5)
Australasia restructuring ⁽²⁾	(33.6)	11.6	(22.0)	(18.2)	1.0	(17.2)
Australasia insurance costs ^{(2),(3)}	-	-	-	(24.5)	-	(24.5)
Legal costs ^{(2),(4)}	(44)	1.2	(3.2)	(90.3)	0.9	(89.4)
Transaction and integration costs relating to business acquisitions ⁽²⁾	(10.5)	2.5	(8.0)	(16.5)	2.4	(14.1)
Costs to achieve synergies relating to Alcan Packaging acquisition ⁽²⁾	(120.8)	22.4	(98.4)	(142.4)	32.2	(110.2)
Asset impairments, net of reversals ⁽²⁾	(83.5)	18.8	(64.7)	(70.8)	6.8	(64.0)
Disposal of Glass Tubing Business (refer note 4(b))	(4.2)	1.7	(2.5)	-	-	-
	(289.2)	66.9	(222.3)	(377.6)	49.7	(327.9)
Total significant items	(289.2)	66.9	(222.3)	(236.8)	23.2	(213.6)

(1) Curtailment gains, net of costs, recognised upon the closure of pension plans acquired as part of the Alcan Packaging acquisition.

(2) Tax benefits are assessed for certain significant item expenses and not recognised where the resultant tax loss is not considered probable of recovery.

(3) Insurance costs of \$24.5 million relating to the Queensland floods in Australia.

(4) Legal costs include costs of the consolidated entity and others associated with defence and settlement of claims with respect to various ACCC matters, refer note 32.

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

\$ million	Business restructure and rationalisation	Impairment of assets, net of reversals	Disposal of controlled entities	Transaction and integration costs	Alcan Packaging synergy costs	Other ⁽¹⁾	Total
2012							
Rigid Plastics	(32.2)	(54.8)	-	-	(22.2)	-	(109.2)
Australasia and Packaging Distribution	(33.6)	(18.5)	-	(14)	-	-	(53.5)
Flexibles	-	(10.2)	-	(8.8)	(95.5)	-	(114.5)
Other/Investments	-	-	(4.2)	(0.3)	(3.1)	(4.4)	(12.0)
Total	(65.8)	(83.5)	(4.2)	(10.5)	(120.8)	(4.4)	(289.2)
2011							
Rigid Plastics	(14.9)	(13.0)	-	(1.0)	(3.9)	-	(32.8)
Australasia and Packaging Distribution	(18.2)	(50.0)	-	(0.1)	(2.2)	-	(70.5)
Flexibles	-	(7.8)	10.9	(1.0)	(130.2)	40.8	(87.3)
Other/Investments	-	-	89.1	(14.4)	(6.1)	(114.8)	(46.2)
Total	(33.1)	(70.8)	100.0	(16.5)	(142.4)	(74.0)	(236.8)

(1) In 2012 the amounts in 'other' relate to legal costs of \$4.4 million. In 2011, the amounts in 'other' relate to a curtailment gain, net of costs of \$40.8 million, offset by insurance costs for floods in Australia of \$24.5 million and legal costs and settlement of claims of \$90.3 million.

Note 8. Income Tax Expense

(a) Recognised in the income statement

\$ million	2012	2011
Current tax (expense)/benefit		
Current period	(130.4)	(236.3)
Adjustments to current tax expense relating to prior periods	(2.1)	33.1
Tax losses, tax credits and temporary differences not recognised for book in prior years now recouped	11.0	9.8
Total current tax expense	(121.5)	(193.4)
Deferred tax (expense)/benefit		
Origination and reversal of temporary differences	(8.7)	25.5
Change in applicable tax rates	0.6	(1.5)
Total deferred tax (expense)/benefit	(8.1)	24.0
Total income tax expense attributable to continuing operations	(129.6)	(169.4)
Deferred income tax (expense)/benefit included in income tax expenses comprises:		
Decrease in deferred tax assets	(47.4)	(0.7)
Decrease in deferred tax liabilities	39.3	24.7
Deferred income tax (expense)/benefit included in income tax (note 18)	(8.1)	24.0

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

\$ million	2012	2011
Profit before related income tax expense	566.4	549.3
Tax at the Australian tax rate of 30% (2011: 30%)	(169.9)	(164.8)
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:		
Net operating items non-deductible/non-assessable for tax	1.0	(26.5)
Goodwill tax adjustments	0.1	-
Net significant items non-deductible/non-assessable for tax ⁽¹⁾	(13.7)	(47.8)
Capital structures	34.3	32.8
Tax losses, tax credits and temporary differences not recognised for book in prior years now recouped	11.0	9.8
Effect of local tax rate change	0.6	(1.5)
	(136.6)	(198.0)
Over provision in prior period	3.7	23.1
Foreign tax rate differential	3.3	5.5
Total income tax expense	(129.6)	(169.4)

(1) In the years ended 30 June 2012 and 30 June 2011 no tax benefit was recognised for certain significant item expense where the resultant tax loss is not considered probable of recovery, refer note 7.

(c) Amounts recognised directly in other comprehensive income

\$ million	2012	2011
Deferred tax benefit/(expense) recognised directly in other comprehensive income		
Tax on cash flow hedges	(0.7)	0.1
Tax on exchange differences on translating foreign operations	1.7	(43.4)
Tax on actuarial gains/(losses) on defined benefit plans	26.5	(11.6)
Total income tax benefit/(expense) recognised directly in other comprehensive income	27.5	(54.9)

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Note 9. Auditors' Remuneration

\$ thousand	2012	2011
Auditors of the Company – PwC Australia		
<i>Audit and other assurance services</i>		
Audit and review of financial reports	3,220	3,179
Other regulatory audit services	–	95
<i>Other services</i>		
Taxation services, transaction related taxation advice and due diligence	3,482	3,786
Other advisory services	786	45
	7,488	7,105
Network firms of PwC Australia		
<i>Audit and other assurance services</i>		
Audit and review of financial reports	837	855
Other regulatory audit services	3,629	4,136
<i>Other services</i>		
Taxation services, transaction related taxation advice and due diligence	2,202	1,549
Other advisory services	122	106
	6,790	6,646
Non-PwC Audit Firms		
<i>Audit and other assurance services</i>		
Audit and review of financial reports	217	222
<i>Other services</i>		
Taxation services and transaction related taxation advice	346	305
	563	527
Total auditors' remuneration	14,841	14,278

Note 10. Earnings per Share

cents	2012	2011
Basic earnings per share		
Attributable to the ordinary equity holders of Amcor Limited	34.0	29.1
Diluted earnings per share		
Attributable to the ordinary equity holders of Amcor Limited	33.5	28.7

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

\$ million	2012	2011
Basic earnings per share		
Profit from continuing operations	436.8	379.9
Profit from continuing operations attributable to non-controlling interests	(24.2)	(23.2)
Profit attributable to the ordinary equity holders of Amcor Limited used in calculating basic earnings per share	412.6	356.7
Diluted earnings per share		
Profit attributable to the ordinary equity holders of Amcor Limited used in calculating diluted earnings per share	412.6	356.7

(b) Weighted average number of shares used as denominator

Number million	2012	2011
Weighted average number of ordinary shares for basic earnings per share	1,213.7	1,225.2
Effect of employee options and performance rights	18.1	17.7
Effect of partly-paid shares	-	-
Weighted average number of ordinary shares and potential ordinary shares for diluted earnings per share	1,231.8	1,242.9

(c) Information concerning classification of securities

In the calculation of basic earnings per share, only ordinary shares, excluding treasury shares have been included in the calculation. The following securities have been classified as potential ordinary shares and their effect included in diluted earnings per share as at 30 June 2012:

- ordinary shares (excluding treasury shares);
- partly-paid shares; and
- employee options and rights.

(d) Details of securities

(i) Partly-paid ordinary shares

Partly-paid ordinary shares do not carry the right to participate in dividends and have not been recognised in ordinary share equivalents in the determination of basic earnings per share. Amounts uncalled on partly-paid shares and calls in arrears are treated as the equivalent of options to acquire ordinary shares and are included as potential ordinary shares in the determination of diluted earnings per share.

(ii) Options and rights

Options and rights granted to employees under the Amcor Limited employee share/option and rights plans are considered to be potential ordinary shares and have been included in the determination of diluted earnings per share to the extent to which they are dilutive. The options and rights have not been included in the determination of basic earnings per share. Details relating to the options and rights plans are set out in note 29.

(iii) Treasury shares

Treasury shares are held by the Amcor Employee Share Trust for the purpose of issuing shares to employees under the consolidated entity's Employee Share Plans. These shares have been excluded in the determination of basic and diluted earnings per share as the shares are no longer available in the market. Details of the treasury shares are set out in note 25.

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Note 11. Cash and Cash Equivalents

\$ million	2012	2011
Cash on hand and at bank	267.8	179.8
Short-term deposits	20.6	1.0
Deposits at call	69.2	43.6
Total cash and cash equivalents	357.6	224.4

The consolidated entity operates in 42 countries around the world some of which may impose restrictions over cash. The estimated restricted cash balance at 30 June 2012 is between \$50.0 million and \$55.0 million.

Short term deposits and deposits at call for the consolidated entity across various jurisdictions bear floating interest rates between 0.0% and 14.0% (2011: 0.01% and 12.2%). Details regarding interest rate risk, foreign currency risk, credit risk and the fair value of cash and cash equivalents are disclosed in note 28.

Note 12. Trade and Other Receivables

\$ million	2012	2011
Trade receivables	1,454.2	1,418.5
Less provision for impairment losses	(24.2)	(25.8)
	1,430.0	1,392.7
Receivable on divested business ⁽¹⁾ (refer note 4)	-	138.5
Loans and other receivables ⁽²⁾	154.8	208.7
Total current trade and other receivables	1,584.8	1,739.9

(1) Proceeds from divested business were received on 25 July 2011.

(2) These amounts generally arise from transactions outside the usual operating activities of the consolidated entity. Interest may be charged at commercial rates where the terms of repayment exceed six months. Collateral is not normally obtained.

Credit risks related to receivables

Customer credit risk is managed by each business group in accordance with the procedures and controls set out in the consolidated entity's credit risk management policy. Credit limits are established for all customers based on external or internal rating criteria and letters of credit or other forms of credit insurance cover are obtained where appropriate.

For the sale of products and associated trade receivables, the consolidated entity minimises where possible its concentration of risk by undertaking transactions with a large number of customers and counterparties in various countries with policies in place to ensure that sales of products and services are made to customers with appropriate credit history. In cases where a limited number of customers exist due to business specifics, the customer's size, credit rating, dependence on supplier and long term history of full debt recovery is indicative of lower credit risk.

In respect of these financial assets and the credit risk embodied within them, the consolidated entity holds no significant collateral as security. The credit quality of trade receivables that are neither past due nor impaired are consistently monitored in order to identify any potential adverse changes in credit quality. The consolidated entity has no material exposure to any individual customer.

The carrying amount of financial assets recognised in the statement of financial position (excluding equity securities) best represents the consolidated entity's maximum exposure to credit risk at the reporting date.

Credit risk also arises in relation to financial guarantees given to certain parties, details of the carrying amounts and face value of financial guarantees provided by Amcor Limited are disclosed in note 36. Financial guarantees are only provided in exceptional circumstances.

Impairment of financial assets

As at 30 June 2012 current trade receivables of the consolidated entity with a nominal value of \$26.4 million (2011: \$27.2 million) were impaired. The amount of the provision was \$24.2 million (2011: \$25.8 million). The individually impaired receivables relate to transactions which have been disputed by customers, or receivables owing from customers experiencing financial difficulties. It has been assessed that a portion of the receivables is expected to be recovered.

The consolidated entity has recognised a loss of \$5.0 million (2011: \$2.7 million) in respect of impaired trade receivables during the financial year ended 30 June 2012. The loss has been included in 'general and administration' expenses in the income statement.

As at 30 June 2012, current trade receivables of \$215.7 million (2011: \$180.4 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	
	2012	2011	2012	2011
Not past due	0.7	0.4	1,212.1	1,210.9
Past due 0-30 days	1.4	1.8	123.9	106.4
Past due 31-120 days	5.2	6.0	89.6	66.5
More than 121 days	191	19.0	2.2	7.5
	26.4	27.2	1,427.8	1,391.3

Movements in the provision for impairments of receivables are as follows:

\$ million	2012	2011
Opening balance	25.8	35.8
Bad debts expense – charge to expense	4.8	2.7
Receivables written off during the period as uncollectible	(1.8)	(1.5)
Additions through business acquisitions	–	0.3
Unused amount reversed	(3.2)	(6.6)
Disposal of business and controlled entities	–	(1.5)
Effects of movement in exchange rate	(1.4)	(3.4)
Closing balance	24.2	25.8

In assessing an appropriate provision for impairments of receivables consideration is given to historical experience of bad debts, based on the ageing of receivables, knowledge of debtor insolvency or other credit risk and individual account assessment.

Details regarding interest rate risk, foreign currency risk and fair values of receivables are disclosed in note 28.

Note 13. Inventories

\$ million	2012	2011
Raw materials and stores at cost	723.8	648.9
Work in progress at cost	181.1	167.0
Finished goods at cost	677.7	624.1
	1,582.6	1,440.0
Raw materials and stores at net realisable value	30.6	46.2
Work in progress at net realisable value	7.3	21.3
Finished goods at net realisable value	43.1	76.2
	81.0	143.7
Total inventories	1,663.6	1,583.7

During the period the consolidated entity has recognised a net reversal of \$0.7 million with regard to the net realisable value of inventories while in the financial year ended 30 June 2011 a write-down of \$7.2 million was recognised. Both the reversal and expense have been included in 'cost of sales' expense in the income statement. As at 30 June 2012, no inventory of the consolidated entity is pledged as security over any borrowing (2011: nil).

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Note 14. Other Financial Assets

\$ million	2012	2011
Current		
Derivative financial instruments – fair value through profit and loss:		
Forward exchange contracts	90	0.6
Hedge contracts for cash settled bonus and retention payment plans ('Equity Share Swap' contracts)	1.5	2.0
	10.5	2.6
Derivative financial instruments – cash flow hedges:		
Forward exchange contracts	1.5	1.3
Commodity contracts	-	2.3
	1.5	3.6
Total current other financial assets	12.0	6.2
Non-current		
Investments in companies listed on stock exchanges at fair value	4.8	4.6
Investments in companies not listed on stock exchanges at cost	1.0	1.1
	5.8	5.7
Derivative financial instruments – fair value through profit and loss:		
Hedge contracts for cash settled employee share plan options ('American' style contracts)	0.2	0.6
Forward exchange contracts	0.4	-
Other non-current financial assets	0.6	0.9
	1.2	1.5
Loans and other receivables	34.1	39.0
Total non-current other financial assets	41.1	46.2

Details regarding the interest rate risk, foreign currency risk, commodity price risk, employee share plan risk and fair values of the other financial assets are disclosed in note 28.

In relation to the cash settled Employee Share Plan Options, the Employee Bonus Payment Plan and the Senior Executive Retention Payment Plan, the consolidated entity is exposed to movements in the value of the underlying ordinary shares of Amcor Limited. The consolidated entity has economically hedged its exposure by entering into cash settled equity share option or equity share swap contracts that mirror the terms and conditions of the employee benefit. Refer to note 28(a)(iv) for details of the expiry or vesting date (if applicable), the outstanding option/share hedged contract positions and the hedged price of the contracts as at 30 June 2012.

Note 15. Other Assets

\$ million	2012	2011
Current		
Contract incentive payments ⁽¹⁾	20.9	19.3
Prepayments	86.0	83.7
Other current assets	3.2	3.1
Total current other assets	110.1	106.1
Non-current		
Contract incentive payments ⁽¹⁾	58.6	68.8
Prepayments	11.2	18.8
Other non-current assets	130.9	112.2
Total non-current other assets	200.7	199.8

(1) Contract incentives are provided to customers to secure long term sale agreements and are amortised over the period of the contractual arrangement.

Note 16. Investments Accounted for Using the Equity Method

The consolidated entity accounts for investments in associates using the equity method. The consolidated entity has the following equity accounted investments:

Name of Associate	Principal activity	Incorporated	Reporting date	Ordinary share ownership interest	
				2012 %	2011 %
AMVIG Holdings Limited	Tobacco packaging	Cayman Islands	31 December	479	479
Silgan White Cap de Venezuela S.A. ⁽¹⁾	Metal and plastic closures	Venezuela	31 December	–	370
Amcor Chengdu Co. Limited ⁽²⁾	Flexible packaging	China	31 December	–	40.0

(1) On 30 November 2011 the consolidated entity disposed of its investment in Silgan White Cap de Venezuela S.A.

(2) On 1 April 2012 the consolidated entity acquired an additional interest in Amcor Chengdu Co. Limited, as a result of this increase in ownership the consolidated entity obtained a controlling interest in this entity and therefore ceased equity accounting from this date (refer note 3(b)).

\$ million	2012	2011
Consolidated entity's carrying value of equity accounted investments	489.9	442.2
Results of equity accounted investments		
Consolidated entity share of profits before taxes	50.5	50.3
Consolidated entity share of income tax expense	(13.8)	(11.1)
Consolidated entity share of profits after tax	36.7	39.2

(a) Financial information related to equity accounted investments

The financial information below represents 100% of the investee:

Profit and Loss		
Revenues	452.0	397.4
Expenses	(360.4)	(291.2)
Profit	91.6	106.2
Financial Position		
Current assets	349.3	294.7
Non-current assets	481.7	459.3
Total assets	831.0	754.0
Current liabilities	175.6	143.5
Non-current liabilities	67.5	106.9
Total liabilities	243.1	250.4
Net assets reported by equity accounted investments	587.9	503.6
Commitments		
Share of capital commitments contracted but not provided for or payable:		
Within one year	2.8	0.5
	2.8	0.5
Share of other expenditure commitments contracted but not provided for or payable (including operating lease commitments):		
Within one year	1.2	1.0
Between one and five years	3.1	2.9
More than five years	0.4	0.9
	4.7	4.8

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continued

Note 16. Investments Accounted for Using the Equity Method *(continued)*

(b) Acquisitions and disposals

30 June 2012

Amcor Chengdu Co. Limited (Chengdu)

On 1 April 2012 the consolidated entity acquired an additional 3.0 million shares in Chengdu. At the date of this acquisition the consolidated entity obtained a controlling interest in Chengdu and therefore ceased equity accounting and commenced consolidating the financial results and position of the subsidiary.

The consolidated entity recognised a share in associate profits of Chengdu, up to the date control was obtained, of \$0.7 million, which resided in the Amcor Flexibles reporting segment. The fair value of the associate investment was assessed as \$12.1 million at the date control was obtained and as a result a gain of \$9.8 million has been recognised in 'other income' in the income statement. Goodwill of \$12.2 million has been recognised on the acquisition of the controlling interest in Chengdu.

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

During the period, the consolidated entity disposed its 37.0% interest in the equity accounted investment Silgan White Cap, a metal and plastics closures company incorporated in Venezuela, which resided in the Amcor Rigid Plastics reporting segment. The consolidated entity recognised a share in associate profits of Silgan White Cap, up to the date of disposal, of \$0.1 million. A loss of \$0.6 million on sale of the investment was recognised.

30 June 2011

AMVIG Holdings Limited (AMVIG)

In the period 22 October 2010 to 2 November 2010, Amcor acquired 18.0 million shares in AMVIG for consideration of \$15.3 million. Upon completion of these share transactions the consolidated entity's shareholding in AMVIG increased from 46.0% to 47.9%.

(c) Reporting date

The balance date for AMVIG is 31 December which is different to that of the consolidated entity due to commercial reasons and the listing requirements of this entity on the Hong Kong Stock Exchange. In determining the consolidated entity's share of profits of AMVIG for the financial year ended 30 June 2012, the consolidated entity has used the latest publicly available financial information, being the audited results for the year ended 31 December 2011 and the unaudited interim results announcement, made on 15 August 2012, for the six months to 30 June 2012.

Note 17. Property, Plant and Equipment

\$ million	Land	Land improvements	Buildings	Plant and equipment	Assets under construction	Finance leases	Total
2012							
Cost							
Opening balance	272.1	23.0	1,232.7	6,619.9	357.4	18.2	8,523.3
Additions for the period	3.4	0.2	22.9	391.6	272.2	5.9	696.2
Disposals during the period	(3.8)	(1.2)	(43.4)	(51.6)	-	(3.6)	(103.6)
Additions through business acquisitions	4.5	-	10.3	78.2	-	-	93.0
Other transfers	-	0.5	10.0	28.4	(35.1)	(3.8)	-
Effect of movements in foreign exchange rates	(7.3)	(0.3)	(34.8)	(105.5)	0.2	(1.1)	(148.8)
Closing balance	268.9	22.2	1,197.7	6,961.0	594.7	15.6	9,060.1
Accumulated depreciation and impairment							
Opening balance	(0.4)	(8.0)	(334.2)	(3,681.7)	-	(1.7)	(4,026.0)
Depreciation charge	(0.2)	(0.9)	(58.0)	(391.4)	-	(4.8)	(455.3)
Disposals during the period	0.5	0.2	23.6	64.3	-	0.2	88.8
Impairment loss	-	-	(14.5)	(69.2)	-	(0.1)	(83.8)
Reversal of impairment loss	-	-	-	1.6	-	-	1.6
Other transfers	-	-	(0.2)	-	-	0.2	-
Effect of movements in foreign exchange rates	(0.6)	0.1	14.8	68.0	-	(0.1)	82.2
Closing balance	(0.7)	(8.6)	(368.5)	(4,008.4)	-	(6.3)	(4,392.5)
Carrying value 30 June 2012	268.2	13.6	829.2	2,952.6	594.7	9.3	4,667.6
2011							
Cost							
Opening balance	287.2	25.7	1,327.9	7,086.2	175.1	20.4	8,922.5
Additions for the period	0.8	0.1	24.8	394.5	183.1	0.7	604.0
Disposals during the period	(9.2)	(2.0)	(22.3)	(289.4)	-	(1.3)	(324.2)
Additions through business acquisitions	11.2	0.6	33.9	142.0	-	3.9	191.6
Disposal of businesses and controlled entities	(3.3)	(0.1)	(28.0)	(118.0)	-	-	(149.4)
Other transfers	-	-	0.4	-	(0.4)	-	-
Effect of movements in foreign exchange rates	(14.6)	(1.3)	(104.0)	(595.4)	(0.4)	(5.5)	(721.2)
Closing balance	272.1	23.0	1,232.7	6,619.9	357.4	18.2	8,523.3
Accumulated depreciation and impairment							
Opening balance	(0.2)	(7.5)	(298.2)	(3,811.6)	-	(4.4)	(4,121.9)
Depreciation charge	(0.4)	(1.5)	(72.5)	(394.6)	-	(2.5)	(471.5)
Disposals during the period	-	0.8	8.9	250.7	-	1.3	261.7
Disposal of businesses and controlled entities	-	-	0.8	37.1	-	-	37.9
Impairment loss	-	-	(1.6)	(69.8)	-	-	(71.4)
Reversal of impairment loss	-	-	-	0.6	-	-	0.6
Effect of movements in foreign exchange rates	0.2	0.2	28.4	305.9	-	3.9	338.6
Closing balance	(0.4)	(8.0)	(334.2)	(3,681.7)	-	(1.7)	(4,026.0)
Carrying value 30 June 2011	271.7	15.0	898.5	2,938.2	357.4	16.5	4,497.3

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30 June 2012

continued

Note 17. Property, Plant and Equipment *(continued)*

(a) Non-current assets pledged as security

At 30 June 2012, property, plant and equipment with a carrying value of \$176 million (2011: \$224 million) was provided as security for certain interest-bearing borrowings. Refer to note 21 for more information on non-current assets pledged as security by the consolidated entity.

In addition, property with a carrying value of \$19.2 million has been pledged as security with regards to the consolidated entity's Brazil indirect tax obligations (2011: \$19.3 million).

(b) Non-current asset impairments

30 June 2012

During the year ended 30 June 2012, the consolidated entity recognised impairments of property, plant and equipment totalling \$83.8 million within 'general and administration' expense in the income statement. The impairments were recognised in the following segments with the recoverable amount of the assets based upon management's historical experience on the sale of similar assets with reference to current market conditions, less costs to sell, which represents fair value.

- Amcor Rigid Plastics recognised an impairment of \$53.0 million relating to the North American footprint review and Mexican restructure where specific items of property, plant and equipment were identified as impaired.
- Amcor Australasia and Packaging Distribution recorded an impairment totalling \$18.5 million relating to existing paper mill assets that were reviewed and assessed as not deployable to the new mill at Botany.
- Amcor Flexibles recognised an impairment of \$12.3 million during the year. This amount comprised \$10.7 million relating to the closure and pending closure of certain plants in Europe and \$1.6 million for specific assets, of which \$1.3 million was the result of a fire at one plant which required the rebuild of machinery.

30 June 2011

During the year ended 30 June 2011, the consolidated entity recorded impairments of property, plant and equipment totalling \$714 million within 'general and administration' expense in the income statement. The impairments were recognised in the following segments:

- Amcor Rigid Plastics recognised an impairment of \$12.6 million relating to specific items of plant and equipment that were identified through planned restructuring initiatives. The recoverable amount of these items was assessed based upon management's historical experience of the sale of similar assets and current market conditions, less costs to sell, which represents fair value.
- Amcor Australasia and Packaging Distribution recognised an impairment of \$50.0 million related to an assessment of the carrying value of the Cartons, Cartonboard and Sacks cash generating unit compared to its recoverable amount in recognition of difficult trading conditions for this CGU. The recoverable amount of the tangible assets is based upon a value in use calculation utilising management's assessment of discounted future cash flows in this cash generating unit, using a pre-tax discount rate of 10.9%.
- Amcor Flexibles recognised an impairment of \$7.3 million relating to the closure and pending closure of certain plants in Europe. An additional impairment of \$1.5 million was also recognised related to specific items of plant and equipment. The recoverable amount of these items was assessed based upon management's historical experience of the sale of similar assets and current market conditions, less costs to sell, which represents fair value.

(c) Non-current asset impairment reversals

30 June 2012

During the year ended 30 June 2012, the consolidated entity reversed impairments totalling \$1.6 million. The reversals were recognised by Amcor Flexibles within 'general and administration' expense in the income statement and were primarily as a result of assets previously impaired in the year ended 30 June 2011 being subsequently sold in the current year for value greater than their carrying value.

30 June 2011

During the year ended 30 June 2011 the Other/Investments segment reversed an impairment of \$0.6 million that had previously been recognised on plant and equipment in the Glass Tubing business. This business was subsequently sold (refer note 4) and therefore the impairment was reversed.

Note 18. Deferred Tax Assets and Liabilities

(a) Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

\$ million	2012			2011		
	Assets	Liabilities	Net	Assets	Liabilities	Net
Property, plant and equipment	16.5	(338.0)	(321.5)	–	(296.9)	(296.9)
Impairment of trade receivables	3.1	(0.5)	2.6	4.3	–	4.3
Valuation of inventories	23.3	(8.3)	15.0	39.0	(10.3)	28.7
Employee benefits	111.8	(15.8)	96.0	119.6	(16.0)	103.6
Provisions	85.2	–	85.2	57.6	–	57.6
Financial instruments at fair value	291.4	(343.0)	(51.6)	182.3	(311.1)	(128.8)
Tax losses carried forward	254.3	–	254.3	251.0	–	251.0
Accruals and other items	41.7	(190.4)	(148.7)	27.3	(158.3)	(131.0)
Tax assets/(liabilities)	827.3	(896.0)	(68.7)	681.1	(792.6)	(111.5)
Set off of tax	(683.7)	683.7	–	(548.3)	548.3	–
Net deferred tax asset/(liability)	143.6	(212.3)	(68.7)	132.8	(244.3)	(111.5)

(b) Movement in temporary differences during the year

\$ million	Net asset/ (liability) at 1 July	Recognised in income statement	Recognised in other compre- hensive income		Included in disposal group	Other ⁽¹⁾	Exchange difference	Net asset/ (liability) at 30 June
			Acquired balances					
2012								
Property, plant and equipment	(296.9)	(170)	–	(5.3)	–	–	(2.3)	(321.5)
Impairment of trade receivables	4.3	(1.8)	–	–	–	–	0.1	2.6
Valuation of inventories	28.7	(15.8)	–	0.4	–	–	1.7	15.0
Employee benefits	103.6	(36.8)	26.5	3.8	–	–	(1.1)	96.0
Provisions	57.6	26.3	–	–	–	–	1.3	85.2
Financial instruments at fair value	(128.8)	46.1	1.0	–	–	29.4	0.7	(51.6)
Tax losses carried forward	251.0	3.3	–	–	–	–	–	254.3
Accruals and other items	(131.0)	(12.4)	–	–	–	–	(5.3)	(148.7)
	(111.5)	(8.1)	27.5	(1.1)	–	29.4	(4.9)	(68.7)
2011								
Property, plant and equipment	(294.0)	(9.8)	–	(22.1)	(9.1)	–	38.1	(296.9)
Impairment of trade receivables	5.0	(0.4)	–	–	–	–	(0.3)	4.3
Valuation of inventories	41.5	(9.3)	–	–	–	–	(3.5)	28.7
Employee benefits	112.6	(1.2)	(11.6)	(0.9)	–	–	4.7	103.6
Provisions	63.3	4.8	–	0.5	–	–	(11.0)	57.6
Financial instruments at fair value	(102.7)	9.4	(43.3)	–	–	–	7.8	(128.8)
Tax losses carried forward	243.0	26.7	–	–	–	–	(18.7)	251.0
Accruals and other items	(103.7)	3.8	–	(36.3)	(1.5)	–	6.7	(131.0)
	(35.0)	24.0	(54.9)	(58.8)	(10.6)	–	23.8	(111.5)

(1) The amount in 'Other' represents the deferred tax recognised directly in equity in respect of the forward contracts that the consolidated entity has entered into for the future on-market purchase of ordinary shares of the Company, for the purpose of managing the consolidated entity's obligations under the Employee Share Plans (refer note 26).

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continued

Note 18. Deferred Tax Assets and Liabilities *(continued)*

(c) Unrecognised deferred tax assets and liabilities

(i) Unrecognised deferred tax assets

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

\$ million	2012	2011
Unused tax losses for which no deferred tax asset has been recognised	712.5	769.8
Potential tax benefits at applicable rates of tax	202.4	219.9
Deductible temporary differences not recognised	61.1	66.2
Total unrecognised deferred tax assets	263.5	286.1

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

(ii) Unrecognised deferred tax liabilities

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

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

Note 19. Intangible Assets

\$ million	Product development	Computer software	Goodwill	Customer relationships	Other intangible assets	Total
2012						
Cost						
Opening balance	8.0	247.2	1,545.1	252.3	16.9	2,069.5
Additions through internal activities	8.0	31.2	-	-	-	39.2
Additions for the period	-	16.7	-	-	1.1	17.8
Additions through business acquisitions	-	-	123.4	-	14.9	138.3
Disposals during the period	(2.1)	(26.2)	-	-	(0.8)	(29.1)
Effect of movements in foreign exchange rates	(0.7)	(0.1)	(10.7)	(3.7)	0.5	(14.7)
Closing balance	13.2	268.8	1,657.8	248.6	32.6	2,221.0
Accumulated amortisation and impairment						
Opening balance	(5.6)	(140.3)	(13.0)	(15.3)	(13.8)	(188.0)
Amortisation charge	(0.1)	(27.1)	-	(12.2)	(0.8)	(40.2)
Disposals during the period	0.1	5.5	-	-	0.5	6.1
Reversal of impairment loss	-	-	-	-	0.2	0.2
Effect of movements in foreign exchange rates	0.4	(0.6)	-	0.3	0.3	0.4
Closing balance	(5.2)	(162.5)	(13.0)	(27.2)	(13.6)	(221.5)
Carrying value 30 June 2012	8.0	106.3	1,644.8	221.4	19.0	1,999.5
2011						
Cost						
Opening balance	8.0	244.3	1,547.6	193.9	20.8	2,014.6
Additions through internal activities	2.1	11.1	-	-	-	13.2
Additions for the period	-	23.6	-	-	0.2	23.8
Additions through business acquisitions	-	0.5	233.3	81.8	0.7	316.3
Disposals during the period	(0.6)	(12.7)	-	-	(3.0)	(16.3)
Disposal of businesses and controlled entities	(0.9)	(0.6)	(8.8)	-	(1.3)	(11.6)
Effect of movements in foreign exchange rates	(0.6)	(19.0)	(227.0)	(23.4)	(0.5)	(270.5)
Closing balance	8.0	247.2	1,545.1	252.3	16.9	2,069.5
Accumulated amortisation and impairment						
Opening balance	(7.1)	(138.3)	(13.5)	(1.9)	(18.3)	(179.1)
Amortisation charge	(0.1)	(25.2)	-	(12.9)	(1.3)	(39.5)
Disposals during the period	0.6	10.4	-	-	3.0	14.0
Disposal of businesses and controlled entities	0.7	0.6	-	-	1.0	2.3
Impairment loss	-	-	-	-	(0.3)	(0.3)
Effect of movements in foreign exchange rates	0.3	12.2	0.5	(0.5)	2.1	14.6
Closing balance	(5.6)	(140.3)	(13.0)	(15.3)	(13.8)	(188.0)
Carrying value 30 June 2011	2.4	106.9	1,532.1	237.0	3.1	1,881.5

As at 30 June 2012 the consolidated entity does not hold any indefinite life intangible assets, other than goodwill.

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continued

Note 19. Intangible Assets (continued)

(a) Intangible asset impairments and impairment reversals

30 June 2012

During the year ended 30 June 2012, the consolidated entity recognised no impairment charges against the carrying value of intangible assets. However, a \$0.2 million impairment reversal for intellectual property was recognised by Amcor Flexibles within 'general and administration' expense in the income statement.

30 June 2011

During the year ended 30 June 2011, the consolidated entity recorded an impairment totalling \$0.3 million within 'general and administration' expense in the income statement. The impairment was recognised in Amcor Flexibles and was the result of current intellectual property becoming obsolete on the development of a new closure system.

(b) Impairment tests for goodwill

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

The goodwill amounts allocated below are tested annually or semi-annually if there are indicators of impairment, by comparison with the recoverable amount of each CGU or group of CGU's assets. Recoverable amounts for CGUs are measured at the higher of fair value less costs to sell and value in use. Value in use is calculated from cash flow projections for five years using data from the consolidated entity's latest internal forecasts. The key assumptions for the value in use calculations are those regarding discount rates, growth rates and expected changes in margins.

The forecasts used in the value in use calculations are management estimates in determining income, expenses, capital expenditure and cash flows for each asset and CGU. Changes in selling prices and direct costs are based on past experience and management's expectation of future changes in the markets in which the consolidated entity operates. Cash flows beyond the five year period are extrapolated using estimated growth rates.

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

	Goodwill Allocation		Pre-Tax Discount Rate		Growth Rate	
	2012 \$ million	2011 \$ million	2012 %	2011 %	2012 %	2011 %
CGU						
Rigid Plastics						
Rigid Plastics	668.9	626.7	9.7	9.5	3.0	3.0
Australasia and Packaging Distribution						
Australasia	63.4	62.9	9.6	10.9	–	–
Packaging Distribution	104.6	92.3	8.7	8.6	3.0	–
Flexibles						
Flexibles Europe and Americas	440.7	478.8	7.6	8.1	0.5	0.5
Tobacco Packaging	212.1	231.3	7.6	8.1	–	–
Flexibles Asia Pacific	155.1	40.1	10.4	16.0	3.0	3.0
	1,644.8	1,532.1				

The discount rate used in performing the value in use calculations reflects the consolidated entity's weighted average cost of capital, as adjusted for specific risks relating to each geographical region in which the CGUs operate. The pre-tax discount rates are disclosed above.

The growth rate represents the average rate applied to extrapolate CGU cash flows beyond the five year forecast period. These growth rates are determined with regard to the long term performance of each CGU in their respective market and are not expected to exceed the long term average growth rates in the applicable market.

Note 20. Trade and Other Payables

\$ million	2012	2011
Current		
Trade creditors	1,949.6	1,846.4
Deferred grant income	0.6	0.6
Other creditors and accruals	794.5	713.0
Total current trade and other payables	2,744.7	2,560.0
Non-current		
Other creditors	-	0.1
Deferred grant income	4.7	4.6
Other unsecured creditors	14.4	11.2
Total non-current trade and other payables	19.1	15.9

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30 June 2012

continued

Note 21. Interest-Bearing Liabilities

\$ million	Footnote	2012	2011
Current			
Secured borrowings:			
Bank loans		2.4	3.3
Other loans		0.3	0.2
Lease liabilities (refer note 33)		2.4	1.5
	(1)	5.1	5.0
Unsecured borrowings:			
Bank overdrafts		35.5	271
Bank loans	(2)	424.3	841
Commercial paper	(3)	271.4	228.6
US dollar notes	(4)	179.3	–
Other loans		2.4	11.4
		912.9	351.2
Total current interest-bearing liabilities		918.0	356.2
Non-current			
Secured borrowings:			
Bank loans		–	0.9
Other loans		1.3	2.2
Lease liabilities (refer note 33)		9.7	12.9
	(1)	11.0	16.0
Unsecured borrowings:			
Bank loans	(2)	846.4	884.5
US dollar notes	(4)	1,121.2	1,222.8
Euro notes	(4)	186.6	202.8
Eurobond	(5)	675.8	736.1
Swiss bond	(6)	153.4	–
Other loans		1.3	1.4
		2,984.7	3,047.6
Total non-current interest-bearing liabilities		2,995.7	3,063.6
Reconciliation of consolidated net debt			
Current		918.0	356.2
Non-current		2,995.7	3,063.6
Total interest-bearing liabilities		3,913.7	3,419.8
Cash and cash equivalents (refer note 11)		(357.6)	(224.4)
Net debt		3,556.1	3,195.4

Details of the interest rate risk, foreign currency risk, committed and uncommitted facilities and fair value of interest-bearing liabilities for the consolidated entity are set out in note 28.

- (1) Property, plant and equipment is provided as security over certain borrowings including lease liabilities, which are effectively secured as the rights to the leased assets revert to the lessor in the event of default. The total value of property, plant and equipment secured is \$176 million (2011: \$22.4 million) which also represents the carrying value of the secured assets.
- (2) Bank loans principally include the following borrowings:
- An amount of \$198.3 million (2011: \$172.4 million) drawn under a committed US\$740.0 million (2011: US\$740.0 million) syndicated multi-currency facility supporting the uncommitted commercial paper programs (refer footnote 3) maturing in December 2012. Drawings are in various currencies and bear interest at the applicable BBSY or LIBOR rate plus a credit margin.
 - An amount of \$493.5 million (2011: \$420.9 million) drawn under a US\$740.0 million (2011: US\$740.0 million) committed global syndicated multi-currency facility maturing December 2013.
 - An amount of \$250.0 million (2011: \$125.0 million) drawn under a US\$370.0 million (2011: US\$370.0 million) committed global syndicated multi-currency facility maturing December 2014.
 - An amount of \$894 million (2011: nil) drawn under a \$2000 million (2011: \$275.0 million) committed multi-currency facility maturing in June 2014 which is in various currencies and bear interest at the applicable BBSY, HIBOR or LIBOR rate plus an applicable credit margin.
 - An amount of \$206.8 million (2011: \$159.8 million) drawn under a US\$225.0 million (2011: US\$225.0 million) committed multi-currency facility maturing in April 2013 which is in various currencies and bears interest at the applicable LIBOR, EURIBOR or HIBOR rate plus an applicable credit margin.
- (3) Borrowings in commercial paper markets include the following:
- AUD Uncommitted Promissory Note facility of \$600.0 million (2011: \$600.0 million) of which \$176.8 million is outstanding at 30 June 2012 (2011: \$139.6 million). This facility continues indefinitely until it is terminated by giving written notice to the dealer panel members; and
 - US Uncommitted Commercial Paper Program of US\$400.0 million (2011: US\$400.0 million) of which \$94.6 million (US\$95.0 million) is outstanding at 30 June 2012 (2011: \$89.0 million; US\$95.0 million).
- Usage of these facilities reduces the available facilities under the syndicated multi-currency facility discussed in footnote 2.
- (4) The following senior unsecured notes were issued in the United States Private Placement Market where interest on the notes is payable semi-annually at a fixed rate:
- US\$460.0 million notes issued in 2002 with final bullet maturities between 2012 and 2017;
 - US\$850.0 million notes issued in 2009 with final bullet maturities between 2016 and 2021; and
 - €150.0 million notes issued in 2010 with final bullet maturities between 2015 to 2020.
- (5) This amount represents unsecured notes issued in the Eurobond market of €550.0 million (2011: €550.0 million) maturing in April 2019 and paying an annual coupon of 4.625%.
- (6) This amount represents unsecured notes issued in the Swiss Bond market of CHF150.0 million (2011: nil) maturing in April 2018 and paying an annual coupon of 2.125%.

Note 22. Other Financial Liabilities

\$ million	2012	2011
Current		
Forward contracts to purchase own equity to meet share plan obligations ⁽¹⁾	107.8	–
Derivative financial instruments – fair value through profit and loss:		
Forward exchange contracts	30.1	13.3
Commodity contracts	4.4	–
	142.3	13.3
Derivative financial instruments – cash flow hedges:		
Forward exchange contracts	0.6	9.4
Commodity contracts	0.5	0.1
	1.1	9.5
Total current other financial liabilities	143.4	22.8
Non-current		
Forward contracts to purchase own equity to meet share plan obligations ⁽¹⁾	13.1	–
Derivative financial instruments – cash flow hedges:		
Forward exchange contracts	0.1	0.1
Total non-current other financial liabilities	13.2	0.1

- (1) During the period the consolidated entity entered into forward contracts for the on-market purchase of ordinary shares of the Company, for the purpose of managing the consolidated entity's obligations under the Employee Share Plans (refer note 29). The financial liability is measured at the present value of the expenditure required to settle the contract with a corresponding reduction, net of any related income tax effects, recognised in equity (refer note 25 and 26). Refer note 28(a)(iv) for details for the forward purchase contracts.

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Note 23. Provisions

\$ million	Employee entitlements	Insurance and other claims	Onerous contracts	Asset restoration	Restructuring	Other	Total
Balance at 1 July 2011	145.0	159.8	21.1	83.3	123.2	3.7	536.1
Provisions made during the period	51.5	19.9	1.2	9.1	147.3	14	230.4
Payments made during the period	(53.4)	(39.5)	(9.0)	(14)	(156.7)	(1.0)	(261.0)
Released during the period	(1.2)	(7.7)	-	(8.4)	(1.3)	(1.0)	(19.6)
Transfer to other creditors and accruals	-	(18.4)	-	-	-	-	(18.4)
Additions through business acquisitions	11.9	-	-	-	4.5	0.1	16.5
Unwinding of discount	-	-	0.6	14	0.7	-	2.7
Effect of movement in foreign exchange rate	0.6	(17.6)	(0.2)	(0.9)	(3.9)	(0.1)	(22.1)
Balance at 30 June 2012	154.4	96.5	13.7	83.1	113.8	3.1	464.6
Current	126.4	42.3	11.5	6.0	108.5	2.3	297.0
Non-current	28.0	54.2	2.2	77.1	5.3	0.8	167.6
Balance at 1 July 2010	132.7	166.5	24.6	78.9	80.0	0.2	482.9
Provisions made during the period	56.9	75.6	5.2	1.9	158.4	2.7	300.7
Payments made during the period	(42.1)	(62.3)	(8.4)	(3.4)	(110.3)	(0.2)	(226.7)
Released during the period	(2.8)	(10.3)	-	(3.2)	(0.3)	-	(16.6)
Disposal of businesses and controlled entities	-	(1.6)	(0.6)	-	-	-	(2.2)
Additions through business acquisitions	5.8	1.1	3.3	15.5	-	1.1	26.8
Unwinding of discount	-	-	0.2	2.6	-	-	2.8
Effect of movement in foreign exchange rate	(5.5)	(9.2)	(3.2)	(9.0)	(4.6)	(0.1)	(31.6)
Balance at 30 June 2011	145.0	159.8	21.1	83.3	123.2	3.7	536.1
Current	118.2	86.8	16.6	5.5	93.9	3.5	324.5
Non-current	26.8	73.0	4.5	77.8	29.3	0.2	211.6

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 2012, 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 to make-good.

Where lease agreements include requirements to return the property to its original condition, the consolidated entity has made a provision based on an estimate of these costs.

At a number of sites, there are areas of contamination caused by past practice, many of which relate to operations prior to Amcor's ownership. The provision includes costs associated with the clean-up of sites it owns, or contamination that it caused, to enable on-going use of the land as an industrial property.

In addition, the consolidated entity recognises the environmental risks associated with underground storage tanks. The provision includes costs associated with the decommissioning, removal or repair of any tanks which may fail integrity tests.

Restructuring provisions

The following tables provide a segmental analysis of the restructuring provision at the end of the reporting period:

\$ million	Australasia and				Total
	Amcor Rigid Plastics	Packaging Distribution	Amcor Flexibles	Other	
Balance at 1 July 2011	44	38.2	66.4	14.2	123.2
Provisions made during the period	48.5	37.6	60.0	1.2	147.3
Payments made during the period	(33.7)	(45.5)	(68.6)	(8.9)	(156.7)
Released during the period	-	(0.2)	(0.4)	(0.7)	(1.3)
Additions through business acquisitions	-	-	4.5	-	4.5
Unwinding of discount	-	-	0.7	-	0.7
Effect of movement in foreign exchange rate	0.6	-	(4.8)	0.3	(3.9)
Balance at 30 June 2012	19.8	30.1	57.8	6.1	113.8
Current	19.8	30.1	52.5	6.1	108.5
Non-current	-	-	5.3	-	5.3
Balance at 1 July 2010	2.3	21.4	40.2	16.1	80.0
Provisions made during the period	4.8	18.2	118.5	16.9	158.4
Payments made during the period	(2.1)	(1.4)	(88.0)	(18.8)	(110.3)
Released during the period	-	-	(0.3)	-	(0.3)
Effect of movement in foreign exchange rate	(0.6)	-	(4.0)	-	(4.6)
Balance at 30 June 2011	4.4	38.2	66.4	14.2	123.2
Current	4.4	17.6	57.7	14.2	93.9
Non-current	-	20.6	8.7	-	29.3

During the period Amcor Rigid Plastics continued to recognise and utilise restructuring provisions relating to activities associated with the streamlining and reorganisation of operations in North America. The restructuring costs incurred in the current year are in relation to the closure of the Delran and Lenexa manufacturing plants in North America, the Cayey plant in Puerto Rico and the closure of a number of plants across Mexico.

The Australasia and Packaging Distribution restructuring provision primarily relates to costs associated with the new recycled paper mill in Botany, New South Wales and employee costs associated with the closure of the existing mills at Botany and Fairfield, Victoria.

The Amcor Flexibles restructuring provision includes costs associated with the realisation of expected synergies from the Alcan acquisition. The restructuring costs incurred in the current year are in relation to the streamlining and rationalisation of the European operations which included the closure of certain manufacturing plants.

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Note 24. Retirement Benefit Assets and Obligations

\$ million	2012	2011
Retirement benefit asset pension plans	(64.1)	(64.2)
Retirement benefit assets	(64.1)	(64.2)
Defined benefit obligation pension plans	317.8	255.1
Defined benefit obligation post-retirement plans	31.1	34.6
Retirement benefit obligations	348.9	289.7
Net liability in the statement of financial position	284.8	225.5

(a) Description of plans

The consolidated entity participates in a number of pension plans which have been established to provide benefits for employees and their dependants. The plans include company sponsored plans, industry/union plans and government plans.

Company sponsored plans

Company sponsored plans include both defined contribution and defined benefit plans. The principal benefits of these plans are pensions or lump sums for members on resignation, retirement, death or total permanent disablement. These benefits are determined on either a defined benefit or accumulation benefit basis.

Employee contribution rates are either determined by the rules of the plan or selected by members from a specified range of rates. In addition to legislative requirements, employer companies contribute to defined benefit funds as described below or, in the case of defined contribution funds, the amounts set out in the appropriate plan rules.

Industry/union plans

Employer companies participate in industry and union plans on behalf of certain employees. These plans operate on an accumulation basis and provide lump sum benefits for members on resignation, retirement or death. The employer entity has a legally enforceable obligation to contribute at varying rates to these plans.

Government plans

Employer companies participate in government plans, on behalf of certain employees, which provide pension benefits. There exists a legally enforceable obligation on employer companies to contribute as required by legislation.

Defined benefit plans

Globally the consolidated entity maintains numerous defined benefit pension arrangements. On a vested benefit basis, certain plans are in actuarial surplus, while the remainder are in a position of actuarial deficiency. Surpluses and deficiencies depend on many diverse factors and can vary significantly over time having regard, for example, to movements in the investment markets, future salary increases and changes in employment patterns. This note sets out the consolidated entity's position and funding policy in relation to its defined benefit arrangements.

The consolidated entity has no legal obligation to settle any unfunded defined benefit obligation with an immediate contribution or additional one-off contributions. The objective of funding is to ensure that the benefit entitlements of members and other beneficiaries are fully funded by the time they become payable.

The consolidated entity's current intention is to make annual contributions to defined benefit funds at a rate determined from time to time, following discussions with the funds' actuaries or other competent authorities and advisors. The consolidated entity expects that the contribution rates will be determined after taking into account sound actuarial principles and would be designed to enable all consolidated entity defined benefit funds to meet retirement expectations and relevant regulatory requirements. The consolidated entity's current intention is based on these assumptions. The consolidated entity reserves the right to increase, reduce or suspend its contributions to the funds as it sees fit.

The following tables set out financial information in relation to both defined benefit pension plans and defined benefit post-retirement plans.

(b) Amounts recognised in the statement of financial position

\$ million	2012	2011
Present value of the unfunded defined benefit obligation	90.2	96.0
Present value of the funded defined benefit obligation	1,419.2	1,360.9
Liabilities for defined benefit obligations	1,509.4	1,456.9
Fair value of defined benefit plan assets	(1,221.4)	(1,227.5)
	288.0	229.4
Unrecognised past service cost	(3.2)	(3.9)
Net liability in the statement of financial position	284.8	225.5

(c) Movement in the liability for defined benefit obligations

\$ million	2012	2011
Defined benefit obligation at 1 July	1,456.9	1,589.2
Current service cost	32.6	38.5
Interest cost on benefit obligation	63.0	65.7
Actuarial (gain)/loss recognised directly in other comprehensive income	103.2	(13.1)
Actuarial (gain)/loss recognised directly in profit or loss	(0.5)	(0.7)
Acquired in business combinations	-	3.7
Disposal of businesses and controlled entities	-	(3.1)
Contributions by plan participants	9.0	9.6
Benefits paid by the plan	(70.0)	(71.6)
Past service cost	(0.7)	3.9
Gains on curtailment	(26.7)	(64.1)
Gains on settlement	(14.2)	(3.5)
Expenses, taxes, premiums paid	(4.3)	(7.2)
Exchange differences on foreign plans	(38.9)	(90.4)
Defined benefit obligations at 30 June	1,509.4	1,456.9

(d) Movement in plan assets

\$ million	2012	2011
Fair value of plan assets at 1 July	1,227.5	1,249.9
Contributions by employer	55.8	62.4
Contributions by plan participants	9.0	9.6
Benefits paid by the plan	(70.0)	(71.6)
Disposal of businesses and controlled entities	-	(1.0)
Expenses, taxes, premiums paid	(4.3)	(7.2)
Losses on settlement	(12.9)	(2.5)
Expected return on assets	69.0	67.9
Actuarial (loss)/gain recognised directly in other comprehensive income	(29.7)	(4.9)
Transfer from external fund	(0.1)	(0.5)
Exchange differences on foreign plans	(22.9)	(74.6)
Fair value of plan assets at 30 June⁽¹⁾	1,221.4	1,227.5

(1) Included in the fair value closing balance of plan assets is an indemnification asset of \$83.8 million (2011: \$95.0 million) which was recognised through the Alcan Packaging acquisition.

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Note 24. Retirement Benefit Assets and Obligations (continued)

(e) Proportion of the fair value of total plan assets

%	2012	2011
Equity securities	36.9	38.7
Real estate	4.0	5.0
Debt securities	45.3	39.5
Other assets ⁽¹⁾	13.8	16.8
	100.0	100.0

(1) Other assets include investments held in emerging market debt, currency, cash and other alternative investments.

The defined benefit plan assets of the consolidated entity may include Amcor Limited securities at various times throughout the year. At 30 June 2012, the plans did not hold any Amcor Limited securities (2011: nil).

(f) Amounts recognised in the income statement

\$ million	2012	2011
Current service cost	32.6	38.5
Interest cost on benefit obligation	63.0	65.7
Expected return on plan assets	(69.0)	(67.9)
Past service cost	(0.7)	0.4
Gains on curtailments/settlements	(28.0)	(64.1)
Impact of asset ceiling recognised directly in the income statement	-	(1.0)
Actuarial (gain)/loss recognised directly in profit or loss	(0.5)	(0.7)
(Profit)/loss	(2.6)	(29.1)
Actual return on plan assets	39.3	63.0

(g) Actuarial gains and losses recognised in other comprehensive income

\$ million	2012	2011
Cumulative amount at 1 July	(202.9)	(212.2)
Recognised in equity during the period:		
Movement in plan liabilities	(103.2)	13.1
Movement in plan assets	(29.7)	(4.9)
Impact of asset ceiling recognised directly in other comprehensive income	-	1.1
	(132.9)	9.3
Cumulative amount at 30 June	(335.8)	(202.9)

(h) 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:

%	2012	2011
Discount rate	3.7	4.1
Expected return on plan assets	5.2	5.8
Future salary increases	2.6	2.8
Medical cost trend rates	4.5	4.5

Expected return on asset assumption

The expected rate of return on assets assumption is determined by weighting the expected long term return for each asset class by the benchmark allocation of assets to each class for each defined benefit plan. The returns used for each class are net of tax and investment fees.

Investment strategy

The investment strategies for the consolidated entity's defined benefit plans are varied, with the plans seeking to achieve moderate to high returns within a given risk profile. Investment target strategies for the material defined benefit plans include:

- high returns in the long term, while tolerating a reasonably high degree of volatility of returns over the short period;
- a balance of equity, debt securities and fixed income securities, which would be expected to produce a moderately high return over the long term, with only a moderate degree of variability of returns over short periods;
- where investments are made in equity securities, ensuring there is an appropriate mix of domestic and international securities;
- to achieve returns greater than a pre-determined percentage above the prevailing inflation rate; and
- to ensure all legal obligations are met.

Effects of changes in assumed medical cost trend rates

A 1.0% decrease in medical cost trend rates would be expected to reduce service and interest cost components and the value of the defined benefit obligation by \$nil and \$0.2 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.

(i) 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 2013 are expected to total \$34.5 million.

(j) Historical summary

\$ million	2012	2011	2010	2009	2008
Present value of the defined benefit obligation	1,506.2	1,453.0	1,588.7	846.1	894.2
Fair value of plan assets	(1,221.4)	(1,227.5)	(1,247.3)	(670.7)	(728.4)
Deficit in the plans	284.8	225.5	341.4	175.4	165.8
Experience adjustments arising on plan liabilities	3.0	(4.6)	(1.4)	18.8	22.2
Experience adjustments arising on plan assets	(29.7)	(4.9)	33.4	(127.7)	(105.3)

(k) 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	2012	2011
Cost of sales	6.4	6.0
Other income ⁽¹⁾	(28.0)	(64.1)
Sales and marketing expenses	1.0	2.3
General and administration expenses	23.5	28.3
Research and development costs	0.5	0.6
Net financing benefit	(6.0)	(2.2)
(Profit)/loss	(2.6)	(29.1)

(1) Curtailment gains of \$26.7 million, net of costs, are included in 'other income', refer note 5 (2011: \$23.3 million). In the prior period a curtailment gain of \$40.8 million was recognised as a significant item (refer note 7).

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Note 25. Contributed Equity

\$ million	Note	2012	2011
Issued and paid-up:			
1,206,684,923 ordinary shares with no par value (2011: 1,227,469,819) ⁽¹⁾	25(a)	3,802.1	4,070.4
479,000 partly-paid ordinary shares with no par value (2011: 584,000) ⁽²⁾	25(b)	-	-
		3,802.1	4,070.4
Treasury shares:			
2,500,000 ordinary shares with no par value (2011: nil) ⁽³⁾	25(c)	(177)	-
Total contributed equity		3,784.4	4,070.4

(1) Fully paid ordinary shares carry one vote per share and carry the right to dividends.

(2) The partly-paid ordinary shares comprise 415,000 (2011: 480,000) shares paid to five cents and 64,000 (2011: 104,000) shares paid to one cent under Employee Share/Option Plans. The aggregate uncalled capital of \$3.4 million (2011: \$4.1 million) will be brought to account when these shares are fully paid.

(3) Treasury shares are shares in the Company that are held by the Amcor Employee Share Trust for the purpose of issuing shares to employees under the consolidated entity's Employee Share Plans (refer note 29).

(a) Reconciliation of fully paid ordinary shares

	2012		2011	
	No. '000	\$ million	No. '000	\$ million
Balance at beginning of period	1,227,470	4,070.4	1,221,647	4,029.8
Calls on partly-paid shares	105	0.7	30	0.2
Issue of shares under the Employee Share Purchase Plan (note 29(a)(ii))	95	3.2	204	0.7
Issue of shares under the Medium Term Incentive Plan	-	-	155	-
Loan repayments under the Employee Share Option Plan (note 29(b))	-	2.9	-	1.6
Exercise of options under the Long Term Incentive Plan (note 29(b)(ii) & (iii))	3,702	28.5	3,059	22.4
Exercise of performance rights under the Long Term Incentive Plan (note 29(c)(vii) & (viii))	1,277	6.2	534	2.6
Exercise of performance rights under the Equity Management Incentive Plan (note 29(c)(v))	1,871	9.5	1,840	12.0
Exercise of options under the Employee Share Option Plan (note 29(b)(i))	594	4.0	1,760	12.9
Forward contract to purchase own equity to meet share plan obligations	-	(120.0)	-	-
Shares purchased on-market to satisfy exercise of options and rights under Employee Share Plans	(7,298)	(53.3)	(1,759)	(11.8)
Share buy-back	(21,131)	(150.0)	-	-
Balance at end of period	1,206,685	3,802.1	1,227,470	4,070.4

(b) Reconciliation of partly-paid ordinary shares

	2012		2011	
	No. '000	\$ million	No. '000	\$ million
Balance at beginning of period	584	-	614	-
Converted to fully paid ordinary shares	(105)	-	(30)	-
Balance at end of period	479	-	584	-

(c) Reconciliation of treasury shares

	2012		2011	
	No. '000	\$ million	No. '000	\$ million
Balance at beginning of period	-	-	-	-
Acquisition of shares by the Amcor Employee Share Trust	2,500	177	-	-
Balance at end of period	2,500	177	-	-

Note 26. Reserves and Retained Earnings

(a) Reserves

\$ million	Available- for-sale revaluation reserve	Cash flow hedge reserve	Share-based payments reserve	Exchange fluctuation reserve	Total reserves
Balance at 1 July 2011	(1.2)	(11.0)	75.7	(1,078.7)	(1,015.2)
<i>Other comprehensive income/(loss):</i>					
Reclassification to profit or loss	-	3.2	-	-	3.2
Effective portion of changes in fair value	-	3.6	-	-	3.6
Currency translation differences	-	-	-	(28.7)	(28.7)
Deferred tax	-	(0.7)	-	1.7	1.0
Total other comprehensive income/(loss)	-	6.1	-	(27.0)	(20.9)
<i>Transactions with owners in their capacity as owners:</i>					
Settlement of performance rights	-	-	(23.5)	-	(23.5)
Tax effect on forward contract to purchase own equity to meet share plan obligations	-	-	294	-	294
Share-based payments expense	-	-	36.2	-	36.2
Balance at 30 June 2012	(1.2)	(4.9)	117.8	(1,105.7)	(994.0)
Balance at 1 July 2010	(1.2)	(16.0)	55.6	(695.5)	(657.1)
<i>Other comprehensive income/(loss):</i>					
Reclassification to profit or loss	-	(4.7)	-	(2.2)	(6.9)
Effective portion of changes in fair value	-	9.6	-	-	9.6
Currency translation differences	-	-	-	(337.6)	(337.6)
Deferred tax	-	0.1	-	(43.4)	(43.3)
Total other comprehensive income/(loss)	-	5.0	-	(383.2)	(378.2)
<i>Transactions with owners in their capacity as owners:</i>					
Settlement of performance rights	-	-	(20.4)	-	(20.4)
Share-based payments expense	-	-	40.5	-	40.5
Balance at 30 June 2011	(1.2)	(11.0)	75.7	(1,078.7)	(1,015.2)

(b) Retained Earnings

\$ million	2012	2011
Retained earnings at the beginning of the period	633.2	695.2
Net profit attributable to members of the owners of Amcor Limited	412.6	356.7
Non-controlling interest buy-out	(0.3)	0.3
Actuarial losses on defined benefit plans, net of tax	(106.4)	(2.3)
	939.1	1,049.9
Ordinary dividends:		
– Interim paid	(217.3)	(208.7)
– Final paid	(221.1)	(208.0)
	(438.4)	(416.7)
Retained earnings at the end of the period	500.7	633.2

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Note 27. Dividends

Dividends recognised in the current period by the consolidated entity are:

	Cents per share	Total amount \$ million	Date of payment
2012			
2012 Interim dividend per fully paid share	18.0	217.3	29 March 2012
2011 Final dividend per fully paid share	18.0	221.1	28 September 2011
		438.4	
2011			
2011 Interim dividend per fully paid share	170	208.7	31 March 2011
2010 Final dividend per fully paid share	170	208.0	1 October 2010
		416.7	

In addition to the above dividends, since the end of the financial year, the Directors have declared the following final dividend. The financial effect of this dividend has not been brought to account in the consolidated financial statements for the year ended 30 June 2012 and will be recognised in subsequent consolidated financial statements.

	Cents per share	Total amount \$ million	Date of payment
2012			
2012 Final dividend per fully paid share ⁽¹⁾	19.0	229.3	25 September 2012
2011			
2011 Final dividend per fully paid share ⁽¹⁾	18.0	220.9	28 September 2011

(1) Estimated final dividend payable, subject to variations in number of shares up to record date.

Franking Account

There are insufficient franking credits available for distribution from the franking account. Accordingly, the final dividend for 2012 is unfranked.

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 25 September 2012, 100% of the dividend to non-residents is sourced from the parent entity's Conduit Foreign Income Account (2011: 100%). As a result, 100% of the dividend paid to a non-resident will not be subject to Australian withholding tax.

Note 28. Financial Risk Management

The consolidated entity's activities expose it to a variety of financial risks: market risk (including foreign currency risk, interest rate risk, commodity price risk and employee share plan risk), liquidity risk, counterparty credit risk and capital risk management.

Financial risk management is carried out by Amcor Group Treasury under policies approved by the Board which set out the principles and procedures with respect to risk tolerance, delegated authority levels, internal controls, management of foreign currency, interest rate and counterparty credit exposures and the reporting of exposures. The Board has determined written policies for overall risk management, as well as written policies covering specific areas such as mitigating foreign exchange risk, interest rate risk, credit risk and use of derivative financial instruments. The Group Treasury policies, including risk threshold benchmarks, are reviewed at least annually and approved by the Board.

The overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the consolidated entity's financial performance. Appropriate commercial terms are negotiated or derivative financial instruments are used, such as foreign exchange contracts and interest rate swaps, to hedge these risk exposures. Amcor Group Treasury identifies, evaluates and hedges financial risks in conjunction with the finance departments of the consolidated entity's business groups. Derivatives

are exclusively used for hedging purposes – i.e. not as trading or other speculative instruments. Derivatives are designated as hedges under AASB 139 *Financial Instruments: Recognition and Measurement*, refer note 1(j).

The consolidated entity holds the following financial instruments:

\$ million	2012	2011
Financial assets		
<i>Loans and receivables:</i>		
Cash and cash equivalents	357.6	224.4
Trade receivables	1,430.0	1,392.7
Loans and other receivables	188.9	386.2
<i>Available-for-sale financial assets:</i>		
Investments in companies listed on stock exchanges at fair value	4.8	4.6
Investments in companies not listed on stock exchanges at cost	1.0	1.1
Derivative financial instruments	12.6	6.8
Other financial assets	0.6	0.9
	1,995.5	2,016.7
Financial liabilities		
<i>Financial liabilities measured at amortised cost:</i>		
Trade and other payables	2,763.8	2,575.9
Interest-bearing liabilities	3,913.7	3,419.8
Forward contracts to purchase own equity to meet share plan obligations	120.9	–
Derivative financial instruments	35.7	22.9
	6,834.1	6,018.6

(a) Market risk

(i) Foreign currency risk

The consolidated entity operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the United States (US) dollar, Euro, British Pound, Swiss Franc and New Zealand (NZ) dollar. Foreign currency exposures arise from:

- future commercial transactions;
- recognised assets and liabilities denominated in a currency that is not the functional currency of the individual entities within the consolidated entity; and
- net investments in foreign operations.

Foreign currency transaction risk

To manage the foreign currency exchange risk arising from commercial transactions, management has a policy to use forward exchange contracts to hedge forecast or actual foreign currency exposures greater than A\$500,000, where the exposure is measured at forecast or actual transactional cash flows in currencies other than the functional currency of the business. This limit applies to both an individual transaction and to a number of individual exposures relating to the one transaction that totals more than A\$500,000. Local management may elect to hedge exposures of less than A\$500,000. All capital expenditure exposures greater than A\$100,000, whether forecast or committed, are hedged or must have a hedging strategy in place. In the presence of contractual certainty of a foreign currency transaction greater than the threshold, 100% of the foreign currency exposure is hedged.

Where there is contractual uncertainty, the proportion of a forecasted foreign currency exposure hedged is dependent upon the timeframe of the forecasted transaction. Forecast hedge proportions are as follows:

- Up to six months 75%
- Seven to 12 months 50%
- One to two years 25%
- Over two years Nil

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30 June 2012

continued

Note 28. Financial Risk Management (continued)

(a) Market risk (continued)

(i) Foreign currency risk (continued)

Foreign currency transaction risk (continued)

Forecast exposure greater than two years from the forecast date must not be hedged unless specifically approved by the Executive Vice President Finance and Chief Financial Officer.

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

	Weighted average rate		Contract amounts	
	2012	2011	2012 \$ million	2011 \$ million
Buy USD Sell AUD 0-12 months	1.00	1.04	136.8	207.0
Buy USD Sell AUD 1-2 years	0.97	1.00	9.3	0.2
Sell USD Buy AUD 0-12 months	-	1.06	-	(8.2)
Net USD position – Buy USD			146.1	199.0
Buy USD Sell EUR 0-12 months	1.26	1.34	177.3	24.9
Buy USD Sell EUR 1-2 years	-	1.27	-	0.7
Sell USD Buy EUR 0-12 months	1.31	1.43	(414.1)	(63.9)
Sell USD Buy EUR 1-2 years	1.34	1.31	(6.5)	(0.1)
Net USD position – Sell USD			(243.3)	(38.4)
Buy EUR Sell AUD 0-12 months	0.79	0.71	290.3	286.9
Sell EUR Buy AUD 1-12 months	0.80	0.75	(0.6)	(117.7)
Net EUR position – Buy EUR			289.7	169.2
Buy EUR Sell GBP 0-12 months	1.20	1.14	22.9	12.6
Sell EUR Buy GBP 0-12 months	1.21	1.13	(193.1)	(219.6)
Net EUR position – Sell EUR			(170.2)	(207.0)
Buy CHF Sell EUR 0-12 months	1.20	1.26	105.4	53.5
Sell CHF Buy EUR 0-12 months	1.20	1.37	(0.1)	(3.3)
Net CHF position – Buy CHF			105.3	50.2
Buy NZD Sell AUD 0-12 months	1.27	1.30	2.8	2.7
Sell NZD Buy AUD 0-12 months	1.28	1.28	(1.3)	(17.5)
Net NZD position – Buy/(Sell) NZD			1.5	(14.8)
Buy CAD Sell USD 0-12 months	1.02	0.99	30.1	27.3
Buy CAD Sell USD 1-2 years	1.03	0.99	0.8	2.9
Sell CAD Buy USD 0-12 months	-	0.96	-	(0.9)
Net CAD position – Buy CAD			30.9	29.3

During the 12 months to 30 June 2012 the consolidated entity transferred a \$3.2 million loss (2011: \$4.7 million gain) from equity to operating profit while no amount was added to the measurement of non-financial assets (2011: nil). The amounts that were transferred to operating profit have been included in the following income statement lines:

\$ million	2012	2011
Cost of sales	(1.1)	9.1
Financial expenses	(2.1)	(4.4)
(Profit)/loss	(3.2)	4.7

Foreign currency translation risk

The consolidated entity has certain investments in foreign operations whose net assets are exposed to foreign currency translation risk. Currency exposure arising from the net assets of the consolidated entity's foreign operations is managed primarily through borrowings denominated in the relevant foreign currency. Refer to note 1(j) for further comments regarding the accounting treatment of effective and ineffective portions of hedges of net investments in foreign operations, and treatment of disposals of foreign operations.

The following table details the denomination of the net assets and net debt (Australian dollar equivalents) at the end of the financial period:

\$ million	USD	Euro	GBP	CHF	NZD	Other	Total
2012							
Designated hedges	755.7	1,159.2	170.0	156.9	894	224	2,353.6
Natural hedges	806.9	127.9	(179)	(51.2)	(2.1)	338.7	1,202.3
Net debt	1,562.6	1,287.1	152.1	105.7	87.3	361.1	3,555.9
Net assets, excluding net debt	1,694.3	1,433.3	206.1	134.1	296.9	3,170.8	6,935.5
Net assets	131.7	146.2	54.0	28.4	209.6	2,809.7	3,379.6
2011							
Designated hedges	547.2	983.5	92.5	153.8	–	21.0	1,798.0
Natural hedges	766.6	100.9	(18.6)	(34.5)	19.7	563.3	1,397.4
Net debt	1,313.8	1,084.4	73.9	119.3	19.7	584.3	3,195.4
Net assets, excluding net debt	1,766.0	1,709.9	199.5	159.9	192.7	2,916.0	6,944.0
Net assets	452.2	625.5	125.6	40.6	173.0	2,331.7	3,748.6

No portion of hedges of net investments in foreign currency operations were ineffective for the consolidated entity for the financial years ended 30 June 2012 and 30 June 2011.

Exchange rate sensitivity

The following table illustrates the sensitivity of the debt and financial derivatives of the consolidated entity of movements in the value of the Australian dollar against the relevant foreign currencies, with all other variables held constant, taking into account all underlying exposures and related hedges. The translation of net assets in subsidiaries with a functional currency other than the Australian dollar has not been included as part of the equity movement in the sensitivity analysis.

	Sensitivity assumption		Post-tax impact on profit		Impact on equity	
	2012 %	2011 %	2012 \$ million	2011 \$ million	2012 \$ million	2011 \$ million
<i>Foreign Exchange Rate Increase</i>						
United States dollar	13.4	14.3	–	–	(15.5)	(61.9)
Euro	10.8	12.5	–	–	(16.7)	(80.4)
British pound	11.0	12.2	–	–	(5.2)	(5.5)
Swiss franc	11.1	14.2	–	–	(4.8)	(20.1)
New Zealand dollar	7.5	9.1	–	–	(14.7)	(13.0)
<i>Foreign Exchange Rate Decrease</i>						
United States dollar	(13.4)	(14.3)	–	–	15.5	61.9
Euro	(10.8)	(12.5)	–	–	16.7	80.4
British pound	(11.0)	(12.2)	–	–	5.2	5.5
Swiss franc	(11.1)	(14.2)	–	–	4.8	20.1
New Zealand dollar	(7.5)	(9.1)	–	–	14.7	13.0

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30 June 2012

continued

Note 28. Financial Risk Management (continued)

(a) Market risk (continued)

(i) Foreign currency risk (continued)

Exchange rate sensitivity (continued)

The sensitivity assumption is considered reasonable given the percentages used are based on the 30 June one year volatility used in pricing foreign exchange option markets sourced independently. These sensitivities are shown for illustrative purposes only and it should be noted that it is unlikely that all currencies would move in the same direction at any given time. Consistent with Amcor's hedging policy it applies a prudent cash flow hedging policy approach where all forward contracts that do not have an underlying exposure already within the balance sheet are designated as cash flow hedges at inception when entering a forward exchange contract. Subsequent testing of effectiveness ensures that all effective hedges movements flow through the cash flow hedge reserve within equity. Consistent with this approach the sensitivity for movements in foreign exchange rates will flow through equity and will have minimal pre-tax impact on profit.

(ii) Interest rate risk

Interest rate risk is the risk that the consolidated entity's financial position will be adversely affected by movements in floating interest rates that will increase the cost of floating rate debt or opportunity losses that may arise on fixed borrowings in a falling interest rate environment.

The consolidated entity is exposed to interest rate risk as it invests and borrows funds at both fixed and floating rates. Borrowings issued at variable rates expose the consolidated entity to cash flow interest rate risk.

Amcor Group Treasury manages the consolidated entity's exposure to interest rate risk by maintaining an appropriate mix between fixed and floating rate borrowings, monitoring global interest rates and, where appropriate, hedging floating interest rate exposure or borrowings at fixed interest rates through the use of interest rate swaps and forward rate agreements. Such interest rate swaps have the effect of converting borrowings from floating rates into fixed rates and vice versa. The consolidated entity did not hold any interest rate swaps as at 30 June 2012 (2011: nil).

Interest rate sensitivity

The following table summarises the impact on the financial results of a movement of 100 basis points in the floating interest rate on the relevant interest rate yield curve applicable to the underlying currency the borrowings are denominated in with all other variables held constant, taking into account all underlying exposures and related hedges.

The analysis below shows the sensitivity of movements subject to cash flow risk and the impact on profit. For the consolidated entity, no financial assets or liabilities that are subject to interest rate risk have been designated at fair value through other comprehensive income or as available-for-sale therefore there is no impact upon equity. These sensitivities are shown for illustrative purposes only.

\$ million	Interest rate increase		Interest rate decrease ⁽¹⁾	
	2012	2011	2012	2011
Impact on post-tax profit				
Australian dollar	(64)	(51)	64	51
United States dollar	(3.5)	(3.5)	-	-
Euro	(3.3)	(0.7)	-	-
British pound	(1.7)	(0.9)	-	-
Swiss franc	-	(1.6)	-	-
Hong Kong dollar	(0.2)	(0.3)	-	-
New Zealand dollar	(0.9)	-	0.9	-
Other currencies	(0.1)	(0.6)	0.1	0.6

(1) The above table excludes 100 basis point declines in the relevant interest rate yield curve where this would result in a rate less than zero.

The sensitivity assumption has been determined as reasonable based on the consolidated entity's current credit rating and mix of debt in Australia and foreign countries, relationships with financial institutions, the level of the debt that is expected to be renewed as well as a review of the last two year's historical movements and economic forecaster's expectations.

(iii) Commodity price risk

The consolidated entity is exposed to commodity price risk from a number of commodities, including aluminium, resin and certain other raw materials.

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

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

(iv) Employee share plan risk

Derivative financial instruments

In relation to the cash settled variants of certain employee share plans, the consolidated entity is exposed to movements in the value of the underlying ordinary shares of Amcor Limited. For all such entitlements offered, the consolidated entity has economically hedged their exposure by entering into cash settled equity share options or equity share swap contracts that mirror the terms and conditions, and therefore offset the fluctuations, in the value of the employee benefit.

The following tables set out, for the consolidated entity, the expiry or vesting date (if applicable), of the outstanding option/share hedge contract positions and the hedged price of the contracts as at 30 June:

Equity share option 'American' style contracts

	2012			2011		
	Expiry date	Contract volume	Average hedged price \$	Expiry date	Contract volume	Average hedged price \$
Less than one year	1 Nov 12	198,000	7.51	31 Dec 11	45,270	6.58
Between one and five years	-	-	-	1 Nov 12	215,600	7.51

Equity share swap contracts

	2012			2011		
	Vesting date	Contract volume	Average hedged price \$	Vesting date	Contract volume	Average hedged price \$
Vested	Various	180,600	6.10	Various	171,000	6.36
Less than one year	Various	25,619	6.10	Various	105,451	6.36
Between one and five years	Various	16,844	6.10	Various	67,463	6.36

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.

Other financial liabilities

To appropriately manage the remaining exposure on movements in the underlying value of ordinary shares of Amcor Limited, in respect of obligations under the consolidated entity's Employee Share Plans (refer note 29), the consolidated entity has entered into forward contracts for the on-market purchase of ordinary shares of the Company. The following table sets out, for the consolidated entity, the details of the forward contract arrangements:

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continued

Note 28. Financial Risk Management (continued)

(a) Market risk (continued)

(iv) Employee share plan risk (continued)

Forward purchase contracts

	2012			2011		
	Expiry date	Contract volume	Average hedged price \$	Expiry date	Contract volume	Average hedged price \$
Less than one year	31 Aug 12	1,640,995	722	–	–	–
Between one and five years	31 Aug 13	1,888,877	722	–	–	–
	31 Oct 16	13,200,000 ⁽¹⁾	716	–	–	–

(1) The forward contract for the on-market purchase of ordinary shares is expected to be called within 12 months and has been classified as current (refer note 22).

The financial liability of the forward contract (refer note 22) is measured at the present value of the expenditure required to settle the contract with a corresponding reduction, net of any related income tax effects, recognised in equity (refer note 25 and 26).

Employee Share Trust

To further reduce the consolidated entity's exposure to movements in the value of the ordinary shares of Amcor Limited the consolidated entity also formed the Amcor Employee Share Trust (the 'Trust') during the period. The purpose of the Trust is to manage and administer the consolidated entity's Employee Share Plans through the acquiring, holding and transferring of shares or rights to shares in the Company.

The Trust is consolidated as the substance of the relationship is that the Trust is controlled by the consolidated entity. All shares held by the Trust are disclosed as treasury shares and deducted from contributed equity. As at 30 June 2012, the Trust held 2,500,000 of the Company's shares (2011: nil), refer note 25.

(b) Liquidity risk

Liquidity risk arises from the financial liabilities of the consolidated entity and the consolidated entity's subsequent ability to meet its obligation to repay these financial liabilities as and when they fall due.

Liquidity risk management involves maintaining available funding and ensuring the consolidated entity has access to an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying businesses, Amcor Group Treasury aims to maintain flexibility within the funding structure through the use of bank overdrafts, bank loans, commercial paper and corporate bonds. The consolidated entity manages this risk via maintaining minimum undrawn committed liquidity of at least A\$330.0 million (in various currencies) that can be drawn upon at short notice; generally using instruments that are readily tradable in the financial markets; monitoring duration of long term debt; to the extent practicable, spreading the maturity dates of long term debt facilities and regularly performing a comprehensive analysis of all cash inflows and outflows that relate to financial assets and liabilities.

Financing arrangements

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

\$ million	2012			2011		
	Committed	Uncommitted	Total	Committed	Uncommitted	Total
<i>Financing facilities available:</i>						
Bank overdrafts	–	211.4	211.4	–	157.6	157.6
Unsecured bill acceptance facility/standby facility	737.2	–	737.2	693.2	–	693.2
Loan facilities and term debt	3,942.1	175.8	4,117.9	3,754.1	217.8	3,971.9
	4,679.3	387.2	5,066.5	4,447.3	375.4	4,822.7
<i>Facilities utilised:</i>						
Bank overdrafts	–	35.5	35.5	–	27.1	27.1
Unsecured bill acceptance facility/standby facility	271.4	–	271.4	228.6	–	228.6
Loan facilities and term debt	3,553.6	53.2	3,606.8	3,060.2	103.9	3,164.1
	3,825.0	88.7	3,913.7	3,288.8	131.0	3,419.8
<i>Facilities not utilised:</i>						
Bank overdrafts	–	175.9	175.9	–	130.5	130.5
Unsecured bill acceptance facility/standby facility	465.8	–	465.8	464.6	–	464.6
Loan facilities and term debt	388.5	122.6	511.1	693.9	113.9	807.8
	854.3	298.5	1,152.8	1,158.5	244.4	1,402.9

For the purposes of reporting on management's internal liquidity targets to the Board, undrawn committed facility capacity excludes bank overdrafts and other short term subsidiary loan borrowings. Refer to note 21 for further details of the major funding arrangements of the consolidated entity.

Notes to the Financial Statements

30 June 2012

continued

Note 28. Financial Risk Management (continued)

(b) Liquidity risk (continued)

Maturity of financial liabilities

The table below analyses the consolidated entity's financial liabilities and net and gross settled derivative financial instruments into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows, including principal and/or interest, calculated at 30 June.

\$ million	1 year or less	1-2 years	2-5 years	More than 5 years	Total
2012					
<i>Non-derivatives</i>					
Non-interest-bearing	2,744.7	191	–	–	2,763.8
Variable rate	775.4	291	848.6	76	1,660.7
Fixed rate	295.5	106.5	806.3	1,801.8	3,010.1
Total non-derivatives	3,815.6	154.7	1,654.9	1,809.4	7,434.6
<i>Derivatives</i>					
Gross settled					
– Inflow	1,546.8	29.5	–	–	1,576.3
– Outflow	(1,682.4)	(44.2)	–	–	(1,726.6)
Total financial liabilities	(135.6)	(14.7)	–	–	(150.3)
2011					
<i>Non-derivatives</i>					
Non-interest-bearing	2,560.0	15.9	–	–	2,575.9
Variable rate	404.1	360.5	572.6	9.2	1,346.4
Fixed rate	114.0	277.4	531.2	2,035.1	2,957.7
Total non-derivatives	3,078.1	653.8	1,103.8	2,044.3	6,880.0
<i>Derivatives</i>					
Gross settled					
– Inflow	1,275.2	7.5	–	–	1,282.7
– Outflow	(1,292.5)	(7.5)	–	–	(1,300.0)
Total financial liabilities	(17.3)	–	–	–	(17.3)

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 cash flow requirements and to maintain adequate liquidity of the consolidated entity.

(c) Counterparty credit risk

The consolidated entity is exposed to credit risk arising from its operating activities (primarily from customer receivables) and financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments. Credit risk represents the loss that would be recognised if a counterparty failed to fulfil their obligation under a financial instrument contract or a debtor relationship.

The consolidated entity manages credit risk through assessing the overall financial and competitive strength of the counterparty on an on-going basis. Credit policies cover exposures generated from the sale of products and the use of derivative instruments.

Credit risk from balances with banks and financial institutions is managed by Amcor Group Treasury in accordance with Board approved policies. For financial derivative instruments, bank counterparties are limited to high credit quality financial institutions with a minimum long term credit rating of A– or better by Standard & Poor's. In addition, the Board has approved the use of these financial institutions,

and specific internal guidelines have been established with regard to limits, dealing and settlement procedures. Limits are set to minimise the concentration of risks and therefore mitigate financial loss through potential counterparty failure. The investment of surplus funds is made only with approved counterparties and within credit limits assigned to each counterparty. The consolidated entity has no significant concentration of credit risk in relation to derivatives undertaken in accordance with the consolidated entity's hedging and risk management activities.

(d) Capital risk management

The key objectives of the consolidated entity when managing capital is to safeguard its ability to continue as a going concern and maintain optimal returns to shareholders and benefits for other stakeholders. Management also aims to maintain an optimal capital and funding structure that ensures the lowest cost of capital available to the consolidated entity. The consolidated entity defines capital as including equity and net debt of the Group, refer note 21.

The key objectives include:

- achieving an investment grade rating and maintaining appropriate financial metrics;
- securing access to diversified sources of debt and equity funding with sufficient undrawn committed facility capacity;
- optimising the Weighted Average Cost of Capital (WACC) to reduce the cost of capital to the consolidated entity while providing financial flexibility.

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

The capital management strategy aims to achieve an investment grade rating and this has been confirmed by the Board. The ratings as at 30 June 2012 were investment grade BBB/Baa2 (2011: BBB/Baa2). Various financial ratios are assessed and reported to the Board on a regular basis by management to monitor and support the key objectives set out above. These include:

- Gearing Ratio;
- Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) Interest Cover (pre significant items);
- Fixed/Floating Debt Ratio; and
- Bank Debt/Total Debt Percentage

Management's actual metrics for the years ended 30 June 2012 and 30 June 2011, based on continuing operations, were as follows:

Measure	Actual	
	2012	2011
Gearing Ratio (on-balance sheet)	51.3%	46.0%
EBITDA Interest Cover (pre significant items)	76 times	70 times
Fixed/Floating Debt Ratio	59% fixed	63% fixed
Bank Debt/Total Debt Percentage	34.0%	31.7%

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 2012. Metrics are maintained in excess of any debt covenant restrictions.

(e) Fair value estimation

The fair values of cash and cash equivalents and short term monetary financial assets and financial liabilities approximate their carrying value. The fair values of other monetary financial assets and liabilities are either based upon market prices, where a market exists, or have been determined by discounting the expected future cash flows by the current interest rate for financial assets and financial liabilities with similar risk profiles.

Listed equity investments have been valued by reference to market prices prevailing at reporting date. The quoted market price used is the current bid price. For unlisted equity instruments, the fair value is an assessment by the Directors based on the underlying net assets, future maintainable earnings and any special circumstances pertaining to the particular investment.

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Note 28. Financial Risk Management (continued)

(e) Fair value estimation (continued)

The valuation of derivative financial assets and liabilities detailed below reflects the estimated amounts which the consolidated entity would be required to pay or receive to terminate the contracts or replace the contracts at their current market rates at reporting date. This is based on internal valuations using standard valuation techniques. As the purpose of these derivative financial instruments is to hedge the consolidated entity's underlying assets and liabilities denominated in foreign currencies and to hedge against risk of interest rate fluctuations, it is unlikely that, in the absence of abnormal circumstances, these contracts would be terminated prior to maturity.

The carrying amount of trade receivables less impairment provision and trade payables is a reasonable approximation of their fair values due to the short term nature of trade receivables and payables. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the consolidated entity for similar financial instruments.

For details relating to methods and significant assumptions applied in determining fair values of financial assets and liabilities, refer to note 1(w).

The carrying amount and fair values of financial assets and liabilities for the consolidated entity at 30 June are:

\$ million	Note	Carrying amount 2012	Fair value 2012	Carrying amount 2011	Fair value 2011
Financial assets					
Cash and cash equivalents	11	357.6	357.6	224.4	224.4
Trade receivables	12	1,430.0	1,430.0	1,392.7	1,392.7
Loans and other receivables, net position	12, 14	188.9	188.9	386.2	386.2
Available-for-sale financial assets	14	4.8	4.8	4.6	4.6
Financial assets at fair value through profit or loss	14	1.0	1.0	1.1	1.1
Commodity fixed price swaps, net position	14, 22	-	-	2.2	2.2
Equity share options 'American' style contracts	14	0.2	0.2	0.6	0.6
Equity share swap contracts	14	1.5	1.5	2.0	2.0
Other financial assets	14	0.6	0.6	0.9	0.9
		1,984.6	1,984.6	2,014.7	2,014.7
Financial liabilities					
Payables	20	2,763.8	2,763.8	2,575.9	2,575.9
Bank and other loans	21	1,313.9	1,313.9	1,015.1	1,015.1
Commercial paper	21	271.4	271.4	228.6	228.6
US dollar notes	21	1,300.5	1,565.7	1,222.8	1,413.9
Euro notes	21	186.6	215.9	202.8	215.0
Eurobond	21	675.8	749.3	736.1	721.8
Swiss bond	21	153.4	153.8	-	-
Lease liabilities	21	12.1	12.1	14.4	14.4
Forward contracts to purchase own equity to meet share plan obligations	22	120.9	120.9	-	-
Forward foreign exchange contracts, net position	14, 22	19.9	19.9	20.9	20.9
Commodity fixed price contracts, net position	14, 22	4.9	4.9	-	-
		6,823.2	7,191.6	6,016.6	6,205.6

The fair value of the US dollar notes, the Eurobond and the Swiss bond reflects the revaluation of these instruments, at prevailing market rates. The US dollar notes mature between December 2012 and December 2021 while the Eurobond matures in April 2019 and the Swiss bond in April 2018.

For all other assets and liabilities, based on the facts and circumstances existing at reporting date and the nature of the consolidated entity's assets and liabilities, including hedged positions, the consolidated entity has no reason to believe that any of the above assets could not be exchanged, or any of the above liabilities could not be settled in an 'arm's length' transaction at an amount approximating its carrying value having considered those routinely held to maturity.

(f) Fair value measurements

Financial assets and liabilities carried at fair value are detailed in the table below by valuation method. The different levels are defined as follows:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as over the counter prices) or indirectly (i.e. derived from over the counter prices).

Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value of financial instruments traded in active markets (such as available-for-sale securities) is based on quoted market prices at the end of the reporting period.

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

Where a valuation technique for these instruments is based on significant unobservable inputs, such instruments are included in level 3. The consolidated entity holds no level 3 instruments at 30 June 2012 (2011: nil).

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

\$ million	Note	Level 1		Level 2		Level 3	
		2012	2011	2012	2011	2012	2011
Financial assets							
<i>Available-for-sale financial assets:</i>							
Investments in companies listed on stock exchanges at fair value	14	4.8	4.6	-	-	-	-
<i>Derivative financial instruments:</i>							
Forward exchange contracts	14	-	-	10.9	1.9	-	-
Hedge contracts for cash settled bonus and retention payments plans ('Equity Share Swap' contracts)	14	-	-	1.5	2.0	-	-
Contracts for cash settled employee share plan options ('American' style contracts)	14	-	-	0.2	0.6	-	-
Commodity contracts	14	-	-	-	2.3	-	-
		4.8	4.6	12.6	6.8	-	-
Financial liabilities							
<i>Derivative financial instruments:</i>							
Forward exchange contracts	22	-	-	30.8	22.8	-	-
Commodity contracts	22	-	-	4.9	0.1	-	-
		-	-	35.7	22.9	-	-

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Note 29. Share-Based Payments

(a) Employee Share Purchase Plans

In 1985, the consolidated entity established the Employee Share Purchase Plan (ESPP). The following sub-plans have been implemented pursuant to this plan.

(i) Employee Incentive Share Plan

Under the Employee Incentive Share Plan (EISP), shares were offered for the benefit of all full-time employees, permanent part-time employees and executive Directors of the Company with more than 12 months' service. The number of shares offered depended upon the Company's annual increase in earnings per share (before significant items).

The EISP has been discontinued for the foreseeable future and there were no commitments at 30 June 2012 to issue shares under the EISP (2011: nil) and none were granted or exercised during the year ended 30 June 2012 (2011: nil).

During the period the consolidated entity commenced activities to wind up the EISP. It is anticipated that this process will be completed shortly after the financial year end.

(ii) Senior Executive Retention Share Plan

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

The weighted average fair value for these SERSP's is calculated using the market value at the date the shares were issued.

Details of the total movement in shares issued under the SERSP during the current and comparative period are as follows:

	Weighted average 2012 fair value		Weighted average 2011 fair value	
	No.	\$	No.	\$
Restricted shares at beginning of financial period	877,783	6.27	783,500	6.23
Issued during the period	95,000	7.11	204,283	6.59
Restriction lifted	(518,480)	6.11	(110,000)	6.54
Restricted shares at end of financial period	454,303	6.63	877,783	6.27

(b) Employee Share Option Plans

(i) Employee Share Option Plan

In 1985, the consolidated entity established the Employee Share Option Plan (ESOP). Under the ESOP, partly-paid shares or options over shares in the Company can be issued to executive officers and Directors (including Directors who are executives) and senior staff members at the discretion of the Board.

The partly-paid shares are issued at the closing market price on the allotment date. The call outstanding only becomes payable on termination, death or at the Directors' discretion. Voting rights exercisable by holders of partly-paid ordinary shares are reduced pro rata to the portion of the issue price paid up on those shares as per the Australian Securities Exchange Listing Rules.

Options granted under the ESOP are issued upon terms, conditions and performance hurdles as established by the Board. Options granted are exercisable at a price equal to the closing market share price of Amcor Limited shares traded on the Australian Securities Exchange at the date on which the options were granted or a weighted average market price during a period up to and including the date of grant. The options are granted at no consideration and carry no dividend entitlement or voting rights until they vest and are converted to ordinary shares on a one-for-one basis. The options are issued for a term of up to ten years, they cannot be transferred and are not quoted on any exchange.

For the majority of options issued, executives and certain members of staff are generally only eligible to exercise the options if returns on average funds employed exceed targeted levels at the end of the financial reporting period in which the options were granted. For those options granted prior to 1 July 2006 the return on average funds employed is defined as Earnings Before Interest Tax and significant items (EBIT) divided by average funds employed. For those options granted subsequent to 1 July 2006 the options become exercisable based on the outcome of a Total Shareholder Return (TSR) test.

See table below in note 29(b)(iv) for details of the total movement in options issued under the ESOP during the current and comparative period.

(ii) Long Term Incentive Plan – Share Options

In June 2006, the consolidated entity established the Amcor Long Term Incentive Plan (LTIP). Under the LTIP, performance options or performance rights over shares in the Company, or performance shares, can be issued to executive officers, senior executives and senior staff members selected by the Directors. Refer note 29(c)(vii) for details of performance rights issued under the LTIP during the period.

Options granted under the LTIP give the employee the right to acquire a share at a future point in time upon meeting specified vesting conditions that are time based and performance based and upon payment of an exercise price. The number of options that ultimately vest is based on performance over a period of four years from the date of grant and the outcome of a Total Shareholder Return (TSR) test to be performed at a pre-determined time.

The relative performance of Amcor's average TSR is to be compared against the average TSR of a comparator group of companies similar to Amcor Limited and will determine the ultimate number of options to be received. The exact terms and conditions of the options granted are determined by the Directors of the Company at the time of granting the options.

Options granted under the LTIP are exercisable at a price equal to the closing market share price of Amcor Limited shares traded on the 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.

See table below in note 29(b)(iv) for details of the total movement in options issued under the LTIP during the current and comparative period.

(iii) Long Term Incentive Plan – Share Options – Alcan Acquisition Award

During 2010 the consolidated entity established the Alcan Acquisition Award (LTIP – Alcan Award, also referred to as the Award). Under the Award, performance options or performance rights over shares in the Company, or performance shares, were issued to executive officers, senior executives and senior staff members selected by the Directors. Refer note 29(c)(viii) for details of performance rights issued under the Award during the period.

This Award contains the same conditions, defaults and terms as the Amcor Long Term Incentive Plan, discussed above in note 29(b)(ii), except the number of options that ultimately vest under the Award is based on performance over a period of three to five years from the date of grant and the outcome of a Return on Average Funds Employed (RoAFE) test, to be performed at a pre-determined date.

In addition, options granted under the Award are exercisable at a price equivalent to the volume weighted average price of ordinary shares in the Company traded on the Australian Securities Exchange (ASX) over the 30 days prior to 18 August 2009 adjusted to take into account the dilutive effect of the 2010 equity raising. For US participants, the Award exercise price was determined as the volume weighted average price of ordinary shares of the Company on the ASX over the five days prior to the grant date.

See table below in note 29(b)(iv) for details of the total movement in options issued under the Award during the current and comparative period.

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Note 29. Share-Based Payments (continued)

(b) Employee Share Option Plans (continued)

(iv) Movement Table for Employee Share Option Plans

The following table summarises the total movement in options during the current and comparative period as issued under the ESOP, LTIP and the LTIP – Alcan Award employee share option plans discussed above:

Weighted average fair value	ESOP		LTIP		LTIP – Alcan Award	
	No.	\$	No.	\$	No.	\$
2012						
Outstanding at beginning of financial period	2,358,000	1.85	10,371,196	1.06	25,398,000	1.82
Granted	–	–	18,581,700	1.02	–	–
Exercised	(594,156)	1.40	(3,702,128)	1.16	–	–
Lapsed	(45,000)	1.14	(69,676)	1.16	–	–
Cancelled	(204,600)	2.00	(924,686)	1.03	(1,614,429)	1.80
Outstanding at end of financial period	1,514,244	2.02	24,256,406	1.02	23,783,571	1.82
Exercisable at end of financial period	1,514,244	2.02	840,266	1.20	–	–
2011						
Outstanding at beginning of financial period	4,794,592	1.52	11,020,113	1.09	26,026,000	1.82
Granted	–	–	3,021,200	0.94	–	–
Exercised	(1,759,830)	1.14	(3,059,116)	1.02	–	–
Lapsed	–	–	(88,388)	0.99	–	–
Cancelled	(676,762)	1.39	(522,613)	1.05	(628,000)	2.00
Outstanding at end of financial period	2,358,000	1.85	10,371,196	1.06	25,398,000	1.82
Exercisable at end of financial period	2,313,000	1.86	3,390,144	1.15	–	–

The following table provides detail of the options granted under the ESOP, LTIP and LTIP – Alcan Award Options for the consolidated entity during the current and comparative period:

Granted between	Expiry date	Exercise price \$	Balance at beginning of period		Options granted No.	Options lapsed/cancelled No.	Options exercised No.	Weighted average share price at exercise date \$	Balance at end of period		Proceeds received \$
			No.	\$					No.	No.	
30 June 2012											
27 Oct 05 to 4 Aug 06	19 Sep 11	6.25	366,200	-	-	(366,200)	6.64	-	-	-	2,288,750
27 Oct 05	31 Dec 11	6.25	250,000	-	(45,000)	(205,000)	710	-	-	-	1,281,250
4 Aug 06	19 Mar 12 ⁽²⁾	6.25	233,200	-	(66,600)	(166,600)	709	-	-	-	1,041,250
1 Feb to 5 Mar 07	19 Mar 12 ⁽²⁾	6.66	3,267,934	-	(326,496)	(2,941,438)	711	-	-	-	19,589,977
1 Nov to 31 Dec 07	18 Sep 12 ⁽²⁾	6.54	1,237,190	-	(2,506)	(394,418)	711	840,266	840,266	-	2,579,494
18 Feb 10	18 Sep 12 ⁽²⁾	6.21	38,472	-	-	(38,472)	704	-	-	-	238,911
13 Oct 03 ⁽¹⁾	1 Nov 12	7.67	79,200	-	-	-	-	79,200	79,200	-	-
1 Nov 02 ⁽¹⁾	1 Nov 12	7.67	1,823,800	-	(204,600)	(184,156)	707	14,350,444	14,350,444	-	1,412,477
1 Dec 08 to 2 Jan 09	29 Sep 13 ⁽²⁾	5.09	2,446,000	-	(135,060)	-	-	2,310,940	-	-	-
24 Nov 09 to 8 Jun 10	29 Sep 16 ⁽²⁾	4.73	18,344,000	-	(954,029)	-	-	17,389,971	-	-	-
12 Apr 10	29 Sep 16 ⁽²⁾	5.86	6,560,000	-	(660,400)	-	-	5,899,600	-	-	-
18 Jun 10	29 Sep 16 ⁽²⁾	6.53	494,000	-	-	-	-	494,000	-	-	-
5 Aug to 22 Sep 10	29 Sep 16 ⁽²⁾	6.39	2,472,000	-	(294,000)	-	-	2,178,000	-	-	-
23 May 11	29 Sep 16 ⁽²⁾	6.79	423,200	-	-	-	-	423,200	-	-	-
7 Jun 11	29 Sep 16 ⁽²⁾	7.05	92,000	-	-	-	-	92,000	-	-	-
9 Dec 11 to 12 Jun 12	30 Nov 17	7.03	-	4,198,300	(89,300)	-	-	4,109,000	-	-	-
9 Dec 11 to 12 Jun 12	30 Nov 18	7.03	-	14,383,400	(80,400)	-	-	14,303,000	-	-	-
			38,127,196	18,581,700	(2,858,391)	(4,296,284)		49,554,221	2,354,510		28,432,109

(1) Fixed exchange rates apply to overseas participants on these share option grants.

(2) The expiry dates of these options were amended during the period.

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Note 29. Share-Based Payments (continued)

(b) Employee Share Option Plans (continued)

(iv) Movement Table for Employee Share Option Plans (continued)

Granted between	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.		No.	No.
30 June 2011													
2 Aug 04 to 2 May 05	2 Aug 10	6.31	2,052,992	-	-	(483,162)	(1,569,830)	6.78	-	-	9905,627		
27 Oct 05 to 4 Aug 06	19 Sep 11	6.25	508,400	-	-	-	(142,200)	6.78	366,200	366,200	888,750		
27 Oct 05 to 4 Aug 06	31 Dec 11	6.25	620,000	-	-	-	(136,800)	6.78	483,200	371,600	855,000		
27 Oct 05 to 22 Sept 06	21 Mar 11	6.25	353,536	-	-	-	(353,536)	6.74	-	-	2,209,600		
4 Aug 06	22 Mar 11	6.25	2,301,692	-	-	(103,588)	(2,198,104)	6.85	-	-	13,738,150		
30 May 08	31 Dec 11	6.21	22,321	-	-	(22,321)	-	-	-	-	-		
1 Feb to 5 Mar 07	31 Dec 11	6.66	3,794,890	-	-	(108,480)	(418,476)	6.87	3,267,934	3,062,344	2,787,050		
1 Nov to 31 Dec 07	30 Jun 12	6.54	1,340,802	-	-	(103,612)	-	-	1,237,190	-	-		
18 Feb 10	30 Jun 12	6.21	38,472	-	-	-	-	-	38,472	-	-		
13 Oct 03 ⁽¹⁾	1 Nov 12	7.67	79,200	-	-	-	-	-	79,200	79,200	-		
1 Nov 02 ⁽¹⁾	1 Nov 12	7.67	2,017,400	-	-	(193,600)	-	-	1,823,800	1,823,800	-		
1 Dec 08 to 2 Jan 09	30 Jun 13	5.09	2,685,000	-	-	(239,000)	-	-	2,446,000	-	-		
24 Nov 09 to 8 Jun 10	30 Jun 16	4.73	18,972,000	-	-	(628,000)	-	-	18,344,000	-	-		
12 Apr 10	30 Jun 16	5.86	6,560,000	-	-	-	-	-	6,560,000	-	-		
18 Jun 10	30 Jun 16	6.53	494,000	-	-	-	-	-	494,000	-	-		
5 Aug to 22 Sep 10	30 Jun 16	6.39	-	2,506,000	(34,000)	-	-	-	2,472,000	-	-		
23 May 11	30 Jun 16	6.79	-	423,200	-	-	-	-	423,200	-	-		
7 Jun 11	30 Jun 16	7.05	-	92,000	-	-	-	-	92,000	-	-		
			41,840,705	3,021,200	(1,915,763)	(4,818,946)			38,127,196	5,703,144	30,384,177		

(1) Fixed exchange rates apply to overseas participants on these share option grants.

(c) Other compensation plans

Entitlement plans are an alternative to the ESPP and the ESOP and are in place in countries where the Company is unable to issue shares or options. Participants are offered entitlements and, over the period during which employees hold their entitlements, their value will mirror the fluctuating value of Amcor Limited shares, including (in the case of the Employee Bonus Payment Plan) all dividends paid on the shares during this time.

(i) Employee Bonus Payment Plan

The Employee Bonus Payment Plan (EBPP) is equivalent to the EISP and enables the Company to offer employees, in certain countries, an equivalent plan where the EISP is unavailable. Offers of new entitlements under the EBPP have been discontinued for the foreseeable future.

During the period the consolidated entity commenced activities to wind up the EBPP. It is anticipated that this process will be completed shortly after the financial year end.

(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 2012 fair value		Weighted average 2011 fair value	
	No.	\$	No.	\$
Outstanding at beginning of financial period	36,000	5.73	121,000	6.00
Exercised	(31,000)	5.96	(85,000)	6.12
Cancelled	(5,000)	4.33	-	-
Outstanding at end of financial period	-	-	36,000	5.73
Exercisable at end of financial period	-	-	-	-

(iii) CEO Medium Term Incentive Plan

The Medium Term Incentive Plan (MTIP) has been initially structured as a cash award and is at the discretion of the Board. Subject to shareholder approval, the Directors will have discretion as to whether any award made will be delivered in the form of cash, rights to Amcor Limited shares or a combination thereof.

The amount payable is impacted by a capping mechanism revolving around options and performance rights previously issued to the CEO. For any of the options and performance rights that vest during the deferral period, the award amount will be reduced on a dollar-for-dollar basis.

The terms and conditions of the MTIP were satisfied during the year ended 30 June 2011.

(iv) Cash Settled Employee Share Plan Options

Cash settled employee share plan options are issued to employees residing in jurisdictions that, for statutory reasons, are not covered by option plans described above. The cash settled employee share plan options operate in a manner similar to other option plans, although no entitlements to actual shares or options exist.

See table below in note 29(c)(vi) for details of entitlements issued during the current and comparative period.

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Note 29. Share-Based Payments (continued)

(c) Other compensation plans (continued)

(v) Management Incentive Plan – Equity

The Management Incentive Plan – Equity (EMIP) provides an additional short term incentive opportunity to selected executives, globally, in the form of rights to Amcor Limited shares.

The number of rights that are allocated to each eligible executive is based on:

- 50% of the value of the cash bonus payable under the EMIP, following the end of the performance period;
- the volume weighted average price of Amcor Limited ordinary shares for the five trading days prior to 30 June, being the end of the performance period, and
- where cash bonuses are determined in currencies other than Australian dollars, the average foreign exchange rate for the same five day period.

An executive will forfeit allocated performance rights if either they voluntarily leave Amcor employment during the restriction period or their employment is terminated for cause. Board discretion applies in the case of involuntary termination of employment and change of control.

For the year ended 30 June 2012, the equity outcomes will be determined and allocated in September 2012. For the year ended 30 June 2012, the consolidated entity recognised an expense of \$4.1 million (2011: \$3.6 million) in relation to this incentive plan.

See table below in note 29(c)(vi) for details of entitlements issued during the current and comparative period.

(vi) Movement table for Cash Settled Employee Share Plan Options and Management Incentive Plan

The following table summarises the entitlements issued during the current and comparative period under the Cash Settled Employee Share Plan (Cash Settled) and the Management Incentive Plan (EMIP) discussed above:

Weighted average fair value	Cash Settled		EMIP	
	No.	\$	No.	\$
2012				
Outstanding at beginning of financial period	250,631	0.56	3,654,532	5.55
Granted	–	–	2,407,608	6.07
Exercised	(30,597)	0.81	(1,870,736)	5.09
Lapsed	–	–	(4,480)	5.00
Cancelled	(39,634)	0.55	(161,010)	5.84
Outstanding at end of financial period	180,400	0.15	4,025,914	6.07
Exercisable at end of financial period	180,400	0.15	–	–
2011				
Outstanding at beginning of financial period	527,660	0.35	3,633,899	5.00
Granted	–	–	1,939,161	6.07
Vested	–	–	(1,759,338)	5.00
Exercised	(205,889)	0.32	(81,131)	5.12
Cancelled	(71,140)	0.30	(78,059)	5.47
Outstanding at end of financial period	250,631	0.56	3,654,532	5.55
Exercisable at end of financial period	250,631	0.56	–	–

(vii) Long Term Incentive Plan – Performance Rights

In June 2006, the consolidated entity established the Amcor Limited Long Term Incentive Plan (LTIP). Under the LTIP, performance options or performance rights over shares in the Company, or performance shares, can be issued to executive officers, senior executives and senior staff members selected by the Directors. Refer note 29(b)(ii) above for details of share options issued under the LTIP during the period.

Rights granted under the LTIP give the employee the right to receive a share at a future point in time upon meeting specified vesting conditions that are time-based and performance based with no exercise price payable. The LTIP Performance Rights Award contains the same conditions, defaults and terms as the LTIP Share Option Award, refer to note 29(b)(ii).

See table below in note 29(c)(ix) for details of the total movement in rights issued under the LTIP.

(viii) Long Term Incentive Plan – Performance Rights – Alcan Acquisition Award

During 2010 the consolidated entity developed the Alcan Acquisition Award (Award). Under the Award, performance options or performance rights over shares in the Company, or performance shares, were issued to executive officers, senior executives and senior staff members selected by the Directors. Refer note 29(b)(iii) for details of share options issued under the Award during the period.

Rights granted under the Award give the employee the right to receive a share at a future point in time upon meeting specified vesting conditions that are time-based and performance based with no exercise price payable. The Alcan Acquisition Award contains the same conditions, defaults and terms as the LTIP Performance Rights Award, refer to note 29(b)(iii).

See table below in note 29(c)(ix) for details of the total movement in rights issued under the Award.

(ix) Movement table for LTIP Awards

The following table summarises the total movement in rights issued under the above LTIP Performance Right Plans during the current and comparative period:

Weighted average fair value	LTIP		LTIP – Alcan Award	
	No.	\$	No.	\$
2012				
Outstanding at beginning of financial period	3,292,244	4.58	3,041,000	4.11
Granted	947,000	4.71	–	–
Exercised	(1,277,124)	4.86	–	–
Lapsed	(59,270)	4.52	–	–
Cancelled	(337,370)	4.59	(188,030)	4.18
Outstanding at end of financial period	2,565,480	4.49	2,852,970	4.10
Exercisable at end of financial period	–	–	–	–
2011				
Outstanding at beginning of financial period	3,308,769	4.16	3,125,000	4.11
Granted	796,700	6.16	–	–
Exercised	(533,916)	4.54	–	–
Lapsed	(41,562)	4.12	–	–
Cancelled	(237,747)	4.13	(84,000)	4.20
Outstanding at end of financial period	3,292,244	4.58	3,041,000	4.11
Exercisable at end of financial period	207,381	4.83	–	–

Notes to the Financial Statements

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continued

Note 29. Share-Based Payments (continued)

(c) Other compensation plans (continued)

(ix) Movement table for LTIP Awards (continued)

The following table provides detail of the rights granted under the LTIP Performance Right Plans during the current and comparative period:

Granted between	Expiry date	Balance at beginning of period No.	Rights granted No.	Rights lapsed/ cancelled No.	Rights exercised No.	Weighted average share price at exercise date \$	Balance at end of period	
							On issue No.	Vested and exercisable No.
30 June 2012								
27 Oct 05 to 30 May 08	31 Dec 11	315,795	–	(150,347)	(165,448)	7.05	–	–
1 Nov to 31 Dec 07	30 Jun 12	699,749	–	(85,162)	(614,587)	6.70	–	–
1 Dec 08 to 2 Jan 09	30 Jun 13	1,483,000	–	(81,920)	–	–	1,401,080	–
4 Nov 09 to 18 Jun 10	30 Jun 16	3,041,000	–	(188,030)	–	–	2,852,970	–
5 Aug 10	30 Jun 16	197,000	–	(23,000)	–	–	174,000	–
11 Nov 10	31 Dec 11	545,000	–	(47,911)	(497,089)	7.18	–	–
23 May to 7 Jun 11	30 Jun 16	51,700	–	–	–	–	51,700	–
9 Dec to 12 Jun 12	30 Nov 17	–	190,200	(4,000)	–	–	186,200	–
9 Dec to 12 Jun 12	30 Nov 18	–	756,800	(4,300)	–	–	752,500	–
		6,333,244	947,000	(584,670)	(1,277,124)		5,418,450	–
30 June 2011								
4 Aug 06	31 Dec 10	262,780	–	(47,642)	(215,138)	6.64	–	–
27 Oct 05 to 30 May 08	31 Dec 11	662,291	–	(27,718)	(318,778)	6.70	315,795	207,381
1 Nov to 31 Dec 07	30 Jun 12	755,698	–	(55,949)	–	–	699,749	–
1 Dec 08 to 2 Jan 09	30 Jun 13	1,628,000	–	(145,000)	–	–	1,483,000	–
4 Nov 09 to 18 Jun 10	30 Jun 16	3,125,000	–	(84,000)	–	–	3,041,000	–
5 Aug 10	30 Jun 16	–	200,000	(3,000)	–	–	197,000	–
11 Nov 10	31 Dec 11	–	545,000	–	–	–	545,000	–
23 May to 7 Jun 11	30 Jun 16	–	51,700	–	–	–	51,700	–
		6,433,769	796,700	(363,309)	(533,916)		6,333,244	207,381

(d) Fair value of options and rights granted

Fair value of options

The fair value of each option granted is estimated on the date of grant using a Black-Scholes option-pricing model that takes into account the exercise price, the term of the option, the vesting and performance criteria, and where applicable the market condition criteria, the impact of dilution, the non-tradeable nature of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

The following weighted average assumptions were used for options granted in the current and comparative period:

	2012	2011
Expected dividend yield (%)	5.10	5.15
Expected price volatility of the Company's shares (%)	22.00	27.00
Share price at grant date (\$)	7.34	6.60
Exercise price (\$)	7.03	6.47
Historical volatility (%)	22.00	27.00
Risk-free interest rate (%)	3.44	4.46
Expected life of option (years)	3.80	2.20

The dividend yield reflects the assumption that the current dividend payout will continue with no anticipated changes. The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may not necessarily be the actual outcome. For specific details of grant dates and exercise prices, refer note 29(b).

Fair value of rights

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

(e) Expenses arising from share-based payment transactions

Total expenses arising from share-based payment transactions recognised during the period as part of employee benefit expense were as follows:

\$ thousand	2012	2011
Equity settled share-based payment transactions		
Options issued	16,727	16,574
Performance rights issued and other compensation plans	19,356	23,319
Cash settled share-based payment transactions		
Cash settled share-based payments	115	559
	36,198	40,452

(f) Liabilities for share-based payments

\$ thousand	2012	2011
Cash settled share-based payments liability		
Shares	1,199	1,494
Shares – Overseas	300	366
Options	27	140
Total carrying amount of liabilities for cash settled arrangements	1,526	2,000
Intrinsic value for vested cash settled shares liability		
Shares	1,499	1,227
Options ⁽¹⁾	–	–
Total intrinsic value of liability for vested benefits	1,499	1,227

(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.

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Note 30. Key Management Personnel Disclosures

Key Management Personnel (KMP) are those persons having authority and responsibility for planning, directing and controlling the activities of the consolidated entity. 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
K J (Karen) Guerra	Independent Non-Executive Director
G R (Graeme) Liebelt	Independent Non-Executive Director (appointed 1 April 2012)
A (Armin) Meyer	Independent Non-Executive Director
G J (John) Pizzey	Independent Non-Executive Director
J A (Jenny) Seabrook	Independent Non-Executive Director (appointed 1 December 2011, retired 3 July 2012)
J L (Jeremy) Sutcliffe	Independent Non-Executive Director
J G (John) Thorn	Independent Non-Executive Director
Former Directors	
E J J (Ernest) Pope	Independent Non-Executive Director (retired 20 October 2011)

(b) Senior Executives

The persons who qualified as KMP for the current and comparative period are:

Name	Position	Employer
2012		
R Delia	Executive Vice President Finance and Chief Financial Officer	Amcor Limited
P Brues	President, Amcor Flexibles Europe & Americas	Amcor Flexibles Inc
N Garrard	President, Amcor Australasia and Packaging Distribution	Amcor Limited
M Schmitt ⁽¹⁾	President, Amcor Rigid Plastics	Amcor Rigid Plastics USA, Inc.
I G Wilson	Executive Vice President Strategy & Development	Amcor Limited
2011		
R Delia ⁽²⁾	Executive Vice President Finance and Chief Financial Officer	Amcor Limited
L A Desjardins ⁽³⁾	Executive Vice President Finance	Amcor Limited
P Brues	President, Amcor Flexibles Europe & Americas	Amcor Flexibles Inc
N Garrard	President, Amcor Australasia and Packaging Distribution	Amcor Limited
W J Long ⁽⁴⁾	President, Amcor Rigid Plastics	Amcor Rigid Plastics USA, Inc.
I G Wilson	Executive Vice President Strategy & Development	Amcor Limited

(1) M Schmitt was appointed to the position of President, Amcor Rigid Plastics on 1 July 2011 and designated a KMP from this date.

(2) R Delia was appointed to the position of Executive Vice President Finance and Chief Financial Officer on 1 February 2011 and designated a KMP from this date.

(3) L A Desjardins resigned as Executive Vice President Finance effective 31 January 2011 and therefore ceased to be a KMP from this date.

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

(c) Key Management Personnel compensation

The following table details the compensation paid to KMP included in 'employee benefits expense', refer note 6.

\$ thousand	2012	2011
Short term employee benefits	14,484	14,610
Long term employee benefits	116	93
Post employment benefits	874	1,103
Termination benefits	33	579
Share-based payments expense	9,812	9,061
	25,319	25,446

(d) Individual Director's and Executive's compensation disclosures

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

No individual KMP or related party holds a loan greater than \$100,000 with the consolidated entity (2011: nil). No impairment losses have been recognised in relation to any loans made to KMP (2011: nil) and no loans were advanced during the current year (2011: nil).

Ordinary shareholding and holding of options and rights over equity instruments

Options and rights are issued as part of long term incentive plans the details and conditions of these plans are outlined within the Remuneration Report section of the Directors' Report and note 29. Non-Executive Directors do not participate in any incentive plans.

Notes to the Financial Statements

30 June 2012

continued

Note 30. Key Management Personnel Disclosures (continued)

(d) Individual Director's and Executive's compensation disclosures (continued)

Ordinary shareholding and holding of options and rights over equity instruments (continued)

The following tables detail the number of ordinary shares held in Amcor Limited and the number of options and rights over ordinary shares held by each KMP at 30 June 2012 and 30 June 2011, either directly, indirectly or beneficially, including their related parties, and the movement in such during the period:

Name and Holding	Balance at 1 July 2011	Movements during the period				Balance at 30 June 2012	Balance vested and not yet exercised
		Granted/ Received on exercise	Exercised	Purchased	Other ⁽¹⁾		
2012							
Directors							
K N (Ken) MacKenzie							
Ordinary Shares	774,470	545,419	-	50,536	(372,097)	998,328	-
Options/Share Rights	4,593,061	2,348,908	(545,419)	-	(75,000)	6,321,550	253,000
K J (Karen) Guerra							
Ordinary Shares	11,328	-	-	6,760	-	18,088	-
G R (Graeme) Liebelt ⁽²⁾							
Ordinary Shares	-	-	-	-	10,860	10,860	-
A (Armin) Meyer							
Ordinary Shares	22,000	-	-	8,000	-	30,000	-
G J (John) Pizzey							
Ordinary Shares	27,586	-	-	17,748	-	45,334	-
E J J (Ernest) Pope ⁽³⁾							
Ordinary Shares	58,519	-	-	-	(58,519)	-	-
C I (Chris) Roberts							
Ordinary Shares	287,782	-	-	15,545	-	303,327	-
J A (Jenny) Seabrook ⁽⁴⁾							
Ordinary Shares	-	-	-	10,000	10,000	20,000	-
J (Jeremy) Sutcliffe							
Ordinary Shares	43,746	-	-	8,735	-	52,481	-
J G (John) Thorn							
Ordinary Shares	20,994	-	-	5,000	-	25,994	-
Senior Executives							
P Brues							
Ordinary Shares	102,148	249,478	-	-	(170,200)	181,426	-
Options/Share Rights	2,412,341	1,197,020	(249,478)	-	(17,405)	3,342,478	72,780
R Delia							
Ordinary Shares	26,257	91,052	-	-	-	117,309	-
Options/Share Rights	1,006,926	906,909	(91,052)	-	(25,144)	1,797,639	54,691
N Garrard							
Ordinary Shares	85,500	59,710	-	99	(41,500)	103,809	-
Options/Share Rights	1,398,526	788,711	(59,710)	-	-	2,127,527	-
M Schmitt ⁽⁵⁾							
Ordinary Shares	-	68,000	-	-	(68,000)	-	-
Options/Share Rights	849,784	804,459	(68,000)	-	-	1,586,243	-
I G Wilson							
Ordinary Shares	1,141,638	463,185	-	-	(150,976)	1,453,847	-
Options/Share Rights	2,455,186	597,775	(463,185)	-	(29,801)	2,559,975	84,897

(1) Other changes represent options and rights that have expired or were forfeited during the period, ordinary shares that were sold during the period and balances of those individuals who either ceased to be KMPs or were introduced as KMPs during the period.

(2) G R Liebelt was appointed to the position of Non-Executive Director on 1 April 2012 and was designated a KMP from this date.

(3) E J J Pope retired from the position of Non-Executive Director on 20 October 2011 and ceased to be a KMP from this date.

(4) J A Seabrook was appointed to the position of Non-Executive Director on 1 December 2011 and was designated a KMP from this date. On 3 July 2012, J A Seabrook retired and ceased to be a KMP from this date.

(5) M Schmitt was appointed to the position of President, Amcor Rigid Plastics on 1 July 2011 and was designated a KMP from this date.

Name and Holding	Balance at 1 July 2010	Movements during the period				Balance at 30 June 2011	Balance vested and not yet exercised
		Granted/ Received on exercise	Exercised	Purchased	Other ⁽¹⁾		
2011							
Directors							
K N (Ken) MacKenzie							
Ordinary Shares	570,250	16,691	-	33,070	154,459 ⁽²⁾	774,470	-
Options/Share Rights	4,726,419	142,642	(276,000)	-	-	4,593,061	498,000
K J (Karen) Guerra							
Ordinary Shares	1,000	-	-	10,328	-	11,328	-
A (Armin) Meyer							
Ordinary Shares	18,000	-	-	4,000	-	22,000	-
G J (John) Pizzey							
Ordinary Shares	26,262	-	-	1,324	-	27,586	-
E J J (Ernest) Pope							
Ordinary Shares	30,279	-	-	28,240	-	58,519	-
C I (Chris) Roberts							
Ordinary Shares	245,409	-	-	42,373	-	287,782	-
J L (Jeremy) Sutcliffe							
Ordinary Shares	20,416	-	-	23,330	-	43,746	-
J G (John) Thorn							
Ordinary Shares	14,994	-	-	6,000	-	20,994	-
Senior Executives							
P Brues							
Ordinary Shares	93,700	106,948	-	-	(98,500)	102,148	-
Options/Share Rights	2,513,711	35,678	(137,048)	-	-	2,412,341	195,600
L A Desjardins ⁽³⁾							
Ordinary Shares	57,778	42,172	-	-	(99,950)	-	-
Options/Share Rights	1,327,689	29,137	(42,172)	-	(1,314,654)	-	-
R Delia ⁽⁴⁾							
Ordinary Shares	26,257	-	-	-	-	26,257	-
Options/Share Rights	540,026	466,900	-	-	-	1,006,926	16,000
N Garrard							
Ordinary Shares	81,500	-	-	4,000	-	85,500	-
Options/Share Rights	1,360,710	37,816	-	-	-	1,398,526	-
W J Long ⁽⁵⁾							
Ordinary Shares	156,700	154,994	-	-	(91,200)	220,494	-
Options/Share Rights	2,809,075	32,683	(326,944)	-	-	2,514,814	269,600
I G Wilson							
Ordinary Shares	2,044,508	50,553	-	1,240,885	(2,194,308)	1,141,638	-
Options/Share Rights	2,518,277	-	(121,144)	-	58,053	2,455,186	189,000

(1) Other changes represent options and rights that have expired or were forfeited during the period, ordinary shares that were sold during the period and balances of those individuals who ceased to be KMPs during the period.

(2) During the period shares were awarded to K N MacKenzie through the CEO MTIP (refer note 29(c)(iii)).

(3) L A Desjardins resigned as Executive Vice President Finance effective 31 January 2011 and therefore ceased to be a KMP from this date.

(4) R Delia was appointed to the position of Executive Vice President Finance and Chief Financial Officer on 1 February 2011 and designated a KMP from this date.

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

No options are vested and unexercisable at the end of the year. No options or performance rights were held by KMP related parties.

Notes to the Financial Statements

30 June 2012

continued

Note 30. Key Management Personnel Disclosures (continued)

(d) Individual Director's and Executive's compensation disclosures (continued)

Other key management personnel transactions

From time to time, Directors and Group Executives (and their personally related parties) may enter into transactions with the Company and its controlled entities. These transactions occur within normal customer or supplier relationships on terms and conditions that are no more favourable than those available, or which might be expected to be available, on similar transactions to non-director related entities on an arm's length basis.

Other than those items discussed above, there have been no other transactions between key management personnel and the Company.

Note 31. Other Related Party Disclosures

Subsidiaries

Details of investments in associates and controlled entities are disclosed in notes 16 and 34.

Equity accounted investments

During the year ended 30 June 2012, the consolidated entity did not enter into any trading transactions with associates or jointly controlled entities. Refer note 16 for further information on equity accounted investments and changes in ownership interest.

During the 12 months to 30 June 2012, the consolidated entity received dividends of \$13.2 million from associates (2011: \$12.3 million).

Other related parties

Contributions to superannuation funds on behalf of employees are disclosed in notes 6 and 24.

Note 32. Contingencies

Details of contingent liabilities where the probability of future payments/receipts is not considered remote are set out below:

\$ million	2012	2011
Contingent liabilities	0.4	5.6
Total contingent liabilities	0.4	5.6

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

- Amcor Limited has indemnified the PaperlinX Limited Group in relation to potential taxation and workcover liabilities in excess of any provisions made in the financial statements of the PaperlinX Limited Group at 31 March 2000.
- Under the terms of the ASIC Class Order 98/1418 (as amended) dated 13 August 1998, which relieved certain wholly-owned subsidiaries from the requirement to prepare audited financial statements, Amcor Limited and certain wholly-owned subsidiaries have entered into an approved deed for the cross guarantee of liabilities with those subsidiaries identified in note 35. No liabilities subject to the Deed of Cross Guarantee at 30 June 2012 are expected to arise to Amcor Limited and subsidiaries, as all such subsidiaries were financially sound and solvent at that date.
- The consolidated entity operates in many territories around the globe under different direct and indirect tax regimes. From time to time the consolidated entity receives assessments for additional tax from revenue authorities which, having consulted with experts including external counsel, it believes are unfounded. Nonetheless, at any point in time matters will be under discussion and review with revenue authorities for which a theoretical exposure may exist. Amcor believes that the likelihood of these having a material impact on the consolidated entity's financial position, results of operations or cash flows is remote. Specifically, the Brazil operations have received a series of excise and income tax claims from the local tax authorities 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 under the *Commerce Act 1986*. Amcor applied for leniency pursuant to the NZCC's Leniency Policy for Cartel Conduct (NZ Leniency Policy).

The NZ Leniency Policy allows for immunity from NZCC initiated proceedings to the first person involved in a cartel to come forward with information about the cartel and co-operate fully with the NZCC in its investigation and prosecution of the cartel.

Amcor was granted conditional immunity on 1 December 2004. Pursuant to the NZ Leniency Policy, Amcor entered into an agreement with the NZCC under which Amcor is obliged to comply with specified conditions including full co-operation with the NZCC. The NZCC's investigation is continuing and Amcor continues to provide full co-operation. The NZCC has commenced proceedings in New Zealand against various parties (but not against Amcor companies) alleging conduct prohibited by the *Commerce Act 1986* (including cartel conduct). Amcor will assist in the proceeding to the extent required by the leniency agreement.

The operation of the NZ Leniency Policy does not exclude or limit claims by third parties who claim to have suffered loss or damage as a result of any cartel conduct. Under the *Commerce Act*, 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 the consolidated entity.

Class Action – Australia

On 10 March 2011 the consolidated entity announced that it had entered into a Settlement Deed to pay an amount totalling \$80.0 million in full settlement of the Jarra Creek class action claim. The gross settlement amount comprised damages of \$37.7 million, interest of \$25.6 million and a proportion of the applicant's legal and other costs of \$16.7 million.

The Settlement Deed provided for a full release of the Jarra Creek claim and was approved by the court on 15 June 2011.

In the year ended 30 June 2011, total costs relating to the Class Action of \$90.3 million were included in 'general and administration' expenses in the income statement and presented as a significant item, refer to note 7. The history of this Class Action can be found within note 30 of the 30 June 2010 Annual Report.

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Note 33. Commitments

(a) Operating lease commitments

\$ million	2012	2011
Lease expenditure contracted but not provided for or payable:		
Within one year	200.3	163.8
Between one and five years	349.6	375.9
More than five years	173.2	144.4
	723.1	684.1
Less sub-lease rental income	(4.7)	(7.4)
	718.4	676.7

The consolidated entity leases motor vehicles, plant and equipment and property under operating leases. Leases generally provide the consolidated entity with a right of renewal at which time all terms are renegotiated.

Some leases provide for payment of incremental contingent rentals based on movements in a relevant price index or in the event that units produced by certain leased assets exceed a predetermined production capacity. Contingent rental paid during the period is disclosed in note 6.

(b) Finance lease commitments

\$ million	2012	2011
Lease expenditure contracted and provided for due:		
Within one year	2.4	1.8
Between one and five years	5.2	7.5
More than five years	5.3	6.0
Minimum lease payments	12.9	15.3
Less future finance charges	(0.8)	(0.9)
	12.1	14.4
Current lease liability (refer note 21)	2.4	1.5
Non-current lease liability (refer note 21)	9.7	12.9
	12.1	14.4

(c) Other expenditure commitments

At 30 June 2012 the consolidated entity had capital commitments contracted but not provided for in respect of the acquisition of property, plant and equipment of \$44.7 million (2011: \$254.1 million) and \$134.6 million (2011: \$125.9 million) in respect of expenditure contracted but not provided for or payable covering other supplies and services yet to be provided.

Note 34. Particulars in Relation to Controlled Entities and Businesses

The ultimate controlling party of the consolidated entity is Amcor Limited, a company incorporated in Australia. The companies listed below are those whose results or financial position principally affected the figures shown in the annual financial report.

Controlled entities	Country of incorporation	Amcor Group's effective interest	
		2012	2011
Amcor Packaging (Australia) Pty Ltd	Australia ⁽¹⁾	100.0%	100.0%
Amcor Fibre Packaging – Asia Pte Ltd	Singapore	100.0%	100.0%
Amcor Packaging (New Zealand) Ltd	New Zealand ⁽¹⁾	100.0%	100.0%
Amcor Rigid Plastics USA, Inc.	United States of America	100.0%	100.0%
Amcor Packaging Distribution, Inc	United States of America	100.0%	100.0%
Amcor Rigid Plastics de Mexico S.A. de C.V.	Mexico	100.0%	100.0%
Amcor Rigid Plastics de Venezuela	Venezuela	61.0%	61.0%
Amcor Flexibles Inc	United States of America	100.0%	100.0%
Vinisa Fueguina S.R.L	Argentina	100.0%	100.0%
Amcor Rigid Plastics do Brasil Ltda	Brazil	100.0%	100.0%
Amcor Flexibles Transpac B.V.B.A	British Virgin Islands	100.0%	100.0%
Amcor Flexibles UK Ltd	United Kingdom	100.0%	100.0%
Amcor Flexibles Denmark ApS	Denmark	100.0%	100.0%
Amcor Flexibles Italia S.r.l.	Italy	100.0%	100.0%
Amcor Flexibles Singen GmbH	Germany	100.0%	100.0%
Amcor Tobacco Packaging Novgorod	Russia	100.0%	100.0%
Amcor Tobacco Packaging Polska Spolka z.o.o	Poland	100.0%	100.0%
Amcor Tobacco Packaging Americas Inc.	United States of America	100.0%	100.0%
Amcor Flexibles Reflex Sp z.o.o	Poland	100.0%	100.0%
Amcor Packaging UK Ltd	United Kingdom	100.0%	100.0%
Amcor Flexibles Sarrebourg S.A.S.	France	100.0%	100.0%
Amcor Flexibles Selestat S.A.S.	France	100.0%	100.0%
Amcor Flexibles Capsules France	France	100.0%	100.0%
Amcor Flexibles Packaging France SAS	France	100.0%	100.0%
Amcor Tobacco Packaging St.Petersburg LLC (formerly Alcan Packaging St Petersburg)	Russia	100.0%	100.0%
Amcor Flexibles Kreuzlingen AG	Switzerland	100.0%	100.0%
Amcor Flexibles Tscheulin-Rothal GmbH	Germany	98.8%	98.8%
Amcor Flexibles Bangkok Public Company Limited	Thailand	99.4%	99.4%
Amcor Flexibles Rorschach AG	Switzerland	100.0%	100.0%
Amcor Flexibles Burgdorf GmbH	Switzerland	100.0%	100.0%
Rocma Finance	United Kingdom	100.0%	100.0%
Amcor Packaging Canada Inc	Canada	100.0%	100.0%
Amcor Flexibles Espana SL	Spain	100.0%	100.0%

(1) Amcor Limited and these subsidiary companies have entered into an approved deed for the cross guarantee of liabilities, refer note 35.

Acquisition of controlled entities

Acquisitions of controlled entities acquired during the financial years ended 30 June 2012 and 2011 are detailed in note 3.

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30 June 2012

continued

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

Disposal of controlled entities

30 June 2012

The consolidated entity did not dispose of any controlled entities during the period.

The following legal entities were liquidated during the financial year:

- Amcor Holding Germany Limited
- Amcor Holding USA LLC
- Amcor Holdings Inc
- Amcor UK Holding Limited
- Polyplasma Inc
- Amcor Flexibles Moscow LLC
- Amcor Packaging Istra LLC

30 June 2011

As disclosed in note 4, the consolidated entity disposed of the following legal entities during the year ended 30 June 2011:

- Amcor Packaging Glass Pharma SAS
- Amcor Verrerie Amiable Industrie et Commerce SA
- Marshall Flexibles, LLC

In addition to the business disposals in note 4, the following legal entities were liquidated during the financial year:

- Amcor Holding Italia Srl
- Grupo Amcor Flexibles Espana

Note 35. Deed of Cross Guarantee

Pursuant to ASIC Class Order 98/1418 (as amended) dated 13 August 1998, the wholly-owned subsidiaries listed below are relieved from the *Corporations Act 2001* requirements for preparation and lodgement of audited Financial Reports, and Directors' Reports.

It is a condition of the Class Order that the holding entity, Amcor Limited, and each of the relevant subsidiaries enter into a deed of cross guarantee (the 'deed'). The effect of the deed is that, in the event of winding up any of these subsidiaries under certain provisions of the *Corporations Act 2001*, Amcor Limited guarantees to each creditor of that subsidiary payment in full of any debt. If a winding up occurs under other provisions of the *Corporations Act 2001*, Amcor Limited will only be liable in the event that after six months any creditor has not been paid in full. These subsidiaries have also given similar guarantees in the event that Amcor Limited is wound up.

The holding entity, Amcor Limited, and subsidiaries subject to the deed of cross guarantee are:

Amcor Packaging (Asia) Pty Ltd	Lynyork Pty Ltd
Amcor Nominees Pty Ltd	Fibre Containers (Qld) Pty Ltd
Amcor Investments Pty Ltd	Specialty Packaging Group Pty Ltd
Amcor Packaging (New Zealand) Ltd	ACN 089523919 CCC Pty Ltd
Amcor Finance (NZ) Ltd	Rota Die International Pty Ltd
Amcor Packaging (Australia) Pty Ltd	Rota Die Pty Ltd Trustee of Rota Die Trust
AGAL Holdings Pty Ltd	Amcor European Holdings Pty Ltd
Envirocrates Pty Ltd	Amcor Holdings (Australia) Pty Ltd
PP New Pty Ltd	Techni-Chem Australia Pty Ltd
AP Chase Pty Ltd	Aperio Group Pty Ltd ⁽¹⁾
Anfor Investments Pty Ltd	Aperio Group (Australia) Pty Ltd ⁽¹⁾
Amcor Closure Systems Pty Ltd	Packsys Holdings (Aus) Pty Ltd ⁽¹⁾
Pak Pacific Corporation Pty Ltd	Packsys Pty Ltd ⁽¹⁾
ACN 002693843 Box Pty Ltd	

(1) During the period these entities were entered into the deed of cross guarantee.

Financial statements for the Amcor Limited Deed of Cross Guarantee

The consolidated income statement, statement of comprehensive income and balance sheet, comprising Amcor Limited and the wholly-owned subsidiaries party to the deed, after eliminating all transactions between the parties, as at 30 June, are set out below:

(a) Income statement

\$ million	2012	2011
Sales revenue	2,301.7	2,231.6
Cost of sales	(2,006.6)	(1,923.3)
Gross profit	295.1	308.3
Other income	471.5	346.2
Operating expenses	(349.0)	(808.7)
Profit/(loss) from operations	417.6	(154.2)
Financial income	115.9	119.2
Financial expenses	(173.5)	(179.6)
Net finance costs	(57.6)	(60.4)
Profit/(loss) before related income tax expense	360.0	(214.6)
Income tax benefit/(expense)	59.2	(17.8)
Profit/(loss) for the financial period	419.2	(232.4)
Profit/(loss) attributable to:		
Owners of Amcor Limited	419.2	(232.4)
Non-controlling interest	-	-
	419.2	(232.4)

Notes to the Financial Statements

30 June 2012

continued

Note 35. Deed of Cross Guarantee (continued)

(b) Statement of comprehensive income

\$ million	2012	2011
Profit/(loss) for the financial period	419.2	(232.4)
Other comprehensive income/(loss)		
Items that may be reclassified subsequently to profit or loss:		
<i>Cash flow hedges</i>		
Effective portion of changes in fair value of cash flow hedges	8.7	(2.5)
Net change in fair value of cash flow hedges reclassified to profit or loss	2.1	4.3
Tax on cash flow hedges	(2.2)	0.7
<i>Exchange differences on translating foreign operations</i>		
Exchange differences on translation of foreign operations	3.7	(11.4)
Items that will not be reclassified to profit or loss:		
<i>Retained earnings</i>		
Actuarial losses on defined benefit plans	(29.7)	(4.5)
Tax on actuarial losses on defined benefit plans	8.7	1.5
Other comprehensive loss for the financial period, net of tax	(8.7)	(11.9)
Total comprehensive income/(loss) for the financial period	410.5	(244.3)
Total comprehensive income/(loss) attributable to:		
Owners of Amcor Limited	410.5	(244.3)
Non-controlling interest	-	-
	410.5	(244.3)

(c) Summarised income statement and retained profits

\$ million	2012	2011
Profit/(loss) before related income tax expense	360.0	(214.6)
Income tax benefit/(expense)	59.2	(17.8)
Profit/(loss) after tax	419.2	(232.4)
Retained profits at beginning of financial period	42.2	694.3
Actuarial losses recognised directly in equity	(21.0)	(3.0)
	440.4	458.9
Dividends recognised during the financial period	(438.4)	(416.7)
Retained profits at the end of the financial period	2.0	42.2

(d) Statement of financial position

\$ million	2012	2011
Current assets		
Cash and cash equivalents	19.2	16.8
Trade and other receivables	3,332.5	3,721.7
Inventories	435.9	392.1
Other financial assets	2.7	2.9
Other current assets	34.7	28.9
Total current assets	3,825.0	4,162.4
Non-current assets		
Other financial assets	4,434.5	2,174.0
Property, plant and equipment	1,882.7	1,634.6
Deferred tax assets	147.4	81.2
Intangible assets	249.1	163.1
Other non-current assets	79.4	71.3
Total non-current assets	6,793.1	4,124.2
Total assets	10,618.1	8,286.6
Current liabilities		
Trade and other payables	461.6	505.4
Interest-bearing liabilities	3,879.2	1,261.6
Other financial liabilities	114.8	15.8
Provisions	133.0	139.7
Total current liabilities	4,588.6	1,922.5
Non-current liabilities		
Trade and other payables	6.5	7.2
Interest-bearing liabilities	1,940.7	2,044.4
Other financial liabilities	13.1	0.2
Provisions	52.0	45.4
Retirement benefit obligations	77.9	56.8
Total non-current liabilities	2,090.2	2,154.0
Total liabilities	6,678.8	4,076.5
Net assets	3,939.3	4,210.1
Equity		
Contributed equity	3,802.1	4,070.4
Reserves	135.2	97.5
Retained profits	2.0	42.2
Total equity	3,939.3	4,210.1

Notes to the Financial Statements

30 June 2012

continued

Note 36. Amcor Limited Information

(a) Summary financial information

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

\$ million	Amcor Limited	
	2012	2011
Total current assets	6,460.5	7,195.4
Total assets	12,701.0	10,907.2
Total current liabilities	5,602.7	3,495.4
Total liabilities	7,897.2	5,754.7
Net assets	4,803.8	5,152.5
Equity		
Contributed equity	3,802.1	4,070.4
Reserves		
Share-based payments reserve	117.8	74.7
Cash flow hedge reserve	(3.2)	(5.4)
Retained profits	887.1	1,012.8
Total equity	4,803.8	5,152.5
Profit/(loss) before related income tax expense	508.0	(253.8)
Income tax (expense)/benefit	(179.8)	43.8
Profit/(loss) after tax	328.2	(210.0)
Total comprehensive income/(loss)	314.9	(205.8)
(b) Financial guarantees		
Carrying amount included in current liabilities	-	0.6
Carrying amount included in non-current liabilities	-	0.1
	-	0.7

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 2012	30 June 2011
	maturity	Face value	Face value
Bank term loans of controlled entities	2012	11.2	25.5

The Company has also entered into a Deed of Cross Guarantee with certain subsidiaries. Under the terms of the deed, the Company has guaranteed the repayment of all relevant current and future creditors in the event any of the entities party to the deed are wound up. Details of the deed and the consolidated financial position of the Company and the subsidiaries party to the deed are set out in note 35. The method used in determining the fair value of these guarantees has been disclosed in the consolidated entity's accounting policy financial guarantee contracts, refer note 1(q).

(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	2012	2011
Contingent liabilities arising in respect of guarantees ⁽¹⁾	10.5	9.8
Total contingent liabilities	10.5	9.8

(1) Comprises guarantees given by Amcor Limited in respect of property leases in wholly-owned subsidiaries.

Details of other contingent liabilities for Amcor Limited are set out in note 32. The Directors are of the opinion that provisions are not required in respect of these matters, as it is either not probable that a future sacrifice of economic benefits will be required or the amount is not capable of reliable measurement.

Note 37. Events Subsequent to Balance Date

Business acquisitions

Subsequent to year end the consolidated entity completed a number of businesses acquisitions that are summarised below:

- the acquisition of a tobacco packaging plant in Piso, Argentina on 2 July 2012 from International Playing Card & Label Company (IPC&L), a privately-held business in Argentina. The acquisition will help strengthen the consolidated entity's value proposition to clients by establishing a local presence in the Latin American market;
- the acquisition of Aluprint on 17 July 2012, a tobacco packaging plant in Monterrey, Mexico. The acquisition establishes a local presence in Mexico, a large and strategically located market for tobacco packaging; and
- the acquisition of Wayne Richardson Sales on 3 July 2012, an independently owned packaging and industrial distributor with eight distribution centres across Australia. The business is a distributor of a broad range of industrial packaging and packaging consumables to small and medium size customers.

Debt refinancing

On 20 August 2012, the Company successfully refinanced a tranche of the existing US\$1,850.0 million Syndicated Facility (refer note 21) for the purpose of renewing existing debt facilities and for the general corporate and working capital purposes of the Amcor Group. The US\$740.0 million tranche of the interest-bearing liability, which was due to mature in December 2012, has been increased to US\$900.0 million for an additional three years and will mature in August 2015.

AMVIG Holdings Limited special dividend declaration

On 15 August 2012 AMVIG Holdings Limited (AMVIG), an equity accounted investment of the consolidated entity, announced its interim result for the six months ended 30 June 2012. Included in the results announcement was the declaration of a special dividend of HK108 cents per share. The consolidated entity owns 442,547,440 shares in AMVIG and as a result will receive a dividend of approximately \$59.9 million subsequent to the reporting date. Refer note 16 for further information on the consolidated entity's investment in AMVIG.

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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 2012 and of its performance for the financial year ended on that date; and
 - (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Note 1(a) confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.
2. At the date of this declaration, there are reasonable grounds to believe that the Company and the consolidated entities identified in Note 35 will be able to meet any obligations or liabilities to which they are or may become subject to by virtue of the Deed of Cross Guarantee between the Company and those consolidated entities pursuant to ASIC Class Order 98/1418.
3. The Directors have been given the declarations required by section 295A of the *Corporations Act 2001* by the Chief Executive Officer and Chief Financial Officer for the financial year ended 30 June 2012.

Signed in accordance with a resolution of the Directors, dated at Melbourne, Victoria, this 21st day of August 2012.



Chris Roberts
Chairman

Independent Auditor's Report to the members of Amcor Limited



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 2012, and the income statement, the statement of comprehensive income, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration for the Amcor Limited Group ('the consolidated entity'). The consolidated entity comprises the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Our procedures include reading the other information in the Annual Report to determine whether it contains any material inconsistencies with the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

PricewaterhouseCoopers, ABN 52 780 433 757

Freshwater Place, 2 Southbank Boulevard, SOUTHBANK VIC 3006, GPO Box 1331, MELBOURNE VIC 3001

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Independent Auditor's Report to the members of Amcor Limited

continued

Independence

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

Auditor's opinion

In our opinion:

- (a) the financial report of Amcor Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2012 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
- (b) the financial report and notes also comply with *International Financial Reporting Standards* as disclosed in Note 1.

Report on the Remuneration Report

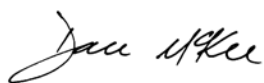
We have audited the remuneration report included in pages 28 to 42 of the directors' report for the year ended 30 June 2012. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our 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 2012, complies with section 300A of the *Corporations Act 2001*.



PricewaterhouseCoopers



Dale McKee
Partner

Melbourne
21 August 2012

Statement of Shareholdings

Statement pursuant to Australian Securities Exchange official list requirements:
Holders of shares in Amcor Limited at 7 August 2012

Rank	Name	Shares held	% held
1.	HSBC Custody Nominees (Australia) Limited	320,486,847	26.56
2.	J P Morgan Nominees Australia Limited	295,308,298	24.47
3.	National Nominees Limited	198,350,279	16.44
4.	Citicorp Nominees Pty Limited	37,905,293	3.14
5.	JP Morgan Nominees Australia Limited <CASH INCOME A/C>	18,388,937	1.52
6.	BNP Paribas Noms Pty Ltd <MASTER CUST DRP>	17,072,073	1.41
7.	Australian Foundation Investment Company Limited	12,623,653	1.05
8.	Citicorp Nominees Pty Limited <COLONIAL FIRST STATE INV A/C>	11,400,388	0.94
9.	BNP Paribas Noms Pty Ltd <DRP>	10,254,808	0.85
10.	HSBC Custody Nominees (Australia) Limited – ADR A/C	9,444,460	0.78
11.	CS Fourth Nominees Pty Ltd	8,797,733	0.73
12.	AMP Life Limited	7,967,441	0.66
13.	RBC Investor Services, Australia Nominees Pty Ltd <BKCUST A/C>	7,261,101	0.60
14.	ARGO Investments Limited	4,614,711	0.38
15.	UBS Nominees Pty Ltd	3,684,629	0.31
16.	UBS Nominees Pty Ltd	3,301,250	0.27
17.	BNP Paribas Noms Pty Ltd <SMP ACCOUNTS DRP>	3,135,025	0.26
18.	The Senior Master Of The Supreme Court <COMMON FUND NO 3 A/C>	2,769,033	0.23
19.	CPU Share Plans Pty Limited	2,500,000	0.21
20.	Share Direct Nominees Pty Ltd <26885 ACCOUNT>	2,500,000	0.21

Substantial Shareholders

The Capital Group of Companies Inc, by notice dated 16 November 2011, has a relevant interest in 115,099,109 shares.

Distribution of Shareholdings

Fully paid ordinary shares (at 7 August 2012)

Size of Holding	Number of Shareholders	Units	% of Issued Capital
1–1,000*	29,065	12,442,927	1.03
1,001–5,000	28,617	66,567,153	5.52
5,001–10,000	5,379	37,576,340	3.11
10,001–100,000	3,022	60,928,674	5.05
100,001–9,999,999,999	142	1,029,169,829	85.29
Total	66,225	1,206,684,923	100.00

*Of these shareholders, 2,750 held less than a marketable parcel.

Votes of shareholders are governed by Rules 43 to 48 of the Company's Constitution. In broad summary, but without prejudice to the provisions of these rules, on a show of hands every shareholder present in person shall have one vote and upon a poll every shareholder present in person or by proxy or attorney shall have one vote for every fully-paid share held.

Unquoted Equity Securities – Issued pursuant to various Amcor Employee Incentive Plans

Unquoted equity securities	Number of employees participating	Number of securities
Partly-paid ordinary shares paid to 1 cent	7	62,000
Partly-paid ordinary shares paid to 5 cents	31	355,000
Options over ordinary shares exercisable at various prices	187	49,261,021
Rights	314	7,643,007
Performance Shares	30	1,536,730

Statistical Summary

Results shown for all operations before significant items except where indicated
\$ million (except where indicated)

For the years ended 30 June	2012	2011	2010	2009	2008	2007
Amcor Consolidated Results						
Net sales	12,192.9	12,412.3	9,849.5	9,535.4	9,316.8	10,875.2
Operating profit before interest and tax pre significant items	1,061.4	1,003.2	759.2	646.6	657.0	731.9
Operating profit before tax pre significant items	855.6	786.1	575.8	464.9	477.6	517.0
Net operating profit pre significant items	634.9	570.3	409.2	360.5	369.1	397.0
Net operating profit after significant items	412.6	356.7	183.0	211.7	258.8	533.7
Earnings per share (cents) pre significant items ⁽¹⁾	52.3	46.5	35.2	40.9 ⁽²⁾	42.9	44.2
Earnings per share (cents) after significant items	34.0	29.1	15.8	24.0 ⁽²⁾	30.1	59.5
Return on average shareholders' equity pre significant items (% p.a.)	17.9	14.5	9.8	11.0	11.5	11.2
Dividend and distribution	438.4	416.7	295.9	284.2	294.2	305.7
Dividend per ordinary share (cents)	37.0	35.0	29.5	34.0	34.0	34.0
Dividend franking (% p.a.)	-	-	-	-	-	-
Dividend cover (times)	1.41	1.33	1.19	1.27	1.26	1.30
Financial Ratios						
Net tangible asset backing per share (\$)	0.96	1.37	1.50	1.60	1.90	2.29
Net PBITDA interest cover pre significant items (times)	7.6	7.0	6.6	6.0	6.0	5.6
Gearing (net debt/net debt and shareholders' equity) (%)	51.3	46.0	42.5	46.2	42.9	44.6
Financial Statistics						
Income from dividends and interest	22.4	19.4	22.9	12.0	30.3	23.9
Depreciation and amortisation provided during the year	495.5	511.0	454.7	442.1	413.1	466.9
Net finance costs	205.8	217.1	183.4	181.7	179.4	214.9
Cash flow from operations	1,040.2	785.8	784.1	673.7	661.4	946.3
Capital expenditure and acquisitions	956.1	1,095.9	2,956.0	716.1	585.8	637.8
Balance Sheet Data as at 30 June						
Current assets	3,728.1	3,660.3	3,545.7	2,317.9	2,618.3	3,394.5
Non-current assets	7,606.5	7,264.0	7,571.6	6,128.1	5,451.6	5,747.8
Total Assets	11,334.6	10,924.3	11,117.3	8,446.0	8,069.9	9,142.3
Current liabilities	4,198.2	3,350.5	4,214.9	2,952.3	2,742.0	3,521.6
Non-current liabilities	3,756.8	3,825.2	2,778.5	2,418.1	2,324.6	2,039.4
Total Liabilities	7,955.0	7,175.7	6,993.4	5,370.4	5,066.6	5,561.0
Net Assets	3,379.6	3,748.6	4,123.9	3,075.6	3,003.3	3,581.3
Equity						
Share capital	3,784.4	4,070.4	4,029.8	2,440.3	2,406.1	2,742.8
Reserves	(994.0)	(1,015.2)	(657.1)	(311.5)	(443.7)	(313.5)
Retained profits	500.7	633.2	695.2	883.8	986.4	1,099.8
Shareholders' equity attributable to Amcor Limited	3,291.1	3,688.4	4,067.9	3,012.6	2,948.8	3,529.1
Non-controlling interests in controlled entities	88.5	60.2	56.0	63.0	54.5	52.2
Total equity	3,379.6	3,748.6	4,123.9	3,075.6	3,003.3	3,581.3
Other data as at 30 June:						
Fully paid shares (000's)	1,206,685	1,227,470	1,221,647	842,759	834,753	883,119
Convertible securities – number of shares (000's)	-	-	-	-	-	-
Amcor share price						
– year's high (\$)	7.80	7.38	6.75	6.45	7.69	7.71
– year's low (\$)	5.87	6.27	4.37	3.90	4.97	6.16
– close (\$)	7.09	7.20	6.38	4.99	5.05	7.47
Market capitalisation	8,555.4	8,837.8	7,794.1	4,205.4	4,215.5	6,596.9
Employee numbers	32,986	33,868	33,606	19,974	21,030	22,312
Number of shareholders	67,589	70,161	72,046	73,165	75,676	87,433

(1) Based on net operating profit before significant items divided by the weighted average number of shares on issue.

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

Investor Information

Amcor provides a progress report to shareholders in two different formats. Shareholders can choose the detailed financial information available in the comprehensive Full Year Financial Report produced annually. Alternatively, shareholders can choose to receive an easy-to-read environmentally friendly Annual Review.

The Amcor Annual Review contains the information of most interest to shareholders, including key financial results, performance highlights and a report from the Chairman.

Both or either of these reports are sent by post or email 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
C/- Computershare Investor Services
Yarra Falls
452 Johnston Street
Abbotsford Victoria 3067
Australia

Or

Amcor Share Registry
C/- Computershare Investor Services
GPO Box 2975
Melbourne Victoria 3001
Australia

Or

By fax to: +61 3 9473 2500

Or

By email: www.investorcentre.com/contact

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 'Investors' in the main menu, then choosing Shareholder Information > Amcor Shareholder Services > Amcor Share Registry Online. You will need your Securityholder Reference Number (SRN) or Holder Identification Number (HIN) and your registered postcode in order to access this information.

Amendments to your shareholder details, such as a change of name or address, or notification of your tax file number, direct credit of dividend advice or Dividend Reinvestment Plan preferences, can be submitted directly from this website. Alternatively, you can complete downloadable forms and forward them to Amcor's Share Registry.

Dividends

The Company normally pays dividends around April and October each year. Shareholders should retain all remittance advices relating to dividend payments for tax purposes.

The following alternatives are available to shareholders regarding payment of dividends:

1. By direct deposit to an Australian bank, building society or credit union account.

Shareholders may choose to have their dividends paid directly into a nominated bank, building society or credit union account anywhere in Australia. Payments are electronically credited on the dividend date and confirmed by a payment advice sent to the shareholder. Forms for this service are available from Amcor's Share Registry or Amcor's website.

2. By cheque payable to the shareholder.

Lost or stolen cheques should be reported, in writing, immediately to Amcor's Share Registry to enable a 'stop payment' and replacement.

3. Dividend Reinvestment Plan (DRP).

The DRP provides shareholders with the opportunity to re-invest their dividends to acquire additional Amcor shares. Shares acquired under the DRP rank equally with existing fully paid ordinary shares and have been provided to participants with no discount at a price equivalent to the arithmetic average of the 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 that 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 Eurobond Notes issued under Amcor's €2,000,000,000 Euro Medium Term Note Programme are listed on the Singapore Stock Exchange (SGX).

Amcor Limited's CHF Notes issued under Amcor's €2,000,000,000 Euro Medium Term Note Programme are listed on the Swiss Stock Exchange (SIX).

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 that may also be of interest, such as the annual Sustainability Report, are best sourced from the Company's website.

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Executive Vice President Human Resources

Julie McPherson
Group General Counsel and
Company Secretary

John Murray
Senior Vice President Corporate Affairs

Ian Wilson
Executive Vice President Strategy
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Email: www.investorcentre.com/contact

Financial Calendar

2012/13

Financial year 2011/12 ends	30 June 2012
Announcement of full year results for 2011/12	21 August 2012
Ex-dividend date for final dividend for 2011/12	28 August 2012
Record date for final dividend and DRP for 2011/12	3 September 2012
Final dividend payment date for 2011/12	25 September 2012
Annual General Meeting	25 October 2012
Financial half year ends	31 December 2012
Announcement of interim results for 2012/13	February 2013
Ex-dividend date for interim dividend for 2012/13	Early March 2013
Record date for interim dividend for 2012/13	Early March 2013
Interim dividend payment date for 2012/13	Late March 2013
Financial year 2012/13 ends	30 June 2013

Paper and printing of this annual report

This report is printed on ecoStar, an environmentally friendly 100% recycled paper, certified by the Forest Stewardship Council (FSC).

The printing process used digital printing plates to eliminate film and chemicals. Vegetable-based inks were used rather than traditional mineral oils that emit higher volumes of greenhouse gases.





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