AMCOR LTD
Form 6-K
September 21, 2006

FORM 6-K

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Report of Foreign Private Issuer Pursuant to Rule 13a-16 or 15d-16 of the Securities Exchange Act of 1934

For the month of September 2006

Amcor Limited

(Translation of registrant s name into English)

679 Victoria Street Abbotsford

(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover Form 20-F or Form 40-F.

Form 20-F x Form 40-F o

Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes x No o

If Yes is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): 82- 0000869428

The Way Forward

Full Year Financial Report

Financial Report 2006

Amcor Limited ABN 62 000 017 372

Annual General Meeting

The 2006 Annual General Meeting of Amcor Limited will be held in the Savoy Ballroom of the Grand Hyatt Melbourne, 123 Collins Street, Melbourne at 11.00am on Wednesday 25 October 2006.

Formal notice of the meeting is enclosed with this report.

Julie McPherson
Company Secretary and Group General Counsel
Amcor Limited

About this report

Amcor s Full Year Financial Report is issued in two sections Concise and Financial. Both versions can be viewed on, or downloaded from, Amcor s website www.amcor.com

In this report, the year , 2005/06 and 2006 refer to the financial year ended 30 June 2006. Likewise, 2006/07 and 2007 refer to the financial y ending 30 June 2007.

All monetary amounts are in Australian dollars unless otherwise specified.

Contents

Income Statements

For the financial year ended 30 June 2006

$ million	Note	Consolidated 2006	2005(1)	Amcor Limited 2006	2005(1)
Sales revenue from continuing operations	5	**11,041.9**	10,646.1		
Cost of sales		**(9,329.9)**	(8,853.3)		
Gross profit		**1,712.0**	1,792.8		
Other income	5	**176.2**	70.2	**30.7**	366.3
Sales and marketing expenses		**(319.3)**	(301.2)		
General and administration expenses		**(790.6)**	(1,013.2)	**(284.9)**	(40.2)
Research costs	6	**(37.0)**	(39.7)	**(0.1)**	(0.3)
Share of net profit of associates	45	**9.8**	1.8		
Profit/(loss) from operations		**751.1**	510.7	**(254.3)**	325.8
Financial income	5	**21.7**	20.4	**360.9**	323.1
Financial expenses	6	**(263.9)**	(181.1)	**(286.9)**	(217.1)
Net finance costs		**(242.2)**	(160.7)	**74.0**	106.0
Profit/(loss) before related income tax expense		**508.9**	350.0	**(180.3)**	431.8
Income tax (expense)/benefit	9	**(92.3)**	(72.4)	**106.0**	(60.3)
Profit/(loss) from continuing operations		**416.6**	277.6	**(74.3)**	371.5
Loss from discontinued operations	12	**(37.4)**	(19.2)		
Profit/(loss) for the financial year		**379.2**	258.4	**(74.3)**	371.5
Profit/(loss) attributable to:					
Members of Amcor Limited		**351.3**	245.3	**(74.3)**	371.5
Minority interest		**27.9**	13.1		
		379.2	258.4	**(74.3)**	371.5

		Cents	Cents
Earnings per share for profit from continuing operations attributable to the ordinary equity holders of the company			
Basic earnings per share	11	**44.4**	24.2
Diluted earnings per share	11	**43.2**	24.1
Earnings per share for profit attributable to the ordinary equity holders of the company			
Basic earnings per share	11	**39.9**	22.0
Diluted earnings per share	11	**39.4**	21.9

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(1) The Income Statements for the year ended 30 June 2005 have not been restated to comply with AASB 132 *Financial Instruments: Disclosure and Presentation* and AASB 139 *Financial Instruments: Recognition and Measurement* which have been adopted from 1 July 2005. Refer Note 1(a).

The above Income Statements should be read in conjunction with the accompanying Notes.

Balance Sheets

As at 30 June 2006

$ million	Note	Consolidated 2006	2005(1)	Amcor Limited 2006	2005(1)
Current assets					
Cash and cash equivalents	13	**113.9**	229.8		3.7
Trade and other receivables	14	**1,691.9**	1,824.7	**6,519.3**	6,004.8
Inventories	15	**1,380.3**	1,440.1		
Other financial assets	16	**10.8**		**4.1**	
Total current assets		**3,196.9**	3,494.6	**6,523.4**	6,008.5
Non-current assets					
Investments accounted for using the equity method	17	**283.1**	40.7		
Other financial assets	18	**19.1**	52.8	**4,692.8**	4,686.0
Property, plant and equipment	19	**4,296.8**	4,426.8	**0.6**	4.1
Deferred tax assets	20	**390.7**	349.9	**36.4**	
Intangible assets	21	**1,888.4**	1,998.0	**16.2**	10.5
Other non-current assets	22	**80.5**	96.3	**5.1**	10.5
Total non-current assets		**6,958.6**	6,964.5	**4,751.1**	4,711.1
Total assets		**10,155.5**	10,459.1	**11,274.5**	10,719.6
Current liabilities					
Trade and other payables	23	**2,076.6**	1,996.0	**53.0**	35.9
Interest-bearing liabilities	24	**690.4**	887.2	**4,570.2**	3,849.6
Subordinated convertible securities	25	**464.2**		**246.0**	
Other financial liabilities	26	**3.2**			
Current tax liabilities		**54.7**	82.5	**28.2**	13.2
Provisions	27	**290.0**	289.3	**1.6**	2.1
Total current liabilities		**3,579.1**	3,255.0	**4,899.0**	3,900.8
Non-current liabilities					
Trade and other payables	28	**31.1**	31.6		
Interest-bearing liabilities	29	**2,084.9**	1,917.3	**1,509.8**	1,275.9
Subordinated convertible securities	30		301.1		301.1
Deferred tax liabilities	31	**541.2**	517.3		35.8
Provisions	27	**100.6**	99.9	**5.9**	5.5
Retirement benefit obligations	32	**246.6**	358.9	**35.8**	58.8
Total non-current liabilities		**3,004.4**	3,226.1	**1,551.5**	1,677.1
Total liabilities		**6,583.5**	6,481.1	**6,450.5**	5,577.9
Net assets		**3,572.0**	3,978.0	**4,824.0**	5,141.7
Equity					
Contributed equity	33	**2,810.3**	3,322.1	**2,810.3**	2,725.5
Reserves	34	**(84.5)**	(148.2)	**(13.4)**	4.4
Retained profits	34	**794.6**	726.1	**2,027.1**	2,411.8
Total equity attributable to equity holders of the parent		**3,520.4**	3,900.0	**4,824.0**	5,141.7
Minority interest	35	**51.6**	78.0		

Total equity	36	**3,572.0**	3,978.0	**4,824.0**	5,141.7

(1) The Balance Sheets as at 30 June 2005 have not been restated to comply with AASB 132 *Financial Instruments: Disclosure and Presentation* and AASB 139 *Financial Instruments: Recognition and Measurement* which have been adopted from 1 July 2005. Refer Note 1(a).

The above Balance Sheets should be read in conjunction with the accompanying Notes.

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Statements of Recognised Income and Expense

For the financial year ended 30 June 2006

$ million	Note	Consolidated 2006	2005(1)	Amcor Limited 2006	2005(1)
Available for sale financial assets, net of tax		**(0.1)**			
Cash flow hedges, net of tax		**9.0**		**2.9**	
Exchange differences on translation of foreign operations		**85.6**	(168.4)		
Actuarial gains and losses on defined benefit plans		**12.8**	(34.4)	**(3.3)**	10.3
Net income recognised directly in equity		**107.3**	(202.8)	**(0.4)**	10.3
Profit for the financial year		**379.2**	258.4	**(74.3)**	371.5
Total recognised income and expense for the financial year	36	**486.5**	55.6	**(74.7)**	381.8
Total recognised income and expense for the financial year is attributable to:					
Members of Amcor Limited		**452.4**	58.3	**(74.7)**	381.8
Minority interest		**34.1**	(2.7)		
	36	**486.5**	55.6	**(74.7)**	381.8
Effects of change in accounting policy financial instruments:					
Adjustment on adoption of AASB 132 and AASB 139, net of tax:					
Contributed equity		**(596.6)**			
Retained profits		**3.2**		**(8.3)**	
Reserves		**(28.1)**		**(24.1)**	
	36	**(621.5)**		**(32.4)**	
Adjustment on adoption of AASB 132 and AASB 139, net of tax is attributable to:					
Members of Amcor Limited		**(621.5)**		**(32.4)**	
Minority interest					
	36	**(621.5)**		**(32.4)**	

(1) The Statements of Recognised Income and Expense as at 30 June 2005 have not been restated to comply with AASB 132 *Financial Instruments: Disclosure and Presentation* and AASB 139 *Financial Instruments: Recognition and Measurement* which have been adopted from 1 July 2005. Refer Note 1(a).

Other movements in equity arising from transactions with owners are set out in Note 36.

The amounts recognised directly in equity are disclosed net of tax, refer to Notes 20 and 31 for the tax effect.

The above Statements of Recognised Income and Expense should be read in conjunction with the accompanying Notes.

Cash Flow Statements

For the financial year ended 30 June 2006

$ million	Note	Consolidated 2006	2005(1)	Amcor Limited 2006	2005(1)
Cash flows from operating activities					
Receipts from customers (inclusive of goods and services and sales tax)		**11,457.2**	10,978.7		
Payments to suppliers and employees (inclusive of goods and services and sales tax)		**(10,231.3)**	(9,878.3)	**(91.2)**	(66.6)
Dividends received		**0.4**	0.6	**18.9**	40.6
Other income received		**56.5**	71.3	**1.2**	31.8
Finance income received		**22.0**	20.6	**372.8**	309.6
Finance expenses paid		**(261.6)**	(175.6)	**(279.1)**	(211.8)
Income taxes paid		**(79.1)**	(115.5)	**(26.1)**	(42.2)
Net cash from operating activities	46	**964.1**	901.8	**(3.5)**	61.4
Cash flows from investing activities					
Repayment of loans by associated companies and other persons		**0.1**	4.8	**0.1**	163.5
Payments for controlled entities, businesses and associates, net of cash	42, 45	**(66.8)**	(45.5)	**(5.9)**	(10.1)
Payments for property, plant and equipment		**(486.4)**	(647.4)	**(3.1)**	(3.1)
Proceeds on disposal of controlled entities and businesses(2)		**(24.8)**	10.8		
Proceeds on disposal of controlled entities and business treated as discontinued operations	12	**297.5**		**21.2**	
Proceeds on disposal of property, plant and equipment		**33.4**	77.4		0.3
Net cash from investing activities		**(247.0)**	(599.9)	**12.3**	150.6
Cash flows from financing activities					
Proceeds from share issues, convertible securities and calls on partly-paid shares		**143.5**	12.9	**143.5**	12.9
Payments for shares bought back	33	**(57.8)**	(15.4)	**(57.8)**	(15.4)
Share issue and buy-back transaction costs		**(0.9)**		**(0.9)**	
Proceeds from borrowings		**6,206.0**	3,876.0	**6,170.3**	3,326.9
Repayment of borrowings		**(6,833.3)**	(3,706.4)	**(5,974.6)**	(3,250.0)
Principal lease repayments		**(19.4)**	(18.1)		
Dividends and other equity distributions paid		**(308.8)**	(346.6)	**(298.8)**	(290.2)
Net cash from financing activities		**(870.7)**	(197.6)	**(18.3)**	(215.8)
Net (decrease)/increase in cash held		**(153.6)**	104.3	**(9.5)**	(3.8)
Cash and cash equivalents at the beginning of the financial year		**213.8**	121.1	**3.7**	7.5
Effects of exchange rate changes on cash and cash equivalents		**4.8**	(11.6)		
Cash and cash equivalents at the end of the financial year		**65.0**	213.8	**(5.8)**	3.7
Financing arrangements	29				
Non-cash investing and financing activities	47				

Reconciliation of cash and cash equivalents

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

Cash assets and cash equivalents	13	**113.9**	229.8		3.7
Bank overdrafts	24	**(48.9)**	(16.0)	**(5.8)**	
		65.0	213.8	**(5.8)**	3.7

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(1) The Cash Flow Statements for the year ended 30 June 2005 have not been restated to comply with AASB 132 *Financial Instruments: Disclosure and Presentation* and AASB 139 *Financial Instruments: Recognition and Measurement* which have been adopted from 1 July 2005. Refer Note 1(a).

(2) Proceeds on disposal of controlled entities and businesses is net of $39.6 million cash transferred in respect of the Asian tobacco packaging business.

The above Cash Flow Statements should be read in conjunction with the accompanying Notes.

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Contents of Notes to the Financial Statements

Notes to the Financial Statements

30 June 2006

Note 1 Summary of Significant Accounting Policies

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated. The financial report includes separate financial statements for Amcor Limited as an individual entity and the consolidated entity consisting of Amcor Limited and its subsidiaries.

(a) Basis of preparation of the annual financial report

This general purpose financial report for the year ended 30 June 2006 has been prepared in accordance with Australian Accounting Standards (AASBs) adopted by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001.*

International Financial Reporting Standards (IFRS) form the basis of AASBs adopted by the AASB, and for the purpose of this report are called Australian Equivalents to IFRS (AIFRS) to distinguish them from the previous Australian Generally Accepted Accounting Principles (AGAAP).

Application of AASB 1 *First-time Adoption of Australian Equivalents to International Financial Reporting Standards*

These financial statements are the first Amcor Limited annual financial statements to be prepared in accordance with AIFRS. AASB 1 *First-time Adoption of Australian Equivalents to International Financial Reporting Standards* has been applied in preparing these financial statements.

Financial statements of Amcor Limited have been prepared in accordance with previous AGAAP until 30 June 2005. AGAAP differs in certain respects from AIFRS. When preparing the financial report for the year ended 30 June 2006, management adopted certain changes to the accounting, valuation and consolidation methods applied in the previous AGAAP financial statements to comply with AIFRS. With the exception of financial instruments, the comparative figures have been restated to reflect these adjustments. The consolidated entity has taken the exemption available under AASB 1 to apply AASB 132 *Financial Instruments: Disclosure and Presentation and AASB 139 Financial Instruments: Recognition and Measurement* only from 1 July 2005. Refer Note 1(z).

Compliance with AIFRS ensures that the financial reports of the consolidated entity and the parent entity also comply with IFRS, except that an election has been made to apply the relief provided to parent entities in respect of certain disclosure requirements contained in AASB 132 *Financial Instruments: Presentation and Disclosure.*

Early adoption of standard

The consolidated entity has elected to apply AASB 119 *Employee Benefits* (issued in December 2004) and AASB 2004-3 *Amendments to Australian Accounting Standards* to the reporting periods beginning 1 July 2005. This includes applying AASB 119 to the comparatives in accordance with AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors.*

Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, derivative financial instruments, and financial assets and liabilities measured at fair value.

Critical accounting estimates

The preparation of financial statements in conformity with AIFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 3.

(b) Principles of consolidation

(i) Subsidiaries

These financial statements incorporate the assets and liabilities of all subsidiaries of Amcor Limited (parent entity) as at 30 June 2006 and the results of all subsidiaries for the year then ended. Amcor Limited and its subsidiaries together are referred to as the Group or consolidated entity.

Subsidiaries are all those entities (including special purpose entities) over which the consolidated entity has the power to govern the financial and operating policies, generally accompanying a shareholding of more than 50% of the voting rights.

Subsidiaries are fully consolidated from the date control commences until the date control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the consolidated entity. Refer Note 1(h).

All balances and transactions between entities included in the consolidated entity have been eliminated.

Minority interests in the results and equity of subsidiaries are shown separately in the consolidated income statement and balance sheet respectively.

Investments in subsidiaries are accounted for at cost in the parent entity financial report of Amcor Limited.

(ii) Associates

Associates are all entities over which the consolidated entity has significant influence but not control. Investments in associates are accounted for in the parent entity financial statements using the cost method and in the consolidated financial statements using the equity method, after initially being recognised at cost. The consolidated entity s investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition.

The consolidated entity recognises its share of its associates post-acquisition profits or losses in the income statement, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Dividends receivable from associates are recognised as a reduction in the consolidated entity s carrying amount of the investment.

Changes in the consolidated entity s share of net worth of associates caused by an issue of equity by the associate are recognised in the income statement as gains or losses.

Unrealised gains on transactions between the consolidated entity and its associates are eliminated to the extent of the consolidated entity s interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

(c) Foreign currency translation

(i) Functional and presentation currency

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

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses arising from the settlement of such transactions and from the translation at period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges. Refer to Notes 1(o)(ii) and 1(o)(iii).

Translation of 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.

(iii) Group companies

The results and financial position of all the Group entities, excluding those in a hyperinflationary economy, that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet 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

- all resulting exchange differences are recognised in the exchange fluctuation reserve.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities and of borrowings and other currency instruments designated as hedges of such investments, are taken to the exchange fluctuation reserve. When a foreign operation is sold, the cumulative exchange differences from 1 July 2004 are recognised in the income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

(d) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, allowances and discounts. Revenue is recognised as follows:

(i) Sale of goods

Sales revenue comprises revenue earned (net of returns, discounts and allowances) from the provision of products to entities outside the consolidated entity. Sales 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.

(ii) Interest income

Interest income is recognised as it accrues, taking into account the effective yield on the financial asset. Interest income is included as financial income in the income statement.

(e) 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 relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to the income statement on a straight line basis over the expected lives of the related assets.

(f) Income tax

(i) General

Income tax expense is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the reporting date, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and by the availability of unused tax losses. Current and deferred taxes attributable to amounts recognised directly in equity are also recognised directly in equity.

Deferred tax balances are determined using the balance sheet liability method which calculates temporary differences based on the carrying amounts of an entity s assets and liabilities in the balance sheet and their associated tax bases. The amount of deferred tax provided will be based on the expected manner of realisation of the asset or settlement of the liability, using tax rates enacted or substantively enacted at reporting date.

Deferred tax assets will be recognised only to the extent that it is probable that future taxable profits will be available against which the assets can be utilised.

The parent entity is the head entity in the tax-consolidated group comprising all the Australian wholly-owned subsidiaries. The head entity recognises all of the current tax liabilities of the tax-consolidated group (after elimination of intragroup transactions). The tax-consolidated group has entered into a tax-sharing agreement that requires wholly-owned subsidiaries to make contributions to the head entity for tax liabilities arising from external transactions during the year. The contributions are calculated as if each subsidiary continued to be a stand-alone taxpayer in its own right. The contributions are payable annually.

(ii) Capital gains tax

Capital gains tax, expected to be paid, is provided in the period in which an asset is sold.

(iii) 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 balance sheet.

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

(g) Leases

Leases under which the consolidated entity assumes substantially all the risks and benefits of ownership are classified as finance leases. Other leases are classified as operating leases.

Finance leases are capitalised at the lower of the fair value of the leased property and the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in current and non-current interest-bearing liabilities. Each lease payment is allocated between the liability and the finance charges. The interest element of the finance cost is charged to 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. The property, plant and equipment acquired under finance leases 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.

Payments made under operating leases are expensed on a straight line basis over the term of the lease.

(h) Acquisition of assets

The purchase method of accounting is used to account for all acquisitions of assets (including business combinations) regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given, shares issued or liabilities incurred or assumed at the date of exchange plus costs directly attributable to the acquisition. Where equity instruments are issued in an acquisition, the value of the instruments is their published price at the date of exchange unless it can be demonstrated that the published price at the date of exchange is an unreliable indicator of fair value and that other evidence and valuation methods provide a more reliable measure of fair value.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured at fair values at the acquisition date. The excess of the cost of acquisition over the fair value of the consolidated entity s share of the identifiable net assets acquired is recorded as goodwill (refer Note 1(s)). If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

(i) Impairment of assets

The recoverable amount of the consolidated entity s assets, excluding deferred tax assets, defined benefit assets, and goodwill 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.

Goodwill and intangible assets that have an indefinite useful life and intangible assets not ready for use are tested for impairment at least annually.

The recoverable amount is estimated for the 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 is determined. CGUs have been determined as the smallest identifiable group of assets that generate cash inflows largely independent of the cash inflows of other assets or group of assets. Each CGU is no larger than a segment.

An impairment loss is recognised as an expense when the carrying amount of an asset or its CGU exceeds its recoverable amount. Recoverable amount is determined as the higher of fair value less costs to sell and value-in-use. 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 unit (group of units) on a pro rata basis.

An impairment loss recognised in prior periods for an asset (other than goodwill) is reversed if, and only where there is an indicator that the impairment loss may no longer exist, and if there has been a change in the estimates used to determine the asset s recoverable amount since the last impairment loss was recognised. The increased carrying amount of an asset due to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

In calculating value-in-use, the cash flows include projections of cash inflows and outflows from continuing use of the asset and cash flows associated with disposal of the asset. The cash flows are estimated for the asset in its current condition and therefore do not include cash inflows and outflows expected to arise from future restructurings which are not yet committed, or from improving or enhancing the asset s performance. In assessing value-in-use, the estimated cash flows are discounted to their present value effectively using a pre-tax discount rate that reflects the current market assessments of the risks specific to the asset or CGU.

(j) 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 balance sheet.

(k) Trade and other receivables

Trade and other receivables are recognised at their cost, less any impairment losses and are non-interest bearing.

Collectibility of trade and other receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. An impairment loss is recognised when there is objective evidence that the consolidated entity will not be able to collect amounts due according to the original terms of the receivables.

(l) Inventories

Inventories are valued at the lower of cost (including an appropriate proportion of fixed and variable overheads) and net realisable value in the normal course of business.

After initial measurement of the cost of finished goods inventories, cost is determined using the most appropriate of either first-in, first-out (FIFO) or weighted average cost formula and includes the appropriate share of fixed and variable overheads.

(m) Non-current assets (or disposal groups) held for sale

Non-current assets (or disposal groups) classified as held for sale are stated at the lower of their carrying amount and fair value less costs to sell, if their carrying amount will be recovered principally through a sale transaction rather than through continuing use.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of derecognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the balance sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the balance sheet.

(n) Investments and other financial assets

From 1 July 2004 to 30 June 2005

The consolidated entity has taken the exemption available under AASB 1 to apply AASB 132 and AASB 139 only from 1 July 2005. The consolidated entity has applied previous AGAAP to the comparative information on the financial instruments within the scope of AASB 132 and AASB 139. For further information on previous AGAAP, refer to the annual report for the year ended 30 June 2005.

From 1 July 2005

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 classification depends on the purpose for which the investments and other financial assets were acquired. Management determines the classification of held-to-maturity assets at initial recognition and re-evaluates this designation at each reporting date.

Available-for-sale financial assets and financial assets at fair value through the income statement are initially and subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method. Realised and unrealised gains and losses arising from changes in the fair value of the financial assets at fair value through profit or loss category are included in the income statement in the period in which they arise. Unrealised gains and losses arising from changes in the fair value of non-monetary securities classified as available-for-sale are recognised in equity in the available-for-sale fair value reserve. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments are included in the income statement as gains and losses from investment securities.

The fair values of quoted investments are based on current bid prices.

The consolidated entity makes an assessment as to the impairment of any financial asset or group of financial assets at each reporting date. This assessment is carried out, based on the existence of objective evidence of impairment. The amount of any impairment is calculated as the difference between the carrying amount of the asset, or group of assets and the present value of the estimated future cash flows. For financial assets carried at cost or amortised cost, the amount of any loss will be recognised in the income statement. For available-for-sale financial assets, the cumulative loss directly recognised in equity will be removed and recognised in the income statement when the financial asset is sold.

(i) Financial assets at fair value through the income statement

This category has two sub-categories: financial assets held for trading, and those designated at fair value through the income statement on initial recognition. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term, or to generate short-term profits, or if so designated by management. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months of the balance sheet date.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the consolidated entity provides money, goods or services directly to a debtor with no intention of selling the receivable. 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.

Loans and other receivables excluding those held as available-for-sale are recognised at their amortised cost using the effective interest rate method.

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the consolidated entity s management has the positive intention and ability to hold to maturity.

(iv) Available-for-sale financial assets

Available-for-sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

Purchases and sales of investments and other financial assets are recognised on trade-date, the date on which the consolidated entity commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership.

(o) Derivatives

From 1 July 2004 to 30 June 2005

The consolidated entity has taken the exemption available under AASB 1 to apply AASB 132 and AASB 139 from 1 July 2005. The consolidated entity has applied previous AGAAP to the comparative information on financial instruments within the scope of AASB 132 and AASB 139. For further information on previous AGAAP, refer to the annual report for the year ended 30 June 2005.

From 1 July 2005

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The consolidated entity designates certain derivatives as either: (1) hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge); or (2) hedges of highly probable forecast transactions (cash flow hedges); or (3) hedges of a net investment in a foreign operation.

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.

(i) Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

(ii) Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in equity in the hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in the income statement.

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

When a hedging instrument expires or is sold or terminated, 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 fluctuations reserve on consolidation. The ineffective portion is recognised in the income statement.

(iv) Derivatives that do not qualify for hedge accounting

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.

(p) Financial instruments included in liabilities and equity

From 1 July 2005

Bank overdrafts, bank loans, commercial paper, mortgage loans and other loans are initially recognised at their fair value, net of transaction costs incurred. Subsequent measurement is 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.

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

Undated subordinated convertible securities are carried at amortised cost. These securities have been translated at the exchange rate 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 method. The terms and conditions of undated subordinated convertible securities outstanding is set out in Note 25.

From 1 July 2005, the consolidated entity reclassified the issue of $400 million of Perpetual Amcor Convertible Reset Securities (PACRS1) and $210 million of 2002 Perpetual Amcor Convertible Reset Securities (PACRS2) from equity to liabilities. The conversion discount and transaction costs are set off against the carrying value of the PACRS1 and PACRS2 at amortised cost. Over the life of the PACRS1 and PACRS2, these amounts are reflected in the income statement as financing costs using the effective interest method. The coupons on the PACRS1 and PACRS2 are recorded as a finance cost in the income statement.

Prior to 1 July 2005

(i) Financial instruments included in equity

The issue of $400 million of Perpetual Amcor Convertible Reset Securities (PACRS1) and $210 million of 2002 Perpetual Amcor Convertible Reset Securities (PACRS2) was classified as equity and the coupon interest payable on the PACRS1 and PACRS2 was treated as a distribution of shareholders equity. The consolidated income statement did not include the coupon interest on the PACRS1 or PACRS2.

PACRS were recorded at the amount of consideration received less transaction costs.

(ii) Financial instruments included in liabilities

Liabilities were recognised for amounts to be paid in the future for goods and services received, whether or not billed to the consolidated entity.

Bank overdrafts, bank loans, mortgage loans and other loans were carried at their principal amounts. Interest was charged as an expense as it accrued other than for amounts capitalised.

Commercial paper was carried at face value. The discount interest was carried as a deferred expense and brought to account on an accruals basis.

US$ notes were carried at face value and translated at the exchange rates ruling at reporting date. Interest was charged as an expense as it accrued.

Eurobond notes were carried at face value. The discount on issue was carried as a deferred expense and amortised over the period to maturity. Interest was charged as an expense as it accrued.

Undated subordinated convertible securities were initially recorded at the amount of consideration received. These securities were translated at the rate of exchange ruling at reporting date. Interest payable on these securities was recognised when entitlements accrued and was calculated in accordance with the terms of each issue.

(q) 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 nominal 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.

(r) Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the item.

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

Property, plant and equipment, excluding freehold land, are depreciated at rates based upon their expected useful lives using the straight line method.

Depreciation rates used for each class of asset are as follows:

- Leasehold land between 1% 3% (2005: 1% 3%)
- Land improvements between 1% 3% (2005: 1% 3%)
- Buildings between 1% 5% (2005: 1% 5%)
- Plant and equipment between 3% 25% (2005: 3% 25%)
- Finance leased assets between 4% 20% (2005: 4% 20%).

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

Gains and losses on disposals are determined by comparing the proceeds of each disposed asset with its carrying amount, and are included in the income statement as other income.

(s) Intangible assets

(i) Goodwill

Goodwill represents the difference between the cost of a business combination over the net fair value of the identifiable assets, liabilities and contingent liabilities acquired. Goodwill is carried at cost less any accumulated impairment losses. Goodwill is allocated to CGUs and tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired.

(ii) Other intangible assets

Other intangible assets acquired are carried at cost less accumulated amortisation and impairment losses.

Expenditure on research associated with product research is charged against net income in the year in which the expenditure is incurred.

Expenditure on development activities associated with product development innovation is capitalised if the product is technically and commercially feasible and adequate resources are available to complete development. Capitalised development expenditure is amortised over the period of time during which the benefits are expected to arise, typically not exceeding ten years.

Expenditure on significant commercial development, including major software applications and associated systems, is capitalised and amortised over the period of time during which the benefits are expected to arise, typically between three to eight 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 amortised over the period of time during which the benefits are expected to arise, typically not exceeding ten years. Software costs which are incurred in the research phase are expensed.

Expenditure on other internally generated intangibles is charged against net income in the year in which the expenditure is incurred.

(t) 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.

(u) Financing costs

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

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.

(v) 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 not recognised for future operating losses.

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.

In the income statement, the expense recognised in respect of a provision is presented net of the recovery.

(i) Restructuring

A provision for restructuring is recognised when:

(a) there is a detailed formal plan for the restructuring at the commitment date, identifying at least: the business or part of a business concerned; the principal locations affected; the location, function and approximate number of employees who will be compensated for terminating their services (for involuntarily terminated employees, the plan must also specifically identify the benefit formula to be used for determining individual employee involuntary termination payments, job classification and functions); when the plan will be implemented; and the expenditures that will be made; and

(b) the entity has announced the main features of the plan or started to implement the plan so as to raise a valid expectation in those affected that the entity will carry out the restructuring.

(ii) Dividends

A provision for dividends payable is recognised in the reporting period in which the dividends are declared on or before the end of the financial period but not distributed at balance date.

(iii) Decommissioning

The present value of the estimated costs of dismantling and removing an asset and restoring the site on which it is located are recognised as an asset within property, plant and equipment and as a provision, where a legal or constructive obligation exists. At each reporting date, the liability is remeasured in line with changes in discount rates, timing and estimated cash flows. Any changes in the liability are added or deducted from the related asset, other than the unwinding of the discount, which is recognised as a financing cost in the income statement.

(iv) Onerous contracts

A provision for onerous contracts is recognised when unavoidable costs under a contract, calculated as the lower of the cost of fulfilling the contract and any compensation or penalties arising from the failure to fulfil it, is loss-making, rather than simply unfavourable due to current prices. A provision is recognised only in respect of the onerous element of the contract. The provision is discounted to its present value, where the effect of discounting is material.

(v) Insurance and other claims

Provisions for workers compensation, insurance and other claims are made for claims received and claims expected to be received in relation to incidents occurring prior to reporting date, 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.

(w) Employee benefits

(i) 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 reporting date, and are measured at the amounts expected to be paid when the liabilities are settled.

(ii) 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 yield on government bonds at the reporting date is used. The rates used reflect the terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(iii) Retirement benefit obligations

(a) Defined benefit plans

The consolidated entity s liability or asset in respect of defined benefit pension plans is recognised in the balance sheet, and is measured as the present value of the defined benefit obligation at the reporting date plus unrecognised actuarial gains (less unrecognised actuarial losses), less the fair value of the pension plan s assets at that date and any unrecognised past service cost. The present value of the defined benefit obligation is based on expected future payments which arise from membership of the fund to the reporting date, calculated annually by independent actuaries. 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 at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity.

Past service costs are recognised immediately in income, unless the changes to the pension 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.

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.

(b) Defined contribution plans

Contributions by the company or the consolidated entity to the defined contribution fund are recognised as an expense as they become payable. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(iv) Share-based payments

The company maintains two employee share schemes: the Employee Share Purchase Plan (ESPP) and the Employee Share/Option Plan (ESOP). Both schemes were introduced in 1985, and have been subsequently amended and approved by shareholders at Annual General Meetings.

A number of sub-plans exist under the ESPP, including the Employee Incentive Share Plan (EISP), the Senior Executive Retention Share Plan (SERSP) and the Senior Executive Retention Payment Plan (SERPP).

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. Repayments are recorded as contributions to share capital. Shares are held in trust until the loan is settled.

Share options granted before 7 November 2002 which have vested before 1 January 2005

No expense is recognised in respect of these options. The shares are recognised when the options are exercised and the proceeds received allocated to share capital.

Share options granted after 7 November 2002 which have vested after 1 January 2005

The fair value of options granted is recognised as an employee benefit expense with a corresponding increase in the share-based payments reserve in equity. The fair value is measured at grant date taking into account market performance conditions only, and spread over the vesting period during which the employees become unconditionally entitled to the options. The fair value of options granted is measured using the Black Scholes model. The amount recognised as an expense is adjusted to reflect the actual number of options that vest, except where forfeiture is due to market related conditions.

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

(v) 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.

(x) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or the exercise of options are shown in equity as a deduction, net of tax, from the proceeds.

(y) Earnings per share (EPS)

(i) Basic earnings per share

Basic earnings per share is calculated by dividing the net profit attributable to members of the company for the reporting period, by the weighted average number of ordinary shares of the company for the reporting period, adjusted for any bonus issue.

(ii) Diluted earnings per share

Diluted EPS is calculated by adjusting the basic EPS for the after tax effect of financing costs and the effect of conversion to ordinary shares associated with dilutive potential ordinary shares.

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.

(z) Change in accounting policies financial instruments

The consolidated entity has elected not to restate comparative information for financial instruments within the scope of Accounting Standards AASB 132 *Financial Instruments: Disclosure and Presentation* and AASB 139 *Financial Instruments: Recognition and Measurement,* as permitted on the first-time adoption of AIFRS. The effect of changes in the accounting policies for financial instruments on the balance sheet as at 1 July 2005 is shown below:

$ million	**Footnote**	**Consolidated 30 June 2005**	**Effect of adoption**	**1 July 2005**	**Amcor Limited 30 June 2005**	**Effect of adoption**	**1 July 2005**
Current assets							
Cash and cash equivalents		229.8		229.8	3.7		3.7
Trade and other receivables	(iii), (iv), (vii), (ix)	1,824.7	(120.8)	1,703.9	6,004.8	(43.7)	5,961.1
Inventories		1,440.1		1,440.1			
Other financial assets	(iv), (vi), (vii), (viii)		109.6	109.6		1.7	1.7
Total current assets		3,494.6	(11.2)	3,483.4	6,008.5	(42.0)	5,966.5
Non-current assets							
Investments accounted for using the equity method	(vi)	40.7	6.6	47.3			
Other financial assets	(iv)	52.8	4.0	56.8	4,686.0	4.0	4,690.0
Property, plant and equipment		4,426.8		4,426.8	4.1		4.1
Deferred tax assets	(xi)	349.9	22.0	371.9	26.8	13.8	40.6
Intangible assets		1,998.0		1,998.0	10.5		10.5
Other non-current assets	(i), (iii)	96.3	(12.0)	84.3	10.5	(8.4)	2.1
Total non-current assets		6,964.5	20.6	6,985.1	4,737.9	9.4	4,747.3
Total assets		10,459.1	9.4	10,468.5	10,746.4	(32.6)	10,713.8
Current liabilities							
Trade and other payables	(ii), (ix)	1,996.0	9.2	2,005.2	35.9	(0.4)	35.5
Interest-bearing liabilities	(iii)	887.2	(1.3)	885.9	3,849.6	(1.3)	3,848.3
Subordinated convertible securities	(i)		414.6	414.6			

Other financial liabilities	(vii), (viii)		7.5		7.5		9.2	9.2
Current tax liabilities		82.5			82.5	13.2		13.2
Provisions	(ii)	289.3	(8.7	)	280.6	2.1		2.1
Total current liabilities		3,255.0	421.3		3,676.3	3,900.8	7.5	3,908.3

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$ million	Note	Consolidated 30 June 2005	Effect of adoption	1 July 2005	Amcor Limited 30 June 2005	Effect of adoption	1 July 2005
Non-current liabilities							
Trade and other payables	(vii), (viii)	31.6	5.6	37.2			
Interest-bearing liabilities	(iii), (v)	1,917.3	(10.2)	1,907.1	1,275.9	(7.9)	1,268.0
Subordinated convertible securities	(i)	301.1	215.2	516.3	301.1		301.1
Deferred tax liabilities	(xi)	517.3	(1.0)	516.3	62.6	0.2	62.8
Provisions		99.9		99.9	5.5		5.5
Retirement benefit obligations		358.9		358.9	58.8		58.8
Total non-current liabilities		3,226.1	209.6	3,435.7	1,703.9	(7.7)	1,696.2
Total liabilities		6,481.1	630.9	7,112.0	5,604.7	(0.2)	5,604.5
Net assets		3,978.0	(621.5)	3,356.5	5,141.7	(32.4)	5,109.3
Equity							
Contributed equity	(i)	3,322.1	(596.6)	2,725.5	2,725.5		2,725.5
Reserves	(ix), (x), (xi)	(148.2)	(28.1)	(176.3)	4.4	(24.1)	(19.7)
Retained profits	(i), (iii), (v), (vi)	726.1	3.2	729.3	2,411.8	(8.3)	2,403.5
Total equity attributable to equity holders of the parent		3,900.0	(621.5)	3,278.5	5,141.7	(32.4)	5,109.3
Minority interest		78.0		78.0			
Total equity		3,978.0	(621.5)	3,356.5	5,141.7	(32.4)	5,109.3

The following financial assets and financial liabilities were designated at fair value through profit or loss from 1 July 2005. These financial assets and financial liabilities were previously measured at cost:

$ million	Consolidated Fair value at 1 July 2005	Carrying amount at 30 June 2005	Amcor Limited Fair value at 1 July 2005	Carrying amount at 30 June 2005
Financial assets				
Current				
Derivatives hedging employee share plan				
• Equity share options	1.5	2.9	1.5	2.9
• Equity share swaps	3.8	4.1	3.8	4.1
	5.3	7.0	5.3	7.0
Non-current				
Share investments	7.7	7.7		
	7.7	7.7		
Financial liabilities				
Current				
Interest free loan		2.3		

The following transitional provisions have an effect on future periods:

- On initial recognition, certain financial assets and liabilities were measured at fair value through the income statement.

- The effectiveness of hedging relationships was assessed at 1 July 2005 and any ineffectiveness has been recognised in retained earnings. As provided under AASB 1, assessment of effectiveness at hedge inception has not been undertaken where the hedge was entered into before 1 July 2005.

The adjustments made at 1 July 2005 to restate the opening balance sheet to comply with AASB 132 and AASB 139 include the following:

(i) The Perpetual Amcor Convertible Reset Securities (PACRS) have been reclassified from issued capital of $596.6 million to current and non-current subordinated convertible securities of $414.6 million and $215.2 million respectively. The conversion discount of $32.1 million and other non-current asset transaction issue costs of $13.3 million have been set off against the carrying value of the PACRS at amortised cost. Over the life of the PACRS, these amounts will be reflected in the income statement using the effective interest method.

(ii) The coupons on the PACRS from 1 July 2005 are recorded as a finance cost, rather than a distribution from retained earnings. Therefore, the accrual of the coupons results in an increase to current payables of $8.7 million and was offset by a decrease in current provisions of $8.7 million. The increase to finance costs for the 12 months to 30 June 2006 is $57.8 million.

(iii) For Amcor Limited, interest-bearing liabilities have been measured at amortised cost which includes the netting of deferred finance costs previously recognised in assets. The following adjustments were made:

- current receivables decreased by $1.2 million;

- non-current other assets decreased by $8.4 million;

- current interest-bearing liabilities decreased by $1.3 million;

- non-current interest-bearing liabilities decreased by $7.9 million; and

- a decrease of $0.4 million to retained profits.

(iv) For Amcor Limited, financial instruments in relation to various employee equity share and option plans have been measured at fair value and have resulted in a decrease of $7.0 million in current receivables and an increase of $1.3 million and $4.0 million in other current and non-current financial assets.

(v) The measurement of interest-bearing liabilities at fair value resulted in a decrease in non-current interest-bearing liabilities of $2.3 million and an increase in retained profits of $2.3 million.

(vi) The equity method investment in Vision Grande was remeasured to reflect the consideration for the option to purchase shares. In addition, the 96 million options to acquire shares in Vision Grande, held at 1 July 2005, were recorded at their fair value. This resulted in an increase in the equity method investment of $6.6 million and an increase in other current financial assets of $29 million.

(vii) Based on the maturity date of the instruments, certain financial instrument derivative amounts previously recognised in current receivables and current payables have been reclassified to increase other current financial assets by $78.2 million and increase other current financial liabilities by $5.0 million respectively.

(viii) The recognition and measurement of all derivatives at fair value, resulting in:

- other current financial assets and liabilities of $1.1 million and $12.5 million; and
- non-current trade and other payables of $0.6 million.

(ix) The transfer of deferred hedging gains and losses relating to interest rate risk on various interest-bearing liabilities. These amounts were designated and accounted for as cash flow hedges. The effect of this adjustment is to:

- decrease current asset receivables by $35.5 million;
- decrease current liability payables by $1.5 million, with
- the net decrease of $34.0 million recognised in reserves.

(x) The deferral in equity of the effective portion of the fair value of derivatives designated and accounted for as a cash flow hedge of underlying forecast foreign exchange and commodity exposures. This resulted in a decrease of $4.4 million in reserves.

(xi) The recognition of deferred tax assets of $22 million, a reduction in deferred tax liabilities of $1 million and an increase of $10.2 million in reserves in relation to the adjustments described above.

(aa) Rounding of amounts

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 financial report have been rounded to nearest $100,000 or, where the amount is $50,000 or less, zero, unless specifically stated otherwise.

(ab) New accounting standards and UIG Interpretations

Certain new accounting standards and Urgent Issues Group (UIG) interpretations have been published that are not mandatory for 30 June 2006 reporting periods. The consolidated entity s assessment of these new standards and interpretations is set out below:

(i) UIG 4 *Determining Whether an Arrangement Contains a Lease*

UIG 4 is applicable to annual periods beginning on or after 1 January 2006. The consolidated entity has not elected to adopt UIG 4 early. It will apply UIG 4 and the UIG 4 transition provisions in its 2007 financial statements. The consolidated entity will therefore apply UIG 4 on the basis of facts and circumstances that existed as of 1 July 2006. An assessment of the impact of UIG 4 is currently being performed, and as yet it is not possible to make a reliable measurement of the financial impact.

(ii) AASB 2005-5 *Amendments to Australian Accounting Standards (AASB 1, AASB 139)*

AASB 2005-5 is applicable to annual periods beginning on or after 1 January 2006. The consolidated entity has not elected to adopt AASB 2005-5 early. The amendments provide transitional relief if UIG 4 and UIG 5 were early adopted and also provides for amendments to AASB 139 *Financial Instruments: Recognition and Measurement* as a consequence of UIG 4 and UIG 5.

(iii) UIG 5 *Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds*

The consolidated entity does not have any material interests in decommissioning, restoration and environmental rehabilitation funds. This interpretation is not expected to affect the consolidated entity s financial statements.

(iv) AASB 2005-9 *Amendments to Australian Accounting Standards (AASB 4, AASB 1023, AASB 139 and AASB 132)*

AASB 2005-9 is applicable to annual reporting periods beginning on or after 1 January 2006. The amendments relate to the accounting for financial guarantee contracts. The consolidated entity has not elected to adopt the amendments early. It will apply the revised standards in its 30 June 2007 financial statements. Application of the revised rules may result in the recognition of financial liabilities in the financial statements of the parent entity under guarantees given pursuant to the deed of cross guarantee (refer Note 44) in respect of amounts payable by wholly-owned subsidiaries. The parent entity and the consolidated entity may also have to recognise a liability in relation to a guarantee given by a subsidiary in respect of a lease by a former subsidiary (refer Note 40). An assessment of the fair value of these guarantees is currently being performed, and as yet it is not possible to make a reliable measurement of the financial impact. The new rules will be implemented retrospectively with a restatement of comparatives as required by AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*.

(v) AASB 7 *Financial Instruments: Disclosures* and *AASB 2005-10 Amendments to Australian Accounting Standards (AASB 132, AASB 101, AASB 114, AASB 117, AASB 133, AASB 139, AASB 1, AASB 4, AASB 1023 and AASB 1038)*

AASB 7 and AASB 2005-10 are applicable to annual reporting periods beginning on or after 1 January 2007. The consolidated entity has not adopted the standards early. Application of the standards will not affect any of the amounts recognised in the financial statements, but will impact the type of information disclosed in relation to the consolidated entity s financial statements.

(vi) UIG 6 *Liabilities arising from Participating in a Specific Market Waste Electrical and Electronic Equipment*

UIG 6 is applicable to annual reporting periods beginning on or after 1 December 2006. The consolidated entity has not sold any electronic or electrical equipment on the European market and has not incurred any associated liabilities. This interpretation will not affect the consolidated entity s financial statements.

(vii) UIG 7 *Applying the Restatement Approach under AASB 129 Financial Reporting in Hyperinflationary Economies*

UIG 7 is applicable to annual reporting periods beginning on or after 1 March 2006. The interpretation addresses the requirement in AASB 129 for financial statement to be stated in terms of the measuring unit current at the reporting date when they are reported in the currency of a hyperinflationary economy. This interpretation is not expected to affect the consolidated entity s financial statements.

(viii) UIG 9 *Reassessment of Embedded Derivatives*

UIG 9 is applicable to annual reporting periods beginning on or after 1 June 2006. The interpretation clarifies that an entity is required to reassess whether an embedded derivative should be accounted for separately from the host contract only when there is a change in the terms of the contract that significantly modifies the cash flows otherwise required. The interpretation is not expected to have a material effect on the consolidated entity s financial statements.

Note 2 Financial Risk Management

The company and the consolidated entity s activities expose it to a variety of financial risks; market risk (including currency risk, equity securities price risk, commodity price risk, interest rate risk, employee share plan risk); credit risk and liquidity risk.

The company and the consolidated entity s overall risk management program seeks to minimise potential adverse effects on the financial performance of the consolidated entity. The company and the consolidated entity negotiates appropriate commercial terms or uses derivative financial instruments such as foreign exchange contracts and interest rate swaps to hedge certain risk exposures.

Risk management is carried out by Amcor Treasury under policies approved by the Board of Directors. Amcor Treasury identifies, evaluates and hedges financial risks in close cooperation with the consolidated entity s business groups. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as mitigating foreign exchange, interest rate and credit risks, use of derivative financial instruments and investing excess liquidity.

(a) Market risk

(i) Currency risk

Foreign exchange risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the functional currency of the entity within the consolidated entity. The consolidated entity operates internationally and is exposed to foreign exchange risk arising from currency exposures mainly to the US$ and Euro.

In relation to transactional foreign currency exposures, the company and the consolidated entity s policy is to hedge all net forecast or actual foreign currency exposures greater than A$100,000, where exposures are measured as forecast or actual transactional cash flows in currencies other than the functional currency of the business.

Accounts payable and borrowings include amounts repayable in foreign currencies shown at their Australian dollar equivalents. All material foreign currency liabilities are hedged or matched by equivalent assets in the same currencies, such matching representing a natural hedge. Cross-currency interest rate swaps allow the consolidated entity to swap long-term Australian denominated borrowings into foreign currencies to hedge the investment in entities with functional currencies which are not the reporting currency of the parent entity.

(ii) Equity securities price risk

The company and the consolidated entity are exposed to equity securities price risk. This arises from investments held by the consolidated entity and classified on the balance sheet either as available-for-sale or at fair value through the income statement.

(iii) Commodity price risk

The company and the consolidated entity are exposed to commodity price risk, particularly for resin, and manage this by passing the risk contractually to customers to the maximum extent possible. In the case of aluminium, some hedging is undertaken based on customer instructions, and all related risks, benefits and costs are passed onto the customer.

(iv) Interest rate risk

The company and the consolidated entity are exposed to movements in interest rates under various debt facilities. By monitoring global interest rates and, where appropriate, hedging interest rate exposures or borrowing at fixed interest rates, the company is able to manage the consolidated entity s interest rate risk.

The Group also manages its interest rate risk by using floating-for-fixed interest rate swaps. Interest rate swaps and forward rate agreements allow the consolidated entity to swap floating rate borrowings into fixed rates and vice versa.

Each contract involves quarterly or semi-annual payment or receipt of the net amount of interest. Floating rates are based on interest rate settings in the currencies concerned plus the consolidated entity s credit margin.

The company and the consolidated entity may also enter into interest rate options to reduce the impact of changes in interest rates on floating rate long-term debt. There were no interest rate options outstanding at year end (2005: Nil).

(v) Employee share plan risk

In relation to the cash settled variants of the Employee Options and Employee Bonus Payment Plan (EBPP) schemes, the company and the consolidated entity are exposed to movements in the value of the underlying ordinary shares of Amcor Limited. For all such entitlements offered, the consolidated entity has hedged its exposure by entering into cash settled equity share option or equity share swap contracts that offset the fluctuations in value of the employee benefit.

(b) Credit risk

The company and the consolidated entity have no significant concentrations of credit risk. In order to control any exposure which may result from nonperformance by counterparties, financial assets, other than trade receivables, and hedging contracts are only entered into with a range of major banks with a minimum long-term credit rating of A- by Standard & Poor s. In addition, the Amcor Limited Board must approve these banks for use, and specific internal guidelines have been established with regard to limits, dealing and settlement procedures.

(i) Financial instruments

The maximum credit risk on financial assets of the consolidated entity, other than investments in shares, is generally the carrying amount of receivables, net of impairment losses.

The company and the consolidated entity minimise its concentrations of credit risk by undertaking transactions with a large number of customers and counterparties in various countries. The consolidated entity has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history. There is no material exposure to any individual customer.

(ii) Derivative financial instruments

The credit risk exposure arising from derivative financial instruments is the sum of all contracts with a positive replacement cost. For derivative financial instruments, the maximum credit exposure is the amount contracted to be received by the consolidated entity when settlement occurs.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close-out market positions. Due to the dynamic nature of the underlying businesses, Amcor Treasury aims at maintaining flexibility in funding by keeping committed credit lines available whilst maintaining minimum cash balances.

Note 3 Critical Accounting Estimates and Judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Critical accounting estimates and assumptions

The consolidated entity makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Management believes the following are the critical accounting policies and estimates used in the preparation of the AIFRS financial statements:

- the testing for impairment of assets;
- the testing for impairment of goodwill;
- income tax related assumptions and estimates; and
- the calculation of annual pension costs and related assets and liabilities.

Impairment of assets

The determination of impairment for property, plant and equipment, goodwill and other intangible assets involves the use of estimates that include, but is not limited to, the cause, timing and amount of the impairment. Impairment is based on a large number of factors, such as changes in competitive positions, expectations of growth, increased cost of capital, current replacement costs, increases in cost of inputs, and other factors which may indicate impairment. An asset is considered impaired when the recoverable amount is less than the carrying value. Recoverable amount is determined as the higher of fair value less costs to sell and value-in-use. In calculating value-in-use, the cash flows include projections of cash inflows and outflows from continuing use of the asset and cash flows associated with disposal of the asset. The cash flows are estimated for the asset in its current condition. In assessing value-in-use, the estimated cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the risks specific to the asset or CGU. The identification of impairment indicators, the estimation of future cash flows and the determination of fair values of assets (or groups of assets) requires management to make significant estimates and judgements concerning the identification of impairment indicators, earnings before interest and tax, growth rates, applicable discount rates, useful lives and residual values.

Refer Note 1(i) for further details regarding the accounting policy regarding Impairment of assets .

Management believes that this policy is critical to the financial statements, particularly when evaluating the consolidated entity s assets for impairment. Varying results from this impairment analysis are possible due to the significant estimates and judgements involved.

Impairment of goodwill

The consolidated entity tests, at least annually, whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Notes 1(i) and 1(s) of the financial statements. The recoverable amounts of CGUs have been determined based on the higher of net selling price or value-in-use calculations. These calculations require the use of assumptions, including forecast earnings before interest and tax, growth rates and discount rates. Refer to Note 21 of the financial statements for details of these assumptions and the potential impact of changes to these assumptions.

The assumptions are management s best estimates based on current and forecast market conditions. Changes in economic and operating conditions impacting these assumptions could result in additional impairment charges in future periods.

Management believes that this policy is critical to the financial statements, particularly when evaluating the consolidated entity s goodwill for impairment. Varying results from this analysis are possible due to the significant estimates and judgements involved in the Company s evaluations.

Income taxes

The consolidated entity is subject to income taxes in Australia and foreign jurisdictions. Significant judgement is required in determining the worldwide provision for income taxes. 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 anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

In addition, deferred tax assets are recognised only to the extent it is probable that future taxable profits will be available against which the assets can be utilised. The consolidated entity s assumptions regarding future realisation may change due to future operating performance and other factors.

Retirement benefit obligations

A liability or asset in respect of defined benefit superannuation plans is recognised in the balance sheet, and is measured as the present value of the defined benefit obligation at the reporting date plus unrecognised actuarial gains (less unrecognised actuarial losses) less the fair value of the superannuation fund s assets at that date and any unrecognised past service cost. The present value of the defined benefit obligation is based on expected future payments which arise from membership of the fund to the reporting date, calculated annually by independent actuaries. 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 at the reporting date on either national government bonds or corporate bonds (in countries where there is a deep market in high quality corporate bonds) with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity.

Refer Note 1(w) to the financial statements for further details of the accounting policy relating to retirement benefit obligations. Refer Note 32 of the financial statements for details of the key assumptions used in determining the accounting for these plans. The following are the main categories of assumptions used:

- discount rate;
- rate of inflation;
- expected return on plan assets;
- future salary increases; and
- medical cost trend rates (in the case of non-pension health plans).

The assumptions made have a significant impact on the calculations and any adjustments arising therefrom.

If the discount rate were to differ by 10% from management s estimates, the carrying amount of pension obligations would be an estimated $68.8 million lower or $80.0 million higher. In addition, a one-half percentage point change in the actuarial assumption regarding the expected return on plan assets would result in a change of approximately $3.3 million in pre-tax pension expense for the year ended 30 June 2006. In addition, changes in external factors, including fair values of plan assets, could result in possible future changes to the amount of the pension obligations recognised in the balance sheet.

Note 4 Segment Information

Business segments are the primary reporting segments, as these reflect the consolidated entity s management reporting system. The secondary reporting segments have been classified based on the geographical location of the consolidated entity s business segments.

(a) Description of segments

Business segments

The consolidated entity is organised on a global basis into the following business segments by product type:

Amcor PET

Polyethylene Terephthalate (PET) packaging for a broad range of predominantly beverage and food products, including carbonated soft drinks, water, juices, sports drinks, milk-based beverages, spirits and beer, sauces, dressings, spreads and personal care items and plastic caps for a wide variety of applications.

Amcor Australasia

Corrugated boxes, cartons, folding cartons; steel and aluminium cans for foods, beverages and household products; flexible packaging; PET plastic jars and bottles; plastic and metal closures; glass wine bottles; multi-wall sacks; cartonboard; paper and paper recycling.

Amcor Flexibles

Flexible and film packaging in the food and beverage and pharmaceutical sectors, including confectionery, coffee, fresh food and dairy, as well as high value-added medical applications. Specialty folding cartons for tobacco, confectionery and cosmetics.

Amcor Sunclipse

The distribution unit purchases, warehouses, sells and delivers a wide variety of products. The business also manufactures corrugated and other mostly fibre based specialty product packaging including point of sale displays.

Amcor Asia

Tobacco carton packaging; flexible plastic packaging for the food and industrial markets.

Geographic segments

Although the consolidated entity s operations are managed on a global basis, they operate in five main geographical areas:

Australia and New Zealand

Comprises operations carried on in Australia and New Zealand which are largely managed together. The areas of operations are principally corrugated boxes, cartons, folding cartons; steel and aluminium cans for foods, beverages and household products; flexible packaging; PET plastic jars and bottles; plastic and metal closures; glass wine bottles; multiwall sacks; cartonboard; paper and paper recycling.

Europe

Comprises operations carried on in the United Kingdom, Germany, France, Spain, Netherlands, Belgium, Italy, Sweden, Norway, Finland, Ireland, Russia, Poland, Hungary, Czech Republic, Denmark, Ukraine, Switzerland, Portugal and Morocco. The Flexibles and PET businesses operate manufacturing facilities in these countries.

North America

Comprises operations carried on in the United States of America and Canada. The PET, Sunclipse and Flexibles businesses operate manufacturing or distribution facilities in these countries.

Latin America

Comprises operations carried on in Brazil, Argentina, Venezuela, Colombia, Peru, Ecuador, Mexico, Honduras, El Salvador and Puerto Rico. The PET and Flexibles businesses operate manufacturing facilities in these countries. Sunclipse distributes products in Mexico.

Asia

Comprises operations carried out in Malaysia, China, Indonesia, India, Singapore and Philippines. The PET and Asian businesses operate manufacturing facilities in these countries.

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

(i) Accounting policies

Segment information is prepared in conformity with the accounting policies of the consolidated entity as disclosed in Note 1 and accounting standard AASB 114 *Segment Reporting*.

The primary reporting segments have been classified based on the consolidated entity s businesses. The secondary segments have been classified based on the geographical location of the consolidated entity s business segments.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Segment assets and liabilities do not include income taxes.

Segment result is profit before unallocated finance costs and income tax.

Net finance costs include financial income of $22.4 million (2005: $20.9 million).

Unallocated items mainly comprise interest-bearing loans and borrowings.

(ii) Changes in segment accounting policy

During the year ended 30 June 2006, a detailed review of the corporate costs of the consolidated entity was undertaken, and it was identified that $33.4 million (2005 restated: $33.1 million) of the total $76.0 million (2005: $85.4 million) are directly attributable to the results of the operating segments and, as such, have been allocated based on relevant cost and service drivers.

(iii) Changes in reported segments

On 1 July 2005, the consolidated entity changed the identification of its segments to combine the previously reported Rentsch and Closures segment with Amcor Flexibles. This change in segments was as a result of changes in the management structure and reporting to the CEO, increasingly common infrastructure shared by the business, including co-location, resourcing and similar technologies. On 1 June 2006, the consolidated entity disposed of the White Cap Metal Closures business for $333 million. This disposal has been treated as a discontinued operation and as such the Flexibles segment for 30 June 2006 reporting purposes only includes the previously reported Flexibles and Rentsch business segments. Prior periods have been restated to reflect this change.

On 28 February 2006, the consolidated entity disposed of the Asian Corrugated, Closures and Sacks businesses for $12.9 million. These disposals have been treated as a discontinued operation and as such has been excluded from the Asian business segment for 30 June 2006 reporting purposes. Prior periods have been restated to reflect these changes.

(iv) Inter-segment transfers

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

(v) External revenue by product

The following table provides a split of external revenue by significant product type:

$ million	PET Packaging	Flexible and Film Packaging	Fibre/ Paper based Packaging	Metal Packaging	Tobacco Cartons	Glass	Discontinued Operations	Other	Consolidated
2005/06	**4,048.9**	**2,390.2**	**1,707.6**	**620.5**	**566.8**	**111.8**	**397.4**	**1,596.1**	**11,439.3**
2004/05	3,696.4	2,409.3	1,710.2	582.0	516.1	97.4	453.5	1,634.7	11,099.6

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(c) Business segments

For the year ended 30 June $ million	Amcor PET 2006	Amcor PET 2005	Amcor Australasia 2006	Amcor Australasia 2005	Amcor Flexibles 2006	Amcor Flexibles 2005	Amcor Sunclipse 2006	Amcor Sunclipse 2005	Amcor Asia 2006	Amcor Asia 2005	Other 2006	Other 2005	Total continuing operations 2006	Total continuing operations 2005	Discontinued operations 2006	Discontinued operations 2005	Unallocate Inter-segment eliminatior 2006	Unallocate Inter-segment eliminatior 2005
Segment revenue																		
Revenue from external customers	**4,048.9**	3,696.4	**2,557.7**	2,566.3	**2,965.6**	2,960.5	**1,287.7**	1,214.7	**173.4**	182.8	**8.6**	25.4	**11,041.9**	10,646.1	**397.4**	453.5		
Inter-segment revenue			**3.2**	5.4	**13.0**	10.7	**4.4**	4.0	**1.1**	(0.6)			**21.7**	19.5	**3.9**	8.1	**(25.6)**	(27.6
Total sales revenue	**4,048.9**	3,696.4	**2,560.9**	2,571.7	**2,978.6**	2,971.2	**1,292.1**	1,218.7	**174.5**	182.2	**8.6**	25.4	**11,063.6**	10,665.6	**401.3**	461.6	**(25.6)**	(27.6
Share of net profits of associates									**9.8**	1.8			**9.8**	1.8				
Other revenue	**29.9**	29.8	**12.7**	14.5	**20.1**	18.5	**0.6**	7.0	**99.4**	1.1	**13.5**	(0.7)	**176.2**	70.2	**7.5**	13.0		
Total segment revenue	**4,078.8**	3,726.2	**2,573.6**	2,586.2	**2,998.7**	2,989.7	**1,292.7**	1,225.7	**283.7**	185.1	**22.1**	24.7	**11,249.6**	10,737.6	**408.8**	474.6	**(25.6)**	(27.6
Segment result																		
Profit before depreciation, amortisation interest, related income tax expense and significant items	**451.6**	457.3	**384.2**	431.1	**289.6**	291.4	**78.4**	67.3	**36.7**	31.7	**(40.6)**	(48.0)	**1,199.9**	1,230.8	**49.2**	52.8		
Depreciation and amortisation	**206.6**	197.5	**121.8**	115.3	**101.2**	101.0	**13.3**	12.6	**6.9**	8.6	**2.0**	4.3	**451.8**	439.3	**21.6**	22.5		
Profit before interest, related income tax expense and significant items	**245.0**	259.8	**262.4**	315.8	**188.4**	190.4	**65.1**	54.7	**29.8**	23.1	**(42.6)**	(52.3)	**748.1**	791.5	**27.6**	30.3		
Net finance costs													**(242.2)**	(160.7)	**(4.4)**	(5.7)		
Profit from ordinary activities before related income tax and significant items																		
Significant items before related income tax expense	**(22.5)**	(107.3)		(108.7)	**(71.9)**	(57.4)			**93.8**	(9.6)	**(0.4)**	(6.1)	**(1.0)**	(289.1)	**(63.1)**	(35.3)		
Profit before related income tax expense																		
Income tax expense													**(92.3)**	(72.4)	**6.5**	(0.2)		
Profit for the financial year																		

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For the year ended 30 June $ million	Amcor PET 2006	Amcor PET 2005	Amcor Australasia 2006	Amcor Australasia 2005	Amcor Flexibles 2006	Amcor Flexibles 2005	Amcor Sunclipse 2006	Amcor Sunclipse 2005	Amcor Asia 2006	Amcor Asia 2005	Other 2006	Other 2005	Total continuing operations 2006	Total continuing operations 2005	Discontinued operations 2006	Discontinued operations 2005	Unallocate Inter-segment eliminatio 2006	Unallocate Inter-segment eliminatio 2005
Segment assets	**3,853.4**	3,786.0	**2,552.4**	2,558.2	**2,312.3**	2,412.0	**548.5**	517.7	**409.8**	285.8	**98.1**	5.8	**9,774.5**	9,563.5		582.1	**(9.6)**	(36.3
Segment liabilities	**(974.2)**	(955.4)	**(536.2)**	(520.3)	**(889.6)**	(793.2)	**(144.8)**	(133.2)	**(33.3)**	(44.1)	**(179.7)**	(222.1)	**(2,757.8)**	(2,668.3)		(143.7)	**9.6**	36.3
Unallocated corporate borrowings																		
Total liabilities																		
Investments in associates accounted for using the equity method									**283.1**	40.7			**283.1**	40.7				
Acquisition of property, plant and equipment, intangibles and other non-current segment assets	**231.5**	225.3	**123.2**	189.4	**107.4**	205.9	**15.2**	23.2	**64.1**	42.8	**1.8**	0.2	**543.2**	686.8	**10.0**	6.1		
Impairment losses inventories (Note 6)	**0.8**	2.9	**8.4**	7.8	**3.1**	12.2		0.5	**1.8**	1.0			**14.1**	24.4	**3.7**	2.4		
Impairment losses trade receivables (Note 6)	**2.9**	5.9	**(1.9)**	3.1	**(6.1)**	3.2	**3.4**	3.6	**1.0**	0.3	**4.7**	(1.9)	**4.0**	14.2				
Reversal of previous impairment losses (Note 6)		(2.7)	**(7.1)**										**(7.1)**	(2.7)				
Other non-cash expenses	**76.4**	30.4	**55.6**	52.6	**60.1**	33.5	**(0.4)**	(1.7)	**1.4**	1.0	**(35.3)**	76.6	**157.8**	192.4	**10.3**	7.3		

(d) Geographic segments

For the year ended 30 June $ million	Australia and New Zealand 2006	Australia and New Zealand 2005	Europe 2006	Europe 2005	North America 2006	North America 2005	Latin America 2006	Latin America 2005	Asia 2006	Asia 2005	Consolidated 2006	Consolidated 2005
Total external segment revenue	**2,557.7**	2,566.3	**3,448.3**	3,547.5	**3,806.4**	3,425.9	**1,024.5**	895.7	**205.0**	210.7	**11,041.9**	10,646.1
Segment assets	**2,178.4**	2,518.0	**3,344.7**	2,562.0	**2,781.3**	3,104.7	**1,011.2**	1,004.5	**449.3**	338.0	**9,764.9**	9,527.2
Acquisition of property, plant and equipment, intangibles and investments in associates	**125.0**	189.6	**140.0**	225.0	**133.3**	180.1	**80.8**	49.3	**64.1**	42.8	**543.2**	686.8

The geographic segments have been prepared for continuing operations only.

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Note 5 Revenue, Other Income and Financial Income

$ million	Consolidated 2006	2005	Amcor Limited 2006	2005
Revenue from continuing operations				
Sales Revenue				
Revenue from sale of goods	**11,041.9**	10,646.1		
Other income				
Dividend received/receivable				
• Controlled entities			**18.9**	40.6
• Other	**0.4**	0.6		
	0.4	0.6	**18.9**	40.6
Sub-lease rentals	**4.8**	3.8		
Net profit on disposal of property, plant and equipment	**4.0**	8.4		0.1
Net profit on disposal of businesses	**0.4**	3.8		
Net foreign exchange gains	**4.1**	4.5		324.1
Fair value gains on other financial assets designated at fair value through income statement	**11.4**		**10.2**	
Government grants	**1.9**	1.7		
Other	**52.4**	47.4	**1.6**	1.5
Significant Items				
Fair value gains on derivatives related to Vision Grande acquisition	**32.0**			
Gain arising from associate s equity issue Vision Grande	**12.5**			
Net profit on disposal of controlled entities to Vision Grande	**52.3**			
Total other income	**176.2**	70.2	**30.7**	366.3
Financial income				
Interest received/receivable				
• Controlled entities			**359.2**	320.5
• Other	**21.7**	20.4	**1.7**	2.6
Total financial income	**21.7**	20.4	**360.9**	323.1

(a) Discontinued operations

For details of revenue and other income related to discontinued operations during the year ended 30 June 2006, (refer Note 12).

Note 6 Expenses

$ million	Consolidated 2006	2005	Amcor Limited 2006	2005
Profit before related income tax includes the following specific expenses:				
Depreciation:				
• Property, plant and equipment (refer Note 1(r))	**422.4**	416.7	**0.6**	0.6
Amortisation:				
• Leased assets (refer Note 1(r))	**9.4**	7.7		
• Other intangibles	**20.0**	14.9	**0.8**	0.5
	451.8	439.3	**1.4**	1.1
Financial expenses				
Interest paid/payable:				
• Controlled entities			**181.3**	125.3
• Finance charges on leased assets	**3.3**	4.0		
• Other	**254.9**	172.9	**104.9**	91.0
Amount capitalised (refer Note 1(u))	**(2.1)**	(3.7)		
	256.1	173.2	**286.2**	216.3
Borrowing costs	**7.8**	7.9	**0.7**	0.8
Total financial expenses	**263.9**	181.1	**286.9**	217.1
Impairment of trade receivables	**4.0**	14.2		
Provisions:				
• Employee entitlements and directors retiring allowances	**65.8**	69.7	**1.6**	1.6
• Write-downs of inventories	**14.1**	24.4		
• Insurance/workers compensation and other claims	**34.8**	43.1		
• Onerous contracts	**27.2**	12.8		
• Decommissioning expenses	**5.6**	2.1	**1.5**	0.3
• Restructuring	**82.3**	70.0		
Employee benefits expense:				
• Wages and salaries	**1,813.1**	1,643.4	**24.1**	19.8
• Worker compensation and other on-costs	**162.9**	91.6		
• Superannuation costs defined benefit plans	**41.8**	46.8	**1.5**	0.3
• Superannuation costs accumulation funds	**45.6**	54.5		
• Other employment benefits expense	**15.2**	3.2	**4.0**	3.1
• Share-based payments expense	**2.8**	4.4	**2.8**	4.4
Total employee benefits expense	**2,081.4**	1,843.9	**32.4**	27.6
Rental expense relating to operating leases:				
• Minimum lease payments	**100.6**	124.7	**1.0**	1.0
• Contingent rentals	**8.6**			
Total rental expense relating to operating leases	**109.2**	124.7	**1.0**	1.0
Asset impairment reversal (refer Note 1(r))	**(7.1)**	(2.7)		
Asset impairments	**66.8**	227.0		
Goodwill impairment		6.3		
Net loss on sale of receivables	**4.3**	3.0		
Research	**37.0**	39.7	**0.1**	0.3
Foreign exchange losses (refer Note 5 for net gains)				
• Net foreign exchange losses			**237.8**	

Note 7 Significant Items Income/(Expense)

$ million	Consolidated 2006	Consolidated 2005	Amcor Limited 2006	Amcor Limited 2005
Significant items before related income tax expense				
Income				
Fair value gains on derivatives related to Vision Grande acquisition	**32.0**			
Gain arising from associate s equity issue Vision Grande(1)	**12.5**			
Net profit on disposal of controlled entities to Vision Grande(2)	**52.3**			
	96.8			
Expense				
PET business integration and restructure	**(10.1)**	(51.8)		
Flexibles market sector rationalisation	**(53.7)**	(34.2)		
Disposal of Asian corrugated, sacks and closures businesses	**(7.2)**			
Closures business restructure and loss on disposal	**(18.6)**		**2.8**	
Asset impairments	**(66.8)**	(238.4)		
Onerous leases and curtailment of pension funds	**(4.5)**			
	(160.9)	(324.4)	**2.8**	
Significant items before related income tax expense	**(64.1)**	(324.4)	**2.8**	
Related income tax (expense)/benefit on significant items (where applicable)				
Income tax benefit on PET business integration and restructure	**1.5**	14.8		
Income tax benefit on Flexibles market sector rationalisation	**14.8**	9.5		
Closures business restructure and loss on disposal	**3.6**			
Income tax benefit on asset impairments	**3.4**	34.3		
Income tax benefit on onerous leases and curtailment of pension funds	**2.0**			
Income tax benefit on significant items	**25.3**	58.6		
Significant items after related income tax expense	**(38.8)**	(265.8)	**2.8**	
Significant items attributable to:				
Members of Amcor Limited	**(54.6)**	(265.8)	**2.8**	
Minority interest	**15.8**			
	(38.8)	(265.8)	**2.8**	
Significant items before related income tax expense:				
Continuing operations	**(1.0)**	(289.1)		
Discontinued operations	**(63.1)**	(35.3)	**2.8**	
	(64.1)	(324.4)	**2.8**	
Related income tax (expense)/benefit on significant items:				
Continuing operations	**16.0**	54.1		
Discontinued operations	**9.3**	4.5		
	25.3	58.6		
Significant items after related income tax expense				
Continuing operations	**15.0**	(235.0)		
Discontinued operations	**(53.8)**	(30.8)		
	(38.8)	(265.8)	**2.8**	

(1) The amount represents the increase in Amcor s share of the associate s net worth, as a result of an equity issue by the associate.

(2) During the year, the Group s China based tobacco packaging plants were sold to Vision Grande, an associate.

Details of consolidated significant items before income tax

2006 $ million	Restructuring Redundancy	Plant Closure	Onerous Lease	Pension Curtailment	Impairment of Assets	Disposal of controlled entities	Other	Total
PET	**(4.0)**	**(6.1)**	**(6.0)**	**1.9**	**(8.3)**			**(22.5)**
Flexibles	**(3.0)**	**(47.9)**			**(18.2)**		**(2.8)**	**(71.9)**
Closures	**(5.4)**				**(15.5)**	**(13.1)**		**(34.0)**
Asia	**(0.5)**				**(24.8)**	**45.5**	**44.5** (1)	**64.7**
Corporate			**(1.8)**	**1.4**				**(0.4)**
Total	**(12.9)**	**(54.0)**	**(7.8)**	**3.3**	**(66.8)**	**32.4**	**41.7**	**(64.1)**

(1) Comprises fair value gains on derivatives related to the Vision Grande acquisition ($32 million) and gains arising from Vision Grande s equity issue ($12.5 million).

2005 $ million	Restructuring Redundancy	Plant Closure	Onerous Lease	Goodwill Impairment	Impairment of Assets(1)	Total
PET	(20.7)	(19.1)	(12.0)	(5.6)	(49.9)	(107.3)
Australasia					(108.7)	(108.7)
Flexibles	(27.7)	(6.5)			(23.2)	(57.4)
Asia				(0.7)	(44.2)	(44.9)
Corporate					(6.1)	(6.1)
Total	(48.4)	(25.6)	(12.0)	(6.3)	(232.1)	(324.4)

(1) Comprises $7.3 million related to inventory, $1.1 million related to other intangibles, $0.4 million related to other non-current assets and the balance relates to property, plant and equipment reflecting the reassessment of carrying values in a number of operating units.

Note 8 Revision of Estimates

Revision of useful lives of property, plant and equipment

During the year ended 30 June 2006, the useful lives of certain items of plant and equipment were reassessed. The financial effect of this reassessment, assuming the assets are held until the end of their estimated useful lives, is to decrease consolidated depreciation expense in the current year and for the next four years, by the following amounts:

$ million	Consolidated	Amcor Limited
2006	10.8	
2007	10.8	
2008	10.8	
2009	10.8	
2010	10.8	

Note 9 Income Tax Expense

$ million	Consolidated 2006	2005	Amcor Limited 2006	2005
(a) Income tax expense				
Current tax expense	**(92.6)**	(91.4)	**42.3**	26.6
Adjustments relating to current tax expense of prior periods	**0.3**	8.6	**6.4**	8.1
Benefit arising from a previously unrecognised tax loss, tax credit or temporary difference of a prior period used to reduce current tax expense	**12.3**	11.1		
Total current tax expense	**(80.0)**	(71.7)	**48.7**	34.7
Deferred tax expense relating to the origination and reversal of temporary differences	**(5.8)**	(0.9)	**57.3**	(95.0)
Total deferred tax expense	**(5.8)**	(0.9)	**57.3**	(95.0)
Total income tax (expense)/benefit	**(85.8)**	(72.6)	**106.0**	(60.3)
Income tax expense is attributable to:				
Profit from continuing operations	**(92.3)**	(72.4)	**106.0**	(60.3)
Profit from discontinued operations	**6.5**	(0.2)		
Total income tax (expense)/benefit	**(85.8)**	(72.6)	**106.0**	(60.3)
Deferred income tax revenue (expense) included in income tax expense comprises:				
(Decrease)/increase in deferred tax assets (refer Note 20)	**48.6**	(33.0)	**54.2**	(95.2)
Decrease/(increase) in deferred tax liabilities (refer Note 31)	**(54.4)**	32.1	**3.1**	0.2
	(5.8)	(0.9)	**57.3**	(95.0)
(b) Numerical reconciliation of income tax expense to prima facie tax payable				
Profit from continuing operations	**508.9**	350.0	**(180.3)**	431.8
Loss from discontinued operations	**(43.9)**	(19.0)		
Profit before related income tax expense	**465.0**	331.0	**(180.3)**	431.8
Tax at the Australian tax rate of 30% (2005: 30%)	**(139.5)**	(99.3)	**54.1**	(129.5)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:				
Net operating items non-deductible/non-assessable for tax	**(10.3)**	(21.2)	**(12.3)**	(13.3)
Goodwill tax adjustments	**1.7**	(2.1)		
Net significant items non-deductible/non-assessable for tax	**(10.4)**	(30.6)	**0.8**	
Tax rebate on dividends from investments			**5.7**	12.2
Capital structures	**60.3**	57.3		
Tax losses, tax credits and temporary differences not recognised for book in prior years now recouped	**12.3**	11.1		
Income tax benefit related to tax losses of the wholly-owned subsidiaries in the tax-consolidated group			**51.3**	66.8
	(85.9)	(84.8)	**99.6**	(63.8)
(Under)/over provision in prior year	**11.9**	8.6	**6.4**	3.5
Foreign tax rate differential	**(11.8)**	3.6		
Total income tax (expense)/benefit	**(85.8)**	(72.6)	**106.0**	(60.3)
(c) Amounts recognised directly in equity				
Aggregate current and deferred tax arising in the reporting period and not recognised in net profit or loss but directly debited or credited to equity				
Net deferred tax debited/(credited) directly to equity (refer Notes 20 and 31)	**(12.2)**	(11.0)	**(1.4)**	4.4
	(12.2)	(11.0)	**(1.4)**	4.4

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$ million	Consolidated 2006	2005	Amcor Limited 2006	2005
(d) Tax losses				
Unused tax losses for which no deferred tax asset has been recognised	**635.2**	658.2		
Potential tax benefit at applicable tax rates	**211.3**	220.0		

Unused tax losses have been incurred by entities in foreign jurisdictions.

Expiration date	Gross Amount	Net Amount
30 June 2007	30.6	10.4
30 June 2008	25.4	8.8
30 June 2009	31.9	10.1
30 June 2010	30.5	9.7
30 June 2011	29.2	10.2
30 June 2012	25.4	8.7
30 June 2013	30.8	10.4
30 June 2014	35.2	11.4
30 June 2015	15.9	5.6
30 June 2016	17.8	6.2
30 June 2017	15.5	5.4
30 June 2018	15.5	5.4
30 June 2019	15.5	5.4
30 June 2020	15.5	5.4
30 June 2021	3.5	1.2
Indefinite life	297.0	97.0
Total	635.2	211.3

(e) Unrecognised temporary differences

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

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

Note 10 Auditors Remuneration

$ thousands	Consolidated 2006	2005	Amcor Limited 2006	2005
Audit services:				
KPMG Australian firm:				
Audit and review of financial reports	**3,062**	2,883	**1,884**	1,765
Overseas KPMG firms:				
Audit and review of financial reports	**5,209**	6,268		
Other regulatory audit services	**2,655**	2,290		
Total remuneration for audit services	**10,926**	11,441	**1,884**	1,765
Other services:				
KPMG Australian firm:				
Taxation services	**400**	299	**400**	299
Other assurance services	**515**	380	**515**	340
Overseas KPMG firms:				
Taxation services	**728**	486		
Other assurance services	**46**	135		
Total remuneration for other services	**1,689**	1,300	**915**	639
Total auditors remuneration(1)	**12,615**	12,741	**2,799**	2,404

(1) Audit fees for the consolidated entity for 2006 include amounts associated with the audit of transition to AIFRS of $285,000 (2005: $1,560,000). Audit fees for the parent entity for 2006 include amounts associated with the audit of transition to AIFRS of $214,000 (2005: $260,000).

Note 11 Earnings per Share

	2006 cents	2005 cents
Basic earnings per share		
From continuing operations attributable to the ordinary equity holders of the company	**44.4**	24.2
From discontinued operations	**(4.5)**	(2.2)
Attributable to the ordinary equity holders of the company	**39.9**	22.0
Diluted earnings per share		
From continuing operations attributable to the ordinary equity holders of the company	**43.2**	24.1
From discontinued operations	**(3.8)**	(2.2)
Attributable to the ordinary equity holders of the company	**39.4**	21.9

$ million	2006	2005
(a) Reconciliation of earnings used in calculating earnings per share		
Basic earnings per share		
Profit from continuing operations	**416.6**	277.6
Profit from continuing operations attributable to minority interests	**(26.2)**	(13.1)
After tax effect of interest on convertible securities		(52.3)
Profit from continuing operations attributable to the ordinary equity holders of the company used in calculating basic earnings per share	**390.4**	212.2
Loss from discontinued operations	**(39.1)**	(19.5)
Profit attributable to the ordinary equity holders of the company used in calculating basic earnings per share	**351.3**	192.7
Diluted earnings per share		
Profit from continuing operations attributable to the ordinary equity holders of the company used in calculating basic earnings per share	**390.4**	212.2
Interest savings on convertible securities	**48.1**	
Profit from continuing operations attributable to the ordinary equity holders of the company used in calculating diluted earnings per share	**438.5**	212.2
Loss from discontinued operations	**(39.1)**	(19.5)
Profit attributable to the ordinary equity holders of the company used in calculating diluted earnings per share	**399.4**	192.7

	millions	millions
(b) Weighted average number of shares used as denominator		
Weighted average number of ordinary shares for basic EPS	**879.7**	879.0
Effect of employee options	**0.1**	0.1
Effect of partly paid shares	**0.3**	1.1
Effect of convertible securities	**134.0**	
Weighted average number of ordinary shares and potential ordinary shares for diluted EPS	**1,014.1**	880.2

(c) Information concerning classification of securities

The following securities have been classified as ordinary shares and included in the calculation of basic earnings per share:

- ordinary shares.

The following securities have been classified as potential ordinary shares and included in diluted earnings per share as at 30 June 2006:

- ordinary shares;
- partly paid shares;
- employee options; and
- convertible securities.

(d) Details of securities

(i) Partly paid ordinary shares

Partly paid ordinary shares do not carry the right to participate in dividends in proportion to the amount paid relative to the total issue price 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.

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(ii) Options

Options granted to employees under the Amcor Limited employee share/option 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 have not been included in the determination of basic earnings per share. Details relating to the options are set out in Note 48.

(iii) Convertible notes

Convertible notes issued are considered to be potential ordinary shares and have been included in the determination of diluted earnings per share. Details relating to the convertible notes are set out in Notes 25 and 30.

Note 12 Discontinued Operations

(a) Description of events

On 23 February 2006, a controlled entity announced the disposal of the White Cap Metal Closures business for $333 million with effect from 1 June 2006.

On 23 February 2006, a controlled entity announced the disposal of the Asian Corrugated business for $12.9 million with effect from 28 February 2006.

Financial information related to these discontinued operations for the period to the date of disposal is set out below. Further information is also provided in Note 4 Segment information.

The parent entity, Amcor Limited, did not have any discontinued operations during the financial years ended 30 June 2006 or 30 June 2005.

$ million	**Total discontinued operations 2006**		**Total discontinued operations 2005**	
(b) Financial performance and cash flow information				
The financial performance and cash flow information for the period until disposal and the year ended 30 June 2005 is presented below:				
Revenue (refer Note 4)(1)	**404.9**		466.5	
Expenses	**(429.4**	**)**	(485.5	)
Loss before related income tax (expense)/benefit	**(24.5**	**)**	(19.0	)
Income tax (expense)/benefit	**5.1**		(0.2	)
Loss after related income tax (expense)/benefit of discontinued operations	**(19.4**	**)**	(19.2	)
Loss on sale before related income tax benefit	**(19.4**	**)**		
Income tax benefit	**1.4**			
Loss on sale after related income tax benefit	**(18.0**	**)**		
Loss from discontinued operations	**(37.4**	**)**	(19.2	)
Net cash from operating activities	**18.1**		14.8	
Net cash from investing activities (2006 includes an inflow of $297.5 million from the sale of discontinued operations)	**289.7**		(21.0	)
Net cash from financing activities	**(34.2**	**)**	13.9	
Net increase in cash generated	**273.6**		7.7	

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(1) As inter-segment revenue is eliminated for the consolidated results, revenue from discontinued operations shown above is inclusive of revenue from external customers and other revenue only.

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$ million	Total discontinued operations 2006	Total discontinued operations 2005
(c) Carrying amounts of assets and liabilities		
The carrying amounts of assets and liabilities as at the date of disposal and as at 30 June 2005 were:		
Intangible assets	**189.4**	172.3
Deferred tax assets	**16.4**	5.9
Property, plant and equipment	**141.3**	180.5
Trade and other receivables	**152.3**	144.5
Inventories	**98.4**	87.7
Cash and cash equivalents	**11.1**	20.5
Other	**4.5**	89.5
Total assets	**613.4**	700.9
Retirement benefit obligations	**45.4**	33.4
Provisions	**27.8**	19.4
Deferred tax liabilities	**10.0**	9.7
Interest-bearing liabilities	**49.8**	151.0
Trade and other payables	**110.6**	87.2
Current tax liabilities		3.6
Other	**2.0**	4.1
Total liabilities	**245.6**	308.4
Net assets	**367.8**	392.5
(d) Details of the sale of operations		
Consideration received or receivable:		
Cash and short-term deposits	**308.6**	
Present value of deferred sales proceeds	**37.3**	
Total disposal consideration	**345.9**	
Less carrying amounts of net assets disposed of	**(367.8)**	
Less share of exchange fluctuation reserve	**2.5**	
Loss on sale before related income tax benefit	**(19.4)**	
Income tax benefit	**1.4**	
Loss on sale after related income tax benefit	**(18.0)**	
Net cash inflow on disposal		
Cash and cash equivalents consideration	**308.6**	
Less cash and cash equivalents balance disposed of	**(11.1)**	
Reported in the cash flow statement	**297.5**	

Note 13 Current Assets Cash and Cash Equivalents

	Consolidated		Amcor Limited	
$ million	**2006**	**2005**	**2006**	**2005**
Cash on hand and at bank	**81.2**	198.8		3.7
Short-term deposits	**17.3**	19.0		
Deposits at call	**15.4**	12.0		
Total cash and cash equivalents	**113.9**	229.8		3.7

The carrying amount of cash and cash equivalents represents their fair value. The weighted average interest rate for cash assets is 2.3% (2005: 1.54%).

Note 14 Current Assets Trade and Other Receivables

Trade receivables(1)	**1,411.5**	1,519.4	**1.1**	0.9
Less impairment losses	**(45.3)**	(49.7)		
	1,366.2	1,469.7	**1.1**	0.9
Amounts owing by controlled entities			**6,517.0**	5,960.4
Other receivables(2)	**239.1**	137.7	**1.1**	5.9
Other loans	**22.4**	100.4		
Prepayments	**64.2**	116.9	**0.1**	37.6
Total current trade and other receivables(3)	**1,691.9**	1,824.7	**6,519.3**	6,004.8

(1) Impaired trade receivables

The consolidated entity has recognised a loss of $4.0 million (2005: $14.2 million) in respect of impaired trade receivables during the financial year ended 30 June 2006.

The loss has been included in general and administration expenses in the income statement.

(2) Other receivables

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

(3) Credit risk

Information concerning credit risk of both current and non-current receivables is set out in Note 2.

Note 15 Current Assets Inventories

Raw materials and stores at cost	**449.6**	455.3
Raw materials at net realisable value	**46.7**	118.9
Work in progress at cost	**133.6**	86.1
Work in progress at net realisable value	**4.9**	49.4
Finished goods at cost	**650.4**	543.5
Finished goods at net realisable value	**95.1**	186.9
Total inventories	**1,380.3**	1,440.1

Write downs of inventories to net realisable value recognised as an expense during the financial year ended 30 June 2006 amounted to $14.1 million (2005: $24.4 million). The expense has been included in cost of sales expenses in the income statement. One of the entities of the Group has pledged inventory to the value of $1.8 million (2005: $2.6 million) for a working capital loan from a local bank.

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Note 16 Current Assets Other Financial Assets

$ million	Consolidated 2006	Consolidated 2005	Amcor Limited 2006	Amcor Limited 2005
Derivative financial instruments held for trading				
Forward exchange contracts	**2.5**		**1.3**	
Commodity contracts	**0.1**			
Contracts for cash settled employee share plan options				
(American contracts) (refer Note 18 footnote (1); Note 48(c)(v))	**2.6**		**2.6**	
	5.2		**3.9**	
Derivative financial instruments cash flow hedges				
Forward exchange contracts (refer Note 38(c))	**5.2**		**0.2**	
Commodity contracts (refer Note 38(d))	**0.4**			
	5.6		**0.2**	
Total current other financial assets	**10.8**		**4.1**	

Note 17 Non-Current Assets Investments Accounted for Using the Equity Method

Share of associates (refer Note 45)	**283.1**	40.7		
Total investments accounted for using the equity method	**283.1**	40.7		

Investments in associates are accounted for in the consolidated financial statements using the equity method of accounting. The parent entity does not hold any investments in associates.

Note 18 Non-Current Assets Other Financial Assets

Shares in controlled entities at cost (refer Note 43)			**4,685.2**	4,678.7
Investments in companies listed on stock exchanges available for sale	**4.0**	5.7		
Investments in companies not listed on stock exchanges held for trading	**0.3**	2.0		
	4.3	7.7	**4,685.2**	4,678.7
Derivative financial instruments held for trading				
Contracts for cash settled employee share plan options				
(American contracts) (refer Note 48(c)(v))(1)	**0.5**		**0.5**	
Contracts for cash settled bonus and retention payment plans				
(Equity share swap contracts) (Refer Note 48(c)(i) and (ii))(1)	**0.8**		**0.8**	
	1.3		**1.3**	
Derivative financial instruments cash flow hedges				
Forward exchange contracts (refer Note 38(c))(1)	**0.8**			
	2.1		**1.3**	
Other receivables(2)	**12.7**	45.1	**6.3**	7.3
	12.7	45.1	**6.3**	7.3
Total non-current other financial assets	**19.1**	52.8	**4,692.8**	4,686.0

(1) Employee share plan risk management:

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. For all such entitlements offered, the consolidated entity has hedged its exposure by entering into cash settled equity share options or equity share swap contracts that mirror the terms and conditions of the employee benefit.

The following table sets out the expiry or vesting date (if applicable), the outstanding option/share hedged contract positions and the hedged price of the contracts as at 30June 2006:

2006 Equity share option

American contracts

	Expiry date	**Contract amounts**	**Average hedged price $**
One year or less	11-Sep-06	50,000	8.28
	24-Mar-07	17,800	7.87
More than one year but not more than five years	1-Jul-07	160,000	7.40
	2-Aug-07	21,500	6.84
	11-Sep-07	50,000	8.28
	12-Sep-07	100,000	7.20
	11-Sep-08	50,000	8.28
	24-Mar-10	289,250	7.87
	2-Aug-10	348,300	6.84
More than five years	1-Nov-12	457,600	8.20

Equity share swap contracts

	Vesting date	**Contract amounts**	**Average hedged price $**
Vested	Dec-03	5,000	7.11
	Dec-04	16,800	7.11
	Dec-05	105,800	7.11
One year or less	Jul-06	50,000	7.11
	Oct-06	8,000	7.11
	Feb-07	198,400	7.11
More than one year but not more than five years	Jul-07	20,000	7.11
More than five years	Sep-11	8,410	7.11
	Sep-12	28,315	7.11
	Sep-13	17,425	7.11

2005 Equity share option

American contracts

	Expiry date	**Contract amounts**	**Average hedged price $**
One year or less	12-Sep-05	100,000	7.20
	29-Jun-06	55,132	6.06
Over one to five years	11-Sep-06	50,000	8.28
	12-Sep-06	200,000	6.47
	23-Mar-07	17,800	7.87
	1-Jul-07	280,000	7.40
	2-Aug-07	25,000	6.84
	11-Sep-07	50,000	8.28
	12-Sep-07	100,000	7.20
	11-Sep-08	50,000	8.28
	24-Mar-10	351,550	7.87
More than five years	2-Aug-10	420,000	6.84
	1-Nov-12	517,000	8.20

Equity share swap contracts

	Vesting date	**Contract amounts**	**Average hedged price $**

Vested	Dec-03	5,000	7.11
	Dec-04	16,800	7.11
One year or less	Dec-05	171,000	7.11
Over one to five years	Jul-06	50,000	7.11
	Oct-06	8,000	7.11
	Feb-07	210,100	7.11
	Jul-07	50,000	7.11
	Sep-11	8,410	7.11
	Sep-12	28,315	7.11
	Sep-13	17,425	7.11

The net fair value of derivative financial instruments held as at reporting date are:

$ million	**2006**	**2005**
Equity share option contracts	**0.8**	1.5
Equity share swap contracts	**3.1**	(0.2)
	3.9	1.3

During the year, there was a loss recorded in the income statement of $1.4 million to record the decrease in the fair value of equity share option and swap contracts.

(2) The fair value of non-current loans and other receivables at 30 June 2006 are as follows:

	2006		**2005**	
$ million	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**
Other receivables	**12.7**	**12.7**	45.1	45.1
	12.7	**12.7**	45.1	45.1

Note 19 Non-Current Assets   Property, Plant and Equipment

Reconciliations of the carrying amounts for each class of property, plant and equipment:

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$ million	**Land**	**Land improvements**	**Buildings**	**Plant and equipment**	**Assets under construction**	**Finance leases**	**Total**
At 1 July 2004							
Cost	293.4	31.4	893.6	7,131.6	76.7	150.4	8,577.1
Accumulated depreciation	(0.4)	(4.0)	(137.2)	(3,591.7)		(36.2)	(3,769.5)
Net book amount	293.0	27.4	756.4	3,539.9	76.7	114.2	4,807.6
Financial year ended 30 June 2005							
Opening net book amount	293.0	27.4	756.4	3,539.9	76.7	114.2	4,807.6
Additions	1.6	0.8	55.4	520.1			577.9
Disposals	(11.5)	(0.4)	(19.5)	(36.5)		(1.3)	(69.2)
Depreciation/amortisation	(0.2)	(1.8)	(30.5)	(400.0)		(7.7)	(440.2)
Acquisitions of businesses and controlled entities				0.1			0.1
Disposal of businesses and controlled entities				(7.0)		(4.2)	(11.2)
Impairment loss recognised	(1.2)		(11.6)	(214.2)			(227.0)
Impairment loss reversed				2.7			2.7
Foreign exchange fluctuations on translation of overseas controlled entities	(12.9)	(0.3)	(40.0)	(148.1)	(1.6)	(11.0)	(213.9)
Other transfers				44.3	(41.6)	(2.7)	
Closing net book amount	268.8	25.7	710.2	3,301.3	33.5	87.3	4,426.8
At 30 June 2005							
Cost	270.6	30.6	882.4	7,092.7	33.5	126.6	8,436.3
Accumulated depreciation	(1.8)	(4.9)	(172.2)	(3,791.4)		(39.3)	(4,009.5)
Net book amount	268.8	25.7	710.2	3,301.3	33.5	87.3	4,426.8
Financial year ended 30 June 2006							
Opening net book amount	**268.8**	**25.7**	**710.2**	**3,301.3**	**33.5**	**87.3**	**4,426.8**
Additions	**0.9**	**1.6**	**40.6**	**409.5**	**9.3**	**0.6**	**462.5**
Disposals	**(5.7)**	**(0.6)**	**(17.2)**	**(5.1)**		**(0.7)**	**(29.3)**
Depreciation/amortisation		**(0.9)**	**(40.2)**	**(401.5)**		**(9.5)**	**(452.1)**
Acquisitions of businesses and controlled entities				**0.6**			**0.6**
Disposal of businesses and controlled entities	**(4.4)**	**(0.1)**	**(33.4)**	**(149.6)**			**(187.5)**
Impairment loss recognised				**(66.8)**			**(66.8)**
Impairment loss reversed				**7.1**			**7.1**
Foreign exchange fluctuations on translation of overseas controlled entities	**6.8**	**0.5**	**24.9**	**98.3**	**1.3**	**3.7**	**135.5**
Other transfers	**(6.1)**		**15.4**	**23.4**	**(31.1)**	**(1.6)**	
Closing net book amount	**260.3**	**26.2**	**700.3**	**3,217.2**	**13.0**	**79.8**	**4,296.8**
At 30 June 2006							
Cost	**260.4**	**32.7**	**882.6**	**7,177.8**	**13.0**	**130.6**	**8,497.1**
Accumulated depreciation	**(0.1)**	**(6.5)**	**(182.3)**	**(3,960.6)**		**(50.8)**	**(4,200.3)**
Net book amount	**260.3**	**26.2**	**700.3**	**3,217.2**	**13.0**	**79.8**	**4,296.8**

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$ million	Land	Land improvements	Buildings	Plant and equipment	Assets under construction	Finance leases	Total
At 1 July 2004							
Cost				3.6			3.6
Accumulated depreciation				(2.0)			(2.0)
Net book amount				1.6			1.6
Financial year ended 30 June 2005							
Opening net book amount				1.6			1.6
Additions				3.3			3.3
Disposals				(0.2)			(0.2)
Depreciation/amortisation				(0.6)			(0.6)
Closing net book amount				4.1			4.1
At 30 June 2005							
Cost				6.4			6.4
Accumulated depreciation				(2.3)			(2.3)
Net book amount				4.1			4.1
Financial year ended 30 June 2006							
Opening net book amount				**4.1**			**4.1**
Additions				**0.4**			**0.4**
Disposals				**(3.3)**			**(3.3)**
Depreciation/amortisation				**(0.6)**			**(0.6)**
Closing net book amount				**0.6**			**0.6**
At 30 June 2006							
Cost				**3.3**			**3.3**
Accumulated depreciation				**(2.7)**			**(2.7)**
Net book amount				**0.6**			**0.6**

(a) Non-current assets pledged as security

Refer to Notes 24 and 29 for information on non-current assets pledged as security by the parent entity and its controlled entities.

(b) Non-current asset impairments

During the year ended 30 June 2006, the consolidated entity recorded impairments of property, plant and equipment totalling $66.8 million in the following segments:

- Amcor Flexibles recorded the impairment of the White Cap Metal Closures business of $15.5 million. The recoverable amount of these plants was determined using the fair value less costs to sell method which was based on a profit before interest, tax, depreciation and amortisation (PBITDA) multiple of six times. White Cap Metal Closures business was disposed of in the current year. Refer Note 12.

- Amcor Flexibles also recorded an impairment of a UK-based plant in the Processed Foods CGU of $16.4 million due to poor performance. The recoverable amount of this CGU was determined using value in use calculations which used a post-tax discount rate of 5.58% and tax effected the sum of the resulting discounted cash flows.

- Amcor Asia recorded a further $22.6 million impairment of the corrugated business due to continued poor performance. The recoverable amount of these plants was determined using value in use calculations which used a discount rate of 8.9%. The Asian corrugated business was disposed of in the current year. Refer Note 12.

- Amcor PET recorded an impairment of $8.3 million relating to the closure of plants in PET Mexico and Poland. The recoverable amount of these plants was determined using fair value less the costs to sell the particular assets available for sale.

- Other asset impairments of $4 million were also recorded in the current year.

During the year ended 30 June 2005, the consolidated entity recorded impairments of property, plant and equipment totalling $232.1 million in the following segments:

1. Amcor PET recorded an impairment of $49.9 million of plant and equipment relating to the decision to close three small Canadian plants in Vancouver, Calgary and Montreal. The recoverable amount of these plants was determined using value in use calculations applying a discount rate of 9%.

2. Amcor Australasia recorded an impairment of $108.7 million which included the plant and equipment relating to the reduction in the expected useful lives of the Botany and Fairfield paper mills. The recoverable amount of this CGU was determined using value in use calculations applying a discount rate of 15%.

3. Amcor Flexibles recorded an impairment of $23.2 million of plant and equipment relating to three plants in the Processed Foods CGU. The impairment was a result of ongoing difficult operating conditions in some market segments and geographic regions. The recoverable amount of this CGU was determined using value in use calculations applying a discount rate of 8.5%.

4. Amcor Asia recorded an impairment of $44.2 million of plant and equipment relating to corrugated assets. The impairment was the result of excess capacity and the inability to pass on linerboard raw material cost increases. The recoverable amount of this CGU was determined using value in use calculations applying a discount rate of 8.9%.

5. Amcor Corporate recorded an impairment of $6.1 million of plant and equipment relating to its US tube plant. The recoverable amount of these assets was determined using fair value less costs to sell.

(c) Non-current asset impairment reversals

During the year ended 30 June 2006, the consolidated entity recorded impairment reversals of $7.1 million relating to the plant and equipment at the Botany paper mill due to a reassessment of estimates used in the value in use calculation. The discount rate of 15% used in 2005 was not changed. The impairment reversal is shown in the general and administration expenses in the income statement.

Note 20 Non-Current Assets Deferred Tax Assets

$ million	Consolidated 2006	Consolidated 2005	Amcor Limited 2006	Amcor Limited 2005
The balance comprises temporary differences attributable to:				
Amounts recognised in income statement				
Impairment of trade receivables	**7.9**	5.9		
Employee benefits	**40.2**	44.5	**(6.2)**	2.2
Valuation of inventories	**17.8**	12.2		
Other provisions	**46.2**	35.9	**0.1**	
Financial instruments at fair value	**(4.3)**		**(4.7)**	
Tax losses	**78.6**	52.9		
Accruals/other	**146.6**	138.8	**21.9**	6.9
	333.0	290.2	**11.1**	9.1
Amounts recognised directly in equity				
Cash flow hedges	**20.4**		**13.8**	
Employee benefits	**59.5**	74.9	**19.1**	17.7
Exchange fluctuation reserve	**19.6**	(6.4)		
Other	**(2.0)**		**(0.1)**	
	97.5	68.5	**32.8**	17.7
Set-off of deferred tax liabilities throughout the group pursuant to set-off provisions (refer Note 31)	**(39.8)**	(8.8)	**(7.5)**	(26.8)
Net deferred tax assets	**390.7**	349.9	**36.4**	
Movements				
Balance at beginning of financial year	**349.9**	401.3		59.8
Change on adoption of AASB 132 and AASB 139 (refer Note 1(z))	**22.0**		**13.8**	
Credited/(charged) to the income statement (refer Note 9)	**48.6**	(33.0)	**54.2**	(95.2)
Credited/(charged) to equity	**8.8**	11.0	**1.4**	(4.4)
Disposal of businesses and controlled entities (refer Note 12)	**(16.4)**			
Foreign exchange fluctuations on translation of overseas controlled entities	**14.1**	(20.6)		
Other movements	**(36.3)**	(8.8)	**(33.0)**	39.8
Balance at end of financial year	**390.7**	349.9	**36.4**	
Deferred tax assets to be recovered after more than 12 months	**390.7**	349.9	**36.4**	

The deferred tax asset attributable to tax losses does not exceed taxable amounts arising from the reversal of existing assessable temporary differences.

Note 21 Non-Current Assets Intangible Assets

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$ million	Internal development costs	Internally developed software costs	External software costs	Goodwill	Other External	Total
As at 1 July 2004						
Cost		31.5	67.5	2,038.4	79.7	2,217.1
Accumulated amortisation and impairment		(6.2)	(27.7)	(1.0)	(35.6)	(70.5)
Net book amount		25.3	39.8	2,037.4	44.1	2,146.6
Financial year ended 30 June 2005						
Opening net book amount		25.3	39.8	2,037.4	44.1	2,146.6
Additions	10.5	18.2	26.4	9.1	0.5	64.7
Disposals					(3.0)	(3.0)
Acquisition of businesses and controlled entities				5.0		5.0
Subsequent recognition of acquired tax losses				(10.5)	0.1	(10.4)
Fluctuations on translation of foreign controlled entities	(0.5)	(0.3)	(1.6)	(175.5)	(1.4)	(179.3)
Impairment losses recognised				(6.3)	(1.7)	(8.0)
Amortisation charge	(2.2)	(0.3)	(15.0)		(0.1)	(17.6)
Other transfers			6.8		(6.8)	
Closing net book amount	7.8	42.9	56.4	1,859.2	31.7	1,998.0
As at 30 June 2005						
Cost	9.9	49.4	107.8	1,877.0	57.4	2,101.5
Accumulated amortisation and impairment	(2.1)	(6.5)	(51.4)	(17.8)	(25.7)	(103.5)
Net book amount	7.8	42.9	56.4	1,859.2	31.7	1,998.0
Financial year ended 30 June 2006						
Opening net book amount	**7.8**	**42.9**	**56.4**	**1,859.2**	**31.7**	**1,998.0**
Additions	**0.5**	**16.2**	**9.4**	**6.1**		**32.2**
Disposals			**(1.2)**		**0.2**	**(1.0)**
Disposal of businesses and controlled entities			**(2.5)**	**(190.0)**		**(192.5)**
Subsequent recognition of acquired tax losses				**(10.1)**		**(10.1)**
Fluctuations on translation of foreign controlled entities	**0.6**	**0.5**	**1.9**	**78.4**	**0.7**	**82.1**
Impairment losses recognised					**1.1**	**1.1**
Amortisation charge	**(1.4)**	**(3.8)**	**(16.3)**		**0.1**	**(21.4)**
Other transfers			**22.5**		**(22.5)**	
Closing net book amount	**7.5**	**55.8**	**70.2**	**1,743.6**	**11.3**	**1,888.4**
As at 30 June 2006						
Cost	**11.3**	**69.9**	**139.9**	**1,769.9**	**25.2**	**2,016.2**
Accumulated amortisation and impairment	**(3.8)**	**(14.1)**	**(69.7)**	**(26.3)**	**(13.9)**	**(127.8)**
Net book amount	**7.5**	**55.8**	**70.2**	**1,743.6**	**11.3**	**1,888.4**

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$ million	Internal development costs	Internally developed software costs	External software costs	Goodwill	Other External	Total
As at 1 July 2004						
Cost			3.8		5.3	9.1
Accumulated amortisation and impairment						
Net carrying amount			3.8		5.3	9.1
Financial year ended 30 June 2005						
Opening net book amount			3.8		5.3	9.1
Additions			1.9			1.9
Amortisation charge					(0.5)	(0.5)
Closing net book amount			5.7		4.8	10.5
As at 30 June 2005						
Cost			5.7		5.3	11.0
Accumulated amortisation and impairment					(0.5)	(0.5)
Net carrying amount			5.7		4.8	10.5
Financial year ended 30 June 2006						
Opening net book amount			**5.7**		**4.8**	**10.5**
Additions		**0.7**	**3.4**		**2.9**	**7.0**
Disposals			**(0.5)**			**(0.5)**
Amortisation charge			**(0.6)**		**(0.2)**	**(0.8)**
Closing net book amount		**0.7**	**8.0**		**7.5**	**16.2**
As at 30 June 2006						
Cost		**0.7**	**8.6**		**8.2**	**17.5**
Accumulated amortisation and impairment			**(0.6)**		**(0.7)**	**(1.3)**
Closing net book amount		**0.7**	**8.0**		**7.5**	**16.2**

The parent entity external software costs includes $7.1 million (2005: $4.8 million) for SAP licences. These are perpetual licences currently held as indefinite life intangible assets on behalf of the consolidated group. Within the next two years, as SAP software is progressively implemented across the group, these licences will be transferred to entities within the consolidated group and at that time they will be in use and amortised according to Group Accounting Policy (refer Note 1(s)(ii)).

There are no other indefinite life intangible assets for the parent and the consolidated group.

(a) Impairment tests for goodwill

Goodwill acquired in a business combination is allocated to groups of cash-generating units (CGUs) according to the level at which management monitors goodwill.

A CGU summary of the goodwill allocation is presented below:

$ million	Consolidated 2006	2005
PET		
North America	**663.6**	646.6
Europe/Asia	**248.1**	240.2
Latin America	**226.8**	216.6
Australasia		
Flexibles packaging division	**42.2**	43.0
Fibre packaging division	**51.7**	52.2
Beverage can group	**15.0**	16.8
Other	**2.1**	2.5
Flexibles		
Healthcare	**192.2**	191.7
Food	**175.1**	148.7
Rentsch	**14.6**	13.6
Closures		169.2
Sunclipse		
North America distribution	**89.3**	87.8
North America corrugator	**10.8**	9.4
North America multi purpose packaging	**26.4**	25.4
Other (including utilisation of acquired tax losses)	**(14.3)**	(4.5)
	1,743.6	1,859.2

The goodwill amounts allocated above are tested annually or semi-annually if there are indicators of impairment, by comparison with the recoverable amount of each CGU s assets. Recoverable amounts for CGUs are based on value-in-use, which is calculated from cash flow projections for 10 years using data from the Group 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. Management estimates discount rates for each CGU using pre-tax rates that reflect the current market assessment of the time value of money and the risks specific to the countries in which the CGUs operate for which the future cash flow estimates have not been adjusted. 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.

The forecasts are extrapolated beyond four years based on growth rates representing a maximum of 7% in specific high growth sectors to negative 24% in particular low growth sectors. Generally, the average growth rates applied were conservative at between 2% positive and 2% negative.

The pre-tax discount rates used to calculate value in use range from 7% to 16%. These discount rates are derived from the group s post-tax weighted average cost of capital, as adjusted for the specific risks relating to each geographical region.

In June 2006, impairment reviews were performed by comparing the carrying value of assets and goodwill with the recoverable amount of the CGUs to which goodwill has been allocated. Management determined that there has been no impairment.

(b) Impairment charge and reversals

Prior to the half year ended 31 December 2005, indicators of impairment were identified in the White Cap Metal Closures business in Europe and Asia and the Corrugated business in Asia. An assessment was carried out on each business using the value in use methodology and the carrying amounts of the businesses were reduced to their recoverable amounts through recognition of impairment losses against goodwill of $15.5 million and $22.6 million respectively. These impairments have been disclosed as part of the loss

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from discontinued operations in the income statement. On 1 June 2006, the White Cap Closures business was sold and, on 28 February, the Asia Corrugated business was sold (refer to Note 12 for more details).

(c) Estimated future amortisation charge on other intangibles

Financial year ending:	**$ million**
30 June 2007	22.7
30 June 2008	21.4
30 June 2009	13.9
30 June 2010	10.7
30 June 2011	8.5

Note 22 Non-Current Assets Other

	Consolidated		**Amcor Limited**	
$ million	**2006**	**2005**	**2006**	**2005**
Supply contract deposits	**36.2**	34.1		
Other non-current financial assets(1)		10.4	**1.3**	10.4
Other non-current assets	**44.3**	51.8	**3.8**	0.1
Total other non-current assets	**80.5**	96.3	**5.1**	10.5

(1) The financial statements as at 30 June 2005 have not been restated to comply with AASB 132 *Financial Instruments: Disclosure and Presentation* and AASB 139 *Financial Instruments: Recognition and Measurement* which has been adopted from 1 July 2005. Refer Note 1(a).

Note 23 Current Liabilities Trade and Other Payables

Unsecured creditors:				
Trade creditors	**1,544.0**	1,493.6	**1.1**	9.2
Deferred grant income	**1.8**	1.0		
Other creditors and accruals	**530.8**	501.4	**51.9**	26.7
Total trade and other payables	**2,076.6**	1,996.0	**53.0**	35.9

Note 24 Current Liabilities Interest-Bearing Liabilities

$ million	Footnote	Consolidated 2006	2005	Amcor Limited 2006	2005
Secured borrowings:					
Bank overdrafts	(1), (2)		0.4		
Bank loans	(3)	**5.9**	3.1		
Other loans	(2)		157.8		
Lease liabilities (refer Note 41)	(7)	**6.9**	2.2		
Total secured current interest-bearing liabilities		**12.8**	163.5		
Unsecured borrowings:					
Bank overdrafts	(1)	**48.9**	15.6	**5.8**	
Commercial paper	(4)	**211.0**	307.7	**130.2**	209.3
Bank loans	(5), (6)	**405.5**	389.3	**325.1**	45.5
Other loans	(6)	**12.2**	11.1		
Amounts owing to controlled entities				**4,109.1**	3,594.8
Total unsecured current interest-bearing liabilities		**677.6**	723.7	**4,570.2**	3,849.6
Total current interest-bearing liabilities		**690.4**	887.2	**4,570.2**	3,849.6

Details of the interest rate risk and fair value of interest-bearing liabilities for the consolidated entity are set out in Notes 38(b) and 38(e) and details of non-current interest-bearing liabilities are set out in Note 29.

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(1) The consolidated entity has committed bank overdraft facilities (both secured and unsecured) to a maximum of $109.8 million (2005: $92.8 million). As at 30 June 2006, the unused portions of the facilities were $60.9 million (2005: $76.8 million). The bank overdrafts are payable on demand and are subject to annual review.

(2) These bank overdrafts and other loans are secured by a charge over assets of certain controlled entities.

(3) Comprises loans secured over property, plant and equipment in overseas controlled entities to the extent of $6.6 million (2005: $11.2 million). The carrying value of the pledged property is $19.8 million (2005: $11.2 million).

(4) Borrowings in commercial paper markets include:

Promissory note facility

This is an uncommitted promissory note facility of $600 million. This facility continues indefinitely until terminated by giving written notice to the dealer panel.

As at 30 June 2006, there were $89.7 million in promissory notes outstanding with an average maturity of 32 days (2005: $149 million).

Euro-commercial paper program

A US$200 million non-underwritten facility under which commercial paper can be issued into the Asian and European capital markets. As at 30 June 2006, there were nil Euro notes outstanding (2005: nil).

US commercial paper program

This is an uncommitted commercial paper program of US$400 million (2005: US$200 million). As at 30 June 2006, A$121.3 million of commercial paper was outstanding with an average maturity of 39 days (2005: A$158.7 million).

(5) Various bank borrowings including:

Amcor Limited $300 million multi-currency facility maturing in December 2006. $300 million (2005: $nil) drawn under this facility bears interest at BBSY or LIBOR plus an applicable credit margin. Amcor Limited $25.0 million (2005: $45.5 million) drawn under uncommitted at call facilities. Amounts borrowed under these facilities bear interest at the overnight cash rate plus an applicable margin.

(6) Comprises various funding facilities made available to subsidiary companies predominantly in Europe and North America.

(7) Lease liabilities (other than liabilities recognised in relation to surplus space under non-cancellable operating leases) are effectively secured as the rights to the leased assets recognised in the financial statement revert to the lessor in the event of default.

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Note 25 Current Liabilities Subordinated Convertible Securities

$ million	Footnote	Consolidated 2006	2005	Amcor Limited 2006	2005
1996 issue of 7.25% Undated Subordinated Convertible Unsecured Notes (refer Note 1(p))	(1)	**246.0**		**246.0**	
PACRS2 (refer Note 1(p))	(2)	**218.2**			
Total subordinated convertible securities(3)	(3)	**464.2**		**246.0**	

(1) Original issue of US$230 million 7.25% undated subordinated convertible notes convertible into American Depository Receipts, representing four ordinary shares of the company, at a rate in the range of 2.347 to 2.664 for each US$50 principal amount of notes converted. The actual conversion rate will depend on the average closing sale price for the American Depository shares on NASDAQ for the five trading days prior to the conversion date. The notes were convertible from 19 November 1996 and may be converted prior to 18 November 2006.

These notes have no maturity dates, are only redeemable after 18 November 2006, and then only at Amcor Limited s option, and are subordinated to all other creditors of the company other than subordinated creditors. Amcor Limited has announced its intention to redeem. Interest on these notes is payable semi-annually.

During the year ended 30 June 2006, 959,699 notes were converted to 10,016,192 ordinary shares (2005: 1,000).

As at 30 June 2006, 3,631,543 notes remain outstanding (2005: 4,591,242).

(2) PACRS are Perpetual Amcor Convertible Reset Securities of which there were two tranches as follows:

	CONSOLIDATED 2006 AIFRS No. 000	$m	CONSOLIDATED 2005 AGAAP No. 000	$m
Current and non-current Perpetual Amcor Convertible Reset Securities (PACRS)				
PACRS1			4,000.0	389.2
PACRS2	**2,099.0**	**218.2**	2,099.0	207.4
Balance at end of financial year	**2,099.0**	**218.2**	6,099.0	596.6

PACRS1 were fully paid perpetual, non-cumulative, subordinated, convertible, reset, unsecured notes. Non-cumulative interest was paid semi-annually on PACRS1 at a coupon rate of 8.5733% per annum, fixed until the first reset date on 30 April 2006.

On 25 January 2006, Amcor announced that PACRS1 would be converted to equity on 30 April 2006. Prior to the conversion, Amcor offered to repurchase the PACRS1 notes off-market to provide holders with a cash alternative to receiving ordinary shares.

The offer price for the repurchase of PACRS1 notes was $105.2632 per note with settlement of the repurchase occurring on 28 April 2006. Holders accepting the repurchase offer received the full amount of interest for the final interest period up to the conversion date of 30 April 2006. The offer price, together with the final interest payment of $4.2514 per note, reflected the full value of the conversion terms.

Acceptances were received in relation to 3,434,736 PACRS1 notes. The remaining 565,264 PACRS1 notes were converted into 8,187,171 ordinary shares in Amcor Limited.

Also on 25 January 2006, Amcor announced its intention to commence an on-market share buy-back program to acquire shares equivalent to the number arising on conversion of the PACRS1 remaining after the repurchase program. Refer Note 33(a) for details of the share buy-back.

PACRS2 are fully paid perpetual, non-cumulative, subordinated, convertible, reset, unsecured notes. Non-cumulative interest is paid semi-annually on PACRS2 at a coupon rate of 8.57% per annum fixed until the first reset date on 30 April 2007.

On reset dates, holders of PACRS2 may convert some or all outstanding PACRS2 into ordinary shares calculated with reference to the conversion discount. The issuer may convert some or all of the outstanding PACRS2 on or before a reset date by giving at least 30 ASX business days notice at any time in the six months before reset date. Coupon rates, conversion terms and the conversion discount are able to be reset by the issuer on the reset date.

(3) Adequate committed facilities exist to refinance the PRIDES and PACRS2, if required (refer Note 29).

Note 26 Current Liabilities Other Financial Liabilities

	Consolidated		Amcor Limited	
$ million	**2006**	**2005**	**2006**	**2005**
Derivative financial instruments held for trading				
Forward exchange contracts (refer Note 38(c))	**0.3**			
	0.3			
Derivative financial instruments cash flow hedges				
Forward exchange contracts (refer Note 38(c))	**1.2**			
Commodity contracts (refer Note 38(d))	**1.7**			
	2.9			
	3.2			

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Note 27 Current and Non-Current Liabilities
Provisions

$ million	Footnote	Consolidated 2006	2005	Amcor Limited 2006	2005
Current					
Dividends/distributions	(i)		8.7		
Employee entitlements and directors retirement allowances		**135.5**	137.8	**1.6**	2.1
Insurance and other claims	(ii)	**58.0**	53.3		
Onerous contracts	(iii)	**23.2**	17.4		
Decommissioning costs	(iv)	**0.4**	1.4		
Amcor Flexibles restructuring	(v)	**45.5**	19.4		
Amcor PET/Amcor Closures restructuring	(vi)	**8.7**	11.0		
Other business groups restructuring	(vii)	**18.7**	40.0		
Total restructuring provisions		**72.9**	70.4		
Other current provisions			0.3		
Total current provisions		**290.0**	289.3	**1.6**	2.1
Non-current					
Employee entitlements and directors retirement allowances		**21.5**	27.1	**4.1**	5.2
Insurance and other claims	(ii)	**21.5**	13.7		
Onerous contracts	(iii)	**4.5**	5.0		
Decommissioning costs	(iv)	**51.7**	50.9	**1.8**	0.3
Amcor Flexibles restructuring	(v)	**0.9**	0.2		
Amcor PET/Amcor Closures restructuring	(vi)	**0.2**	1.6		
Other business groups restructuring	(vii)		1.4		
Total restructuring provisions		**1.1**	3.2		
Other non-current provisions		**0.3**			
Total non-current provisions		**100.6**	99.9	**5.9**	5.5
Total provisions		**390.6**	389.2	**7.5**	7.6
Reconciliations					
Reconciliations of the carrying amounts of each class of provision, except for employee entitlements, are set out below:					
(i) Dividends/distributions					
Carrying amount at beginning of financial year		**8.7**	8.8		
Provisions made during the year:					
Final dividend 2005		**149.3**	140.6	**149.3**	140.6
Interim dividend 2006		**149.5**	149.6	**149.5**	149.6
PACRS distribution			23.6		
Payments made during the year		**(298.8)**	(313.9)	**(298.8)**	(290.2)
Reclassification of PACRS to interest-bearing liabilities		**(8.7)**			
Carrying amount at end of financial year			8.7		

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(ii) Insurance and other claims

$ million	Consolidated 2006	2005	Amcor Limited 2006	2005
Current				
Carrying amount at beginning of financial year	**53.3**	67.7		
Provisions made during the year	**11.1**	32.1		
Payments made during the year	**(5.8)**	(41.5)		
Disposal of businesses and controlled entities	**(0.2)**			
Provisions released during the year	**(1.3)**	(2.9)		
Foreign exchange fluctuations on translation of overseas controlled entities	**0.9**	(2.1)		
Carrying amount at end of financial year	**58.0**	53.3		
Non-current				
Carrying amount at beginning of year	**13.7**	3.2		
Provisions made during the year	**23.7**	11.0		
Payments made during the year	**(14.0)**			
Disposal of businesses and controlled entities	**(3.7)**			
Unwinding of discount	**0.7**			
Provisions released during the year		(0.2)		
Foreign exchange fluctuations on translation of overseas controlled entities	**1.1**	(0.3)		
Carrying amount at end of financial year	**21.5**	13.7		

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 2006, 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.

(iii) Onerous contracts

$ million	Consolidated 2006	2005	Amcor Limited 2006	2005
Current				
Carrying amount at beginning of financial year	**17.4**	9.5		
Provisions made during the year	**25.7**	12.8		
Payments made during the year	**(22.6)**	(4.1)		
Net transfers in	**0.8**	2.8		
Disposal of businesses and controlled entities		(3.0)		
Provisions released during the year	**(0.1)**	(0.1)		
Foreign exchange fluctuations on translation of overseas controlled entities	**2.0**	(0.5)		
Carrying amount at end of financial year	**23.2**	17.4		
Non-current				
Carrying amount at beginning of financial year	**5.0**	7.8		
Provisions made during the year	**1.5**			
Payments made during the year	**(1.3)**			
Net transfers out	**(0.8)**	(2.8)		
Foreign exchange fluctuations on translation of overseas controlled entities	**0.1**			
Carrying amount at end of financial year	**4.5**	5.0		

Onerous contract provisions relate to rental of land and buildings by Amcor Flexibles and PET business groups which are not able to be fully used or sublet by Amcor. The provision reflects only the onerous element of these commitments.

(iv) Decommissioning costs

$ million	Consolidated 2006	2005	Amcor Limited 2006	2005
Current				
Carrying amount at beginning of financial year	**1.4**	1.4		
Provisions released during the year	**(1.0)**			
Carrying amount at end of financial year	**0.4**	1.4		
Non-current				
Carrying amount at beginning of financial year	**50.9**	51.1	**0.3**	
Provisions made during the year	**5.6**	2.1	**1.5**	0.3
Payments made during the year	**(0.3)**	(0.2)		
Disposal of businesses and controlled entities	**(5.3)**			
Unwinding of discount	**1.4**	0.9		
Provisions released during the year	**(2.4)**			
Foreign exchange fluctuations on translation of overseas controlled entities	**1.8**	(3.0)		
Carrying amount at end of financial year	**51.7**	50.9	**1.8**	0.3

Provisions for decommissioning relate to either make-good provisions included in lease agreements or decommissioning costs associated with environmental risks for which the consolidated entity has a legal or constructive obligation.

Where lease agreements include requirements to return the property to its original condition, the consolidated entity has made a provision based on an estimate of these costs.

On a number of sites, there are areas of contamination caused by past practice, many of which relate to operations prior to Amcor s ownership. The provision includes costs associated with the clean-up of sites it owns, or contamination that it caused, to enable ongoing use of the land as an industrial property.

In addition, the consolidated entity recognises the environmental risks associated with underground storage tanks. The provision includes costs associated with the decommissioning, removal or repair of any tanks which may fail integrity tests.

(v) Amcor Flexibles restructuring

$ million	Consolidated 2006	2005	Amcor Limited 2006	2005
Current				
Carrying amount at beginning of financial year	**19.4**	54.5		
Provisions made during the year	**37.3**	6.5		
Payments made during the year	**(13.7)**	(39.0)		
Net transfers in		0.6		
Foreign exchange fluctuations on translation of overseas controlled entities	**2.5**	(3.2)		
Carrying amount at end of financial year	**45.5**	19.4		
Non-current				
Carrying amount at beginning of financial year	**0.2**	0.5		
Provisions made during the year	**0.8**	1.5		
Payments made during the year	**(0.1)**	(1.2)		
Net transfers out		(0.6)		
Carrying amount at end of financial year	**0.9**	0.2		

(vi) Amcor PET/Amcor Closures restructuring

$ million	Consolidated 2006	2005	Amcor Limited 2006	2005
Current				
Carrying amount at beginning of financial year	**11.0**	8.8		
Provisions made during the year	**34.2**	24.5		
Payments made during the year	**(31.9)**	(21.5)		
Net transfers in		0.2		
Disposal of businesses and controlled entities	**(5.3)**			
Foreign exchange fluctuations on translation of overseas controlled entities	**0.7**	(1.0)		
Carrying amount at end of financial year	**8.7**	11.0		
Non-current				
Carrying amount at beginning of financial year	**1.6**	0.3		
Provisions made during the year		1.5		
Payments made during the year	**(1.5)**	(0.2)		
Net transfers out		(0.2)		
Foreign exchange fluctuations on translation of overseas controlled entities	**0.1**	0.2		
Carrying amount at end of financial year	**0.2**	1.6		

The Amcor Flexibles restructuring provisions include the costs relating to the closure of Hochheim, Colodense and Envi plants. The Amcor PET/Amcor Closure restructuring provisions include the costs of closing the Vancouver, Calgary and Dorval facilities. The consolidated entity has provided for redundancies, other employee costs and site clearance costs.

(vii) Other business groups restructuring

$ million	Consolidated 2006	2005	Amcor Limited 2006	2005
Current				
Carrying amount at beginning of financial year	**40.0**	25.5		
Provisions made during the year	**9.9**	35.8		
Payments made during the year	**(32.5)**	(18.7)		
Net transfers out		(1.4)		
Provisions released during the year	**(0.3)**	(0.8)		
Foreign exchange fluctuations on translation of overseas controlled entities	**1.6**	(0.4)		
Carrying amount at end of financial year	**18.7**	40.0		
Non-current				
Carrying amount at beginning of financial year	**1.4**			
Provisions made during the year	**0.1**	0.1		
Payments made during the year	**(1.6)**			
Net transfers in		1.4		
Foreign exchange fluctuations on translation of overseas controlled entities	**0.1**	(0.1)		
Carrying amount at end of financial year		1.4		

Note 28 Non-Current Liabilities Trade and

Other Payables

Deferred grant income	**26.5**	26.8
Other unsecured creditors	**4.6**	4.8
Total non-current trade and other payables	**31.1**	31.6

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Note 29 Non-Current Liabilities

Interest-Bearing Liabilities

$ million	Footnote	Consolidated 2006	2005	Amcor Limited 2006	2005
Secured borrowings:					
Other loans	(1)	**165.2**	177.5		
Lease liabilities (refer Note 41)	(6)	**57.8**	76.2		
Total secured non-current interest-bearing liabilities		**223.0**	253.7		
Unsecured borrowings:					
Bank loans	(2)	**586.7**	445.7	**239.2**	65.6
US$ notes	(3)	**675.1**	655.8	**675.1**	655.8
Eurobond	(4)	**595.5**	554.5	**595.5**	554.5
Other loans	(5)	**4.6**	7.6		
Total unsecured non-current interest-bearing liabilities		**1,861.9**	1,663.6	**1,509.8**	1,275.9
Total non-current interest-bearing liabilities		**2,084.9**	1,917.3	**1,509.8**	1,275.9

$ million	2006	2005
Reconciliation of consolidated net debt		
• Current (refer Note 24)	**690.4**	887.2
• Current subordinated convertible securities (refer Note 25)	**464.2**	
• Non-current (refer above)	**2,084.9**	1,917.3
• Non-current subordinated convertible securities (refer Note 30)		301.1
Total interest-bearing liabilities	**3,239.5**	3,105.6
• Cash and cash equivalents (refer Note 13)	**(113.9)**	(229.8)
Net debt	**3,125.6**	2,875.8

Details of the interest rate risk and fair value of interest-bearing liabilities for the consolidated entity are set out in Notes 38(b) and 38(e).

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(1) Comprises loans secured over property, plant and equipment in Australian and overseas controlled entities to the extent of $177.4 million (2005: $182.2 million). The carrying value of the pledged property is $180.1 million (2005: $190.1 million).

(2) Principally relates to bank borrowings in:

- Amcor Finance (New Zealand) Limited A$47.0 million (2005: A$63.4 million) drawn under NZ$100 million revolving cash advance facility maturing in April 2008. This facility bears interest at the bank bill rate plus an applicable credit margin.

- Amcor Limited/Amcor UK Finance Limited/Amcor Finance (USA) Inc. A$534.2 million (2005: A$315.5 million) drawn under a US$1,250 million (2005: US$1,000 million) global syndicated multi-currency facility term-tranche of US$750 million (2005: US$650 million) maturing June 2011. Drawings are in various currencies and bear interest at the applicable BBSY or LIBOR rate plus a credit margin.

(3) Represents US$500 million Amcor Limited senior unsecured guaranteed notes issued in the United States Private Placement market. The notes have final bullet maturities between 2009 and 2017. Interest on these notes is payable semi-annually.

(4) Represents EUR350 million Amcor Limited unsecured notes issued in the Eurobond market. The notes mature in March 2011 and pay an annual coupon of 4.25%.

(5) Comprises various funding facilities made available to subsidiary companies predominantly in Europe and North America.

(6) Lease liabilities (other than liabilities recognised in relation to surplus space under non-cancellable operating leases) are effectively secured, as the rights to the leased assets recognised in the financial statement revert to the lessor in the event of default.

$ million	Consolidated 2006	2005	Amcor Limited 2006	2005
Financing arrangements				
Unrestricted access was available at balance date to the following credit:				
Credit standby arrangements				
Total facilities				
Bank overdrafts	**109.8**	92.8	**5.8**	2.0
Unsecured bill acceptance facility	**677.4**	459.1	**514.8**	327.9
	787.2	551.9	**520.6**	329.9
Used at balance date				
Bank overdrafts	**48.9**	16.0	**5.8**	
Unsecured bill acceptance facility	**211.0**	307.7	**130.2**	209.3
	259.9	323.7	**136.0**	209.3
Unused at balance date				
Bank overdrafts	**60.9**	76.8		2.0
Unsecured bill acceptance facility	**466.4**	151.4	**384.6**	118.6
	527.3	228.2	**384.6**	120.6
Loan facilities				
Total facilities	**3,354.6**	2,899.3	**2,297.0**	1,691.5
Used at balance date	**2,515.4**	2,480.8	**1,834.9**	1,321.4
Unused at balance date	**839.2**	418.5	**462.1**	370.1

Note 30 Non-Current Liabilities Subordinated

Convertible Securities

1996 issue of 7.25% Undated Subordinated Convertible Unsecured Notes (refer Note 25 Footnote (1))		301.1		301.1

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Note 31 Non-Current Liabilities Deferred Tax

Liabilities

$ million	Consolidated 2006	2005	Amcor Limited 2006	2005
The balance comprises temporary differences attributable to:				
Amounts recognised in income statement				
Valuation of inventories	**0.6**			
Financial instruments at fair value	**1.6**			
Depreciation	**470.8**	403.4		
Other	**105.0**	116.3	**7.5**	62.6
	578.0	519.7	**7.5**	62.6
Amounts recognised directly in equity				
Cash flow hedges	**(0.4)**			
Employee benefits	**0.1**			
Exchange fluctuation reserve	**3.3**	6.4		
	3.0	6.4		
Set-off of deferred tax liabilities pursuant to set-off provisions (refer Note 20)	**(39.8)**	(8.8)	**(7.5)**	(26.8)
Net deferred tax liabilities	**541.2**	517.3		35.8
Movements				
Balance at beginning of financial year	**517.3**	585.2	**35.8**	1.8
Change on adoption of AASB 132 and AASB 139 (refer Note 1(z))	**(1.0)**		**0.2**	
Charged/(credited) to the income statement (refer Note 9)	**54.4**	(32.1)	**(3.1)**	(0.2)
Charged/(credited) directly to equity	**(3.4)**			
Disposal of businesses and controlled entities (refer Note 12)	**(10.0)**			
Foreign exchange fluctuations on translation of overseas controlled entities	**15.0**	(27.0)		
Other movements	**(31.1)**	(8.8)	**(32.9)**	34.2
Balance at end of financial year	**541.2**	517.3		35.8
Deferred tax liabilities to be settled after more than 12 months	**541.2**	517.3		35.8

Note 32 Non-Current Liabilities Retirement Benefit Obligations

(a) Description of plans

The consolidated entity participates in a number of pension plans which were established to provide benefits for employees and their dependants. The funds cover company sponsored plans, industry/union plans and government plans.

Company sponsored plans

The principal benefits 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 fund 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 fund 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 company has a legally enforceable obligation to contribute at varying rates to these plans.

Government plans

Employer companies participate in government plans which provide pension benefits on behalf of certain employees. There exists a legally enforceable obligation on employer companies to contribute as required by legislation.

Defined benefit plans

The consolidated entity maintains several defined benefit superannuation arrangements internationally. On a vested benefit basis, some arrangements are in actuarial surplus, while others 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 advisers. 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.

$ million	**Consolidated 2006**	**2005**	**Amcor Limited 2006**	**2005**
(b) Defined benefit pension plans				
(i) Balance sheet amounts				
The amounts recognised in the balance sheet are determined as follows:				
Present value of the funded defined benefit obligation	**1,034.6**	885.4	**290.4**	265.6
Fair value of defined benefit plan assets	**(848.8)**	(624.9)	**(254.6)**	(206.8)
	185.8	260.5	**35.8**	58.8
Present value of the unfunded defined benefit obligation	**27.3**	67.2		
Net liability before adjustment for contributions tax	**213.1**	327.7	**35.8**	58.8
Amounts not recognised as an asset	**0.7**			
Net liability in the balance sheet	**213.8**	327.7	**35.8**	58.8
Net liability in the balance sheet comprises:				
Retirement benefit asset	**(2.9)**	(0.6)		
Retirement benefit obligation	**216.7**	328.3	**35.8**	58.8
Total net liability Defined benefit pension plans	**213.8**	327.7	**35.8**	58.8
Total liability Defined benefit pension plans	**216.7**	328.3	**35.8**	58.8
Total liability Defined benefit non-pension plans (refer Note 32(c)(i))	**29.9**	30.6		
Total retirement benefit obligations in the balance sheet	**246.6**	358.9	**35.8**	58.8

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(ii) Allocation of plan assets

	Consolidated 2006 %	2005 %	Amcor Limited 2006 %	2005 %
Proportion of the fair value of total plan assets:				
Equity securities	**54.0**	56.0	**69.0**	67.0
Debt securities	**34.0**	35.0	**21.0**	22.0
Real estate	**4.0**	2.0		
Other assets	**8.0**	7.0	**10.0**	11.0
Total	**100.0**	100.0	**100.0**	100.0

	Domestic %	Foreign %
Weighted average of fair value of assets by class:		
Equity securities	**69.0**	47.0
Debt securities	**21.0**	40.0
Real estate		6.0
Other assets	**10.0**	7.0
Total	**100.0**	100.0

The defined benefit plan assets of the parent entity may include Amcor securities at various times throughout the year. At 30 June 2006, the plan did not hold any Amcor securities (2005: Nil).

(iii) Reconciliations

$ million	Consolidated 2006	2005	Amcor Limited 2006	2005
Reconciliation of the present value of the defined benefit obligation:				
Balance at beginning of financial year	**952.6**	898.0	**265.6**	274.6
Current service cost	**49.1**	46.7	**21.0**	20.7
Interest cost	**43.8**	43.6	**11.1**	13.2
Actuarial gains and losses	**17.0**	80.8	**16.6**	(2.2)
Employee contributions	**13.2**	12.8	**2.6**	2.5
Benefits paid	**(54.4)**	(26.5)	**(19.5)**	(0.4)
Past service cost	**1.0**	0.3		
Disposal of businesses and controlled entities	**(44.9)**			
Curtailments	**(1.4)**	(0.3)		
Settlement	**(0.1)**	(39.6)		(39.6)
Expenses, taxes, premiums paid	**(10.0)**	(5.6)	**(7.0)**	(3.2)
Plan converted from defined contribution to defined benefit	**57.5**			
Foreign exchange fluctuations on translation of overseas controlled entities	**38.5**	(57.6)		
Balance at end of financial year	**1,061.9**	952.6	**290.4**	265.6
Funded defined benefit obligation	**1,034.6**	885.4	**290.4**	265.6
Unfunded defined benefit obligation	**27.3**	67.2		
Balance at end of financial year	**1,061.9**	952.6	**290.4**	265.6

$ million	Consolidated 2006	2005	Amcor Limited 2006	2005
Reconciliation of the fair value of defined benefit plan assets:				
Balance at beginning of financial year	**624.9**	600.2	**206.8**	200.7
Expected return on plan assets	**42.7**	36.7	**15.5**	13.3
Actuarial gains and losses	**36.9**	38.4	**12.0**	15.4
Contributions by Group companies	**104.2**	42.3	**44.2**	18.2
Contributions by plan participants	**13.2**	12.9	**2.6**	2.5
Benefits paid	**(50.9)**	(25.3)	**(19.5)**	(0.4)
Curtailments	**(0.2)**			
Settlement	**(0.1)**	(39.6)		(39.6)
Expenses, taxes, premiums paid	**(10.0)**	(5.6)	**(7.0)**	(3.3)
Plan converted from defined contribution to defined benefit	**64.2**			
Foreign exchange fluctuations on translation of overseas controlled entities	**23.9**	(35.1)		
Balance at end of financial year	**848.8**	624.9	**254.6**	206.8
(iv) Amounts recognised in income statement				
The amounts recognised in the income statement are as follows:				
Current service cost	**49.1**	46.7	**21.0**	20.7
Interest cost	**43.8**	43.6	**11.1**	13.2
Expected return on plan assets	**(42.7)**	(36.7)	**(15.5)**	(13.3)
Past service cost	**1.0**	0.3		
Losses/(gains) on curtailments and benefits paid	**(7.4)**	(3.1)		(2.8)
Total included in employee benefits expense	**43.8**	50.8	**16.6**	17.8
Actual return on plan assets	**79.6**	75.1	**27.5**	28.7
(v) Amounts recognised in the statement of recognised income and expense				
Net actuarial gains/(losses) recognised in the financial year	**19.9**	(42.4)	**(4.6)**	17.6

The cumulative amount of actuarial gains/(losses) recognised through the statement of recognised income and expense as at 30 June 2006 is ($22.5) million (2005: ($42.4) million).

(vi) Expected return on assets assumption

The expected rate of return on assets assumption is determined by weighting the expected long-term return for each asset class by the benchmark allocation of assets to each class. The returns used for each class are net of tax and investment fees.

(vii) Estimated future benefit payments

$ million	Consolidated Domestic	Foreign
Estimated future benefit payments		
Financial year ending:		
30 June 2007	25.8	21.5
30 June 2008	22.4	21.1
30 June 2009	25.0	23.1
30 June 2010	25.1	24.5
30 June 2011	23.6	25.8
Next five years	134.3	165.7
Total	256.2	281.7

(viii) Investment strategy

The investment strategies for the consolidated entity s defined benefit plans are varied, with the plans seeking to achieve moderate to high returns within a given risk profile. Investment target strategies for the material defined benefit plans include:

- High returns in the long term, while tolerating a reasonably high degree of volatility of returns over the short period.
- A balance of equity, debt securities and fixed income securities, which would be expected to produce a moderately high return over the long term, with only a moderate degree of variability of returns over short periods.
- Where investments are made in equity securities, ensuring there is an appropriate mix of domestic and international securities.
- To achieve returns greater than a predetermined percentage above the prevailing inflation rate.
- To ensure all legal obligations are met.

(ix) Estimated future contributions

Employer contributions to the defined benefit pension plans are based on recommendations by the plans actuaries. Actuarial assessments are made periodically.

Employer contributions to defined benefit funds for the consolidated entity during the financial year ending 30 June 2007 are expected to total $16.4 million for domestic plans and $20.7 million for foreign plans. Employer contributions to defined benefit funds for the parent entity during the financial year ending 30 June 2007 are expected to total $16.4 million.

The consolidated entity and the company have used the AASB 1 *First-time Adoption of Australian Equivalents to International Financial Reporting Standards* paragraph 20A exemption and disclosed amounts under AASB 1 paragraph 20A(p) above for each annual reporting period prospectively from transition date.

(x) Principal actuarial assumptions

The principal actuarial assumptions used for the purposes of reporting under AASB 119 *Employee Benefits* are as follows:

	Economic assumptions used in making funding recommendations		
	Discount rate %	Expected return on plan assets %	Future salary increases %
30 June 2006			
Amcor Limited			
Amcor Superannuation Fund	**5.0**	**8.0**	**4.5**
Controlled entities			
Amcor Flexibles (UK) Pension Plan	**5.2**	**6.4**	**4.4**
Amcor New Zealand Super Fund	**4.0**	**5.5**	**3.8**
Amcor PET Packaging UK Limited Pension Plan	**5.3**	**7.5**	**3.7**
Amcor PET Packaging Pension Plan USA	**6.3**	**8.0**	**4.5**
Amcor Rentsch/Poly Laupen	**3.3**	**3.5**	**2.0**

Amcor Twinpack Americas Inc Pension Plan for salaried employees	**4.5**	**6.5**	**4.1**
Other funds(3)	**3.9**	**4.8**	**2.0**
30 June 2005			
Amcor Limited			
Amcor Superannuation Fund	4.5	7.0	4.5
Controlled entities			
Amcor Flexibles (UK) Pension Plan	5.0	6.1	4.1
Amcor New Zealand Super Fund	3.9	5.5	3.8
Amcor PET Packaging UK Limited Pension Plan	5.0	7.1	3.3
Amcor PET Packaging Pension Plan USA	5.3	8.0	4.5
Amcor Rentsch/Poly Laupen	3.0	3.5	1.0
Amcor Twinpack Americas Inc Pension Plan for salaried employees	4.5	7.0	3.0
Other funds(3)	4.2	4.1	2.3

(xi) All plans are listed below showing the details of the net financial position and arrangements for employer contributions for funding for each defined benefit plan based on the requirements of AASB 25 *Financial Reporting by Superannuation Plans*

Defined benefit funds as at 30 June 2006

	Reporting date	Fund assets at net market value $m	Accrued benefits $m	Accrued surplus/ (deficit)(1) $m	Current contribution recommendations	Funding method	Economic assumptions used in making funding recommendations Discount rate %	Expected return on plan assets %	Future salary increases %
Amcor Limited									
Amcor Superannuation Fund(2)	30/6/2006	254.6	265.1	(10.5)	11% of salary plus deemed and salary sacrifice contributions	Target coverage of vested benefits	7.0	8.0	5.0
Controlled entities									
Amcor Flexibles (UK) Pension Plan	30/6/2006	188.5	222.4	(33.9)	11.9% of pensionable salary for one category of members (Level B) and 18.9% of pensionable salary for other members	Projected Unit Method	6.3	6.4	4.0
Amcor New Zealand Super(2) Fund	30/6/2006	22.4	23.5	(1.1)	11% of members salaries, including withholding tax	Projected Unit Credit Method	5.5	5.5	4.0
Amcor PET Packaging UK Limited Pension Plan	30/6/2006	19.5	29.1	(9.6)	12.6% of pensionable earnings	Projected Unit Method	7.9	7.5	3.5
Amcor PET Packaging Pension Plan USA	30/6/2006	29.0	30.0	(1.0)	Contributions prescribed by Trust Deed rules	Projected Unit Credit Method	8.0	8.0	4.5
Amcor Rentsch/Poly Laupen	30/6/2006	89.7	71.8	17.9	Contributions prescribed by Trust Deed rules	Method prescribed by statutory legislation	3.5	3.5	
Amcor Twinpack Americas Inc Pension Plan for salaried employees	30/6/2006	29.5	55.4	(25.9)	Estimated minimum annual employer contribution of CAD 1.24 million for salaried employees	Projected Unit Credit Method	4.3	6.5	2.5
Other funds(3)	Various	94.4	134.4	(40.0)	Various	Various	4.7	4.8	2.0

Defined benefit funds as at 30 June 2005

	Reporting date	Fund assets at net market value $m	Accrued benefits $m	Accrued surplus/ (deficit)(1) $m	Current contribution recommendations	Funding method	Economic assumptions used in making funding recommendations Discount rate %	Expected return on plan assets %	Future salary increases %
Amcor Limited									
Amcor Superannuation Fund(2)	30/6/2004	206.8	250.2	(43.4)	11% of salary plus deemed and salary sacrifice contributions	Target coverage of vested benefits	7.0	7.0	5.0
Controlled entities									
Amcor Flexibles (UK) Pension Plan	30/6/2005	180.5	212.9	(32.4)	11.9% of pensionable salary for one category of members (Level B) and 18.9% of pensionable salary for other members	Projected Unit Method	6.3	6.1	4.0
Amcor New Zealand Super (2) Fund	30/6/2005	28.1	24.3	3.8	11% of members salaries, including withholding tax	Projected Unit Credit Method	6.0	5.5	5.0
Amcor PET Packaging UK Limited Pension Plan	30/6/2005	18.7	27.9	(9.2)	12.6% of pensionable earnings	Projected Unit Method	7.9	7.1	3.5
Amcor PET Packaging Pension Plan USA	30/6/2005	20.2	23.1	(2.9)	Contributions prescribed by Trust Deed rules	Projected Unit Credit Method	8.0	8.0	4.5
Amcor Rentsch/Poly Laupen	30/6/2005	66.6	61.7	4.9	Contributions prescribed by Trust Deed rules	Method prescribed by statutory legislation	4.0	3.5	
Amcor Twinpack Americas Inc Pension Plan for salaried employees	30/6/2005	25.8	48.6	(22.8)	Estimated minimum annual employer contribution of CAD 1.24 million for salaried employees	Projected Unit Credit Method	4.3	7.0	2.5
Other funds(3)	Various	84.0	127.3	(43.3)	Various	Various	4.3	4.6	2.0

(1) Net financial position of plan

The aggregate deficit of fund assets over accrued benefits calculated as the difference between fund assets at net market value as at the last reporting date of each fund and the accrued benefits as at the last actuarial date of each fund is $104.1 million (2005: $145.2 million). This amount does not represent the actual shortfall of fund assets over accrued benefits that existed at 30 June 2006, but does represent the most up-to-date information which it has been possible to obtain.

(2) Net financial position of plan

Relates only to the defined benefit section of the respective funds.

(3) Other funds comprise the following:

Amcor PET Packaging Canada Inc Plan for hourly paid employees
Amcor PET Packaging Canada Inc Pension Plan and supplemental plan for executive employees
Amcor Gent Plan Belgium
Amcor Halen Plan Belgium
Amcor Flexibles Envi Netherlands
Amcor Flexibles Haarlem Netherlands
Amcor Flexibles Drammen Norway
Amcor Flexibles Schroeder & Wagner
Amcor Flexibles Helio-Folien
Amcor Flexibles Tobepal
Amcor Flexibles Tobefil
Amcor Flexibles France
Amcor Flexibles SPS
Amcor Flexibles Albertazzi
Amcor Flexibles Pension Innerfor Skatteregiene
Amcor Flexibles Avtalesfestet Fortids Pension
Amcor Flexibles Retirement Plan Schupbach AG und Ivers Lee AG
Amcor Flexibles Lund
Amcor PET Packaging Belgium
Amcor PET Packaging Iberia SA
Amcor PET Packaging Germany
White Cap Belguim (2005 Only)
White Cap Germany (2005 Only)
White Cap France (2005 Only)

	Consolidated		**Amcor Limited**	
$ million	**2006**	**2005**	**2006**	**2005**
(xii) Historic summary				
Defined benefit plan obligation	**1,062.6**	952.6	**290.4**	265.6
Plan assets	**848.8**	624.9	**254.6**	206.8
Surplus/(deficit)	**(213.8)**	(327.7)	**(35.8)**	(58.8)
Experience adjustments arising on plan liabilities	**(42.0)**	(27.1)	**(26.2)**	(2.1)
Experience adjustments arising on plan assets	**37.9**	38.6	**12.0**	15.4

(xiii) Classification of defined benefit related charges in the income statements

The following table sets out the classification of defined benefit related expenses included in the income statement for both pension and non-pension defined benefit plans.

Cost of sales	**11.3**	5.4		
Sales and marketing expenses	**0.5**	0.8		
General and administration expenses	**29.7**	32.3	**21.0**	17.9
Research and development costs	**0.3**	8.3		
Net financing costs	**2.0**	8.5	**(4.4)**	(0.1)

Total	**43.8**	55.3	**16.6**	17.8

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(c) Defined benefit non-pension plans

$ million	Consolidated 2006	2005	Amcor Limited 2006	2005
(i) Balance sheet amounts				
The amounts recognised in the balance sheet are determined as follows:				
Present value of the funded defined benefit obligation				
Fair value of plan assets				
Present value of the unfunded defined benefit obligation	**29.9**	30.6		
Net liability in the balance sheet	**29.9**	30.6		
(ii) Allocation of plan assets				
Plan assets represent $Nil at 30 June 2006 (2005: $Nil)				
(iii) Reconciliations				
Reconciliation of the present value of the defined benefit obligation:				
Balance at beginning of financial year	**30.6**	25.0		
Current service cost	**1.4**	2.9		
Interest cost	**1.0**	1.6		
Actuarial (gains) and losses	**(2.4)**	4.0		
Benefits paid	**(1.2)**	(1.5)		
Curtailments	**(2.4)**			
Foreign exchange fluctuations on translation of overseas controlled entities	**2.9**	(1.4)		
Balance at end of financial year	**29.9**	30.6		
Reconciliation of the fair value of defined benefit plan assets:				
Balance at beginning of financial year				
Contributions by Group companies		0.3		
Benefits paid		(0.3)		
Curtailments				
Balance at end of financial year				
(iv) Amounts recognised in income statement				
The amounts recognised in the income statement are as follows:				
Current service cost	**1.4**	2.9		
Interest cost	**1.0**	1.6		
Losses/(gains) on curtailments and benefits paid	**(2.4)**			
Total included in employee benefits expense		4.5		
Actual return on plan assets				
(v) Amounts recognised in the statement of recognised income and expense				
Net actuarial gains/(losses) recognised in the financial year	**2.4**	(4.0)		

The cumulative amount of actuarial gains/(losses) recognised through the statement of recognised income and expense as at 30 June 2006 is $(1.6) million (2005: $(4.0) million).

(vi) Estimated future benefit payments

$ million	Consolidated Foreign
Estimated future benefit payments	
Financial year ending:	
30 June 2007	2.4
30 June 2008	1.5
30 June 2009	1.7
30 June 2010	1.9
30 June 2011	1.7
Next five years	8.9
Total	18.1

(vii) Estimated future contributions

Employer contributions to the defined benefit non-pension plans are based on recommendations by the plans actuaries. Actuarial assessments are made periodically.

Employer contributions to defined benefit non-pension funds for the consolidated entity during the financial year ending 30 June 2007 are expected to total $0.5 million for foreign plans.

(viii) Principal actuarial assumptions

The principal actuarial assumptions used for the purposes of reporting under AASB 119 *Employee Benefits* are as follows:

	Economic assumptions used in making funding recommendations		
	Discount rate %	Future salary increases %	Medical cost trend rates %
30 June 2006(1)			
Controlled entities			
Amcor Flexibles Transpac SA	**3.8**		
Amcor Flexibles Transpac SA (Jubilee)	**4.7**	**3.8**	
Amcor Flexibles Schroeder & Wagner GmbH	**4.7**		
Amcor Flexibles Helio Folien GmbH	**3.8**		
Amcor Flexibles Helio Folien GmbH (Jubilee)	**4.7**		
Amcor Flexible France SA	**4.2**	**2.3**	
Amcor PET Packaging USA Inc. consolidated retiree welfare benefit program	**6.3**		**12.0**
Amcor PET Packaging Canada Inc. Group Insurance Plans	**4.5**		**5.0**
30 June 2005(1)			
Controlled entities			
Amcor Flexibles Transpac SA	2.5		
Amcor Flexibles Transpac SA (Jubilee)	4.0	3.8	
Amcor Flexibles Schroeder & Wagner GmbH	4.0		
Amcor Flexibles Helio Folien GmbH	2.5		
Amcor Flexibles Helio Folien GmbH (Jubilee)	4.0		
Amcor Flexible France SA	4.0	2.3	
Amcor PET Packaging USA Inc. consolidated retiree welfare benefit program	5.3		12.0
Amcor PET Packaging Canada Inc. Group Insurance Plans	4.5		5.0

(1) As these non-pension plans do not hold any assets the expected return on plan assets is nil.

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$ million	Consolidated 2006	2005	Amcor Limited 2006	2005
(ix) Historic summary				
Defined benefit plan obligation	**29.9**	30.6		
Plan assets				
Deficit	**29.9**	30.6		
Experience adjustments arising on plan liabilities	**(0.1)**	(2.4)		

(x) 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 $0.2 million and $2.1 million respectively. A 1.0% increase in medical cost trend rates would be expected to increase service and interest cost components and the value of the defined benefit obligation by $0.2 million and $2.6 million respectively.

(xi) Classification of defined benefit related charges in the income statements

See Note 32(b)(xiii) for defined benefit pension plans.

The consolidated entity and the company have used the AASB 1 *First-time Adoption of Australian Equivalents to International Financial Reporting Standards* paragraph 20A exemption and disclosed amounts under AASB 1 paragraph 20A(p) above for each annual reporting period prospectively from transition date.

Note 33 Contributed Equity

$ million	Consolidated 2006	2005	Amcor Limited 2006	2005
Issued and paid-up:				
890,252,026 ordinary shares with no par value (2005: 878,182,834)(1)	**2,810.2**	2,725.4	**2,810.2**	2,725.4
1,317,000 partly paid ordinary shares with no par value (2005: 1,467,000)(2)	**0.1**	0.1	**0.1**	0.1
Perpetual Amcor Convertible Reset Securities (2005: 6,099,087)(3)		596.6		
Total contributed equity	**2,810.3**	3,322.1	**2,810.3**	2,725.5

(1) Fully paid ordinary shares carry one vote per share and carry the right to dividends.

(2) The partly paid ordinary shares comprise 915,000 (2005: 1,035,000) shares paid to five cents and 402,000 (2005: 432,000) shares paid to one cent under Employee Share/Option Plans. The aggregate uncalled capital of $8.9 million (2005: $10.0 million) will be brought to account when these shares are fully paid.

(3) PACRS are now reported as debt (Refer Note 25). Refer Note 1(z) for details on the impact of transition to AASB 132 and AASB 139.

	Consolidated 2006 No. 000	**$m**	**Consolidated 2005 No. 000**	**$m**
(a) Reconciliation of fully paid ordinary shares				
Balance at beginning of year	**878,183**	**2,725.5**	877,950	2,721.4
Calls on partly paid shares	**150**	**1.1**	325	2.1
Issue of shares to employees in lieu of bonus payments (refer Note 48(a))			34	
Exercise of options and loan repayments under the Employee Share/Option Plan (refer Note 48(d))	**1,903**	**20.9**	2,069	17.3
Conversion of convertible securities (refer Notes 25 and 30)	**18,203**	**121.5**	10	0.1
Share buy-back(1)	**(8,187)**	**(57.8)**	(2,205)	(15.4)
Transaction costs associated with the issue of capital		**(0.9)**		
Balance at end of year	**890,252**	**2,810.3**	878,183	2,725.5

(1) On 25 May 2006 (2005: 19 April 2005), the company completed the on market buy-back of 8,187,171 (2005: 2,205,000) fully paid ordinary shares, representing 0.93% (2005: 0.25%) of ordinary shares on that date. The total consideration of shares bought back on market was $57,836,513 (2005: $15,442,612) being an average, including incidental costs, or $7.06 (2005: $7.00) per share.

	Consolidated 2006 No. 000	2006 $m	Consolidated 2005 No. 000	2005 $m
(b) Reconciliation of partly paid ordinary shares				
Balance at beginning of year	**1,467**	**0.1**	1,792	0.1
Converted to fully paid ordinary shares	**(150)**		(325)	
Balance at end of year	**1,317**	**0.1**	1,467	0.1

(c) Other equity securities

Refer Note 48 for details of performance rights issues, CEO options and CEO performance rights.

Note 34 Reserves and Retained Profits

$ million	Consolidated 2006	2005	Amcor Limited 2006	2005
(a) Reserves				
Available for sale investments revaluation reserve	**(1.8)**			
Cash flow hedge reserve	**(19.0)**		**(21.2)**	
Share-based payments reserve	**7.8**	4.4	**7.8**	4.4
Exchange fluctuation reserve	**(71.5)**	(152.6)		
Total reserves	**(84.5)**	(148.2)	**(13.4)**	4.4
Reconciliations				
Available for sale investments revaluation reserve				
Balance at beginning of financial year				
Adjustment on adoption of AASB 132 and AASB 139, net of tax (refer Note 1(z))	**(1.7)**			
Revaluation gross (refer Note 18)	**(0.1)**			
Balance at end of financial year	**(1.8)**			
Cash flow hedge reserve				
Balance at beginning of financial year				
Adjustment on adoption of AASB 132 and AASB 139, net of tax (refer Note 1(z))	**(28.0)**		**(24.1)**	
Revaluation gross	**3.5**			
Deferred tax	**(0.8)**			
Transfer to net profit gross	**7.9**		**4.0**	
Deferred tax	**(1.8)**		**(1.3)**	
Transfer to non-financial assets gross	**0.2**			
Balance at end of financial year	**(19.0)**		**(21.2)**	
Share-based payments reserve				
Balance at beginning of financial year	**4.4**	0.7	**4.4**	0.7
Options expense and other share-based payments	**3.5**	3.7	**3.5**	3.7
Transfer to share capital (options exercised)	**(0.1)**		**(0.1)**	
Balance at end of financial year	**7.8**	4.4	**7.8**	4.4
Exchange fluctuation reserve				
Balance at beginning of financial year	**(152.6)**			
Adjustment on adoption of AASB 132 and AASB 139, net of tax (refer Note 1(z))	**1.6**			
Currency translation differences arising during financial year	**63.2**	(146.2)		
Deferred tax (refer Note 20)	**16.3**	(6.4)		