AMCOR LTD
Form 20-F
January 16, 2007
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UNITED STATED

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 20-F

[ ]	**Registration Statement pursuant to Section 12(b) or (g) of the Securities Exchange Act of 1934**
	or
[X]	**Annual Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**
	For the fiscal year ended June 30, 2006
	or
[ ]	**Transition Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**
	Or
[ ]	**Shell company report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

Date of event requiring this shell company report ....

For the transition period from .... to ....

Commission file number: 0 - 18893

AMCOR LIMITED
ABN 62 000 017 372
(Exact name of Registrant as specified in its charter)

NEW SOUTH WALES, AUSTRALIA
(Jurisdiction of incorporation of organisation)
679 VICTORIA STREET, ABBOTSFORD, VICTORIA 3067 AUSTRALIA
(Address of principal executive offices)

Securities registered or to be registered pursuant to Section 12(b) of the Act.

None

Securities registered or to be registered pursuant to Section 12(g) of the Act.

Ordinary Shares

American Depositary Shares

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act.

None

Indicate the number of outstanding shares of each of the issuer s classes of capital or common stock as of the close of the period covered by the Annual Report.

Ordinary Shares 890,252,026

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

[X] Yes [ ] No

If this report is an annual report or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities exchange Act of 1934.

[ ] Yes [X] No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

[X] Yes [ ] No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer or a non-accelerated filer.

Large accelerated filer	[X]	Accelerated filer	[ ]	Non-accelerated filer	[ ]

Indicate by check mark which financial statement item the registrant elected to follow:

[ ]	Item 17	[X]	Item 18

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

[ ]	Yes	[X]	No

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DEFINED TERMS

Company or Amcor Limited means Amcor Limited ABN 62 000 017 372, the listed holding company of the Amcor Group. Amcor or we or our means Amcor Limited and all its controlled entities.

Our fiscal year ends on June 30. The fiscal year ended June 30, 2006 is referred to herein as 2005-06 and other fiscal years are referred to in a corresponding manner. All other references are to calendar years.

AIFRS means Australian equivalents to International Financial Reporting Standards .

IFRS means International Financial Reporting Standards

AGAAP or Australian GAAP means Australian generally accepted accounting principles prior to the adoption of AIFRS.

US GAAP means United States generally accepted accounting principles.

AASB means Australian Accounting Standards Board.

IASB means International Accounting Standards Board.

UIG means the Urgent Issues Group.

Significant items means items of revenue and expense included in the operating profit or loss which are disclosed as significant under AIFRS by reason of their size and effect on the operating profit or loss. Significant items are not necessarily non-recurring items. See Note 7 to the Consolidated Financial Statements.

Consolidated Financial Statements means the audited consolidated balance sheets of Amcor as of June 30, 2006 and 2005 and the audited consolidated income statements and statements of cash flows for each of the one-year periods ended June 30 for the years 2006, and 2005, together with accompanying notes, included and incorporated by reference herein.

Comparative Financial Statements means the audited consolidated balance sheets of Amcor as of June 30, 2005 and the audited consolidated income statements and statements of cash flows for the year ended June 30, 2005, together with accompanying notes, included and incorporated by reference herein.

PBITDA excluding significant items refers to profit before interest, income tax, depreciation and amortization excluding significant items.

PBITA excluding significant items refers to profit before interest, income tax and amortization excluding significant items.

PBIT excluding significant items refers to profit before interest and income tax excluding significant items.

ACCC refers to the Australian Competition and Consumer Commission.

NZCC refers to the New Zealand Commerce Commission.

INTERNATIONAL FINANCIAL REPORTING STANDARDS

Unless otherwise indicated, financial information contained in this Annual Report has been prepared in accordance with the requirements of AIFRS, which complies with IFRS in all material respects. As an Australian registered entity, Amcor was required to prepare its Consolidated Financial Statements in accordance with AIFRS for fiscal years commencing on July 1, 2005. AIFRS differs in certain significant respects from U.S. generally accepted accounting principles (US GAAP). For a discussion and quantification of the principle differences between AIFRS and US GAAP, as they relate to Amcor and its consolidated subsidiaries see Note 51 to our Consolidated Financial Statements for the years ended June 30, 2006 and 2005, included in the Annual Report.

Our previous Annual Reports were prepared in accordance with AGAAP. For a discussion of the principal differences between AIFRS and AGAAP, as they relate to Amcor and its consolidated subsidiaries, see Item 5. Operating and Financial review and Prospects Differences between AIFRS and AGAAP , and Note 50 to the Consolidated Financial Statements.

FORWARD-LOOKING STATEMENTS

Certain statements contained in this Annual Report constitute forward-looking statements. Forward-looking statements involve subjective judgment and analysis and are subject to significant uncertainties, risks and contingencies, many of which are outside the control of, and are unknown to, Amcor. Forward-looking statements can generally be identified by the use of forward-looking words such as may , will , expect , intend , plan , seeks , estimate , anticipate , believe , continue , or similar words.

No representation, warranty or assurance (express or implied) is given or made in relation to any forward-looking statement by any person (including Amcor). In addition, no representation, warranty or assurance (express or implied) is given in relation to any underlying assumption or that any forward looking statements will be achieved. Actual future events may vary materially from the forward looking statement and the assumptions on which the forward looking statements are based. Given these uncertainties, readers are cautioned not to place undue reliance on such forward looking statements.

In particular, we caution you that these forward looking statements are based on management s current economic predictions and assumptions and business and financial projections. Amcor s business is subject to uncertainties, risks and changes that may cause its actual results, performance or achievements to differ materially from any future results, performance or achievements expressed or implied by these forward-looking statements. The factors that may affect Amcor s future performance include, among others:

- changes in the legal and regulatory regimes in which Amcor operates;
- changes in behaviour of Amcor s major customers;
- changes in behaviour of Amcor s major competitors;
- the impact of foreign currency exchange rates;
- general changes in the economic conditions of the major markets in which Amcor operates.

These forward looking statements speak only as of the date of this Annual Report. Subject to any continuing obligations under applicable law or any relevant stock exchange listing rules, Amcor disclaims any obligation or undertaking to publicly update or revise any of the forward looking statements in this Annual Report, whether as a result of new information, or any change in events, conditions or circumstances on which any such statement is based.

ITEM 3 KEY INFORMATION

A. Selected Financial Data

The following table presents selected consolidated financial data. This selected consolidated financial data should be read together with Item 5. Operating and Financial Review and Prospects and our Consolidated Financial Statements and the notes thereto that are included elsewhere in this Annual Report. For the first time in 2005-06, the financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by Australia (AIFRS) and, as such, the basis of preparation is different to that of the most recent comparative year s annual financial report. Compliance with AIFRS ensures that the financial statements comply with IFRS. The 2004-05 comparatives have been restated accordingly. Unless otherwise indicated, all amounts are presented in accordance with AIFRS. AIFRS as it applies to the consolidated group is consistent with IFRS in all material respects.

The selected consolidated financial data appearing below as of and for each of the two years ended June 30, 2006 and 2005 has been extracted or derived from our audited Consolidated Financial Statements and the Notes thereto. Periods prior to 2005 (except required US GAAP information) have not been presented as such financial information was prepared in accordance with AGAAP and is therefore not required to be included because it is not comparable to the AIFRS information provided below. For more information relating to the transition from AGAAP to AIFRS, see Note 50 to the Consolidated Financial Statements. AIFRS differs in certain respects to US GAAP. See Note 51 to the Consolidated Financial Statements for a discussion and quantification of the significant differences between AIFRS and US GAAP as they apply to Amcor for the periods presented.

The following selected consolidated financial data should be read in conjunction with, and is qualified in its entirety by reference to, the Consolidated Financial Statements, including Notes thereto.

Selected Financial Data Prepared in Accordance with AIFRS

Year ended June 30	**2006**	**2005**
	(In millions, except ratios and per share amounts)	
	(in A$, except as stated in US$)	
Consolidated Income Statement Data:		
Sales revenue from continuing operations	11,041.9	10,646.1
Profit before related income tax expense - continuing operations	508.9	350.0
Profit before related income tax expense	465.0	331.0
Net profit from continuing operations	416.6	277.6
Net profit for the financial year	379.2	258.4
Dividends declared per share in (A$)	$0.34	$0.34
Dividends declared per share in (US$)(1)	$US 0.25	$US 0.22
Earnings per Share for Profit From Continuing Operations		
Basic	$0.44	$0.24
Diluted	$0.43	$0.24
Earnings per Share		
Basic	$0.40	$0.22
Diluted	$0.39	$0.22
Per American Depository Share (ADS);		
Earnings per ADS		
Basic	$1.60	$0.88
Diluted	$1.56	$0.88
Dividends declared per ADS (A$)	$1.36	$1.36
Dividends declared per ADS (US$) (1)	$US 0.92	$US 0.88
Consolidated Balance Sheet Data (at period end):		
Total assets	10,155.5	10,459.1
Net assets	3,572.0	3,978.0
Total long-term obligations (including finance leases but excluding subordinated convertible securities)	2,084.9	1,917.3
Capital stock (excluding long term debt)(2)	464.2	301.1
Number of shares (thousands)	890,252	878,183

(1) Dividends have been translated into U.S. dollars at the noon buying rate on the date of payment.

(2) Includes undated subordinated convertible securities which have no maturity dates. These notes are subordinated to all other obligations of Amcor except for issued capital.

Selected Financial Data Prepared in Accordance with US GAAP

Year ended June 30	**2006**	**2005**	**2004**	**2003**	**2002**
	(In millions, except ratios and per share amounts)				
	(In A$, except as stated in US$)				
Consolidated Income Statement Data:					
Sales revenue	11,439.3	11,099.6	10,405.9	10,709.9	7,472.4
Income from continuing operations	320.8	242.2	348.2	407.8	809
Net income	154.6	205.7	364.3	355.5	797.1
Earnings per Share					
Income from continuing operations:					
Basic	$0.36	$0.28	$0.40	$0.49	$1.21
Diluted (1)	$0.36	$0.28	$0.40	$0.48	$1.09
Net Income:					
Basic	$0.18	$0.23	$0.42	$0.43	$1.20
Diluted (1)	$0.18	$0.23	$0.41	$0.42	$1.08
Per American Depository Share (ADS); Earnings per ADS					
Income from continuing operations:					
Basic	$1.44	$1.10	$1.61	$1.95	$4.86
Diluted (1)	$1.44	$1.10	$1.61	$1.92	$4.36
Net Income:					
Basic	$0.72	$0.92	$1.68	$1.70	$4.79
Diluted	$0.72	$0.92	$1.66	$1.69	$4.34
Consolidated Balance Sheet Data (at period end):					
Total assets	10,536	10,772	10,774	10,000	9,010
Total long-term obligations (including finance leases but excluding subordinated convertible securities)	2,085	2,496	2,543	1,770	2,058
Capital stock (excluding long term debt)(2)	464	301	332	446	543
Net assets	4,052	3,884	4,169	3,923	3,948
Number of shares (millions)	890	878.2	878	848.2	822.6

(1) Includes undated subordinated convertible securities, partly-paid ordinary shares and Perpetual Amcor Convertible Reset Securities (PACRS).

(2) Includes undated subordinated convertible securities which have no maturity dates. These notes are subordinated to all other obligations of Amcor except for issued capital.

Refer to Note 25 of the Consolidated Financial Statements for details of the repurchase of the undated subordinated convertible securities and the PACRS. In addition to this Amcor announced on November 20, 2006 that 94.5 percent of the undated subordinated convertible securities were converted into equity. This has resulted in the issue of approximately 43 million Amcor ordinary shares. Amcor has redeemed the remaining notes at their face value of A$12.6 million.

Exchange Rates

A majority of Amcor s revenue and earnings is derived from assets and operations outside of Australia, and those assets, revenue and earnings are denominated in foreign currencies. Most of these are denominated either in US dollars or Euros. Therefore, because Amcor presents its financial statements in A$, appreciation of the A$ against the US$ or the Euro will adversely affect the A$ amount of those assets, revenue and earnings. In addition, fluctuations in the exchange rate between A$ and US$ or Euros will affect the US$ or Euro equivalent of the A$ price of our shares on the ASX and the US$ or Euro value of any cash distributions paid on the shares in A$.

Fluctuations in the A$/US$ exchange rate will affect the US$ equivalent of the A$ price of Ordinary Shares on the Australian Stock Exchange Limited (ASX) and, as a result, are likely to affect the market price of our American Depository Shares (ADSs) in the United States. Such fluctuations would also affect the US$ amounts received by holders of ADSs on conversion by the depositary of cash dividends paid in A$ on the Ordinary Shares underlying the ADSs (see Item 3D Risk Factors).

In this Annual Report, unless otherwise specified or the context otherwise requires, Australian dollar amounts are denoted by A$, Euro amounts are denoted by and United States dollar amounts are denoted by US$. For convenience, certain A$ amounts have been translated into US$ amounts at the exchange rate specified. These translations are indicative only and do not mean that the A$ amounts could be converted to US$ at the rate indicated.

On December 12, 2006, the noon buying rate was US$0.7846 = A$1.00.

The high and low exchange rates for the six months preceding the date of this report were:

Month:	Nov-06	Oct-06	Sep-06	Aug-06	Jul-06	Jun-06
High	0.7883	0.7743	0.7704	0.7677	0.7674	0.7516
Low	0.7622	0.7434	0.7461	0.7574	0.7416	0.7290

For each of the periods indicated, the relevant noon buying rates for cable transfers of US$ payable in Australian dollars as certified for customs purposes by the Federal Reserve Bank of New York, were:

Fiscal Year:	2005-06	2004-05	2003-04	2002-03	2001-02
Average (1)	0.7475	0.753	0.7164	0.5891	0.5242
Period-end	0.7423	0.7624	0.6947	0.6714	0.5644

(1) The average of the closing buying rates on the last day of each month during the year.

B. Capitalization and Indebtedness

Not applicable

C. Reasons for the Offer and the Use of Proceeds

Not applicable

D. Risk Factors

Risk Factors

In addition to the other information contained in this Annual Report, investors in our securities should carefully consider the risks described below. Our financial condition or results of operations, or the trading prices of our securities could be materially adversely affected by any of these risks.

The following discussion contains a number of forward-looking statements. Please refer to the Forward-Looking Statements discussion at the front of this Annual Report for cautionary information.

General Economic Conditions

Amcor s business may be affected by general economic conditions within Australia and globally (including, for example, government fiscal, monetary and regulatory policies, interest rates, tax rates, foreign exchange rates, oil prices, inflation and the industrial relations environment). Changes in the economic conditions in markets in which we operate may result in customers changing spending patterns and their level of general consumption, which may have a material adverse effect on our operating and financial performance.

Raw materials price increases may reduce net income

Many of the raw materials used by the Company are commodities purchased from third parties. Principal examples are recovered paper, aluminium and resin. Prices of these commodities are subject to substantial fluctuations that are beyond the Company s control and can adversely affect profitability. Even though many of the Company s long-term contracts with customers permit limited price adjustments to reflect increased raw material costs and, in addition, the Company can seek to increase prices in an effort to offset increases in raw materials costs, such adjustments may not occur quickly enough, or be sufficient to prevent a materially adverse effect on net income and cash flow.

Energy cost increases may reduce net income

In all business units, but particularly in the Amcor PET Packaging and the Amcor Flexibles businesses, the increasing cost of energy and energy related inputs have a significant impact. Unlike the limited raw material cost recovery under many of the Company s contracts, there is little or no ability for the Company to recover other cost increases, including energy, under current contracts.

Energy cost increases that cannot be recovered through higher selling prices may reduce net income. Because any opportunity to pass on increased costs is normally at the expiration of contracts, which have terms of up to five years in duration, there is a risk that energy cost increases may not be recovered in a timely manner, or at all.

The Company may encounter difficulties arising from integrating acquisitions, restructuring operations or closing or disposing of facilities.

Amcor has completed acquisitions, closed non-performing facilities, sold non-core assets and otherwise restructured operations in an effort to improve cost competitiveness and profitability. Some of these activities are ongoing, and there is no guarantee that any such activities will not divert the attention of management or disrupt the Company s operations, or those of the Company s subsidiaries. Moreover, production capacity, or the actual amount of products produced, may be reduced as a result of these activities.

Technology

We operate in highly competitive business segments. Our industry continues to change in response to technological innovations and other factors. We cannot predict with certainty the changes that may affect our competitiveness. In particular, Polyethylene Terephthalate (which we will refer to as PET) product design and development may be subject to rapid technological change. We cannot predict whether technological innovations will make some of our products, production processes or distribution techniques wholly or partially obsolete. If this were to occur, we may be required to invest significant resources to further adapt to the changing competitive environment. In such a case the investments could negatively affect our profitability and results of operations.

Exchange Rates

We are exposed to movement in exchange rates of foreign currencies mainly the US$ and the Euro. The negative impact of a stronger Australian dollar, however, has a limited effect as there is not a significant repatriation of net profit from Amcor s overseas businesses to Australia. The 2005-06 profit attributable to members of Amcor Limited of A$351.3 million translated at exchange rates of the USD, Euro, Singapore, New Zealand and Canadian dollars at June 30, 2005 would result in a A$1.3 million lower profit for the year ended June 30, 2006.

Laws and Regulations

Our operations could be affected by government actions such as controls on prices, new forms of taxation and increased government regulation in the countries in which we operate. We also operate in some countries that pose political risks including civil unrest, nationalization and changes in laws and policy. These political risks could have an adverse impact on the profitability of our operations.

Competition Law Investigations

The ACCC and the NZCC are continuing their investigations of conduct by Amcor that raised concerns under Australian competition laws. Amcor has been granted conditional immunity by the ACCC and NZCC in accordance with their relevant leniency policies for cartel conduct. See Item 8, Financial Information Legal Proceedings for further information.

As a result of this grant of immunity Amcor does not expect to incur any pecuniary penalties arising out of the ACCC investigations or the NZCC investigations.

The granting of immunity by the ACCC and the NZCC does not exclude or limit the rights of third parties who claim to have suffered loss or damage to initiate legal proceedings against Amcor. It is not possible at present to provide either a reasonable estimate, or a reasonable estimate range of any amounts which might become payable by way of damages to any third parties who might have suffered loss as a result of any cartel conduct in New Zealand.

As of the date of this Annual Report, two such claims have been filed. On April 11, 2006, Jarra Creek Central Packaging Shed Pty Ltd filed a class action claim in the Federal Court of Australia against Amcor Ltd, Amcor Packaging (Australia) Ltd and Fibre Containers (Queensland) Pty Ltd alleging cartel behaviour and seeking declarations, injunctions and unspecified damages. On December 15, 2006, Cadbury Schweppes filed a proceeding in the Federal Court of Australia against Amcor Limited and Amcor Packaging (Australia) Pty Ltd alleging cartel behaviour and seeking damages and rectification of certain supply contracts. Although the amount claimed totals approximately $120 million, certain of the claims overlap. These two claims contain allegations only. These are not admissions by any party and evidence will have to be proved in court. Amcor is defending these two claims and in regards to the class action has brought a cross-claim against those Visy companies which are respondents to the ACCC penalty proceedings, claiming contribution to any damages which may be awarded against Amcor in the class action.

Consequently, it is too early for Amcor to form any view on the outcome of the litigation in relation to both of these claims. Equally, no reliable assessment can be made at present of the prospects of success or the quantum of damages, if any, that may be awarded in either these proceedings or any other proceedings which may be instituted by third parties.

Although it is not possible at present to establish a reasonable estimated range of damages, there can be no assurance that any damages ultimately incurred will not be material to the results of operations or financial condition of Amcor.

Impact of Proposed Tax Law Changes

Amcor operates in 49 tax jurisdictions and pays tax on its income according to the specific tax laws in each of these jurisdictions. As with any business, there are various factors, some of which are beyond our control, that impact the overall effective tax rate for the Amcor Group. One such factor is changes in, or interpretations of, tax laws that apply in any given jurisdiction.

Environmental

Amcor s worldwide manufacturing operations are subject to extensive environmental regulation. We believe that we are currently substantially in compliance with these regulations. However, although compliance costs in future years will depend on legislative and technological developments which cannot be accurately predicted, Amcor believes the costs of compliance with environmental laws and regulations will increase as these laws and regulations become more stringent. These laws and regulations may, therefore have an unpredictable and adverse effect on our operations and profits.

Goodwill A significant write down of goodwill would have a material adverse effect on our reported results of operations and net worth

As part of the adoption of AIFRS we no longer amortize goodwill, but we review our goodwill balance for impairment at least once a year. Goodwill is tested as part of the cash-generating unit to which it relates. If the recoverable amount of a cash-generating unit is less than its carrying amount, the company recognizes an impairment loss for the cash-generating unit. These methods include the use of a weighted-average cost of capital to calculate the present value of the expected future cash flows of our cash generating units. Future changes in the cost of capital, expected cash flows, or other factors may cause our goodwill to be impaired, resulting in a non-cash charge against results of operations to write down these assets for the amount of the impairment. If a significant write down is required, the charge would have a material adverse effect on our reported results of operations and net worth.

ITEM 4 INFORMATION ON THE COMPANY

The discussion below contains certain forward-looking statements. Amcor s actual results could differ materially from those anticipated by those forward-looking statements due to a variety of factors, including those set forth under Forward-Looking Statements , Risk Factors and elsewhere in this annual report.

A. History and Development of the Company

General

Amcor Limited was incorporated in 1926 in the State of New South Wales, Australia under the Australian Corporations Act (2001) and is a public company with limited liability. We are headquartered in Australia at 679 Victoria Street Abbotsford, Victoria, 3067 and our telephone number is (61) (3) 9226 9000. Amcor has operations in Australia, New Zealand, Asia, Europe and the Americas. At December 12, 2006, our market capitalization was approximately A$6,688 million.

Amcor s history dates back to the 1860s and Australia s first paper making activities. Until 1980, Amcor was almost exclusively a forestry, pulp and paper company in Australia. Since that time, however, Amcor has implemented a major program of expansion that resulted in a shift away from sole reliance on pulp and paper products in Australia and the development of a diversified and integrated international packaging and paper company. Amcor has grown through a combination of acquisitions, greenfield developments where suitable acquisitions could not be obtained and expansion of capacity of existing businesses.

After a two year rationalization and restructuring program in 1997-98 and 1998-99, when a number of non-core or under-performing businesses were disposed of Amcor embarked upon the following:

- In April 2000, after shareholder and court approval Amcor demerged its paper manufacturing and fine paper distribution businesses (Paperlinx), and

- In May 2001, Amcor announced its intention to sell its 50% investment in Kimberly-Clark Australia Pty Ltd (KCA).

The demerger and sale of KCA were strategic initiatives intended to enable Amcor to realize its goal of becoming a leading global packaging company by enhancing its ability to pursue opportunities to further develop businesses in new products, services and markets.

- In April 2001, Amcor merged its European flexible packaging business with the European flexible packaging operations of Danisco Flexible and the majority of operations of Akerlund and Rausing, and

- In July 2002, Amcor acquired Schmalbach-Lubeca s PET and closures businesses, and
- In August 2003, Amcor acquired Rexam s healthcare flexibles packaging operations.

These were key steps in implementing this strategy.

Amcor s Strategy

Amcor s aim is to be a global leader in the packaging industry, targeting specific segments predominantly in the food and beverage industries.

In Australia and New Zealand, Amcor has a broad product offering and is the number one or number two supplier in most segments in which it participates.

Outside of Australia and New Zealand, Amcor s strategy is to be a leader in specific market sectors, including:

- flexible packaging for the food, beverage, healthcare and industrial markets;
- PET bottles and jars for beverage and food applications;
- specialty printed cartons for tobacco, confectionery, health and beauty markets;
- distribution of packaging products and related goods; and
- plastic and metal closures.

Amcor believes that all these market sectors are attractive because they exhibit one or more of the following key characteristics:

- prospects of higher than industry average growth;
- the ability to create value-added products and services, which provide the opportunity for Amcor to differentiate itself from its competitors; and
- the ability for Amcor to establish a leading presence, either regionally or globally.

Amcor implemented this strategy through a number of transactions that have reshaped it over recent years.

The strategy over the past few years has been to build a solid foundation and the businesses are well positioned in their respective markets. Amcor s strategy over the next few years is to build on this and transform the group into a leaner and more dynamic organization. This coincides with the appointment of a new Chief Executive Officer and Managing Director, Ken MacKenzie, effective July 1, 2005.

The key elements of this strategy are:

- ensuring the businesses have strong market positions;
- developing a customer and market focus;
- continuous improvement in lowering costs; and
- being more disciplined in the use of capital.

Implementing this strategy will require high quality people. An extensive program is being implemented across the company to develop skills and improve capabilities that will ensure Amcor has the calibre of people needed to deliver ongoing success.

Capital Expenditure and Divestures

Since July 1, 2003 we have made the following principal acquisitions, divestures and capital investments:

Amcor White Cap European Closures Sale

In June 2006, Amcor completed the sale of the Amcor White Cap business in Europe to Silgan Holdings Inc.. The remaining sites outside Europe will close upon satisfactory completion of specific closing conditions pursuant to the purchase agreement. The proceeds from the sale of the European business was 185.8 million.

Custom PET Expansion in North America

Amcor announced in May 2006, that its PET Packaging operation in North America is constructing a new custom PET blowmolding plant, dedicated to the supply of PepsiCo heat set containers, primarily for the Gatorade product.

The plant will be located in Wytheville, Virginia, adjacent to a recently constructed PepsiCo facility. Amcor s new blow molding operation is scheduled to be in production by March 2007 with an initial annual capacity in excess of one billion units. The overall project cost is expected to be US$80 million.

China Tobacco Packaging Expansion

In January 2005, Amcor acquired 80 million new shares, representing a 16.7% equity interest, at HK$2.50 per share in Vision Grande Group Holdings Limited (Vision Grande) for a cost of HK$200 million (approximately A$34 million). Vision Grande has been listed on the Hong Kong Stock Exchange since March 2004 and is a leading supplier of tobacco packaging in China with operations in Shenzhen, Nanjing and Kunming.

In February 2006, Amcor acquired a further 233.77 million shares in Vision Grande s, bringing the total equity interest up to 44% of the issued capital of Vision Grande.

This was achieved through the following transactions:

- The sale of Amcor s two China tobacco packaging operations in exchange for 121.1 million Vision Grande shares with assumed share price of HK$4.20 per share;
- Allotment and issue of 16.67 million new Vision Grande shares at HK$4.20 per share to Amcor; and
- A further allotment of 96 million shares at HK$2.50 per share to Amcor.

In March 2006, Amcor s investment in Vision Grande was diluted to 40.1% by Vision Grande acquisition of the remaining 68.5% equity interests in World Grand Holdings Ltd in exchange for Vision Grande shares.

Purchase of PET Assets in Mexico

In November 2003, Amcor entered into an agreement to purchase the PET injection and blow moulding assets of Embotelladoras Arca S.A. de C.V. (Arca) with an initial supply agreement of eight years to supply bottles to Arca. Amcor purchased the PET on site injection and blow molding assets of Arca for approximately A$60 million which is payable in yearly instalments throughout the life of the supply agreement.

Acquisition of Rexam s Healthcare Flexibles Packaging Operations

In October 2003, Amcor purchased Rexam plc s (Rexam) healthcare flexibles business for A$327.1 million. The business, which had annual sales of approximately A$390 million in 2003, has ten plants in six countries four in the United States and one each in England, Ireland, France, Singapore, Brazil and Puerto Rico.

Purchase of Amcor Flexibles Europe Minorities

In August 2003, Amcor purchased the 28.1% minority stake in Amcor Flexibles Europe A/S from Danisco and Ahlstrom for 99.5 million (A$165.1 million), effective from July 1, 2003.

Other Recent Developments

Competition Law Investigations

The ACCC and the NZCC are continuing their investigations of conduct by Amcor that raised concerns under Australian and New Zealand competition laws. Amcor has been granted conditional immunity by the ACCC and NZCC in accordance with their relevant leniency policies for cartel conduct. See Item 8, Financial Information Legal Proceedings for further information.

PRIDES conversion

The PRIDES were an issue in November 1996 of US$ 230 million 7.25% undated subordinated convertible notes. The notes were convertible into ADR s from November 1996 to November 2006, had no maturity date and were only redeemable after November 2006 and then only at Amcor Ltd s option. In July, 2006 Amcor Ltd announced the intention to redeem any PRIDES that remained outstanding at the date the redemption option became available in November 2006 and to undertake an on-market buy-back program to purchase an equal number of shares as issued as a result of PRIDES conversions.

Up to June 2006, US$ 48.4 million of the PRIDES had converted into 10.1 million shares. These conversions primarily took place during May and June 2006. In the period from July to November 2006 holders of a further US$ 169.0 million of PRIDES exercised their right to convert resulting in the issue of 32.9 million additional ordinary shares. In total the conversions generated the issue of 43.0 million shares and left USD 12.6 million of PRIDES to redeem at face value in November 2006

In August 2006, Amcor commenced the share buy-back program. To the end of November 2006, approximately 12 million shares have been bought back. Given the continuation of current trading conditions it is expected that the buy-back of the 43.0 million shares issued under the PRIDES conversions will be completed by June 2007.

As at 31 December 2006 the conversion of the PRIDES did not have a material effect on the balance sheet of the consolidated entity. With the buy-back program being financed through debt there is effectively a replacement of one balance sheet debt facility with drawings under another.

B. Business Overview

General Overview of Our Business

Amcor operates its business through five main divisions:

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

Amcor Australasia manufactures a broad range of packaging items throughout Australia and New Zealand. This includes corrugated boxes, cartons, folding cartons; steel and aluminium cans for foods, beverages and household products; until August 2006, when this business was divested, PET plastic jars and bottles; plastic and metal closures; glass wine bottles; multiwall sacks, cartonboard; paper and paper recycling.

Amcor Flexibles is a manufacturer of 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. Amcor Flexibles also manufactures speciality folding cartons for tobacco, confectionery and cosmetics.

On July 1, 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 is a result of changes in the management structure and reporting to the CEO, increasingly common infrastructure, including co-location, resourcing and similar technologies.

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

Amcor Asia is a supplier of tobacco carton packaging and flexible plastic packaging for the food and industrial markets in Asia.

At June 30, 2006, Amcor had approximately 24,538 employees at 209 manufacturing plants and 42 distribution facilities in 36 countries and 104,433 shareholders.

The manufacturing plants by business are as follows:

Amcor PET Packaging	82 plants* in 21 countries
Amcor Australasia	65 plants in 2 countries
Amcor Flexibles	46 plants in 19 countries
Amcor Sunclipse	11 plants and 42 distribution facilities in 2 countries
Amcor Asia	5 plants in 3 countries

* Includes all on-site blowing and injection facilities.

The table below shows a breakdown of our sales revenue by geographic and industry category for the last two financial years. See also Item 5, Operating and Financial Review and Prospects for a discussion of revenue performance during the last two years and Note 4 of the Financial Statements Segment Information for a breakdown of sales for each material country for the years ended June 30, 2006 and June 30, 2005.

	Year Ended June 30, (in A$ millions)	
	2006	**2005**
Geographic Segments		
Australia & New Zealand	2,557.7	2,566.3
Europe	3,448.3	3,547.5
North America	3,806.4	3,425.9
Latin America	1,024.5	895.7
Asia	205.0	210.7
Sales revenue from continuing operations	11,041.9	10,646.1
Discontinued operations	397.4	453.5
	11,439.3	11,099.6
Business Segments		
PET Packaging	4,048.9	3,696.4
Australasia	2,560.9	2,571.7
Flexibles	2,978.6	2,971.2
Sunclipse	1,292.1	1,218.7
Asia	174.5	182.2
Inter-segment eliminations & other	(13.1)	5.9
Sales revenue from continuing operations	11,041.9	10,646.1
Discontinued operations	397.4	453.5
	11,439.3	11,099.6

Amcor PET Packaging

Products

Amcor PET Packaging is the world s largest producer of PET (polyethylene terephthalate) containers mostly for

the consumer products industry. It is headquartered in Ann Arbor, Michigan (USA), employs 6,100 people at 82 sites, comprising 46 manufacturing locations and 36 on-site injection and blowing facilities - in 21 countries.

It produces PET containers and preforms for a wide variety of food and beverage applications, and also supplies PET containers to the personal care, household chemical and agro-chemical industries.

Seasonality

Amcor PET Packaging experiences some seasonality in its supply of carbonated soft drink, bottled water and isotonic product lines. The ramp-up for seasonal products begins in March and lasts until late August in the northern hemisphere. It is the reverse in the southern hemisphere. In addition, there is a slight increase in demand in preparation for the major December holidays. Offsetting these are demand patterns for other products, including foods and juices, with demand sometimes heaviest in harvest seasons.

Raw Materials

PET resin is the principal raw material used within Amcor PET Packaging and PET resin is considered a commodity by the plastics industry. For North America, PET resin is available from 6 major domestic suppliers and can be imported from Asian suppliers. Amcor has established relationships with all major suppliers. For Europe and South America, a combination of regionally produced and imported resins is employed. Supply has stabilized from the damage to the petrochemical industry in the Gulf Coast of the United States during the 2005 hurricane season.

Competitive Position

Amcor PET Packaging is one of the few major PET converters that supplies a full range of products to nearly all segments of the market.

In North America, the five major PET suppliers hold just under 60% of the market. Self-manufacturers make up another 20%. The remaining 20% is comprised of small regional or niche converters, many with strong positions in their chosen markets. The major converters, as well as the self-manufacturers, tend to supply the beverage market soft drinks, waters, juices and isotonics. The smaller competitors are producers of food, dairy, personal care, pharmaceutical and household products containers.

In Latin America, the competition is more fragmented. The major converters hold approximately 50% of the market. There are smaller competitors that are very strong in specific countries, but are not pan-regional. There is also a significant percentage of self-manufacturing. Consolidation in Latin America continues as small competitors are acquired.

In Europe, the major converters make up around 45% of the market. Self-manufacturing is stronger in Europe than in any of the other regions and in addition there are a greater number of small in-country suppliers. Competition from East Europe into West Europe is also increasing.

Patents and Licences

Amcor PET Packaging holds approximately 120 patents in the U.S.. Many of these innovations are also patented in our major markets outside the US, especially in Europe and Brazil. The bulk of these patents are held for the competitive advantage of our business, and our income from licensing is marginal.

Amcor PET Packaging has a significant relationship with Yoshino Kogyosho, a Japanese packaging company from whom we license heat set technology.

Over the years, this relationship has grown to a strategic partnership, with technical information and innovations shared between our two companies exceeding the scope of the original contract. This relationship has been mutually beneficial.

Amcor Australasia

Products

Amcor Australasia is the most diverse of the group s business units and supplies a broad array of packaging items across the complete Amcor product range. Its products include corrugated boxes, cartons and folding cartons, steel and aluminium cans for food, beverages and household products, flexible packaging, plastic and metal closures, glass wine bottles, multiwall sacks, paper, cartonboard and paper recycling. With headquarters in Camberwell, Victoria (Australia) it has 65 plants throughout Australia and New Zealand and approximately 6,400 employees.

Amcor announced on August 23, 2006, a substantial restructuring to the fibre packaging business in Australasia. The program is expected to take 4 years to complete. The main components of this plan involve assessment of a new paper recycling mill, to be located in Botany, New South Wales, the closure of the small recycling paper mill, located in Spearwood, Western Australia and substantial restructuring in the corrugated box plants. This will involve the closure of the plant at Box Hill, Victoria, and the upgrading of the two remaining Victorian plants.

Amcor Australasia had a turnover of over A$2.5 billion in 2005-06, of which 93% related to sales within Australia and New Zealand. Approximately 12% of the paper manufacturing group s sales relates to exports into South East Asian countries. The metals and flexibles businesses have some export sales within the Pacific region and some small volumes to South East Asia and the U.S. For these businesses, export sales represent only 10% and 6% respectively of the total sales of each business. The corrugated, carton and glass businesses have no significant export sales.

Amcor Australasia participates in most packaging segments and, therefore, supplies packaging to most manufacturing sectors in Australia and New Zealand. Its main market, however, is the food and beverage industry, with approximately 70% of total sales made to this market.

Seasonality

The Australasian packaging market is not subject to large seasonal swings in demand, given the high dependence on the food and beverage industry. Consumer demand does increase over the main holiday periods of Christmas and Easter and this is reflected in increased demand from Amcor Australasia s customers in the lead up to these holiday periods. In particular, this affects Amcor Australasia s Beverage Can business and the confectionery segments of the Cartons and Flexibles businesses. These seasonal variations are well understood and planned for by the food and beverage industry and, as a result, Amcor Australasia s monthly turnover during peak periods is no more than 15% higher than average.

Fresh fruit and produce is a major part of the Australasian food industry and the Corrugated Fibre Box and Food Can businesses have significant sales into that market. While individual crops within this segment have seasonal peaks, the product range of the industry and Amcor Australasia s broad customer base means that individual seasons do not have a significant overall impact.

Raw Materials

Raw Materials of the business fall into three broad areas. The main raw material of the Paper, Corrugated Box and Carton business is wood fibre, either virgin or recycled. Globally the price of fibre is cyclical, as the supply/demand balance is affected by the large changes in supply brought on by new, high capacity paper mills as opposed to more gradual, market driven changes in demand. This cycle tends to run over a period of several years. In Australasia, the industry is somewhat insulated from these movements, as there is a good supply of virgin fibre from the domestic forest industry and a well developed recycling industry to supply recycled fibres. Fibre prices have therefore remained relatively stable in recent years. Furthermore, when increases have occurred in the past, it has generally been possible to recover them from the market.

The main raw materials of the plastic packaging businesses are petroleum based and with a reasonable correlation to the price of crude oil, are more volatile than fibre prices. In these businesses, the impact of changing raw material prices in the main is passed on to customers through rise and fall pricing contract clauses wherever possible. This is generally achieved with the larger and more sophisticated customers, with whom we have long term contracts and who understand the raw material markets. With smaller customers and commodity type products, the ability to pass on price changes depends on market conditions at the time.

The main raw materials of the metal packaging businesses are steel and aluminium. Both of these materials are subject to world pricing movements and aluminium in particular is traded globally. The impact of changes in these raw material prices is also passed on to customers through rise and fall clauses wherever possible.

Competitive Position

Australasia is a relatively small market in global terms, with a relatively small number of major competitors. These factors allow market research to provide a reasonably accurate picture of our market position. Such market research is conducted on a regular basis by a small central marketing team and Amcor Australasia is also a member of several industry associations.

Broadly, the Australasian packaging market is mature and has limited growth prospects. Within packaging however, some segments such as flexible packaging, wine bottles and plastic bottles and closures have growth opportunities. Others, while profitable, are either static or in decline due to substitution from other packaging and from the industry life cycle of products.

Excess capacity exists in most packaging segments and most major competitors continue to replace old equipment with state of the art technology. At the same time, our customers continue to find attractive returns difficult to achieve as the major supermarket chains seek greater market power and continue to increase demands upon their suppliers. The concentration in the retail sector has risen, with the two major supermarket chains increasing their market share from 65% to approximately 80% in the last eight to ten years.

To meet this competitive business environment, Amcor Australasia focuses on product leadership, growth of niche food and beverage segments, adding value for customers, and continually lowering of the cost base. Amcor Australasia also has an active reinvestment program and the total value of major new capital projects is consistently in excess of annual depreciation.

Patents and Licences

Amcor Australasia has an extensive portfolio of over 100 patents and over 200 trademarks and registered designs. Many of these intellectual property rights are registered in both Australia and New Zealand and a selected few also have international registrations. Historically, patents and designs have been held for the competitive advantage of our business and current income from licensing has been minimal, but Amcor Australasia is now actively pursuing revenue opportunities in this area, including through collaboration with other international Amcor divisions.

Several businesses are also party to a number of technical assistance agreements with international manufacturers, especially in metal packaging. These provide access to new technology in terms of both product design and manufacturing processes. In particular, Amcor Glass pays an annual fee to Heye Glass of Europe, under a Technical Assistance Agreement that allows Amcor to use their technical knowledge, including their recuperative furnace technology.

Amcor Flexibles

Amcor Flexibles is one of the world s largest suppliers of both flexible and tobacco packaging. It has three operating divisions: Amcor Flexibles Food, Amcor Flexibles Healthcare and Amcor Rentsch and Amcor Flexibles Eastern Europe. The business has 8,482 employees, 46 plants and supplies a wide range of products to the food, beverage and healthcare markets. This includes fresh and chilled foods such as meat, fish, bread, produce and dairy; processed foods such as confectionery, snack foods, coffee and ready meals, as well as tobacco and high-value added medical applications, hospital supplies, pharmaceuticals and personal care products. It also supplies tobacco packaging and speciality folding cartons to the cosmetic and confectionery markets.

The Food Flexibles business predominantly consists of the plants serving the processed, fresh and chilled food markets in Western Europe.

Formed in April 2006, Amcor Flexibles Healthcare incorporates Amcor s flexible packaging activities in the Americas and healthcare packaging plants in Europe. Amcor Flexibles Healthcare is a global leader in flexible packaging for the medical and pharmaceutical markets. Headquartered in Chicago, USA, it has over 2,200 employees and 16 manufacturing facilities in 10 countries. In addition, the group coordinates strategy and commercial activity with the flexible healthcare activities in Asia.

Amcor Rentsch has leadership of Amcor s global tobacco packaging business and the Amcor Flexibles operations in Eastern Europe. The Eastern European flexibles business consists of a plant in Poland and a new greenfield plant in Novgorod, Russia, located adjacent to the tobacco packaging plant.

Products

Amcor Flexibles is active in providing high quality flexible packaging and supplies a wide range of food and beverage markets including confectionery, coffee, fresh food, dairy and healthcare applications. Its technological capabilities include gravure and flexographic printing, coating and lamination, extrusion, metallizing, micro-perforation pouch and bag making and die cut lids.

The business supplies a wide range of products to the food, beverage and healthcare markets. This includes fresh and chilled foods such as meat, fish, bread, produce and dairy; processed foods such as confectionery, snack foods, coffee and ready meals, as well as tobacco and high value added medical applications, hospital supplies, pharmaceuticals and personal care products.

Most demand for flexible packaging is made to order, as each customer has very specific requirements for each product it is packaging. The customer selects a bespoke product based on a number of considerations: cost, functionality, shelf life, machinability and look and feel . A combination of these factors determined by the customer will set the parameters within which the raw materials and conversion processes used for the specific product supplied will be chosen. As a result, similar products may often be packaged very differently, whilst different products may be packaged with similar packaging. On the demand-side, it is therefore not meaningful to sub-divide the flexible packaging market into narrower sub-markets.

Seasonality

Given the wide diversity of product offering that Amcor Flexibles produces, it is not considered to be a seasonal business. However, elements of its product portfolio are by their nature seasonal, for example ice cream and snacks, which experience a growth in sales during warm weather, while products such as coffee will have slower sales during this type of weather. In terms of fresh produce, these products are packed during specific crop seasons and, as such, show higher sales during these periods. Given Amcor Flexibles position as a predominantly European business, July and August are slower months as there are manufacturing shut downs and holiday periods for certain European countries such as France and Sweden.

Raw Materials

The principal raw materials used in the production of flexible packaging are as follows: polyethylene (PE), polyamide (PA-nylon), ethylvinylalcohol (EVOH), biaxially oriented polypropylene (BOPP), cast polypropylene (CPP), polyvinylchloride (PVC), polyvinylidene chloride (PVdC), polyester, cellulose film, aluminium foil and various types of paper. Raw materials generally have a wide range of applications across our products and have numerous suppliers with which Amcor has established relationships.

The principal raw material for the Amcor Rentsch division is fibreboard, in both roll and sheet stock. Key customers control the purchase price of these raw materials and consequently our supply contracts typically have full raw material cost movement and price adjustment mechanisms.

Competitive Position

Amcor Flexibles is the number two producer of flexible packaging material within Europe behind Alcan (measured in terms of sales value). Amcor Flexibles is the global leader in terms of sales and service capability for medical packaging. The Company has a European leadership position in Dairy, Produce and Beverage market segments. Within other key segments such as Confectionery, Snacks and Processed Food it holds the number two position. With 38 plants in Europe, Amcor Flexibles has a large manufacturing footprint which enables it to not only service its Pan-European customers, but also to provide local or regional production for national customers.

There is a very high degree of supply-side substitutability in the sense that manufacturers of flexible packaging with one set of characteristics can readily produce flexible packaging displaying a different set of characteristics. Amcor Flexibles seeks to distinguish itself from its competitors through innovation, product quality, safety, focus on customer service and its ability to deliver global packaging solutions to its customers.

The Amcor Rentsch operating division conducts business through entry into medium term supply contracts, with typical terms of 1 to 4 years. In Europe, our principal market, four competitors have over 75% of the market. The tobacco industry has extremely demanding quality requirements, which raises the barriers to entry.

Patents and Licences

Innovation is a key component of Amcor Flexibles strategy to be an industry leader and it invests significant resources to ensure that it meets the market needs for innovation. Amcor Flexibles has a rigorous intellectual property development system, based on an Amcor wide business process of Product Leadership & Innovation which facilitates the efficient development of new concepts and the filing of appropriate patents to ensure protection.

Amcor Flexibles currently holds 110 patents. Patents are held for a wide variety of process improvements and new products. Patents are held both at a national and regional level as appropriate.

As noted, Amcor Flexibles technical capabilities include gravure and flexographic printing, coating and lamination, extrusion, metallising, micro-perforation pouch and bag making and die cut lids.

Amcor Sunclipse

Products

Amcor Sunclipse, based in California, is Amcor s North American distribution and corrugated manufacturing unit. It produces packaging products to complement its distribution services and has over 2,100 employees, 42 distribution and redistribution centres throughout the USA and Mexico and 11 manufacturing locations.

The distribution unit is a major supplier to businesses throughout North America and purchases, warehouses, sells and delivers a wide variety of packaging products and equipment and industrial and janitorial supplies. The manufacturing division produces corrugated sheets and converts them into boxes for use throughout the business. It also designs and produces other specialty packaging products including Point of Purchase displays and other items tailored to customers requirements.

Seasonality

The overall business is vulnerable to the levels of manufacturing activity in the US and Mexico and benefits during periods of prosperity in manufacturing. The shift of manufacturing from Mexico to Asia has adversely impacted the Mexican operations, particularly in Guadalajara. The strongest period for the business is typically the September through November time frame prior to the Christmas holidays. The quietest time is usually in January and February, after the holidays.

Raw Materials

The three corrugated sheet manufacturers presently rely on three major suppliers for their paper roll stock. However, over ten other minor supply relationships are in place. Many of these minor suppliers have far reaching capabilities. This creates a healthy competitive environment even in a market that has experienced some tightness after an extended three to four year period of abundant supply. The distribution group has access to numerous suppliers for all its products both domestic and overseas.

There is exposure to typical raw material or finished goods supply price movements. These are initiated for a variety of reasons, such as supply conditions tightening and/or increases in the price of oil and labour. The business has shown an ability to pass on these costs to customers, as the price increases usually impact the competition in a similar manner.

Competitive Position

Business is conducted typically on an order by order basis. Sales emanating from supply agreements with customers do not represent a significant percentage of total sales. The company s long term suppliers also work on an order by order basis, although there are some supply agreements in place with our major corrugated rollstock suppliers. The company does not rely on patents, exclusive licenses or contracts.

Amcor Asia

Amcor Asia has five plants in three countries with its head office located in Singapore. It produces tobacco packaging and flexible packaging, including high value added medical packaging. The business has responsibility for Amcor s 40.1% ownership of the Hong Kong publicly listed company Vision Grande and 16.7% ownership in K Laser China Group Co. Ltd, a subsidiary of the Taiwan publicly listed K Laser Technology Inc.

In December 2005, Amcor announced it had elected to increase its ownership in Vision Grande from 16.7% to 44%, by way of the contribution to Vision Grande of its two tobacco packaging operations in China, exercising its previously granted option over Vision Grande shares and taking up an issue of new shares. These transactions were approved by shareholders of Vision Grande in February 2006. In May 2006, Vision Grande purchased the remaining 68.5% of World Grand Holdings Limited that it did not previously own. Part of the purchase price was an issue of shares to the previous owners of World Grand Holdings Limited. Following this transaction, Amcor s ownership in Vision Grande is 40.1%. In May 2006, Mr Billy Chan, the Managing Director of Amcor Asia, was appointed Executive Chairman of Vision Grande, and Mr Peter Downing and Mr David Hodge, also executives of Amcor, were appointed to the Vision Grande Board. Vision Grande Group Holdings Ltd changed its name to AMVIG Holdings Limited effective November 1, 2006.

Tobacco packaging in Asia is a market segment where Amcor supplies three major international cigarette manufacturers together with the monopoly of the State run industry within China, Thailand and other Asian countries. The dominance of these three international cigarette manufacturers creates strong pricing pressure as they benchmark packaging prices around the world.

The flexible packaging business consists of a medical flexible plant in Singapore and two plants in China focused on the food business. During the year, a new blown film extruder was installed in the Singapore plant to serve the growing medical packaging market.

Flexibles packaging is a growing segment in Asia as the cost base is significantly lower than in the Europe or US. However the majority of specialized flexible packaging for Asia is still supplied by European or US manufacturing.

Raw materials are sourced throughout the world with Amcor Asia directly affected by both world prices (driven by supply and demand) and foreign currency exchange fluctuations.

Environmental and Other Regulations

The regulatory constraints on Amcor s businesses include compliance with the following:

- the provisions of various jurisdictions corporate regulations;
- trade practices and consumer protection legislation;
- labor legislation;
- the provisions of various jurisdictions anti trust legislation;
- numerous laws relating to workers compensation and rehabilitation, occupational health and safety and dangerous goods handling;
- environmental regulations of various kinds; and
- listing rules of home jurisdiction.

The ACCC and the NZCC are continuing their investigations of conduct by Amcor that raised concerns under Australian and New Zealand competition laws. Amcor has been granted conditional immunity by the ACCC and NZCC in accordance with their relevant leniency policies for cartel conduct. See Item 8, Financial Information Legal Proceedings for further information.

Amcor s aim is to ensure that no one who works for Amcor is ever injured. This applies equally to employees, contractors and visitors. Amcor s No Injuries program is supported by extensive procedures and subject to regular management review. The Board is responsible for regular monitoring of safety and health performance and compliance with associated regulations.

During the 2005-06 year, Amcor must regrettably advise that one contractor was fatally injured at an Amcor site in July 2005. A contractor, who had entered a water supply well on the Amcor Flexibles site in Barcelona to inspect a pump, fell and could not be revived when he was retrieved from the well.

Management has been working with the family and co-workers to provide as much support as possible. The accident was fully investigated, in conjunction with the authorities, and corrective measures have been conveyed to all Amcor businesses.

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

The Board is responsible for regular monitoring of environmental exposures and compliance with environmental regulations. To enable it to meet its responsibilities of oversight, the Board has established an internal reporting process. Environmental performance is reported from each site up through management to the Board on a regular basis. Compliance with the requirements of environmental regulations and with the specific requirements of site environmental licenses was substantially achieved across all operations.

As part of this process, the Board is responsible for overseeing:

- implementation of environmental management plans in operating areas which may have a significant environmental impact;
- identifying where remedial actions are required and implementing action plans; and
- regular monitoring of regulatory requirements.

There was however an environmental prosecution in 2005-06 for one significant breach due to a diesel spill into a local creek from Amcor Fibre Packaging s Box Hill Plant in Victoria, Australia. This spill occurred in September 2004 and was the result of decanting of fuel from a diesel storage tank. At the completion of the decanting procedure a pump discharge delivery hose was not placed back in the correct position causing a large quantity of diesel to pollute the creek. A number of ducks were also injured or killed by the spill. The company pleaded guilty, was convicted and ordered to pay A$60,000 to help establish a wildlife education, rehabilitation and resource information centre.

During the past year there were also two other significant incidents. The Amcor Fibre Packaging Fairfield Mill was fined for a river water release while a spill of ink from the St. Regis Bates Keon Park plant in Melbourne, Australia entered a local creek. In both cases management cooperated fully with the authorities and made improvements to minimize the potential for incidents to occur in the future.

Amcor complies with a number of food and medical packaging standards such as EN 868 for medical packing produced within Europe, standards published by the Agricultural Development Advisory Service (ADAS), The American Institute of Baking (AIB), the British Retail Consortium (BRC) and US Food and Drug Administration (FDA).

Amcor, like all corrugated suppliers, continues to prepare for the implementation of the Radio Frequency Identification Directive (RFID) tagging requirements. This is a mandatory U.S. Department of Defense requirement for corrugated boxes sold to the military branch of the U.S. government effective January 1, 2007. The company presently has a number of small contracts with the U.S. government.

C. Organisational Structure

The chart set out below describes our organizational structure as at June 30, 2006.

Amcor s Significant Subsidiaries as at June 30, 2006 were:

	Country of Incorporation	**Percentage Held by Parent Entities**
Amcor Investments Pty. Ltd.	Australia	100%
Amcor Packaging (New Zealand) Ltd.	New Zealand	100%
Amcor Packaging (U.S.A.), Inc.	U.S.A.	100%
Amcor Sunclipse North America, Inc.	U.S.A.	100%
Amcor Europe	United Kingdom	100%
Amcor Packaging Asia Pty. Ltd.	Australia	100%
Amcor Packaging (Australia) Pty. Ltd.	Australia	100%
Amcor European Holdings Pty. Ltd.	Australia	100%
Amcor European Consolidated Holdings Limited	Cyprus	100%
Amcor Holding	United Kingdom	100%
Amcor Flexibles A/S	Denmark	100%

D. Property, Plant and Equipment

At June 30, 2006, Amcor operated manufacturing and distribution facilities in the 36 countries listed in the following table.

Geographic Region	**Number of Manufacturing Facilities ***	**Number of Distribution Facilities**
Argentina	2	-
Australia	51	-
Belgium	3	-
Brazil	11	-
Canada	3	-
China	2	-
Colombia	6	-
Denmark	3	-
Ecuador	1	-
El Salvador	1	-
Finland	2	-
France	6	-
Germany	4	-
Honduras	1	-
India	1	-
Ireland	1	-
Italy	2	-
Malaysia	1	-
Mexico	12	4
Morocco	1	-
The Netherlands	1	-
New Zealand	14	-
Norway	1	-
Peru	1	-
Philippines	1	-
Poland	2	-
Portugal	5	-
Puerto Rico	1	-
Russian Federation	2	-
Singapore	2	-
Spain	11	-
Sweden	1	-
Switzerland	3	-
United Kingdom	12	-
United States of America	36	38
Venezuela	2	-
	209	42

* Includes PET on-site blowing and injection facilities.

Amcor believes that its facilities are suitable and adequate for its present needs and are generally well maintained and in good operating condition. Amcor carries insurance covering property, casualty and certain other risks to which its worldwide facilities and operations may be subject.

108 of Amcor s principal manufacturing and distribution facilities are owned. Those facilities which are not owned are leased by Amcor for periods varying from one to 10 years. Amcor does not believe any of its businesses is dependent on any single facility.

Capital expenditure on property, plant and equipment, excluding acquisition of controlled entities and businesses is outlined in the table below. Net capital expenditure is arrived at after deducting proceeds on disposal of property, plant and equipment and does not include proceeds on disposal of controlled entities, businesses and investments.

	Year Ended June 30	
	2006	**2005**
	A$M	**A$M**
Gross capital expenditure	486	647
Proceeds on disposal of property, plant and equipment	33	77
Net Capital expenditure	453	570

In 2005-06, the major items of capital expenditure included PET directing expenditure to the more technically demanding custom beverage business and the installation of SAP management information system across the Australian corrugated business.

In 2004-05, the major items of capital expenditure included the second glass furnace at Gawler in South Australia and the consolidation and upgrading of the Burgos plants in Spain.

ITEM 5 OPERATING AND FINANCIAL REVIEW AND PROSPECTS

The discussion below contains certain forward-looking statements. Amcor s actual results could differ materially from those anticipated by those forward-looking statements due to a variety of factors, including those set forth under Forward-Looking Statements , Risk Factors and elsewhere in this Annual Report.

Over the past few years Amcor s performance has been negatively impacted by rising oil and energy related costs, not fully recovered in selling prices. Past performance is unlikely to be an indication of future earnings absent steady conditions, which have not been present over the past couple of years.

New Accounting Principles

For the first time, we are required to prepare our Consolidated Financial Statements for the year ended June 30, 2006 in accordance with Australian International Financial Reporting Standards (AIFRS). In all material respects AIFRS complies with International Financial Reporting Standards (IFRS). Our 2006 Consolidated Financial Statements also include Comparative Financial Statements for 2005, prepared in accordance with AIFRS. Material effects on net profit, financial position and cash flows resulting from transition from AGAAP to AIFRS are shown in the reconciliation in the Notes to the Consolidated Financial Statements, Notes 1(z) and Note 50.

Critical Accounting Policies and Estimates (refer to Consolidated Financial Statements Note 1 Accounting Policies)

Our Consolidated Financial Statements prepared in accordance with AIFRS, and the reconciliation of our Consolidated Financial Statements from AIFRS to US GAAP, are affected by accounting methods, assumptions and estimates that we use as bases for the preparation of our Consolidated Financial Statements and reconciliations. We have identified the following critical accounting estimates and related assumptions and uncertainties inherent in our AIFRS accounting policies that we believe are essential to an understanding of the underlying Consolidated Financial Statements under AIFRS, and their reconciliation to US GAAP.

In developing accounting policies, in addition to AIFRS requirements, we also consider industry practice. Where there is no conflict with AIFRS we also consider the suitability of accounting policies under US GAAP. This reduces the number of AIFRS/US GAAP reconciliation differences required to be adjusted in Note 51 of the Consolidated Financial Statements.

We believe the following are the critical accounting policies and estimates used in the preparation of our 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, and goodwill involves the use of estimates that include, but are 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 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 group of assets (Cash Generating Unit (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 judgments concerning the identification of impairment indicators, earnings before interest and tax, growth rates, applicable discount rates, useful lives and residual values. There was A$66.8 million impairment under AIFRS in 2006 (2005:A$232.1 million).

Refer Note 1(i) of the Consolidated Financial Statements for further details regarding the accounting policy regarding Impairment of assets . Under US GAAP, each period management considers whether there are any indicators that long lived assets are not recoverable. For those assets to be held and used the impairment assessment is first made on an undiscounted basis. Any impairment is then measured by comparing the asset s carrying value to its fair value. No impairment is recorded when the undiscounted cash flow assessment exceeds the carrying value. An impairment loss is measured as the excess of the carrying amount over the asset s fair value, being either market value or the sum of discounted future cash flows or other valuation techniques, using market assumptions. Refer Note 51 to the Consolidated Financial Statements.for differences recorded under this policy

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

Impairment of Goodwill

Amcor tests, at least annually, whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 1(i) and (s) of the Consolidated Financial Statements. The recoverable amounts of CGU s have been determined based on the higher of net selling price and 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 Consolidated Financial Statements for details of these assumptions and the potential impact of changes to these assumptions. There was Nil impairment under AIFRS in 2006 (2005:A$6.3 million).

Under US GAAP goodwill is reviewed for impairment at the reporting unit level, at least annually or whenever events or changes in circumstance indicate that the recoverability of the carrying amount should be assessed. The Company follows a two step approach to measuring the impairment of goodwill under US GAAP. Firstly the fair value and the carrying amount of the reporting unit including goodwill is compared. Goodwill is considered to be impaired if the fair value of the reporting unit is less that the book value. Secondly, the goodwill impairment is measured as the excess of the carrying amount of goodwill over its implied fair value. The implied fair value of goodwill is determined by calculating the fair value of the various assets and liabilities included in the reporting unit in the same manner as goodwill is determined in a business combination. The impairment charge is included in operating income. Refer Note 51 to the Consolidated Financial Statements.for differences recorded under this policy

The assumptions are management s best estimates based on current and forecasted 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 Consolidated Financial Statements, particularly when evaluating the Amcor s goodwill for impairment. Varying results of this analysis are possible due to the significant estimates and judgments involved in the Company s evaluations.

Income Taxes

Amcor is subject to income taxes in Australia and foreign jurisdictions. Significant judgment 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. Amcor recognizes 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 recognized only to the extent that it is probable that future taxable profits will be available against which the assets can be utilized. Amcor s assumptions regarding future realization may change due to future operating performance and other factors.

Refer to Note 51(i) of the Consolidated Financial Statements for an explanation of differences booked between AIFRS and US GAAP relating to income taxes.

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 unrecognized actuarial gains (less unrecognized actuarial losses) less the fair value of the superannuation fund s assets at that date and any unrecognized 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 (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 to Note 1(w) to the Consolidated Financial Statements for further details of the accounting policy relating to retirement benefit obligations. Refer Note 32 of the Consolidated Financial Statements for details of the key assumptions used in determining the accounting for these plans. The following are the main 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).

These assumptions 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 A$68.8 million lower or A$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 A$3.3 million in pre-tax pension expense for the year ended June 30, 2006. In addition, changes in external factors, including fair value of plan assets, could result in possible future changes to the amount of the pension obligations recognised in the balance sheet.

Under US GAAP the cost of providing defined benefit pension plans is determined on a consistent basis with AIFRS, except that actuarial gains and losses are recognised systematically through net income. The net assets or liabilities arising from pension plans are measured consistent with AIFRS. Refer to Note 51 to the Consolidated Financial Statements for differences recorded under this policy.

Differences between AIFRS and AGAAP

Commencing with our fiscal year beginning July 1, 2005, we are required to prepare our Consolidated Financial Statements in accordance with AIFRS. The opening AIFRS consolidated balance sheet was prepared for the period beginning July 1, 2004 (date of transition to AIFRS in accordance with IFRS 1, First-time Adoption of International Financial Reporting Standards, (IFRS 1). A summary of certain of the differences in the preparation of our Consolidated Financial Statements on the basis of IFRS from that previously reported under AGAAP can be found in the Note 1(z) and Note 50 of the Consolidated Financial Statements.

The following exceptions available under IFRS 1 were applied to the transition from AGAAP to AIFRS:

(a) Business Combinations. Amcor elected not to apply AASB 3 *Business Combinations* retrospectively to past business combinations (business combinations that occurred before the date of transition to AIFRS, ie July 1, 2004). As a result of this:

- the same classification of the business combination was maintained, as an acquisition by the legal acquirer, as in its previous AGAAP financial report.

- all assets and liabilities recognized at the date of transition to AIFRS that were acquired or assumed in a past business combination were not adjusted, other than:

§ some financial assets and financial liabilities derecognized under previous AGAAP; and

§ assets, including goodwill, and liabilities that were not recognized in the acquirer s consolidated balance sheet under AGAAP and also would not qualify for recognition under AIFRS in the separate balance sheet of the acquiree.

Changes in the recognition of assets and liabilities on the transition to AIFRS were reflected in retained earnings.

- The carrying amount of goodwill in the opening AIFRS balance sheet was the carrying amount under previous AGAAP on July 1, 2004.

(b) Fair value or revaluation as deemed cost. Amcor elected to apply AASB 1 First-time adoption of Australian Equivalents to International Financial Reporting Standards and measured property, plant and equipment at the date of transition to AIFRS at its deemed cost. As a result the Asset Revaluation Reserve recognised under AGAAP was transferred to retained earnings. For Amcor this resulted in a decrease in the asset revaluation reserve and an increase in retained earnings by A$136.9 million.

(c) Cumulative translation differences. Amcor elected to apply AASB 121 *The Effects of Changes in Foreign Exchange Rates*. AASB 121 requires an entity:

(a) to classify some translation differences as a separate component of equity; and

(b) on disposal of a foreign operation, to transfer the cumulative translation difference for that foreign operation (including, if applicable, gains and losses on related hedges) to the income statement as part of the gain or loss on disposal.

Amcor did not need to comply with these requirements for cumulative translation differences that existed at July 1, 2004, as Amcor elected to deem the cumulative translation differences for all foreign operations to be zero at July 1, 2004. As a result the gain or loss on a subsequent disposal of any foreign operation shall exclude translation differences that arose before July 1, 2004, and shall include later translation differences.

For Amcor, at July 1, 2004, an amount of A$486 million was reclassified from Exchange Fluctuation Reserve to retained earnings.

(d) Financial Instruments: Amcor elected to only apply the financial instruments standards, AASB 132 Financial Instruments: Disclosure and Presentation and AASB 139 Financial Instruments: Recognition and Measurement from July 1, 2005. Refer to Note 1(z) of the Consolidated Financial Statements for the impact of adopting AASB 132 and AASB 139 at July 1, 2005.

(e) Share-based payment transactions. Amcor elected to apply AASB 1 First-time adoption of Australian Equivalents to International Financial Reporting Standards and not recognise an expense for those options granted under Amcor employee share option plans before November 7, 2002, and that vested by January 1, 2005.

(f) Decommissioning liabilities included in the cost of property, plant and equipment. Amcor elected not to add or deduct from the cost of the asset to which the decommissioning liability relates, the specified changes in a decommissioning, restoration or similar liability and the adjusted depreciable amount of the asset for changes in such liabilities that occurred before July 1, 2004. Liabilities were measured as at July 1, 2004 in accordance with AASB 137 *Provisions, Contingent Liabilities and Contingent Assets*. In addition the amount that would have been included in the cost of the related asset when the liability first arose, was estimated by discounting the liability to that date using Amcor s best estimate of the historical risk-adjusted discount rate(s) that would have applied for that liability over the intervening period. The accumulated depreciation on that amount was calculated, as at July 1, 2004, on the basis of the current estimate of the useful life of the asset, using Amcor s depreciation policy.

Results of Operations

The following discussion is based on Amcor s Consolidated Financial Statements as prepared under AIFRS. A discussion of the differences between AIFRS and US GAAP, and the impact of those differences on the Consolidated Financial Statements, is set out in Note 51 of the Consolidated Financial Statements.

AIFRS Results of Operations

Amcor s senior management and Board primarily review results on a PBIT before significant items basis and believe it is the most informative and reliable gauge for measuring and understanding trends across a diverse range of businesses.

We believe that the non-GAAP performance measure of PBIT before significant items on a consolidated basis used by Amcor is useful to investors and other users of our Financial Statements for the following reasons:

1) The measure of PBIT before significant items allows users to analyse and understand the ongoing trading operations of Amcor. The feedback of users of our financial statements is that this measure provides insights and information which allows them to assess the historical and likely ongoing earnings and cash flows of our businesses. It also aligns with management s focus on the ongoing likely sustainable or ongoing earnings. It ensures that the amounts associated with business integration and restructuring expenses are easily distinguishable to both users and management from the key ongoing results of the businesses.

2) PBIT before significant items provides a clear measurement of the underlying economic performance of the businesses in the Amcor Group. Significant items such as business integration and restructuring expenses are usually associated with a relatively small number of plants within a particular business. Thus, the inclusion of such costs can otherwise distort the historical and likely ongoing operating performance measures of that business and the overall Amcor Group.

3) In respect of the significant items identified, Amcor discloses the nature and estimated cost to the business over the anticipated period of the restructuring. Depending upon when such decisions are made as well as the extent of the restructuring to be undertaken, it is generally the case that a restructuring will span two reporting periods. It is generally unlikely that the announcement and the restructure activity could occur within the one reporting period. Therefore the public announcement of restructuring activity is designed to provide the market with transparency as to how long the activity is anticipated to take and the expected financial cost. The significant items are identified in Note 7 of the Consolidated Financial Statements.

4) Many investors and securities analysts have indicated to us that they prefer to see and analyse the ongoing continuing results of the Amcor Group s businesses. They prefer to be provided with information that dissects the total GAAP result into management analysis that identifies the business integration and restructuring costs separately from the ongoing trading operations of the business. In a global company like Amcor, while there may be business integration or restructuring costs that occur over one or more years, they are often associated with new acquisitions or the restructuring and closure of specific plants. These are not the same plants being restructured each year. As a result, management believes it is probable that the financial impact of the particular restructuring or business integration costs will disappear or become immaterial within a near-term finite period.

5) The removal of these restructuring and business integration items and the discussion by management of PBIT excluding significant items enables the reader of our financial statements to understand the returns being generated by the ongoing trading of the relevant business. Year on year comparisons based on this measure allows investors and

other users of our financial statements to assess how management is managing the relevant businesses and whether management is improving the core value of those businesses.

Consolidated Results of Operations

	Sales		PBIT before significant items	
	Year Ended June 30,			
	2006	**2005**	**2006**	**2005**
Business Segments (1)				
Amcor PET Packaging	4,048.9	3,696.4	245.0	259.8
Amcor Australasia	2,560.9	2,571.7	262.4	315.8
Amcor Flexibles	2,978.6	2,971.2	188.4	190.4
Amcor Sunclipse	1,292.1	1,218.7	65.1	54.7
Amcor Asia	174.5	182.2	29.8	23.1
Other	(13.1)	5.9	(42.6)	(52.3)
Total sales revenue	11,041.9	10,646.1		
Discontinued operations	397.4	453.5	27.6	30.3
Significant items before tax			(64.1)	(324.4)
Profit before interest and tax			711.6	497.4
Net finance costs			(246.6)	(166.4)
Income tax			(85.8)	(72.6)
Net profit after tax			379.2	258.4
Members of Amcor Limited			351.3	245.3
Minority interests			27.9	13.1

(1) The individual business segments profit results refer to profit before interest and tax, before significant items (PBIT before significant items).

Sales

Sales revenue for 2005-06 was A$11,041.9 million. This was an increase of 3.7% from 2004-05 sales revenue of A$10,646.1 million and primarily due to rising raw material costs that were passed through to customers. This increase occurred across all divisions however the largest impacts were in Amcor PET Packaging with rising PET resin costs and in the Amcor Flexibles division where there were substantial increases across a broad range of substrates. Sales in Amcor Australasia were down 0.4% due to a reduction in volume in the fibre operations.

The total 2005-06 sales revenue, including discontinued operations, of A$11,439.3 million translated at exchange rates of the USD, Euro, Singapore, New Zealand and Canadian dollars at June 30, 2005 would result in A$38.8 million higher sales revenue for the 2005-06 year. This is mainly caused by the strengthening $A against the Euro in Flexibles, offset by a smaller weakening in the $A against the USD.

Cost of sales

Cost of sales increased from A$8,853.3 million in 2004-05 to A$9,329.9 million in 2005-06, an increase of 5.4%. This reflects an increase in raw material costs, higher oil and energy costs offset by cost savings through rationalisation and restructuring initiatives.

Gross Profit

Gross profit as a percentage of sales decreased from 16.8% in 2005 to 15.5% in 2006 mainly due to the price erosion in the Australasian fibre business combined with high raw material and energy costs not fully recovered from customers across the PET and Flexibles business groups.

Net finance costs

Amcor s net finance costs excluding discontinued operations, increased by 50.7%, from A$160.7 million in 2004-05 to A$242.2 million in 2005-06. Finance income increased by 6.4% in 2005-06 from A$20.4 million in 2004-05 to A$21.7 million in 2005-06. Finance expenses increased by 45.7% in 2005-06 from A$181.1 million in 2004-05 to A$263.9 million in 2005-06. The increase in finance expenses was principally due to the PACRS coupon payment of A$57.8 million being treated as interest in 2005-06 and as a dividend payment in 2004-05 as required under AIFRS and AGAAP respectively. In addition, there was an increase in average interest rate on approximately A$500 million of floating rate debt in 2005-06 of 1.5% compared to the average rate in 2004-05. Other increases in finance costs related to the credit rating downgrade received in 2005-06.

Significant Items before tax

Significant items before tax related to the following:

- In 2005-06, the acquisition of further equity interests in Vision Grande resulted in fair value gains on derivative instruments associated with the acquisition of A$32 million, and a profit on the sale of the Group s China based tobacco packaging plants to Vision Grande of A$52.3 million. The significant item recognised under AIFRS relating to the acquisition of Vision Grande in relation to the fair value gains on derivatives is $32 million lower under US GAAP due to certain instruments included in the acquisition accounting not being recognised as derivative instruments under US GAAP. In addition, the profit on sale of the tobacco packaging plants is A$2.6 million lower under US GAAP. This is due to the additional gain recognised under AIFRS on dilution of Amcor s interest not being recognised for US GAAP.

- Amcor also recognised as a significant item in 2005-06 a gain of A$12.5 million which resulted from the increase in Amcor s share of Vision Grande s net worth as a result of an equity issue by the associate. As the net assets and the carrying value of Vision Grande are different under US GAAP, the profit on dilution of Amcor s shareholding in Vision Grande was A$9.9 million higher under US GAAP.

- PET business integration and restructuring initiatives continued in 2005-06 and related significant expenses decreased from (A$51.8) million in 2004-05 to (A$10.1) million in 2005-06. The 2005-06 expenditure related to the closure of two Mexican plants and restructuring activities in Poland. The 2004-05 expenditure related to the closure of plants in Merrimack, United States, Aquas Calientes, Mexico and Turkey.

- Flexibles market sector rationalisation expenditure involves a program over two to three years to rationalize the business. Related expenditure was A$34.2 million in 2004-05 and included a further A$53.7 million in 2005-06. In 2005-06, this expense included the closure of Colodense, in Bristol, United Kingdom, and Hochheim, Germany plants and the 2004-05 expense the closure of the Envi plant in Holland.

- In 2005-06, the Asian business segment disposed of the corrugated, sacks and closures businesses at a significant loss of A$7.2 million.

- In 2005-06, the Closures business was restructured and disposed of at a loss of A$18.6 million. This business is recognised as a discontinued operation in the Consolidated Financial Statements included in Item 18.

- In 2005-06, asset impairments included impairments of A$8.3 million in PET, A$18.2 million in Flexibles, the Closures business segment of A$15.5 million and impairments of A$24.8 million in Asia. In 2004-05 asset impairments related to PET A$49.9 million, Australasia A$108.7million, Flexibles A$23.2 million, Asia A$44.2

million and Corporate assets of A$6.1 million.

- In 2005-06, onerous leases expenses at PET and Corporate were A$6 million and A$1.8 million respectively and pension curtailment gains of A$1.9 million and A$1.4 million were recognized.

Income Tax

Amcor s income tax rate in 2005-06, before significant items of 21%, remained relatively consistent with the 2004-05 effective tax rate of 21.7%.

Amcor s income tax benefit on significant items in 2005-06 of A$25.3 million decreased as compared to a benefit of A$58.6 million in 2004-05. The 2005-06 tax benefit from significant items resulted from tax benefits on restructuring expenses and asset impairments. The significant income of A$96.8 million from the Vision Grande transaction in 2005-06 did not create a tax expense.

Profit after tax and after significant items

Amcor s AIFRS net profit after tax and significant items increased 47% from A$258.4 million in 2004-05 to A$379.2 million in 2005-06.

Amcor s US GAAP net profit after tax and significant items decreased by 23% from A$205.7 million in 2004-05 to A$158.2 million in 2005-06.

Loss from discontinued operations

The loss from discontinued operations of A$37.4 million in 2006 compared to A$19.2 million loss in 2005 is a result of the disposal of the White Cap Metal Closures business effective June 2006 and the disposal of the Asian Corrugated business effective February 2006. Financial information related to these discontinued operations is set out in Note 12 to the Consolidated Financial Statements.

The US GAAP loss from discontinued operations differs from AIFRS by A$152.5 million in the year ended 30 June 2006 primarily as a result of exchange fluctuation reserve amounts relating to the White Cap Metal Closures business and the Asian Corrugated business. Under US GAAP these amounts are recognised in net income as part of the disposal. Under AIFRS these amounts were transferred to retained earnings as part of the transition to AIFRS on July 1, 2004.

Dividend

A final dividend of A$0.17 per share (franked to 15%) was declared on all fully paid ordinary shares registered as at September 7, 2006, and paid on September 29, 2006. The final dividend, combined with the interim dividend of A$0.17 per share, represented an annual dividend of A$0.34 per share. This was consistent with the 2004-05 dividend of A$0.34 per share.

Amcor PET Packaging

	Year ended June 30,		
	2005-06	**2004-05**	**Change %**
	A$M	**A$M**	
Sales	4,048.9	3,696.4	9.6
PBIT excluding significant items	245	259.8	(5.7)
Signficant items before income tax	(22.5)	(107.3)	

PET Group Amcor PET Packaging had a mixed year in 2005-06 with good performances in North America and Europe offset by a disappointing result in Latin America, mainly due to a poor performance in Mexico.

PBIT excluding significant items was down 5.7% from 2004-05 to A$245 million in 2005-06.

Significant items in 2005-06 were a loss of US$16.8 million (before tax), of which US$6.7 million was a cash outlay. Significant items were related to the restructuring activities for the operation in Poland, two plant closures in Mexico, and administration cost reductions and business streamlining activities in Europe and Latin America.

Volumes for the year were up 5.9% in 2005-06 to 36.1 billion units. Custom containers were up 26.6% in 2005-06 and are now 20% of total volume.

The 2005-06 sales revenue of A$4,048.9 million translated at exchange rates of the USD, Euro, and Canadian dollars at June 30, 2005 would result in A$53.2 million lower sales revenue for the June 06 year. This is mainly caused by the weakening in the Australian dollar against the US dollar in 2005-06.

A key issue for the business in 2005-06 has been the recovery of inflationary costs, primarily rapidly rising energy costs. In 2005-06 energy represents over 15% of non-material operating costs and this has risen sharply over the past 12 months.

Traditionally, industry contracts have not recaptured energy cost movements, and consequently the business had substantial under-recovery that impacted earnings. As contracts are renewed, energy cost recovery clauses are being included as part of standard commercial terms. However, it will take time to implement this across the entire business.

The annualized run rate for the higher energy costs in 2005-06 was around US$20 - 25 million. It is estimated that these increased costs negatively impacted earnings for the 2005-06 year by between US$10 - 15 million with a significant proportion occurring in the second half.

North America

In North America, volumes were up 8.8% for the 2005-06 year after being up 15.5% for the first half of the year. This growth was predominately due to a 26% increase in custom containers and a particularly hot summer in July and August 2005, that assisted volumes in the carbonated soft drink (CSD) and water segment in the first half of the year. Lower volume growth in the second half of the year reflected the decision by Coca-cola to self-manufacture in Canada and the Northwest US.

The increase in the custom business was a result of strong growth in the isotonic beverage sector, together with ongoing expansion in the diversified product segment, including the liquor and personal care markets. The business reached agreement with PepsiCo to build a new US$80 million plant at Wytheville, Virginia, for hot-fill Gatorade containers on a near-site basis to PepsiCo s plant at that location. This plant is expected to commence operations by March 2007.

The business has successfully commercialized the new panel-less heatset container, PowerFlexTM. This patented design is currently being introduced into the market by a number of iced tea and functional beverage customers and additional manufacturing capacity is being installed to meet this growth.

Volumes also benefited from the first full year of an on-site facility for a major juice producer and a near-site facility for private label hot-filled juice products. Also assisting the volume increase were the custom expansion at the Franklin plant in Indiana and the expansion of the heatset gallon capacity in three locations.

The North American business strategy is to continue to support growth in the custom segment, backed by long-term contracts that recognise the technology and value that exist in its heat-set products. The company is budgeting US$120 million in capital expenditure in the 2006-07 year to support this growth. A key component of this will be the new plant at Wytheville. Other key projects include heat-set capacity expansion on the West Coast and PowerFlexTM capacity installation in key markets.

In the water and CSD segments, volume growth was 3% for the 2005-06 year after being up 9% for the first half of the year. Following the Coca-Cola decision to pursue self-manufacturing in the US Northwest and Canada, effective January 2006, the business closed three plants in Canada. Much of the equipment was relocated to other sites, mainly in North America.

The business is being very selective in new investment in the CSD and water segments. New capital spending is supported by satisfactory long-term contracts that reflect Amcor s need to recover inflationary cost increases, particularly energy.

Latin America

In 2005-06, the business in Latin America achieved overall volume growth of 10% and growth in custom containers of 37% albeit off a low base. The region has favourable demographics, increasing income per capita and ongoing replacement of glass with PET will continue to support this higher overall growth.

The business in Mexico had a disappointing 2005-06 year with earnings down substantially from 2004-05. The issues were predominately around management, footprint, manufacturing efficiencies and supply chain. A number of plants had low operating efficiencies which resulted in subcontracting out production and increasing the logistics and warehousing costs. In March 2006, a new General Manager was appointed with the initial focus to develop a turnaround program for the business. The key elements of this program include closing two small blow-moulding facilities and reviewing the entire supply chain to reduce handling, transport and warehousing costs. The business will continue to obtain manufacturing and technical support from the North America operations. Although the operations experienced a loss in 2005-06, they are currently operating at break even. Substantial improvement is anticipated in 2006-07, however the full year benefits from the turnaround plan, expected to be around A$20.1 million per annum, will not be realised until 2007-08.

The businesses in Argentina and Brazil experienced substantially lower reported earnings for the 2005-06 year with unfavourable currency movements. In both countries, there was considerable inflationary cost pressure (inflation in Argentina was 13% and in Brazil was 10%) that was not fully recovered in the market.

In Argentina, the 2004-05 PBIT excluding significant items was positively affected by substantial export volumes to Brazil. This did not continue in 2005-06 and a major customer commenced importing products from a neighbouring country to take advantage of cross-border tax benefits. The business in Argentina is a well-run organisation with a solid business base and satisfactory returns, however the very favourable conditions in 2004-05 are not likely to be repeated.

Europe

In Europe, volumes were up 1.3% on a continuing business basis. At the end of the 2004-05, the plant in Turkey was closed so that the actual volume movement was a reduction of 3%.

Across the business there was good growth in the United Kingdom, driven by increases in the water and custom beverage segments as well as good progress in expanding the diversified product business. The volumes in Continental Europe were flat in 2005-06 compared with 2004-05, with a reduction in Germany offset by growth in Spain, while France was steady in 2005-06 compared to 2004-05.

In 2005-06, the custom plant at Brecht, Belgium also had stable volumes, and it is currently transitioning a number of products from multilayer to monolayer barrier technology.

During the 2005-06 year, the plant in Poland was downsized to reflect a smaller business base. The management team has decided to exit the market there and recently reached agreement to sell the business to a competitor.

In 2005-06, the PET recycling facility at Beaune, France had another year of solid performance.

In 2005-06, the key issue for the business in Europe was the recovery of increased energy costs. In the United Kingdom and much of Continental Europe, energy costs rose substantially and it was difficult to pass these increases on to customers. As contracts are renewed, energy cost recovery will be included as a standard clause. However, this process will take time to be fully implemented.

In an environment of flat volumes and rising energy costs, manufacturing performance in 2005-06 was excellent and profits were ahead of 2004-05. The management team in this region did an excellent job in managing costs and capital to maximise earnings in a challenging business environment.

PET Group Outlook

The outlook for the PET packaging business is for a modest improvement in earnings in the 2006-07 year. Rising costs, particularly energy, will severely dampen the first half earnings, compared to the same period last year. As the year progresses the turnaround in Mexico and the improved recovery of energy cost increases will improve earnings, but the full benefit of these improvements will likely be evident beginning in the 2007-08 year.

Amcor Australasia

	Year ended June 30,		
	2005-06	**2004-05**	**Change %**
	A$M	**A$M**	
Sales	2,560.9	2,571.7	(0.4)
PBIT excluding significant items	262.4	315.8	(16.9)
Signficant items before income tax	0.0	(108.7)	

The Australasian business had a difficult year in 2005-06 with PBIT excluding significant items, down 16.9% to A$262.4 million.

Across the business units the rigid, flexibles and glass operations produced solid results in 2005-06 with overall improved earnings.

Offsetting these good performances was a difficult 2005-06 year in most aspects of the Fibre operations. This business has undergone significant change over the past twelve months including the appointment of a new management team. This team has developed a comprehensive turnaround plan, that will aim to deliver substantial improvement in earnings over the next few years and, ultimately, reposition the business to achieve Amcor s target return on investment.

The 2005-06 sales revenue of A$2,560.9 million, included amounts translated at exchange rates of the New Zealand dollar. Using the exchange rates of New Zealand dollars at June 30, 2005, would result in A$14.3 million higher sales revenue for the 2005-06 year. This is mainly caused by the strengthening Australian dollar against the New Zealand dollar in the 2005-06 year.

In the short term, however, the current trend in earnings is expected to continue.

Fibre Division

Sales

The corrugated box business had a difficult 2005-06 year with overall volumes declining by 5% from 2004-05. In Australia second half of 2005-06, volumes declined by 5.5% from 2004-05 after being down just over 4% in the first half of 2005-06. In New Zealand, 2005-06 volumes were down by just over 5% in the second half of the year after being flat in the first half.

The 2005-06 decline in volume in Australia was due to some loss of volume to competition in the first half and in New Zealand the decline was due to the loss of the Fonterra contract in the second half. Overall the business was affected by general market softness and some specific industry issues.

In particular, the fruit and produce sector was down nearly 9% in the second half of 2005-06 and 5.5% for the full 2005-06 year. This was caused by the following factors:

- the impact of cyclone Larry in Northern Queensland that destroyed the banana crop and severely impacted a number of other produce sectors. Amcor has a large market share in this higher quality product segment. The lower volumes will have a continuing impact on earnings in the 2006/07 year; and

- continuing growth in the use of returnable plastic crates (RPC).

The industrial segment continues to be impacted by an increase in manufactured goods being produced offshore resulting in a decline in volumes of 5% in 2005-06 compared to 2004-05.

In the grocery segment, in 2005-06, there was continued growth in imports of filled products with customers relocating offshore and retailers increasing imports for house brands. Overall the grocery segment PBIT excluding significant items was 6% lower in 2005-06 compared to 2004-05.

The market dynamics in New Zealand changed substantially during the 2005-06 year, with an aggressive drive by competitors to secure additional volume leading to a loss of some accounts and substantial price reductions to retain business.

New Zealand volumes were down 3% overall in 2005-06 compared to 2004-05. The kiwifruit season was much improved in 2005-06 on the previous year with volume up 31% in 2005-06, but this was offset by a poor apple/pear season (down 16% in 2005-06). Meat volume was up 14% in 2005-06, on the back of higher kill rates and an improved export market. Dairy volume was down 19% in 2005-06, as the business lost a major customer in Fonterra at the end of the first half with the impact on volumes not commencing until March 2006.

In carton converting, volumes in 2005-06 were down 8% across Australasia. Demand was weaker in the Australian grocery and tobacco segments in 2005-06. Some business was lost in 2005-06 as customers relocated offshore.

Operations

Corrugated and Cartons

During the 2005-06 year, a SAP management information system was installed across the Australian corrugated business on a state-by-state roll-out. This had the effect of creating some operational adjustments as the system was implemented in each state, resulting in extra costs and reduced efficiencies. Although this was an impact in the 2005-06 year, SAP will be of substantial benefit going forward in improving service and delivery performance.

The corrugated business also faced a number of inflationary cost pressures through the 2005-06 year which it could not fully recover in the market place.

As a result of the above factors, gross margins, which were largely unchanged in the first half on 2005-06, declined in the second half on 2005-06. This was particularly so in Queensland and New Zealand.

Earnings and margins in 2005-06 were also lower in the folding carton business predominantly due to lower volumes.

Paper

The paper manufacturing operations consist of the recycled paper mills that produce paper for the corrugated box business, and the carton board mill which supplies board to the folding carton segment.

The recycling mills had a difficult 2005-06 year with domestic volumes down 5% from 2004-05, while export volumes were 28% higher but at lower margins in 2005-06 compared to 2004-05.

Operating costs increased during the 2005-06 year due to input price increases and higher plant costs. These were not recovered in the marketplace.

In 2005-06 sales by the cartonboard mill in Petrie, Queensland, to both Amcor s folding carton business and to external domestic customers were lower than in 2004-05 due to market conditions and the loss of sales to Carter Holt Harvey. Import prices of board continue to put pressure on domestic selling prices. Average prices were around 3% lower in the 2005-06 year and are expected to be lower again in the 2006-07 year.

In 2005-06, export cartonboard volumes were up 30% from 2004-05 but prices in Australian dollar terms were lower than the previous year.

Sales and Marketing organisation

During the 2004-05 year the corrugated business made substantial changes in the sales and marketing functions. The national sales structure put in place in 2002 reverted back to a regional structure. An additional 16 sales people have been employed to better service the needs of customers, and there has been a substantial change in the senior management of the sales team. For the coming 2006-07 year there is an extensive program to build capability and to increase effectiveness in this area.

Turnaround Plan

During the past 12 months the new management team has developed a comprehensive turnaround plan that has the primary objectives of:

- lowering the cost base;
- improving operating efficiencies; and
- upgrading commercial sales and marketing skills.

The key components of this plan include:

Corrugated

Announced in 2005-06, and currently being implemented, is the reduction from three corrugated plants to two in the Queensland market, through the relocation of the corrugator and converting equipment from West End to Rocklea. As part of this project new equipment is being installed at Rocklea. Following the closure of the West End site, Amcor will be the low cost producer in that market. In Victoria the operations will reduce from three corrugated sites to two, with the announcement of the closure of the site at Box Hill. The two remaining corrugated operations in Victoria will be upgraded to further improve competitiveness.

In New South Wales the new management team is finalizing a review of operation. This is likely to involve some restructuring and plant upgrades to reduce costs.

Paper

After an extensive review process it has been decided to undertake a detailed feasibility study for a new paper recycling mill at Botany, New South Wales.

The new mill would be targeted for completion in the 2009-10 financial year. As part of this review the recycled paper mill at Spearwood, Western Australia was closed in September 2006.

In the cartonboard segment there has been an extensive review of the Petrie cartonboard mill in Queensland. The mill is globally cost-competitive in reel production, however the sheet conversion process will be restructured to reduce costs.

Cartons

In the folding carton segment, a new, larger format printing machine and conversion equipment will be installed at Botany to lower the cost base and enable targeting of new growth opportunities. This will also enable the transfer of some work from NSW to operations in Victoria and Queensland to improve overall efficiencies.

Summary of Benefits

This turnaround plan is expected to deliver low-cost corrugated manufacturing operations with an excellent geographic coverage. The new recycled paper mill will aim to deliver the lowest cost position in Australasia in recycled paper and the cartonboard mill will have a globally competitive cost base.

These initiatives are estimated to have a net cost of around A$300 million and deliver cost reductions of A$60 to A$80 million per annum. The timing for these improvements will be spread over the next few years with expected cost reductions in 2007-08 of around A$40 million.

Flexibles Division

The flexibles business had a solid 2005-06 year with improved earnings and returns. The division consists of four operating units: polyethylene, laminations, New Zealand flexibles and multiwall sacks.

In 2005-06, the polyethylene business continues to improve, with volumes up slightly and improved earnings and returns. A new flexographic press was installed in Queensland in 2005-06, and a further press is to be installed in Victoria in 2006-07 to meet ongoing growth in the market. There was some difficulty in recovering all the resin price increases, particularly in the commodity products.

The laminations business had a difficult 2005-06 year with softness in the confectionery segment and a slowing in growth in the pouch market. The rationalisation from two sites to one in New South Wales was successfully completed and this will improve operating efficiencies in that market. Two new gravure machines were commissioned in Victoria and New South Wales, in the last quarter of the 2005-06 year, and these will assist in improving earnings in the 2006-07 year.

The business in New Zealand had a challenging 2005-06 year, with aggressive pricing in the market making it difficult to recover resin price increases. A new extrusion line and flexographic press were commissioned during the second half of the 2005-06 year, and new volume to support this investment has been secured which will assist earnings in the 2006-07 year.

The multiwall sack business had a good 2005-06 year, with improved earnings and returns. There has been substantial product rationalization and plant restructuring which has improved the cost base and operating efficiencies. New patented product developments for the dairy and food ingredients markets were contributors to the increased PBIT excluding significant items.

In summary, the Australasian flexibles business has undergone substantial rationalization and re-capitalization in 2005-06 with four new printing/co-extrusion machines installed across three states, as well as two in New Zealand. These machines will improve quality, reduce costs and ensure the business continues to offer improved value propositions to our customers. It is expected that this business will deliver solid growth in sales and earnings over the next few years.

Rigid Division

The aluminium beverage can business produced another solid result in 2005-06 with both earnings and returns ahead of the 2004-05 year. Volumes increased 6% in 2005-06 compared to 2004-05, mainly due to growth in the multipack soft drink segment. The ready-to-drink alcoholic sector also achieved additional volumes in 2005-06, although growth in this sector has moderated from the high levels of the past few years.

The closures operations had a more difficult 2005-06 year, with earnings lower due to price pressures and plant inefficiencies related to capital investment to support growth. Going forward, the business is expected to benefit from growth in wine screw caps, custom moulded plastic closures and sports cap segments. The food can and aerosol can businesses achieved good earnings growth in 2005-06 in a challenging market environment, given the substantial increases in the price of tin plate in the first half of the 2005-06 year.

The glass wine bottle operation had another strong year in 2005-06, with increased earnings as the second glass furnace moved to full capacity. Ongoing sound productivity and a full year s production from the second furnace is expected to deliver continued improvement in earnings for the 2006-07 year.

Australasian Group Outlook

The outlook for the Australasian business is for substantially lower earnings in 2006-07 as the second half run rate of 2005-06 continues into this year. Beyond 2006-07, this business has substantial upside in the corrugated and flexibles operations, with new capital and improved operating efficiencies delivering a lower cost base.

Amcor Flexibles

	Year ended June 30,		
	2005-06	**2004-05**	**Change %**
	A$M	**A$M**	
Sales	2,978.6	2,971.2	0.3
PBIT excluding significant items	188.4	190.4	(1.0)
Signficant items before income tax	(71.9)	(57.4)	

The flexibles business had a solid year overall in 2005-06 despite difficult circumstances with PBIT excluding significant items up 2.6% to 115.6 million in local currency but down 1% to A$188.4 million.

The sales and PBIT excluding significant items shown in the table above for both 2004-05 and 2005-06 do not include the contribution from those parts of the White Cap Closures operations where the sale has been completed or will be completed in the near future. The earnings from these businesses are included in the discontinued businesses disclosure.

Significant items were A$71.9 million (before tax) in 2005-06, predominantly for the closure of two plants in the processed food sector, the loss on the sale of the White Cap Closures business, and asset writedowns. The cash component of the significant items in 2005-06 was A$17.9 million.

The 2005-06 sales revenue of A$2,978.6 million translated at exchange rates of the Euro at June 30, 2005, would result in A$87.6 million higher sales revenue for the June 30, 2006 year. This is mainly caused by the strengthening $A against the Euro.

Food Flexibles

The Food Flexibles business predominantly consists of the plants serving the processed and fresh food markets in Western Europe. It coordinates the food packaging strategy with the flexibles operations in other regions.

Sales were up 1.4% in 2005-06 to 970.8 million, although volumes were lower. There was solid progress in earnings in 2005-06 due mainly to an ongoing improvement in the processed food business.

Resin costs increased substantially through the second half of 2005-06 and, although by year-end the costs had largely been recovered, there was a lag in recovery in some sectors, particularly where films are a substantial component of the finished product.

In the bread, produce and frozen food sectors, the 2005-06 first half difficulties that arose in the United Kingdom bread bag plants with strong customer demand exceeding capacity, eased in the second half of 2005-06 as new equipment purchased in 2005 became fully operational. This business should continue to improve in the 2006-07 year.

The chilled food sector had a mixed 2005-06 year, with good results in a number of market segments, especially yoghurt, which saw good sales growth, being offset by ongoing disappointing results from the plant in Lund, Sweden, and competitive pricing in the meat and fish packaging categories. The Lund improvement plan is addressing its remaining operational and strategic issues.

The chilled food sector has a substantial product innovation pipeline based around enhanced shelf life, easy-opening and re-sealable features that will assist in delivering improved margins over the next few years.

The processed food sector had a substantially stronger 2005-06 year, with earnings and returns well up on the 2004-05 year. It is developing strong commercial strategies focusing on attractive segments such as coffee, ready meals and liquid beverages. As a result of these initiatives, the processed food business should deliver returns in excess of the cost of capital in the 2006-07 year.

The closure of the plant in the United Kingdom is proceeding to schedule and the business transfer program has commenced. Production ceased in November 2006. Key pieces of equipment will be transferred to other Amcor sites, including Russia.

For the plant closure in Germany, the social plan has been agreed and business transfers have commenced. Production will finish by November 2006. The planned benefit from the closure of these two plants is 10 million and will be fully realized in the 2007-08 year.

The major challenges for the food flexibles business in the 2006-07 year are the recovery of non-resin cost increases, particularly aluminium foil, energy and wages, tighter management of working capital and the continuing delivery of improvements in under-performing plants. With oil prices remaining high, it is anticipated there will be further pressure on raw material prices that will need to be recovered in the marketplace.

Healthcare

Formed in April 2006, Amcor Flexibles Healthcare incorporates Amcor s flexible packaging activities in the Americas and healthcare packaging plants in Europe. Amcor Flexibles Healthcare is a global leader in flexible packaging for the medical and pharmaceutical markets. Headquartered in Chicago, USA, it has over 2,200 employees and 16 manufacturing facilities in 10 countries. In addition, the group coordinates strategy and commercial activity with flexible healthcare activities in Asia. Overall sales were 523 million in 2005-06, up 7.5% on the previous 2004-05 year.

Healthcare Americas

Sales increased 9% in 2005-06 through a combination of the commercialization of new products, the impact of pass through of higher raw material costs and targeted volume increases.

Despite raw material supply and cost volatility in 2005-06, which was particularly accentuated by hurricanes Rita and Katrina, the business was able to maintain continuity of customer supply.

Improved operational performance, particularly in reducing waste, combined with good sales growth to deliver higher earnings in 2005-06.

The business has commenced work on the installation of a new press and laminator. This investment will serve to support the growth strategy of the business by increasing its offerings in selected attractive segments while leveraging strong European technologies and customer relationships.

Healthcare Europe

Sales increased 8% in 2005-06 compared to 2004-05 through growth in the medical, pharmaceutical and personal care segments as well as the passthrough of raw material price increases.

The business had a mixed result for the 2005-06 year with strong performance across a number of plants offset by a poor result at one site. This poor performance is being addressed through a focus of key resources on increasing export sales, decreasing the plant s cost base and improving its operating efficiencies.

Amcor Flexibles Healthcare s outlook for the 2006-2007 year is positive, anticipating continued sales growth and improved earnings in Europe.

Rentsch

Amcor Rentsch has leadership of Amcor s global tobacco packaging business and the Amcor Flexibles operations in Eastern Europe. Sales for the 2005-06 year were up 13.8% from 2004-05 to 348.1 million.

The folding carton business, which predominately supplies the tobacco industry, had a sound result in 2005-06 with earnings slightly ahead of the previous 2004-05 year.

Sales were higher for the 2005-06 year, although growth was lower in the second half as the pull forward of demand into the first half due to tax increases in Western Europe was not repeated in the second half. There was continued sales growth in Eastern Europe due in part to the full year impact of additional capacity installed in Russia in October 2004.

Over the past 10 years, cigarette production has progressively moved from Western Europe to Eastern Europe to more closely match production with consumption on a country basis. This trend is ongoing and Amcor has benefited from being a first mover into Eastern Europe and Russia.

The new high-speed press installed in France in September 2005 continued to improve operating efficiencies as the year progressed, although it is still not fully loaded.

Graphic health warnings on tobacco packaging are starting to be introduced in Europe, with Belgium implementing the EU Directive from 2007. Preparing the business for the transition is requiring progressive upgrading of the presses with additional colour printing stations. This program is ongoing.

The outlook for the folding carton business is for another solid year in 2006-07. The Eastern European flexibles business consists of the plant in Poland and the new greenfield plant in Novgorod, Russia, located adjacent to the tobacco packaging plant. The business in Poland delivered improving results as the year progressed and the new plant in Russia has received strong customer support. A second press relocated from the Colodense plant in the United Kingdom, which is closing, will be installed over the next 12 months to meet the continued growth in demand. It is expected that the new flexibles plant in Russia will make a modest profit in the 2006-07 year.

Flexibles Group Outlook

The outlook for the flexibles business is for positive benefits from the restructuring in processed foods and improving performance at underperforming plants to be partially offset by rising input costs and ongoing volatility in resin-based raw material costs.

Overall, earnings are expected to be moderately higher.

Amcor Sunclipse

	Year ended June 30, 2005-06	2004-05	Change %
	A$M	A$M	
Sales	1,292.1	1,218.7	6.0
PBIT excluding significant items	65.1	54.7	19.0
Signficant items before income tax	-	-	-

Amcor Sunclipse had a strong 2005-06 year with PBIT excluding significant items up 19% from A$54.7 million to A$65.1 million and up 18.6% from US$41.0 to US$48.6 million in local currency.

Sales for the 2005-06 year were up 6% to A$1,292.1 million in 2005-06 and up 5.6% to US$965 million in local currency due to a combination of increased raw material costs and increased volumes.

There were no significant items.

Over the past 12 to 18 months, Amcor Sunclipse has undertaken a number of projects to ensure its processes and systems are appropriate in this new environment of continued rising input costs. The business has been focused on:

- recovering cost increases in the market in a timely manner;

- customer and product profitability; and

- improving back-office capabilities to enhance customer service and reduce costs via a new business services centre.

The success of these programs was evident in the improvement of operating margins which was achieved despite substantial cost increases for raw materials, energy and freight. Linerboard costs increased on three separate occasions between November 2005 and May 2006 by US$30, US$40 and US$50 per short tonne. These increases were passed through to customers with minimal impact on margins.

During the 2005-06 year there were numerous increases in costs for plastic-based products, such as stretch wrap and protective packaging, and these were also successfully passed on to customers. Freight costs also increased substantially. The business applied freight surcharges to many accounts, ensuring these costs were largely recovered.

An important element in developing new sales has been the growth in the number of sales people via the Amcor Sunclipse training program. At June 2006, there were 125 additional sales trainees active in the field compared to 47 at June 2005. These additional people had a positive impact, especially in the second half, that should continue in the 2006-07 year.

During 2004-05 and 2005-06, Amcor Sunclipse moved the majority of its back-office functions out of California to the lower-cost location of Tempe, Arizona. This transition caused some disruption, however progress has been achieved in the second half of the 2005-06 year in reducing working capital and improving customer service.

Sunclipse Outlook

The outlook for Amcor Sunclipse remains positive. The 2006-07 year has started well, and provided economic conditions do not deteriorate, earnings are expected to be higher than in 2005-06.

Amcor Asia

	Year ended June 30, 2005-06	**2004-05**	**Change %**
	A$M	**A$M**	
Sales	174.5	182.2	(3.9)
PBIT excluding significant items	29.8	23.1	29.0
Signficant items before income tax	93.8	(9.6)	

Amcor Asia had a solid 2005-06 year with improved earnings across most of the continuing businesses. The earnings for the business reported in the 2005-06 PBIT excluding significant items line comprises an operating PBIT before significant items of Sing$24.7 million and an equity accounted profit after tax of Sing$12.0 million. The latter contribution is predominantly from the investment in the Hong Kong publicly listed company Vision Grande.

The sales, PBIT excluding significant items and average funds employed for both 2004-05 and 2005-06 does not include the contribution for the corrugated operations sold during the 2005-06 year. The PBIT excluding significant items for these businesses is included in the discontinued businesses disclosure.

Returns, measured as PBIT excluding significant items over average funds employed, were 12.7% in 2005-06, however this measure includes the equity accounted profit after tax of Vision Grande and hence is not strictly comparable to the returns measure for the other business units.

During the 2005-06 year, the business underwent substantial change. In February 2006, the sale of the corrugated, sacks and closures business was announced, for a combined value of around Sing$16 million. In aggregate, the businesses sold were loss making for the 2005-06 year.

In December 2005, Amcor announced it had elected to increase its ownership in Vision Grande from 16.7% to 44%, via the injection of its two tobacco packaging operations in China, exercising its previously granted option over Vision Grande shares and taking up an issue of new shares. These transactions were approved by shareholders of Vision Grande in February 2006.

In May, Vision Grande purchased the remaining 68.5% of World Grand Holdings Limited that it did not previously own. Part of the purchase price was an issue of shares to the previous owners of World Grand Holdings Limited. Following this transaction, Amcor s ownership in Vision Grande is 40.1%.

On August 14, 2006, Vision Grande announced that its unaudited first half results were up 20.7% to HK$83.5 million. Amcor s equity accounted share of the full year earnings from Vision Grande was Sing$10.8 million. Amcor received dividends of Sing$7.2 million from Vision Grande during the 2005-2006 year.

The tobacco packaging business outside of China consists of two plants in Singapore and Malaysia. The 2005-06 year s PBIT excluding significant items also included eight months contribution from the two plants in China which were divested to Vision Grande. Overall, in 2005-06, the tobacco packaging plants delivered an improved result with good sales growth.

The flexible packaging business consists of a medical flexible plant in Singapore and two plants in China focused on the food business.

During the 2005-06 year, a new blown film extruder was installed in the Singapore plant to serve the growing medical packaging market.

The flexibles plants in China continue to deliver solid returns in 2005-06. The business is currently relocating the Zhongshan plant in southern China to new premises with improved facilities to enable further growth.

The significant items recognised under AIFRS relating to Vision Grande are A$24.6 million lower under US GAAP. This is due to the following: certain instruments included in the acquisition accounting not being recognised as derivative instruments under US GAAP; a difference in the partial gain recognised on the sale of subsidiaries to Vision Grande; and a difference in the gain recognised on dilution of Amcor s interest in Vision Grande.

Outlook for Asia

The wholly owned tobacco packaging and flexibles plants continue to deliver solid results and should improve earnings in the 2006-07 year.

B. Liquidity and Capital Resources

Amcor believes that its future net cash flows from operating activities and existing credit facilities should be sufficient to fund all of its existing business needs for the foreseeable future, including currently anticipated capital expenditure, debt repayments and other contingent liabilities.

As indicated in the following table, Amcor has expended significant funds on capital expenditure projects and acquisitions over the past two fiscal years.

	Year Ended June 30, 2005-06 (In A$ millions, except percentages)	**2004-05**
Capital expenditure	486	647
Acquisitions	67	46
Gearing: net debt/net debt and shareholders equity	47%	51%
Total liabilities as % of total assets	65%	62%

Capital expenditure commitments and contingent liabilities at June 30, 2006, were A$141.5 million and A$12.9 million, respectively. Acquisition expenditure in 2005-06 of A$67 million included the further investments in Vision Grande.

Amcor ensures that adequate back-up funding facilities are in place to cover the risk of a loss of credit support or a general market disruption. Amcor has arranged back-up facilities to support sources of working capital funding.

Undrawn committed bank facilities available to Amcor at June 30, 2006, totalled A$1,366.5 million.

The following table summarizes the major committed and uncommitted facilities as at June 30, 2006:

- a A$320 million committed bi-lateral multi-currency term loan facility (undrawn at June 30, 2006, A$320 million), maturing September 2007; and

- a A$300 million committed multi-currency term loan facility (fully drawn at June 30, 2006, A$300 million), maturing December 2007; and

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- a US$1,250 million committed syndicated revolving multi-currency loan facility (undrawn US$700 million),, maturing June 2007 (Tranche B) and June 2011 (Tranche A); and
- a A$600 million uncommitted promissory note facility (undrawn A$510 million);and
- a US$400 million uncommitted commercial paper program (undrawn US$311 million); and
- a US$200 million uncommitted multi-currency Euronote facility (undrawn US$200 million).

Amounts drawn under the committed facilities incur a margin over the applicable LIBOR or bank bill rate, based on the Amcor Limited credit rating. Commitment fees are charged on either the full or undrawn portion of each facility. The uncommitted facilities incur a margin of between 3 to 15 basis points over the applicable LIBOR or bank bill rate, depending on size, tenor and demand. Members of each dealer panel are paid an incentive and paying agent fee on each settled promissory or commercial paper issue.

Total borrowings increased from A$2,477 million at June 30, 2005 to A$2,775 million at June 30, 2006. Net of cash and short-term deposits, net debt was A$2,875.8 million as at June 30, 2005 compared with net debt of A$3,125.6 million at June 30, 2006.

Amcor s debt profile for its last two fiscal years is shown below:

	Year Ended June 30, 2005-06	**2004-05**
	(In A$ millions, except percentages)	
Long-term debt (excluding undated subordinated convertibles but including finance leases)(1)	2,084.9	1,917.3
Net debt/(cash surplus)(2)	3,125.60	2,875.80
Average interest rate(3)	5.54%	4.94%

(1) Non-current liabilities (i.e. debt which is due to be repaid more than twelve months after balance date).

(2) Current and non-current bank and other borrowings, current and non-current lease liabilities and subordinated convertible notes net of cash and deposits.

(3) Includes an interest rates of subordinated convertible securities.

By keeping a proportion of variable-rate debt, Amcor was able to maintain the average interest rate paid on all borrowings in 2005-06 at 5.54% (2004-05 4.94%). Net interest cover at 3.1 times is lower than at June 30, 2005 (4.4 times) and is well within the prudential limit established by Amcor s Board of Directors. Balance sheet gearing (net debt as a proportion of net debt plus shareholders equity) was 47% at June 30, 2006, compared with 51% as at June 30, 2005.

Amcor retains Standard & Poor s and Moody s Investor Services to provide an independent rating of its creditworthiness. This provides a current assessment of the Group s overall financial capacity to meet its financial obligations. Current credit ratings for Amcor are as follows:

Short-term:	A-2 (Standard & Poor s)
	P-2 (Moody s)
Long-term:	BBB (Standard & Poor s)
	Baa1 Stable Outlook (Moody s)

Amcor believes that having an investment grade rating delivers a conservative capital structure, retains financial flexibility, provides a buffer through the business cycle and allows good access to capital as required.

Amcor believes that it maintains a high level of liquidity including positive working capital, cash balances and substantial credit facilities (described above). Total working capital at June 2005 was A$1,209 million compared with A$977 million at June 2006. This was a decrease of A$232 million. This decrease included the movement in working capital in the discontinued operations. These discontinued businesses carried A$130 million in working capital.

The following table sets forth Amcor s cash flow information for the last two fiscal years:

	Year Ended June 30, 2005-06	**2004-05**
	(In A$ millions)	
Net cash inflow from operating activities	964.1	901.8
Net cash outflow from investing activities	(247.0)	(599.9)
Net cash outflow from financing activities	(870.7)	(197.6)
Net increase/(decrease) in cash and cash equivalents held	(153.6)	104.0

Operating cash flow improved by A$62.3 million in 2005-06 compared to 2004-05 due to an improved in net cashflow received from customer and paid to suppliers of A$125.5 million, and a reduction in income taxes paid of $36.4 million, offset by an increase in finance expenses paid.

The decrease in cash outflow from investing activities in 2005-06 reflects lower levels of expenditure on acquisitions and capital and A$297.5 million in proceeds received on disposal of the White Cap metal closures business.

Net cash outflow from financing activities has increased in 2005-06 mainly due to the net proceeds from borrowings and repayment in debt of A$627.3 million.

Issued share capital increased from 878.2 million Ordinary Shares outstanding at June 30, 2005 to 890.3 million Ordinary Shares outstanding at June 30, 2006 due primarily to the conversion to ordinary shares of convertible securities of 18.2 million shares (refer F-78) less the share buy-back of 8.2 million shares.

On May 25, 2006 (April 19, 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 A$57,836,513 (2005: A$15,442,612) being an average, including incidental costs, of A$7.06 (2005: A$7.00) per share.

C. Research and Technology

Research and Development continues to be an integral part of Amcor s strategy. There is a global coverage with centres in Europe, North America and Australasia. These centers are responsible for provision of product innovation, technical support, design and intellectual property management.

The centers support their specific region and businesses as well as combining resources on a number of joint projects. Furthermore, there is exchange of information between the groups to ensure that local solutions are made known to other relevant groups. During 2005-06 Amcor spent approximately A$37 million on research. This compares with A$39.7 million in 2004-05.

Amcor Research and Technology has led the generation of packaging related intellectual property in key food and beverage segments through:

- Strategic technology platforms for leadership and innovation;
- Development of technology roadmaps of market trends and emerging technologies;and
- Cross functional teams including customers and global Amcor division focused on high value projects.

Amcor is a significant owner of registered intellectual property, with in excess of 400 different patents, 400 trade marks and 200 registered designs. Many of these are registered in more than one country, consequently multiplying the number of patent, trademarks and registered designs owned by Amcor; for example, Amcor owns more than 1,000 individual patents. Amcor has also registered the Amcor trade mark in more than 60 countries as part of its objective to be a globally recognized brand.

D. Trend Information

Relevant trends are discussed for Amcor as a whole and for each business in Item 5A Operating Results .

E. Off-Balance Sheet Arrangements

There are no significant off balance sheet arrangements.

F. Tabular Disclosure of Contractual Obligations

Contractual and Commercial Commitments as at June 30, 2006

Contractual and Commercial Commitments

	Not later than 1 year	1 and 3 years	3 and 5 years	later than 5 years	TOTAL
Capital Expenditure (1)	141.3	0.2	-	-	141.5
Finance Leases (2)	9.8	33.7	19.3	10.1	73.0
Operating Leases (3)	125.8	193.5	111.4	176.7	607.4
Other Expenditure (4)	64.7	54.6	8.8	15.7	143.8
Long-Term Debt	-	299.4	826.1	901.6	2,027.1
Interest on Debt (5)	139.5	187.7	163.0	110.9	601.1
Pension Benefit Obligations (6)	37.7	87.0	95.9	42.8	263.4
Payments under forward exchange contracts (7)	211.1	17.7	-	-	228.8
Commodity contracts (7)	38.3	1.0	-	-	39.3
TOTAL	768.2	874.9	1,224.5	1,257.8	4,125.4

(1) Capital expenditure for plant and equipment contracted but not provided for.

(2) Amcor leases equipment under finance leases expiring from one to 20 years. At the end of the lease term we have the option to purchase the equipment at an agreed residual.

(3) Amcor leases motor vehicles, plant and equipment and property under operating leases. Leases generally provide us with a right of renewal at which time all terms are renegotiated.

(4) Expenditure contracted but not provided for covering supplies and services to be provided.

(5) Interest commitments based on June 30, 2006 debt and facility maturity terms.

(6) Expected contributions by the company for defined benefit liabilities, based on actuarial recommendation of contributions as at June 30, 2006.

(7) Represents the gross $A equivalent of foreign exchange and commodity contract commitments.

ITEM 6 DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

A. Directors and Senior Management

Details of the Directors in office at the date of this Annual Report are:

C I (Chris) Roberts *BCom*

Independent Non-Executive Director and Chairman

Current term expires in October 2007.

Substantial knowledge of fast-moving consumer products, where the packaging component is significant, gained through executive roles in Australia, New Zealand, the United Kingdom and Indonesia. Currently a director of Australian Agricultural Company Ltd (since June 2001), Director of The Centre for Independent Studies (since August 2004) and Deputy Chairman since March 2006. Director of Control Risks Group Limited (since October 2006). Former roles include Chairman and Managing Director of Arnotts Ltd (January 1996-January 1999), Managing Director of Orlando Wyndham Wines Ltd (October 1987-December 1990), Chairman of Email Ltd (June 1999-February 2001), Director of Telstra Corporation Ltd (December 1991-November 2000), Chairman of Winifred West Schools Ltd (February 2003-March 2004) and Director of MLC Life Ltd (August 1992- February 1995). Former Director of Petaluma Wines (February 1999-December 2001) and Cockatoo Ridge Wines Ltd (January 2002-May 2006). Chairman of Executive and Nomination Committees, member of the Human Resources Committee and Superannuation Committee. Previously a member of the Audit and Compliance Committee from 1 July 2004 to 7 December 2005. Director since February 1999 appointed Chairman 2000. Appointed Executive Chairman from December 2004 to June 2005. Continues as Non-Executive Chairman from July 2005.

K N (Ken) MacKenzie *BEng*

Managing Director and Chief Executive Officer

Appointment ratified at the 2005 AGM. Notice Period 12 Months.

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

Former positions: Group Managing Director, Amcor Rentsch and Closures 2001-2005; Group General Manager Amcor Flexibles Australasia 1999-2001; General Manager Corporate Sales and Marketing, Amcor Containers Packaging 1997-1999; Senior finance and operational roles, Amcor PET Packaging North America 1992-1997; Prior to joining Amcor, Manager Manufacturing Strategy Practice, Accenture 1987-1992. Member of Executive and Human Resources Committees. Appointed Managing Director and CEO July 2005.

R K (Keith) Barton *BSc, PhD, FTSE, FAICD.*

Independent Non-Executive Director

Current term expires in October,2009.

As a former Managing Director of James Hardie Industries Ltd (April 1993-October 1999) and Executive Director CSR Ltd (January 1990-March 1993), Dr Barton has gained broad management experience in manufacturing in Australia and internationally. Currently Director of Air Liquide Australia Ltd (since December 2004), Coles Myer Ltd (since July 2003), Tower Ltd (since October 2001, Chairman since July1, 2006) and Vision Australia (since November 2004). Previously director of Goodman Fielder Ltd (Chairman) (March 2002-April 2003). Member of Executive and Audit and Compliance Committees. Director since November 1999.

G J (John) Pizzey *BEng (Chem), Dip. Mgt., FIE Aust. FAICD, FAIM.*

Independent Non-Executive Director

Current term expires in October 2009.

Extensive knowledge of the international resources industry and general management. Formerly Executive Vice President and Group President Primary Products for Alcoa Inc. Chairman of London Metal Exchange. Currently a Director of Iluka Resources Ltd (since November 2005), St Vincent s Institute of Medical Research (since April 2004) and Ivanhoe Grammar School (since November 2003). Previous directorships held; WMC Resources Ltd (November 2003-June 2005), Alcoa of Australia (April 1999-December 2003), ION Limited (in administration) (October 1999-August 2005), Chairman 2004- 2005, Range River Gold Limited Chairman 2004-April 2006, London Metal Exchange Limited (UK) (1997-December 2003), London Metal Exchange Holdings Limited (UK) (December 2002-December 2003), International Aluminium Institute Ltd (UK) (1998-December 2003), and various subsidiaries of Alcoa Inc (USA) (1994-2003). Member of Executive, Human Resources, and Nomination Committees. Chairman of the Amcor Superannuation Fund. Director since September 2003.

E J J (Ernest) Pope *BSc*

Independent Non-Executive Director

Current term expires in October 2008.

Broad international experience over 38 years in the food and beverage manufacturing industries, including senior executive positions based in Australia, the Philippines, USA, New Zealand and Switzerland, plus extensive business travel and direct responsibilities over many years throughout Europe, Asia, South Africa and the Middle East. This includes 22 years with the Nestlé Group (1983-March 2005) and 16 years with Kraft Foods Limited (1967-1982). Former roles include Managing Director Nestlé Australia, President and CEO Nestlé Purina Asia-Pacific, Africa and the Middle East region. Currently Chairman of Golden Circle Limited (since May 2005) and a Director of Alesco Corporation Limited (since December 2004). Appointed Director of Foodbank NSW Ltd, February 2006. Formerly a director with the Nestlé Group on various boards in Australasia, South Africa and Asia (retired March 2005) and Southcorp Limited (October 2003-May 2005). Also a former Director of the Grocery Manufacturers of Australia and then a Founder and Director of the Australian Food and Grocery Council. Member of Human Resources and Nomination Committees. Elected to the Amcor Board of Directors at the AGM on October 27, 2005.

J G (John) Thorn *FCA*

Independent Non-Executive Director

Current term expires in October 2008.

A partner with PricewaterhouseCoopers for over 20 years, serving major local and international companies. National Managing Partner of the Australian firm of PWC from 2001 until retiring from that position in September 2003. Extensive global experience, in particular in the Asia Pacific region, in audit, accounting, corporate governance and international management groups. Director of Caltex Australia Limited (since June 2004), National Australia Bank Limited (since October 2003) (Audit Committee Chairman) and Salmat Limited (since September 2003). Chairman Audit and Compliance Committee (since February 2005) and member of the Superannuation Committee. Director since December 2004.

G A (Geoff) Tomlinson *BEcon.*

Independent Non-Executive Director

Current term expires in October 2007

With extensive experience in, and exposure to, the financial services industry in Australia and internationally, Mr Tomlinson is a former Group Managing Director of National Mutual Holdings Ltd (October 1992-September 1998). Currently Chairman of Programmed Maintenance Services Limited (since August 1999) and Dyno Nobel Ltd (since February 2006), Director of National Australia Bank Ltd (since March 2000). Formerly Chairman of Neverfail Spring Water Ltd (April 1999-September 2003), Director of Pineapplehead Ltd (March 2000-June 2002), Chairman of Reckon Ltd (June 1999-August 2004) and Chairman of Funtastic Ltd (May 2000-May 2006), Deputy Chairman of Hansen Technologies Ltd (March 2000-May 2006) and Director of Mirrabooka Investments Ltd (February 1999-April 2006). Chairman of the Human Resources and Superannuation Committees and member of the Audit and Compliance Committee. Director since March 1999.

In addition to the Executive Director of Amcor noted above, details of the Executive Officers of Amcor who are not Directors at the date hereof are as follows:

Gerard Blatrix,
Managing Director, Amcor Flexibles Food
Joined Amcor in 2001 following the acquisition of Danisco and Ackerlund & Rausing flexible packaging business. Appointed to current role in April 2006. Term of agreement Open. Notice Period: 12 months. Previous positions within Amcor include: Managing Director Amcor Flexibles Fresh Food 2003-2006, Managing Director Amcor Flexibles Southern Europe 2001-2003. Other senior positions in the packaging industry prior to joining Amcor include; Managing director of the French company and Managing Director of the European Business Unit Healthcare and Technical applications, VAW Flexible (1996-2001); and various plant management positions and Manufacturing Director in the Food Division Europe with Crown Cork & Seal (1987 1996).

E.E. (Eric) Bloom B.Sc ME, MBA

President and Chief Executive Officer, Amcor Sunclipse North America

Joined Amcor in 1995 and appointed to current position in 2002. Term of agreement - Open. Notice Period: 6 months.

Previously Research and Development Design Engineer, Director and later Vice President of Manufacturing. Previous senior manufacturing roles held at Fortune Brands and Black and Decker. Director of National Paper Trade Association (NPTA).

Peter Brues, B. Comm., CA
President, Amcor Flexibles Healthcare
Joined Amcor 1994 and appointed to current position in April, 2006. Term of agreement Open. Notice Period: 12 months Former positions: President Amcor Flexibles Americas 2003-2006; Vice President Operations, Amcor Flexibles Europe 2001-2003; Vice President Strategic Development, Amcor Ltd 2000-2001; Director Operations, Amcor Flexibles North America 1998-2000; Chief Financial Officer, Amcor Twinpak North America 1996-1998; Corporate Controller, Amcor Twinpak North America 1994-1996; Prior to joining Amcor, Senior Associate, KPMG 1990-1994.

Chan Chew Keak (Billy) C Eng (UK), MBA

Managing Director, Amcor Asia

Joined Amcor in 1993 and appointed to current position in 1998.

Term of agreement - Open. Notice Period: 12 months. Ten years experience with Carnaud Metal box including Managing Director and Managing Director AMB Packaging Pte Ltd

Jerzy Czubak, MA, MBA.
Managing Director, Amcor Rentsch & Amcor Flexibles Eastern Europe
Joined Amcor in 1994 as Managing Director of Amcor Rentsch, Poland. Term of Agreement Open. Notice Period: 12 Months. Other positions: Managing Director, Amcor Flexibles, Poland; Managing Director Amcor Rentsch, Eastern Europe; Operations Director Amcor Rentsch Europe. Appointed to current role in May 2005.

C. Research and Technology

W.P. (Peter) Day LLB (Hons), MBA, FCA (UK & Aust), FCPA

Executive General Manager Finance

Joined Amcor in 2001 and appointed Executive General Manager Finance in June 2001. Term of agreement - Open. Notice Period: 6 months.

Previously Executive Director Finance Bonlac Foods Limited. Former deputy chairman of the Australian Securities and Investments Commission (ASIC). Former Chairman of the Australian Accounting Standards Board. Member of International Accounting Standards Board s Working Group on Performance Reporting

R (Ron) Delia BSc (Marketing) MBA

Executive General Manager Operations Development

Joined Amcor in September 2005 and appointed to current position in 2005. Term of agreement Open. Notice Period: 6 months.

Extensive experience in working with global manufacturing and packaging businesses. Previously Associate Principal with McKinsey & Company and Senior Sales Representative with Pechiney (now Alcan).

Steve Keogh, B.Comm (Economics)
Executive General Manager Human Resources
Joined Amcor in January 2006. Term of agreement Open. Notice Period: 12 months.

Previously held a number of senior HR management roles within BHP Billiton, the world s largest diversified resources company. During his career with BHP Billiton, Mr. Keogh worked in Australia and the USA in senior Human Resources positions in the minerals and steel businesses and was appointed Vice President HR for BHP Minerals in 2000. Following the merger of BHP and Billiton in 2001, Mr. Keogh held HR responsibilities for significant parts of that organisation, including senior executive resourcing projects and executive remuneration for the BHP Billiton Group. Mr. Keogh has extensive experience in international HR management.

L.J. (Lou) Lachal BSc, B.Bus**.**

Managing Director Amcor Australasia

Joined Amcor in 1980 and appointed to current position in July 2005. Term of agreement - Open. Notice Period: 12 months.

Extensive experience in working overseas and with a diversified international business. Previous positions in Amcor include General Manager Commercial, Amcor Packaging; Deputy Managing Director Amcor Packaging (Europe) Ltd; Commercial Director Amcor Packaging (Europe) Ltd; Mill Manager Broadford. Appointed Group General Manager Commercial Operations in April 1998. Chief Financial Officer from July 2000 to June 2001, Executive General Manager Operations from July 2001 to December 2004, and Acting Chief Operating Officer from December 2004 to June 2005.