

Annual Report 2008

Message to our shareholders

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

Earnings for the 2008 year were \$369.1 million (after tax and before significant items), down 7% on the previous year's \$397 million. The result was adversely impacted by the translation of overseas earnings into Australian dollars and a reduction in earnings due to the sale of businesses.

The negative translation impact of the higher Australian dollar on reported profit after tax was \$32 million.

On a continuing business basis, expressed in constant currency terms, the profit before interest and tax (PBIT) was up 9.4%. This increase continues the momentum established in the second half of the 2006/07 year when earnings for the continuing businesses, expressed in constant currency terms, were up 10.7%.

The Company generated excellent operating cash flow of \$418 million. This follows similarly strong performances in the two previous years of \$644 million in 2006/07, and \$522 million in 2005/06.

The improvement in the underlying performance of the continuing operations, expressed in local currency terms, combined with the third year of strong operating cash flow, has enabled the Board to declare a final dividend of 17 cents per share, giving a full year dividend of 34 cents per share.

Significant Items

Significant items for the year were a loss of \$110.3 million (after tax), primarily comprising restructuring expenses in Australasian Fibre and European Flexibles.

'The Way Forward'

This program was outlined to shareholders in August 2005 and involves a three year agenda focusing on improving execution in a number of key disciplines.

Over the past 12 months, there has been continued progress across all the key metrics. These improvements have made significant contributions to increasing profit before interest and tax for the business groups.

The main components of 'The Way Forward' are:

- A portfolio review to ensure the Company remains only in those businesses that have strong market positions;

Ken MacKenzie

Managing Director
and Chief Executive Officer



Chris Roberts

Chairman



Message to our shareholders (continued)

- Building excellence in sales and marketing to help develop a more customer focused organisation;
- Driving costs out of the business;
- Improving all aspects of capital discipline;
- Developing talent management processes; and
- Changing the culture of the Company.

The portfolio review has resulted in asset sales of \$1.25 billion and the business portfolio is now focused on those market segments where Amcor has strong market positions and sustainable competitive advantages that will deliver profits over the long term.

The proceeds from the asset sales have been used to retire debt, complete \$680 million in share buy-backs, and reinvest in markets which exhibit the highest growth and return opportunities.

Specifically, these growth markets are:

- Custom PET containers in the Americas;
- Flexible and tobacco packaging in emerging and attractive markets; and
- Beverage packaging in Australasia.

To date, \$680 million has been allocated for growth reinvestment with the main projects being:

- A \$150 million furnace for the wine bottle plant in Gawler, South Australia. This is the third furnace installed at the site and upon completion in the first half of the 2010 calendar year, the plant will have production capacity of 600 million bottles per annum. Since commencing operations in 2002, the business has consistently delivered high levels of quality, service and innovation and has received strong support from the wine industry;
- A US\$80 million PET bottle plant, focused on the production of Gatorade™ bottles for PepsiCo in the US and located adjacent to the PepsiCo filling plant. This plant had its first full year of production in 2007/08;
- A €30 million Flexibles plant in Poland, that commenced production in May 2008, dedicated to PepsiCo for snack food products. This is a market segment that is growing at greater than 20% per annum in Central and Eastern Europe;
- A €25 million investment to relocate and upgrade the existing Flexibles plant in Poland including the installation of two new production lines;
- A €34 million investment in the tobacco packaging operations in Eastern Europe.

This includes a new plant in the Ukraine and expanding capacity at the plants in Russia and Poland; and

- A SG\$281 million investment in a combination of cash and tobacco packaging plants to acquire shares in the Hong Kong publicly-listed company AMVIG. This company has approximately 20% of the tobacco carton market in China.

A second component of building strong market positions is to improve those businesses that are well positioned in their market, but have poor operational performance. There were three business segments in this category and comprehensive turnaround plans were developed for each of them.

The Mexican PET business has successfully completed a two year program to improve profitability by US\$16 million. Under a new management team, there have been a number of initiatives implemented that have substantially improved operating efficiencies and positioned the business for future growth.

The Australasian Fibre business is undertaking a \$300 million restructuring program to deliver cost savings of \$80 million per annum. The first phase of this restructuring has been a comprehensive plant rationalisation program involving the closure of four plants and the equipment from these plants relocated to other sites. It also included the installation of new machinery and a reduction of more than 450 co-workers.

The magnitude of this restructuring and the pace of implementation resulted in a period of poor customer service and higher than anticipated operating costs, especially during the 2007/08 year. These issues are being addressed and improved operating efficiency is anticipated in the current year.

The second phase of the program is the construction of a new recycled-paper mill at Botany, New South Wales (NSW).

This mill will have capacity of 345,000 tonnes per annum and be capable of producing paper grades from 80 gsm to 200 gsm. The ability to offer the lightest weight papers in the Australian market will substantially enhance the value proposition to customers and be an important factor in delivering more environmentally friendly packaging. The net cost of the mill after the sale of excess land, is \$230 million, and it is expected to start production by October 2010.

Following the commissioning period, the initial cost reductions from the new mill are expected to be \$40 million per annum. This reduction in costs is an important component of the \$80 million per annum improvement anticipated in the fibre turnaround program.

The Flexibles business in Western Europe is also undertaking a comprehensive repositioning program aimed at:

- Strengthening market positions through better leverage of technology and manufacturing capabilities;
- Increasing the weighting of production in lower cost regions, particularly in Southern and Eastern Europe;
- Improving alignment to customer needs and market trends; and
- Creating a strong platform for innovation and continued growth.

Upon completion, the business will have a smaller number of larger plants with improved technology or market segment focus. The project will deliver an improved cost position of €30 million per year for a net cash outlay of €60 million, with the full benefits in the 2009/10 financial year.

During the year, there were a number of important developments in this program:

- In the film extrusion operations, the number of sites will be rationalised from nine to three and the remaining sites upgraded with investment of €28 million. The plants in Denmark, the UK and Spain will close their extrusion operations and relocate production volumes to the remaining extrusion sites.
- The operations in Lund, Sweden and Somerset in the UK have been sold as they did not meet the strategic requirements for the future of the Flexibles business. These plants predominantly supplied unprinted commodity films and were located in high cost regions.
- To increase capacity in Eastern Europe, €27 million is being invested to relocate and expand the Flexibles plant in Poland.
- In the UK, two flexographic printing plants have been consolidated into a single site. This has doubled the size of the remaining site, lowering its cost base and ensuring the long term viability of the plant.

At the end of this program, the business will not only have larger and more focused plants, but also be in a substantially stronger position to be a leader in improving the value proposition to customers via product innovation, improved quality and enhanced service.

Cash Flow and Capital Management

Another important component of 'The Way Forward' agenda is capital discipline. This involves a focus on all aspects of the generation and use of cash. Over the past three years, there has been a substantial improvement in capital discipline within Amcor, resulting in an aggregate free cash flow over that period of \$650 million.

A key driver of this improvement has been a significant improvement in the management of working capital. Over this period, average

'Amcor is transitioning to a more growth-orientated agenda.'

working capital to sales has reduced from 13.3% in 2004/05 to 9.9% in 2007/08. This improvement has resulted in a reduction in working capital for the continuing businesses of \$650 million (since 2004/05). For the 2007/08 year, working capital reduced by \$140 million.

The free cash flow, combined with proceeds from asset sales of \$1.25 billion, has resulted in a gross cash inflow of \$1.9 billion over the past three years. This cash has been applied to growth capital, retiring debt and \$680 million in two share buy-back programs.

Following the share buy-backs, the balance sheet remains in a strong position with gearing measured as net debt over debt plus equity reducing from 44.6% to 42.9% in 2007/08. Interest cover measured as profit before interest, tax, depreciation and amortisation (PBITDA) to net interest improved from 5.6 to 6 times.

The Company has an excellent debt position and strong interest coverage. The net debt at 30 June 2008 was \$2.25 billion with an average maturity on the non-current drawn debt of 3.6 years.

It is pleasing that, given financial market turmoil, the Company has a strong balance sheet and an excellent diversified debt profile.

Review of Business Performance

There is a detailed review of operational performance on pages 4 to 13 of this report.

In summary, the PET Packaging operations had an excellent year with significantly improved earnings and returns. There was strong volume growth of 24% in the high value add custom container segment and ongoing improvement in the operations in Mexico.

The Australasian business had a mixed year with the flexible packaging and glass wine bottle operations having solid results, however the fibre and beverage can divisions had lower earnings.

Within the global Flexibles segment, the food and healthcare operations had solid performances, benefiting from improved plant efficiencies and timely recovery of raw material cost increases. The tobacco packaging business in Europe was negatively impacted by higher than anticipated volumes causing additional unrecovered plant costs.

The distribution business, Amcor Sunclipse, based in California, achieved a good result despite slowing economic conditions in the US during the second half of the year.

The Asian operations also had a good year with the investment in the Hong Kong publicly listed company, AMVIG continuing to deliver strong growth through a combination of acquisitions and organic opportunities.

Summary

Three years into 'The Way Forward' agenda, Amcor is far better positioned across all aspects of its operations than it was in June 2005.

The portfolio has been strengthened and is focused on those businesses and market segments where there are sound industry fundamentals.

The large turnaround projects are progressing well with a number of significant milestones achieved.

There has been an intensive program over the past three years developing capabilities in customer and market focus, capital discipline, cost reduction and talent management. These are the foundations that underpin future growth and the benefits from these efforts are increasingly evident in the results.

The culture within Amcor has changed. There is a greater focus on customers and a more disciplined approach across all aspects of the operations.

Importantly, there has been positive momentum in the earnings growth for the continuing businesses over the past 18 months. This commenced in the second half of the 2006/07 fiscal year and has continued into the 2007/08 year.

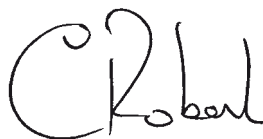
Amcor's businesses predominantly supply packaging for consumer staples and are relatively defensive when compared to the broader market. Notwithstanding this, input costs continue to increase and need to be recovered through higher selling prices. This could be more difficult to achieve in markets where the demand is showing signs of softening.

From a strategic perspective, Amcor is transitioning into a new phase of development. 'The Way Forward' agenda is delivering against expectations and the organisation is moving towards a more growth-orientated agenda.

This growth remains focused on custom PET, Flexible and Tobacco Packaging in attractive and emerging markets, as well as the beverage segment in Australasia, and will be a mixture of organic projects and acquisitions.

The Amcor Board is confident that the changes undertaken over the past three years will deliver sustainable benefits, and that the Company is well positioned to embark on the next phase of Amcor's growth.

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



Chris Roberts

Chairman



Ken MacKenzie

Managing Director
and Chief Executive Officer

Review of Operations

Amcor PET Packaging

Results

A\$	2008	2007
Net sales (mill)	2,933	3,065
Change (%)	(4.3)	
PBIT (mill)	221.1	195.4
Change (%)	13.2	
Operating margin (%)	7.5	6.4
Average funds employed (mill)	1,837	2,035
PBIT/AFE (%)	12.0	9.6
US\$		
Net sales (mill)	2,636	2,411
Change (%)	9.3	
PBIT (mill)	198.8	153.7
Change (%)	29.3	
Operating margin (%)	7.5	6.4
Average funds employed (mill)	1,651	1,601
PBIT/AFE (%)	12.0	9.6
Average exchange rate A\$/US\$	0.90	0.79

(Continuing operations before significant items)

Amcor PET Packaging is headquartered in Ann Arbor, Michigan (US) and employs 5,168 people at 45 sites – comprising 34 manufacturing locations and 11 on-site injection and blowing facilities in 12 countries. Amcor PET Packaging is one of the world's largest producers of PET (polyethylene terephthalate) containers. It produces PET containers and preforms for a wide variety of food and beverage applications, and supplies PET containers to the personal care, household chemical and agro-chemical industries.

PET Packaging had an outstanding year in terms of earnings and returns. Profit before interest and tax and before significant items (PBIT), on a continuing business basis and expressed in local currency terms, was up 29.3% to US\$198.8 million. The business benefited from higher volumes and a favourable product mix with the operations in both North America and Latin America improving on the 2006/07 year.

Returns, measured as PBIT over average funds employed, increased from 9.6% to 12%.

Capital expenditure was US\$166.2 million, comprising US\$104 million for base capital spending, net of disposals, and US\$62.2 million for growth capital to expand capacity in the custom container market.

Working capital continues to be well managed. Average working capital to sales improved from 6.7% in 2006/07 to 5.3% for the 2007/08 year.

In June 2007, the European PET business was sold. For the 2006/07 year, this business had earnings of US\$51.9 million.

Volumes for the year, on a continuing business basis, were up 3.7% to 28.7 billion units. Custom container volumes, which represent 32% of the overall product mix, were up 23.7% over the prior year, due largely to volumes associated with the new Wytheville plant in the US. Carbonated soft drink (CSD) and water volumes were down 3.6%, with volumes in this segment slightly higher this year in Latin America and lower in North America.

North America

The North American business had a strong year with an improved product mix and excellent operating performance. Volumes were up slightly at 1.3%, with custom containers increasing 26%. Custom containers represented 39% of the total volumes for the year. Volumes in the carbonated soft drink (CSD) and water categories were 10% lower reflecting the strategic decision to increase the focus on custom containers and be more selective in the CSD and water categories.

Cash Flow

US\$ million	2008
PBITDA	338.8
Base capital expenditure	(104.0)
Movement in working capital	(3.8)
Significant items	(0.6)
Operating cash flow	230.4
Growth capital expenditure	(62.2)

(All operations)

There has been substantial progress in growing the custom hot-fill category including:

- The new US\$80 million facility in Wytheville, Virginia (US), which supplies Gatorade containers, had its first full year of operation. This plant is located adjacent to a new PepsiCo filling facility, and has a capacity of over 1 billion units annually; and
- The new panel-less heat set container, PowerFlex™, continues to gain momentum in the marketplace. More than 20 brands of premium beverages have been introduced in PowerFlex™, including two national brands. Capacity is now in place to supply the package on both the East and West coasts and the business is continuing to install capacity to meet the growing demand.

During the past three years, the business in North America has undertaken a significant footprint rationalisation, together with improvements in manufacturing performance. This has positioned the North American business with an excellent value proposition based on an efficient manufacturing platform, excellent quality, consistent service performance and industry leading innovation. The results in the 2007/08 year reflect the benefits from this three year program.

The business historically has offset inflationary cost increases with productivity improvements and operating cost reductions. While there will be continuous improvement in these areas, higher inflationary costs are no longer able to be fully absorbed and need to be recovered through higher selling prices.

Resin cost movements, which have the largest impact on the cost of manufacturing, are passed onto customers via established contract mechanisms. For the 2007/08 year, there was a benefit from inventory timing gains due to rising resin costs. If resin prices fall in 2008/09, there will be some losses incurred on inventory valuations. In the area of energy cost increases, the business has made substantial progress in recovering these increases via contractual pass-throughs.



‘The PET Packaging operations had an outstanding year, with improved product mix and excellent operating performance.’

William Long

President
Amcor PET Packaging

Latin America

The business in Latin America also had a strong year. Volumes were up 6.8%, with CSD and water up 5% and custom containers up 15.5%. Custom container volumes now comprise 18.1% of the product mix, up from 16.7% for the 2006/07 year. The region has favourable demographics, increasing per capita income and ongoing replacement of glass with PET that continues to support overall growth.

The operations in Mexico have successfully undertaken a two year turnaround program that has delivered the expected earnings improvement of US\$16 million. The business has closed four sites, substantially improved operating efficiencies and undertaken a comprehensive program to improve the quality of its people. The business is now well positioned for future growth.

Across Central and South America, earnings were up on the same period last year with strong year over year performances in Argentina, Brazil and Venezuela. In Brazil the program to move on-site with a large customer has been successfully completed and in Venezuela there was a favourable mix shift to custom containers.

All other countries met or exceeded last year's performance, except for Colombia where the business experienced operational performance issues as it transitioned from a CSD and water, to custom product mix.

Bericap

The majority-owned joint venture in Bericap North America is managed and reported within the PET Packaging segment. This business has one plant in Ontario, Canada and one in California in the US. A third plant in Spartanburg, South Carolina commenced operations in March 2008.

The sales and margins from the plant in Canada were adversely impacted by the high Canadian dollar against the US dollar. The business also expensed startup costs for the new plant. As

a result of these issues, earnings were lower. With the startup of the new plant, the expectation is for improved performance in 2008/09.

Outlook

Earnings are anticipated to improve in the current year, however growth will be substantially lower than the 29.3% achieved in 2007/08 and is dependent on the impact a slowing US economy may have on volume growth.

Review of Operations

Amcor Australasia

Results

A\$	2008	2007
Net sales (mill)	2,215	2,275
Change (%)	(2.6)	
PBIT (mill)	188.5	193.7
Change (%)	(2.7)	
Operating margin (%)	8.5	8.5
Average funds employed (mill)	1,744	1,734
PBIT/AFE (%)	10.8	11.2

(Continuing operations before significant items)

Cash Flow

A\$ million	2008
PBITDA	332.2
Base capital expenditure	(20.8)
Movement in working capital	(2.9)
Significant items	(56.9)
Operating cash flow	251.6
Growth capital expenditure	(21.7)

(All operations)

Amcor Australasia is the most diverse of the Group's business units and supplies a broad range of packaging items. Its products include corrugated boxes, cartons and folding cartons, aluminium cans for beverages, flexible packaging, plastic and metal closures, glass wine bottles, multiwall sacks, paper, cartonboard and paper recycling. It has 60 plants throughout Australia and New Zealand and approximately 5,600 co-workers and as of 6 October 2008, new headquarters in Hawthorn, Victoria (Australia).

Amcor Australasia had a mixed year with solid improvement in earnings in the glass and flexibles operations offset by lower earnings in the beverage can and fibre businesses. Profit before interest and tax and before significant items (PBIT), on a continuing business basis, decreased 2.7% to \$188.5 million.

The Food Can and Aerosol business was sold on 31 October 2007. For the 2006/07 year, these businesses contributed \$28.2 million and for the four months to October 2007 contributed \$7.5 million in PBIT.

Returns for the continuing operations, measured as PBIT over average funds employed, decreased from 11.2% to 10.8%.

Cash significant items were \$56.9 million and predominantly related to the turnaround plan in the fibre packaging business.

Base capital expenditure was \$20.8 million. This comprised gross expenditure of \$117.4 million and proceeds from disposals, excluding the sale of the Food Can and Aerosol business, of \$96.6 million. There was growth capital expenditure of \$21.7 million.

Working capital movement, on a continuing business basis was a \$16.8 million reduction from June 2007 to June 2008.

The operating cash flow for the year was \$251.6 million.

Corrugated

The corrugated business experienced a challenging year with earnings negatively impacted by higher input costs and operating inefficiencies at the corrugated plants.

The corrugated business has undertaken a substantial turnaround program, which commenced in August 2006 and was completed during the second half of 2007/08.

The program included the closure of four plants, headcount reduction of 450 people,

the implementation of a new SAP IT system and the relocation of equipment to other sites. During the first half of the 2007/08 year, the impact of machinery and volume relocations resulted in reduced service performance and lower operating efficiencies at some of the plants. The business also experienced additional overtime costs, increased transportation costs and outside warehousing expenses.

Reduced service levels resulted in delivery in full and on time (DIFOT) falling to unacceptable levels with a consequent loss of volume predominantly with smaller customers. In late 2007, the decision was taken to focus, as a priority, on improving DIFOT. Since that time there has been steady improvement, with the average DIFOT increasing from 81% for the October to December period to an average for the last three months of 95%.

To achieve these improved DIFOT levels, the operations initially incurred additional expenses and higher levels of working capital. As the plants improved their manufacturing efficiencies through the second half of the year, they have begun to reduce overtime and lower operating costs. The current year has commenced with this improving trend continuing.

Price Increases

Over the past three years, there have been significant input cost increases in the corrugated operations, including wastepaper which is up by more than 50%, and for starch, energy and freight, which are all up by between 15% and 20%. In aggregate, these increases total more than \$70 million.

Increasing input costs need to be offset by either value engineering initiatives to reduce operating costs, price increases or a combination of the two. The magnitude of the cost increases to be recovered represents a 12% increase in selling prices.

The business announced in August 2008, that unless specific value engineering opportunities can be identified, such as light weighting, SKU



Don Matthews

Chief Operating Officer
Amcor Australasia

rationalisation or improved logistics, selling prices will increase by 12% to all customers. This increase will be adjusted where there have been previous price increases by way of general price increases to uncontracted customers or CPI type clauses to contracted customers.

These selling price increases will be implemented as soon as possible after individual customers are notified.

Across Amcor, the recovery of input cost increases has been an important principle in ensuring margins and returns are maintained in a more inflationary environment. It is critical that this approach is applied to the corrugated operations including a willingness to forego unprofitable volumes.

Without these increases, earnings for the corrugated business in 2008/09 would be substantially lower. The exact timing of the selling price increases or the benefits of the value engineering initiatives across the customer base will determine the earnings outcome for the 2008/09 year.

Volumes

Volumes in the corrugated operations were 4% lower. This was due to a number of factors:

- Weaker demand in the agricultural produce sector due to adverse crop conditions;
- Manufacturing relocating offshore;
- Retailers sourcing offshore;
- Market share loss with small customers; and
- Generally weaker overall demand.

The business lost market share with smaller customers in the first half of the year, during a period of unacceptable delivery performance. However, as delivery and service improved, volumes and market share stabilised. The New Zealand business had stronger volumes in the second half with an improved kiwifruit season and new contracts in the meat sector.

New Recycled Paper Mill

In February 2008, Amcor announced it was investing a net \$230 million in a new recycled paper mill to be located at Botany, NSW.

This machine will have a capacity of 345,000 tonnes per annum and be capable of producing paper grades from 80gsm to 200gsm. The ability to offer the lightest weight recycled papers in the Australian market will substantially enhance the value proposition to customers.

The paper machine will be supplied by Metso. The machine has an 18 month delivery lead time, including shipping, and is expected to arrive in Australia in December 2009. The engineering component of the project has been awarded to Poyry, the global leader in consulting and design engineering for the paper industry. A substantial component of the overall project costs has now been fixed and the expected net cost, after allowing for the sale of excess land at Fairfield in Victoria and Botany in NSW, remains at \$230 million.

Construction of the new mill is expected to be completed by June 2010. Commissioning will take approximately three months enabling commercial production from October 2010.

Cartons

Amcor has an integrated carton business with recycled cartonboard manufactured at Petrie Mill in Queensland and five carton converting plants across Australasia.

The mill competes directly with foreign imports and the rising Australian dollar continues to have a negative impact on the cartonboard business. Input costs increased substantially during the year, and in June 2008, selling prices increased by 8%, in line with global trends.

The carton conversion business had a difficult year. Although volumes were strong, there was an adverse change to product mix and selling prices remained unacceptably low. The business passed on the 8% cost increase in cartonboard

via price increases for finished cartons. This increase was for the small percentage of volumes that are non-contracted and, similar to the corrugated business, further price increases will be necessary to fully recover cost increases, particularly for contracted customers.

Flexibles

The flexibles business, which consists of four operating units: polyethylene, laminations, barrier films and multiwall sacks, had higher earnings with the benefits of recent capital expenditure contributing to improved operating performance. Sales were modestly lower due to reduced sales in industrial commodity films, as well as a softer market for lamination products.

In the polyethylene business, there was good performance at the plants in Queensland and Victoria supported by ongoing growth in a number of the key market segments. A new press is being installed at the plant in Moorabbin to meet this growing demand.

In the laminations business there has been considerable restructuring and capital investment over the past few years. The benefits from this program are expected to be realised via improved operating performance in the current year.

The business in New Zealand had a stronger year, due mainly to growth in exports and the closure of the loss-making site at East Tamaki. The majority of the sales from this site have been successfully transferred to plants in Australia. The barrier film business had a difficult year with the drought in Australia and New Zealand having a negative impact on volumes to the dairy industry.

On 2 June 2008, the commodity film business located in Perth, Western Australia (WA) was sold for \$35 million, resulting in a profit on sale of \$7.4 million, net of transaction costs. This business contributed \$5 million in PBIT for the 2007/08 year.

Review of Operations

Amcor Australasia

(continued)

‘The Australasian business had a mixed year with sound performances in glass and flexible packaging and lower earnings in the beverage cans and fibre operations.’

Rigids

The beverage can business had a disappointing year with lower earnings. Improved earnings in the first half were offset by considerably lower earnings in the second half. Volumes in beverage cans for the year were flat with 2.5% growth in the first half offset by a 3% reduction in the second half. Lower volumes in the second half of the year were due to reduced volumes in multipak soft drinks and ready to drink alcoholic products.

The business has invested \$30 million upgrading the end making capacity at Ballarat and installing additional capacity in Brisbane to produce new can sizes and designs, including slimline cans. The significant upgrade at the Brisbane facility has taken longer to complete than anticipated and the plant experienced operating inefficiencies during the second half. The business has now completed the upgrade and earnings are expected to recover in the current year.

The glass wine bottle business had another strong year primarily due to continued productivity improvement. Growth continued in the premium bottle segment, underpinned by product innovation and new product launches.

In May 2008, it was announced that a new \$150 million glass furnace will be built at the existing Gawler (South Australia) facility, with a completion date during the first half of calendar 2010. This furnace will support the ongoing growth in the wine bottle market and the returns are underpinned by long term customer supply arrangements. Upon completion, the Gawler plant will have three furnaces and production capacity of 600 million wine bottles per year.

Since commencing operations in 2002, the glass bottle plant has consistently delivered high levels of quality, service and innovation.

Outlook

The outlook for the Australasian operations varies across each of the divisions:

- For the fibre business, the full year result will be dependent on the successful implementation of the announced 12% price increase to recover substantial cost increases. Given there will be year on year cost increases in 2008/09 it is unlikely the benefits from the price increase will be sufficient to offset the higher costs in the current year.
- The glass operation is expected to have another strong year. As the business was operating at full capacity in 2007/08, earnings are not expected to increase until the new furnace is commissioned in 2010.
- The beverage can business should achieve an increase in earnings underpinned by improved operating efficiency and the benefits from capital spending.
- The outlook for the flexibles business in Australasia is for stable earnings with improved operating performance offset by the lag in cost recovery.

Review of Operations

Amcor Flexibles

Results

A\$	2008	2007
Net sales (mill)	2,872	3,009
Change (%)	(4.6)	
PBIT (mill)	189.9	198.5
Change (%)	(4.3)	
Operating margin (%)	6.6	6.6
Average funds employed (mill)	1,439	1,501
PBIT/AFE (%)	13.2	13.2
€		
Net sales (mill)	1,753	1,809
Change (%)	(3.1)	
PBIT (mill)	115.9	119.3
Change (%)	(2.8)	
Operating margin (%)	6.6	6.6
Average funds employed (mill)	878	902
PBIT/AFE (%)	13.2	13.2
Average exchange rate A\$/€	0.61	0.60

(All operations before significant items)

Cash Flow

€ million	2008
PBITDA	177.9
Base capital expenditure	(77.8)
Movement in working capital	21.2
Significant items	(45.3)
Operating cash flow	76.0
Growth capital expenditure	(36.5)

(All operations)

Amcor Flexibles is a market leader and one of the world's largest suppliers of flexible and tobacco packaging. It has three operating divisions: Amcor Flexibles Food, Amcor Flexibles Healthcare and Amcor Rentsch. The business has 7,811 co-workers, 48 plants and supplies a wide range of products to the food, beverage and healthcare markets. These products include packaging for fresh foods such as meat, fish, bread, produce and dairy; processed foods such as confectionery, snack foods, coffee and ready meals, as well as high value-added medical applications, hospital supplies, pharmaceuticals and personal care products. In addition, it supplies tobacco packaging.

Amcor Flexibles had a mixed year, with profit before interest and tax and before significant items (PBIT) down 2.8% to €115.9 million. Both the Food and Healthcare businesses had solid earnings improvements, however earnings for the tobacco packaging operations were substantially lower.

Returns, measured as PBIT over average funds employed, remained at 13.2%.

The business made substantial improvement in the management of working capital, particularly in the Food Flexibles business. Working capital for the year reduced by €21.2 million. Average working capital to sales decreased from 13.2% in 2006/07 to 11.1% in 2007/08.

Base capital expenditure was €77.8 million. Growth capital spending was €36.5 million and included components of the €12 million investment in the new tobacco packaging plant in the Ukraine, €22 million for capacity expansions at the tobacco packaging plants in Russia and Poland and €30 million for the flexibles packaging plant in Poland.

Significant items were €68.5 million of which €45.3 million was cash. The operating cash flow was €76 million.

Food

Amcor Flexibles Food is a pan European business consisting of 23 plants in 12 countries, serving all major food market segments. The business also coordinates the wider strategy for flexible food packaging across other geographical regions.

Earnings for the year were up strongly as the business continued to lower its cost base, improve product mix and recover raw material cost increases in a timely manner. Volumes were 4.8% lower, due to a combination of the closure of two plants during the second half of 2006/07, the selective forgoing of unprofitable business and softer economic conditions in the second half. Margins and returns were higher benefiting from restructuring, increased selling prices, improved product mix and better plant operating efficiencies.

The working capital performance for the year was excellent with the average working capital to sales ratio reducing from 14.8% to 12.1%. A further reduction is anticipated in the current year that will contribute to improving the cash flow and increasing the returns.

During the year the business has actively recovered cost increases, commencing with a comprehensive program of price increases in January for raw materials and other inflationary costs. These increases were well accepted and, for the 2007/08 year, there was only a modest impact on earnings due to lags in obtaining full recovery of raw material costs.

Resin prices continued to increase through the second half of the year and further price increases were announced in July to recover these costs.

The short term outlook for raw material input costs is for stability at the current high levels. In the medium term, lower cost polymer capacity is scheduled to commence production and it is likely resin supplier margins will reduce at that time.

A key initiative for ongoing improvement is an extensive repositioning program being undertaken by the business, named 'Flex 1'. The first phase of this program was the successful closure of two plants, one in the UK and one in Germany, during the 2006/07 year. These closures were achieved ahead of schedule with costs substantially below budget with more than 75% of the volumes retained and transferred to other sites.

In April 2007, the remaining components of the program were outlined with the main objectives being to:

- Strengthen market positions through better leveraging of technology and manufacturing capabilities;
- Increase weighting in lower cost regions, particularly in Southern and Eastern Europe;
- Improve alignment to customer needs and market trends; and
- Create a strong platform for innovation and continued growth.

The project will impact both the Food and Healthcare businesses and will deliver an estimated PBIT benefit of €30 million per annum, from the 2009/10 year, for an estimated net cash cost of €60 million. The overall headcount reduction, excluding divested sites, will be approximately 900. The program will reduce the number of manufacturing facilities in Europe by approximately 25%, with sites either closed or sold. The remaining plants will have greater scale and be more technologically focused.

During the 2007/08 year there was substantial progress in this program. In the UK, the consolidation of two flexographic printing sites was completed with the closure of the site in Ilkeston and relocation of the volume to a nearby site at Evesham. The Evesham plant has doubled in size, delivering improved operating efficiencies and a lower cost base.

Review of Operations

Amcor Flexibles (continued)



‘In the Flexibles Group, the food and healthcare operations delivered solid earnings improvement and the tobacco packaging operations had lower earnings.’

Gérard Blatrix

Managing Director
Amcor Flexibles Food

In film extrusion, the number of sites will be reduced from nine to three with new investment of €28 million to upgrade the remaining facilities, including a new nine layer extruder at the plant in Belgium. This will deliver substantial improvement to operating costs and result in a 40% decrease in the number of extrusion lines without reducing the overall manufacturing capacity. The business is also undertaking extensive resin rationalisation trials that will reduce complexity, increase run lengths and increase resin procurement leverage.

The first step in this program is the closure of the film extrusion operations at Lyngby in Denmark. The volumes from this plant have been transferred to other extrusion locations. The UK extrusion activities are being rationalised with the Ledbury extrusion operations being relocated to the extrusion plant at Ilkeston. The extrusion facilities at the plant in Barcelona will be closed and volumes relocated to the other sites.

In June 2008, the plants in Lund, Sweden and Somerset, UK were sold. These plants, with combined sales of €87 million, were primarily involved in the production of unprinted films for the meat and fish segments. These are commodity segments and the plants were located in high cost regions.

The business continues to expand its operations in Central and Eastern Europe to support the increasing number of multinational customers building capacity in the region. The plants in Russia and Poland continue to make solid progress with the Russian operations benefiting from the start up of the second press in the latter half of the year.

As part of this ongoing expansion in Eastern Europe the Polish Flexibles plant, which is currently co-located with the tobacco packaging plant, will be relocated to a new site at Lodz and the manufacturing capabilities substantially increased. The investment in this relocation and expansion is €25 million, with the new plant expected to be operational in April 2009.

This relocation enables the tobacco packaging plant to continue to expand using the floor space previously occupied by the flexibles operations.

The new €30 million plant in Poland, dedicated to PepsiCo for snack food products commenced commercial production in May 2008. This plant will be a global leader in extrusion lamination technology and is well located in a high growth, low cost region.

The outlook for the food flexibles business is for solid improvement in earnings, driven predominantly by the benefits from the restructuring program, ongoing cost reduction in selling, general and admin (SG&A) and further cost reductions linked to the manufacturing excellence program. There is some evidence of reduced volumes in certain market segments and, should this continue for the balance of the year, it could dampen the expected strong improvement in earnings.

Healthcare

Amcor Flexibles Healthcare comprises flexible packaging activities in the Americas and Europe. Amcor Flexibles Healthcare is a global leader in flexible packaging for the medical, personal care and pharmaceutical markets. Headquartered in Chicago, USA, it employs over 2,200 co-workers at 16 manufacturing facilities in ten countries. In addition, the group coordinates strategy and commercial activity with Amcor's healthcare flexible packaging activities in Asia.

The Healthcare business had a solid increase in earnings, despite being adversely effected by the weakening of the US dollar in relation to the Euro. This weakening resulted in a lowering of the US dollar earnings when translated into Euros and the reduction in margins for business exported from Europe into dollar-denominated buying regions.

In the Americas sales increased by 7%, expressed in US dollars. The business continues to improve the product mix, moving to more technically demanding structures

focusing on enhanced protection, ease of use and high-quality graphics. The utilisation of the new gravure press continues to improve with substantial opportunities for additional volumes in the coming year.

In Europe, earnings were higher. Sales volumes however were lower, due primarily to exiting low margin standard products at an underperforming site. In addition, the region was adversely affected by sales made into dollar-denominated buying regions. Similar to the Americas, the ongoing focus on high-performance product growth and operational excellence resulted in improved earnings.

Although raw material costs increased during the year, they were successfully recovered with minimal impact on earnings. The business has comprehensive plans to recover increases in both raw materials and other inflationary costs in the 2008/09 year.

As part of the European footprint project jointly undertaken with Amcor Flexibles Food, the business is making significant investments at key extrusion sites. These investments will lead to more efficient plants with lower overhead costs and stronger technical capabilities. The benefits of these investments will begin to accrue in the 2008/09 financial year.

The earnings outlook for the Healthcare business is for continuing improvement in the 2008/09 year due to the benefits from the flexibles restructuring in Europe, improved capacity utilisation of capital investments in the Americas and ongoing improvement in the product mix.

Tobacco Packaging

Amcor Rentsch has strategic leadership of Amcor's global tobacco packaging business and operational responsibility for the plants in Europe. The business has seven plants focused on tobacco cartons.

Sales for the year were flat at €304.7 million. However, this figure includes the impact of

closing the specialty carton plant in Switzerland in November 2007. Specialty cartons aside, sales in tobacco cartons were 4.3% higher.

The business had a difficult year with a number of adverse factors, negatively affecting the operations. Earnings were €8 million lower, comprising operational inefficiencies of €5 million and plant startup costs of €3 million. In the second half of the year, the business returned to more normal trading conditions and earnings improved.

During the year, there was a significant shift in the business mix to more value-add products, especially in Russia and Eastern Europe. The key drivers for this were:

- Consumer preference moving to higher value brands with more value-adding features, including embossing and hot foil stamping;
- Introduction of Graphical Health Warnings (GHW); and
- Shorter run lengths due to an increased number of product lines.

This mix shift to higher value-add products is a long term positive for the business as it is well positioned to manage this complexity and has been successful in securing new business. In the short term however, there was a mismatch between appropriate manufacturing capacity and customer demand, resulting in overtrading for the first nine months of the 2007/08 year.

This was particularly acute in Eastern Europe and Russia and, during the first half of the year, the business outsourced production to third parties in Western Europe. Amcor Rentsch absorbed most of the additional costs for this manufacturing including substantial transportation costs.

At the same time, cigarette production in Western Europe increased, with a major customer transferring volumes from the US to Europe. The business was successful in obtaining a proportion of this increased volume.

Finally, demand in Eastern Europe and Russia continued to expand, and Amcor Rentsch was contracted for 100% supply of a product that experienced considerably stronger growth than anticipated.

In summary:

- The available machine hours across the tobacco packaging industry reduced due to increased complexity and additional cigarettes being manufactured in Western Europe.
- The business experienced strong growth in demand for more value-add products in Eastern Europe and Russia.
- There was higher than anticipated overall growth in Russia.

To address the capacity constraints in Eastern Europe and Russia, €22 million has been invested at the plants in Russia and Poland to increase capacity and enable additional value-add production.

In Russia, a new printing press and hot foil stamping machine have been installed. The new press will add capacity to meet the growing market demand, as well as improve the operating efficiency. The hot foil stamping machine has enabled production of more complex and innovative products.

In Poland, new offset capacity has been installed to meet growing demands for the value-add short run volumes and additional cutting and creasing equipment installed to improve manufacturing efficiency.

The new plant in the Ukraine commenced production in February 2008 and is supplying the local market.

The outlook for 2008/09 is for a substantial improvement in earnings and returns. The new capital investment at the plants in Poland and Russia will ensure volumes will not be outsourced to third parties. Production will

be better balanced across the manufacturing footprint, reducing the number of changeovers and lowering transportation costs. The business will also be better equipped for the higher value-add products, particularly in Russia and Eastern Europe. The new plant in the Ukraine will make a positive contribution for the year. Finally, there will not be the €3 million expense for plant startups.

Strategically, tobacco packaging is an attractive market segment that has developed an excellent manufacturing footprint, focusing on value-add products.

Outlook

The outlook for the Flexibles business is for substantial improvement in the 2008/09 year, expressed in local currency terms.

The key drivers of this improvement are:

- Benefits from the European restructuring program;
- Recovery in the tobacco packaging earnings following a difficult 2007/08 year;
- Benefits from the new flexibles plant in Poland and the tobacco packaging plant in the Ukraine; and
- Continued product mix improvements, particularly in the Healthcare business.

Economic conditions in some countries are softening and this could impact demand in certain product segments or regions, particularly in the food flexibles business. Should this continue for the balance of the year, it could reduce the anticipated rate of improvement.



Jerzy Czubak

Group Managing Director
Amcor Rentsch



Peter Brues

President
Amcor Flexibles Healthcare

Review of Operations

Amcor Sunclipse

Results

A\$	2008	2007
Net sales (mill)	1,107	1,251
Change (%)	(11.5)	
PBIT (mill)	61.2	63.3
Change (%)	(3.3)	
Operating margin (%)	5.5	5.1
Average funds employed (mill)	227	306
PBIT/AFE (%)	26.9	20.7
US\$		
Net sales (mill)	995	984
Change (%)	1.1	
PBIT (mill)	55.0	49.8
Change (%)	10.4	
Operating margin (%)	5.5	5.1
Average funds employed (mill)	204	240
PBIT/AFE (%)	26.9	20.7
Average exchange rate A\$/US\$	0.90	0.79

(All operations before significant items)

Cash Flow

US\$ million	2008
PBITDA	67.0
Base capital expenditure	21.7
Movement in working capital	2.9
Significant items	-
Operating cash flow	91.6
Growth capital expenditure	-

(All operations)

Eric Bloom

President and Chief Executive Officer
Amcor Sunclipse



Amcor Sunclipse, based in California, is Amcor's North American distribution and corrugated manufacturing business unit. It produces packaging products to complement its distribution services and has over 2,100 co-workers at 40 distribution and redistribution centres throughout the US and Mexico. The distribution unit is a major supplier to businesses in 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 these into boxes for use throughout the business. In addition, it designs and produces specialty packaging products including 'Point of Purchase' displays and specialty items tailored to customers' requirements.

Amcor Sunclipse had a solid year with profit before interest and tax and before significant items (PBIT) up 10.4% to US\$55 million.

Returns, measured as PBIT over average funds employed, increased from 20.7% to 26.9%.

The PBIT result included a positive impact from the sale and lease back of the Amcor Sunclipse head office, partly offset by write downs and other one-off expenses. After adjusting for these items, underlying earnings were slightly lower than the US\$49.8 million achieved in 2006/07.

Total base capital expenditure was US\$21.7 million. This was net of the proceeds from the sale of land and buildings of US\$26.2 million. Working capital reduced by US\$2.9 million.

The full year result was a solid performance in difficult trading conditions. There was flat underlying performance in the first half of the year and lower earnings in the second half compared to the previous year. The reduction in earnings for the second half of the year was

a result of slowing economic conditions and rising input costs.

The distribution division had a solid year with sales in line with last year. Gross margins were modestly higher as the business undertook comprehensive programs to recover cost increases, including new tools for the field sales force to optimise selling prices, the introduction of freight surcharges to recover higher fuel costs and the ongoing development of new sales channels for low volume customers.

The manufactured products business had a difficult year with flat sales and a reduction in gross margins. There was an adverse change in product mix to lower margin 'stock boxes' and higher input costs were not fully recovered in selling prices.

The corrugated business had another good year with sound manufacturing efficiencies and excellent management of operating costs. Gross margins were maintained and the business successfully managed increased linerboard prices. A continued high level of quality and service was the key driver in retaining volumes.

Outlook

The operating environment was more difficult in the second half of the year and this has continued into the first half of the current year. The business has implemented a number of initiatives over the past two years to better manage costs and improve operating efficiencies. The benefits from these initiatives will be increasingly evident in the current year and will assist in offsetting any continued weakening of demand. The outlook for the first half of the year is largely dependent on performance in October and November which are typically strong months leading into the major holiday periods.

Review of Operations

Amcor Asia

Results

A\$	2008	2007
Net sales (mill)	118	122
Change (%)	(3.3)	
PBIT (mill)	36.6	35.0
Change (%)	4.6	
Operating margin (%)	31.1	28.6
Average funds employed (mill)	353	352
PBIT/AFE (%)	10.4	9.9
SG\$		
Net sales (mill)	152	149
Change (%)	2.0	
PBIT (mill)	47.2	42.6
Change (%)	10.8	
Operating margin (%)	31.1	28.6
Average funds employed (mill)	455	429
PBIT/AFE (%)	10.4	9.9
Average exchange rate A\$/SG\$	1.29	1.22

(All operations before significant items)

Cash Flow

SG\$ million	2008
PBITDA	16.8
Dividends received	4.5
Base capital expenditure	(6.8)
Movement in working capital	0.6
Significant items	-
Operating cash flow	15.1
Growth capital expenditure	-
Acquisitions	(44.6)

(All operations)

Amcor Asia has five plants in three countries. Its head office is located in Singapore. The business produces tobacco and flexible packaging, including high value-added medical packaging. The business has responsibility for Amcor's ownership of the Hong Kong publicly listed company AMVIG Holdings Limited (AMVIG).

Amcor Asia consists of:

- Two wholly-owned tobacco packaging plants (one in Singapore and one in Malaysia);
- Three wholly-owned flexible packaging plants (two in China and one in Singapore); and
- The investment in the Hong Kong publicly-listed company, AMVIG.

On 13 August 2008, AMVIG announced its half year earnings to 30 June 2008. Profit after tax attributable to the equity holders of AMVIG increased 68.7% from HK\$139.3 million to HK\$235.1 million. Earnings attributable to members of AMVIG, for the 12 months to 30 June 2008 increased 46.9% from HK\$306.1 million to HK\$449.6 million. This improvement in earnings was primarily driven by the acquisition of Brilliant Circle and an improvement in product mix to higher value-add cartons.

During the 2007/08 fiscal year, Amcor's ownership of AMVIG reduced from 41.05% to 35.4%. This reduction in ownership was due to AMVIG issuing 200 million shares as part payment for the Brilliant Circle acquisition, completed in October 2007. On 6 February 2008, Amcor purchased 18.756 million shares representing 1.9% of AMVIG's share capital at a price of HK\$9.50, increasing its shareholding in AMVIG to 35.4%.

Subsequent to year end, Amcor increased its ownership in AMVIG from 35.4% to 40.2%, investing HK\$700 million to acquire 78.3 million

shares in AMVIG at a price of HK\$8.94 per share. This is expected to reduce to 39.3% following the completion of AMVIG's latest acquisition by way of cash and shares.

Consolidated Entities

For the controlled entities, profit before interest and tax and before significant items (PBIT) for the year was lower at SG\$11.3 million. Returns, measured as PBIT over average funds employed, were 15.5%.

The wholly-owned tobacco operations continued to deliver sound operating performance and benefited from the upgrading of the printing capabilities at the plant in Malaysia. During the year, there was a more competitive pricing environment in the region, impacting margins.

The flexibles operations result was below the 2006/07 year earnings. The plant in Southern China completed the relocation to a new facility during the second half and this negatively impacted earnings. The new facility, with larger and more modern equipment, has created the opportunity for more accelerated growth in the region.

Footnote

The funds invested in AMVIG in Amcor's accounts at 30 June 2008 consist of cash payments of SG\$158.3 million to purchase 346.2 million shares in the publicly-listed company at an average price of HK\$3.64 per share, together with the injection of the two tobacco packaging operations in China (Beijing and Qingdao), which had a carrying value of SG\$69 million.

The carrying value of AMVIG at 30 June 2008 in Amcor's accounts is SG\$403.3 million, with the difference between this amount and the invested funds being predominantly accounting

adjustments for 'fair value market up-lift' at the time of exercising options to acquire additional shares plus Amcor's accumulated share of AMVIG profits.

Subsequent to year end, an additional HK\$700 million was invested to acquire 78.3 million shares. The total carrying value as at 21 August 2008 is SG\$526.0 million at an average price of HK\$5.01 per share.



Billy Chan

Managing Director
Amcor Asia

Review of Operations

Sustainability

The Amcor Sustainability Framework identifies five aspects of sustainability: Environment, Workplace, Marketplace, Community and Economic. Details of Amcor's activities and performance are included in this year's Sustainability Report.

Following are Amcor's highlights for sustainability in 2007/08.

Environment

Amcor Group environmental reporting

This year, an environmental reporting system was implemented. This system provides detailed reporting and analysis of energy, greenhouse gas (GHG), waste and water use at each Amcor site. These reports have allowed Amcor businesses to more accurately prioritise programs to improve operational efficiency.

Target setting

In Amcor's ongoing efforts to respond to the challenges of climate change, a set of aggressive environmental targets to reduce emissions, cut waste and conserve water was approved by the Board of Directors. Targets are in line with recommendations by the United Nations' Intergovernmental Panel on Climate Change. Sustainability Champions have been appointed by each of the business groups to ensure action is taken and coordinated to achieve these targets. Each group's environmental performance will be monitored against these targets and reported back to senior management to ensure the targets are achieved.

Amcor targets

Greenhouse gas (GHG) emission reduction

- 10% reduction in GHG emissions per unit of production by 2011 from 2005/06
- 60% reduction in GHG emissions per unit of production by 2030 from 2005/06

Waste to landfill reduction

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

Water targets

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

A global environmental program 'EnviroAction' was launched via webcast on World Environment Day to all co-workers by Ken MacKenzie, the Managing Director and Chief Executive Officer. This program explains to co-workers how Amcor is addressing the global climate change challenge and encourages involvement towards the achievements of its environmental targets.

Court Order Funds Environmental Works

On 4 December 2007 at Heidelberg Magistrates' Court, Amcor Packaging (Australia) Pty Ltd (the 'defendant') pleaded guilty to a water pollution charge brought by the Environment Protection Authority (EPA) in relation to a discharge of lubricating oil from its Fairfield Recycled Paper Mill into the Yarra River on 8 June 2007.

On 8 June 2007, the shaft of one of the rollers used to dry and flatten paper pulp broke, causing a lubricating oil storage tank to overflow into a bund. Contracted workers needed to access equipment within the bund, and pumped some of the oily liquid into an unmarked drain, not knowing that it was a drain leading to the Yarra River. The resulting oil sheen spread over eight kilometres of the Yarra, downstream to as far as Gipps Street in Abbotsford.

The Heidelberg Magistrates' Court convicted and ordered it to pay a total of \$80,000 to Darebin Creek Management Committee Inc. and South Alphington & Fairfield Civic Association Inc. to conduct drain-labelling within Darebin Creek catchment, stormwater education within schools in the catchment and revegetation of land near the Alphington Park Wetlands.

Amcor has undertaken to identify the discharge location of all drains at the Fairfield Recycled Paper Mill, correct its drainage maps of the site and mark all stormwater drains appropriately in order to prevent a recurrence of this incident.

The Court also ordered publication of this notice.

Workplace

Co-worker engagement

Amcor strives to improve engagement with its co-workers. Two global initiatives commenced this year aimed at furthering co-worker development and retention. They were:

- A global Human Resource Management System. This system will be progressively rolled out enabling online goal setting and performance appraisals twice yearly, career planning, talent management and succession planning analysis as input to Amcor's Global Talent Management Processes.
- Co-worker Engagement Surveys. These have now been conducted across the majority of Amcor business groups to measure and benchmark co-worker engagement. Results that are used to understand Co-worker Emotional Commitment and Rational Commitment are communicated back to co-workers through managers and

business group HR representatives.

The results then help guide appropriate actions and HR programs. The Amcor survey results have been externally benchmarked against over 300 participating companies globally through Amcor's provider – the Corporate Leadership Council – a division of the Corporate Executive Board.

Safety framework

Amcor remains committed to its stated goal of 'No injuries'. With this goal in mind Amcor is continually looking for ways to improve safety performance.

In order to achieve this, the following processes and infrastructure have been put in place:

1. **Standards** – In 2005, Amcor developed Occupational Health and Safety Standards. These standards form the basis for a comprehensive safety management system. The Amcor standards are the mandatory, minimum requirements for all Amcor operations and apply to all co-workers, visitors and contractors on Amcor sites.
2. **Reporting** – The Amcor Board requires monthly reports from the business groups on the level of compliance with these standards and local legislation, in addition to reports on injury statistics.
3. **Auditing** – Internal audits of the safety management system are conducted at least annually, and external audits are conducted every three years. There is close alignment between the Amcor standards, AS/NZS 4801, and OSHA 18001, and therefore audits conducted against these two standards are also acceptable.
4. **Organisational structure** – Each of the business groups has an individual who is responsible for managing safety at their respective site. These individuals are supported by plant and office safety representatives and committees.

Amcor will continue to review its standards, reporting and auditing regime, and organisational structure to ensure:

- Standards are aligned with international standards and definitions;
- Performance reporting remains as transparent and therefore as accurate as possible;
- Sites receive objective feedback on performance and advice on how to improve; and
- Appropriate human resources are allocated to achieve safety goals.

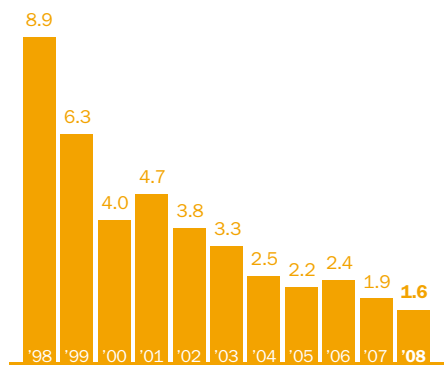
Safety performance

Amcor's safety performance is measured by using two criteria – Lost Time Injury Frequency Rate (LTIFR), and Recordable Case Frequency Rate (RCFR).

Amcor strives to create shareholder value by taking advantage of the opportunities and managing the risks identified through its Risk Management and Sustainability Frameworks.

Annual Lost Time Injuries

Number of full work days lost per million hours worked



Amcor's LTIFR is measured by calculating the number of injuries resulting in at least one full work day lost, per million hours worked. In the 2007/08 financial year, the LTIFR was 1.6, a reduction of 15.8% compared to the previous financial year.

Amcor's RCFR is measured by calculating the number of medical treatment cases and lost time injuries, per million hours worked. In the 2007/08 financial year, the RCFR was 7.4, a reduction of 11.9% compared to the previous financial year.

Amcor Sunclipse, Amcor Flexibles Food and Amcor PET all achieved reductions in their numbers of Lost Time Injuries (LTI). Amcor Rentsch did not have any LTIs in 2007/08. Amcor Flexibles Food and Amcor PET also achieved significant reductions in the number of Recordable Cases (RC).

Legislative breach

On 6 May 2008, Amcor Packaging (Australia) Pty Ltd was convicted of a single breach of the *Occupational Health Safety & Welfare Act (SA) 1986* and fined \$25,000 in the Adelaide Industrial Magistrates Court following an incident at AFP Athol Park on 4 March 2005.

Marketplace

Amcor's priorities for Marketplace Sustainability continue to focus on two specific areas:

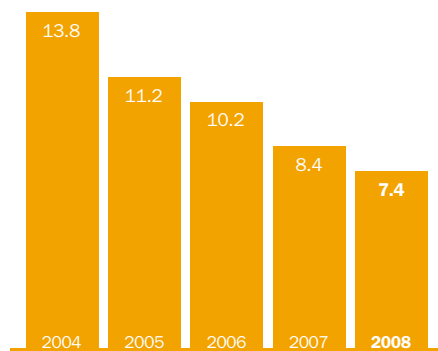
- Developing a deep understanding of the customers' needs and the markets in which Amcor operates; and
- Becoming the preferred source for sustainable packaging solutions

Becoming customer-driven

Amcor's business groups are developing a detailed understanding of customer needs through the 'Voice of the Customer' surveys. These analyses have led to improvement in the areas ranked by customers as most important

Annual Recordable Cases

Number of full work days lost per million hours worked



to them such as technical support, product quality and account management.

Driving sustainable packaging

Amcor's sustainability team completed the lifecycle analysis of all of the Company's major product materials in 2007. The key finding from this research was that the packaging that is best for the environment is that which protects the resources invested in manufacturing the packaged product for as long as possible.

The lifecycle data collected will be used to drive product development and operational activities such as raw material sourcing, ensuring that the focus is on products that have the lightest environmental impact.

The strategic plan also includes becoming a go-to source for sustainable packaging globally. This means offering both products and services that support the customers' sustainability goals.

Community

With a federated business structure and very lean corporate functions, Amcor's approach to sustainability within the community is to encourage its operating sites to donate and participate at a local level.

Amcor's corporate policy on sponsorships and donations guides co-workers to prioritise their giving to organisations and projects that offer benefits to the community and environment within the localities in which Amcor operates. For example, donating trees and volunteers to plant those trees within a community that Amcor operates in is preferable to a monetary donation to a global environmental organisation.

Water giving project

At the Australian corporate level, Amcor's teamcor™ corporate social responsibility program is in a period of transition. Whereas Amcor previously divided company donations between several organisations who met

community sustainability policy guidelines, it is now implementing a strategy of doing one project well, to ensure maximum impact. The project that has been selected is known as the water giving project.

The water giving project commenced this year and involves collecting water at Amcor sites and giving the water to local communities. In drought-stricken Australia, access to water has become of critical concern.

In the 2009 financial year, Amcor will spend \$600,000 on its water giving project, as well as considerable time managing it. The water giving project is based on actively engaging the community and Amcor co-workers around water conservation.

Co-workers at Amcor sites are responsible for developing a partnership with local community organisations and agreeing how the collected water will be effectively used in the local area. Amcor is taking the message home to co-workers by coordinating discount offers for water tanks and encouraging the installation of three star efficiency showerheads.

The project's first undertaking saw twenty one water tanks with a capacity of 272,000 litres installed at two sites in Moorabbin, Victoria. The roof area at these manufacturing sites has the potential to collect four million litres of water each year. The collected water will support the City of Kingston's Tree Management Plan, which needs over four million litres of water to establish and maintain the 3,000 new trees planted annually within the Moorabbin area.

Amcor will roll the water giving project out at seven manufacturing sites across Australia.

Committees of the Board

Executive Committee

Chris Roberts, Chairman
Ken MacKenzie
Keith Barton
John Pizzey

Audit and Compliance Committee

John Thorn, Chairman
Keith Barton
Chris Roberts
Geoff Tomlinson

Human Resources Committee

Geoff Tomlinson, Chairman
Chris Roberts
Ken MacKenzie
John Pizzey
Ern Pope

Nomination Committee

Chris Roberts, Chairman
John Pizzey
Ern Pope

Superannuation Committee

Geoff Tomlinson, Chairman
Chris Roberts
John Thorn

R K (Keith) Barton

Independent Non-Executive Director

BSc, PhD, FTSE, FAICD.

As a former Managing Director of James Hardie Industries Limited (April 1993 to October 1999) and Executive Director CSR Limited (January 1990 to March 1993), Dr Barton has gained broad management experience in manufacturing in Australia and internationally.

Dr Barton's most recent directorships include Coles Group Limited (July 2003 to November 2007), Tower Australia Group Limited (August 2006 to September 2007) and Tower Limited (October 2001 to December 2006).

Member of Executive and Audit and Compliance Committees. Director since November 1999.

K N (Ken) MacKenzie

Managing Director
and Chief Executive Officer

BEng, FIEA

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 to 2005); Group General Manager Amcor Flexibles Australasia (1999 to 2001); General Manager Corporate Sales and Marketing, Amcor Containers Packaging (1997 to 1999); Senior finance and operational roles, Amcor PET Packaging North America (1992 to 1997).

Prior to joining Amcor, Manager Manufacturing Strategy Practice, Accenture 1987 to 1992.

Member of Executive and Human Resources Committees. Appointed Managing Director and CEO July 2005.

The CEO is responsible for implementing Group strategies and policies. The Board Charter specifies that the CEO should not be the Chairman of the Board simultaneously.

G J (John) Pizzey

Independent Non-Executive Director

BE (Chem), Dip. Mgt. FTSE

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

Currently a director of Alumina Limited (since June 2007) and Iluka Resources Limited (since November 2005).

Previous directorships include Range River Gold Limited (June 2004 to April 2006), ION Limited (in administration) (October 1999 to August 2005) and WMC Resources Limited (November 2003 to June 2005).

Chairman of the Amcor Superannuation Fund (since February 2006). Member of Executive, Human Resources, and Nomination Committees. Director since September 2003.

E J J (Ern) Pope

Independent Non-Executive Director

BSc.

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

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

Currently Deputy Chairman and former Chairman of Golden Circle Limited (since May 2005), and a director of Alesco Corporation Limited (since December 2004).

Member of Human Resources and Nomination Committees. Director since October 2005.



The Board of Directors and Company Secretary

C I (Chris) Roberts

Independent Non-Executive Director and Chairman

BCom.

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

Currently Deputy Chairman of the Centre for Independent Studies (since August 2004) and director of Control Risks Group Limited (since September 2006). Former roles include director of Australian Agricultural Company Limited (June 2001 to May 2008), and Cockatoo Ridge Wines Limited (January 2002 to May 2006).

Chairman of Executive and Nomination Committees, member of the Human Resources, Audit & Compliance and Superannuation Committees. Director since February 1999, appointed Chairman 2000. Appointed Executive Chairman from December 2004 to June 2005 and continues as Non-Executive Chairman from July 2005.

The Chairman is responsible for the leadership of the Board, for ensuring its effective functioning and for managing the Board's relationships with management and the public.

J G (John) Thorn

Independent Non-Executive Director

FCA.

A partner with PricewaterhouseCoopers (PwC) for over 20 years, serving major local and international companies. National Managing Partner of the Australian firm of PwC until 2003. Mr Thorn has Extensive global experience, in particular in the Asia Pacific region, in audit, accounting, corporate governance, risk management and international management groups.

Currently 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 of Audit & Compliance Committee (since February 2005) and member of the Superannuation Committee. Director since December 2004.

G A (Geoff) Tomlinson

Independent Non-Executive Director

BEcon.

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 Limited (October 1992 to September 1998).

Currently Chairman of Programmed Maintenance Services Limited (since August 1999) and MLC Limited (since June 2000), and director of National Australia Bank Limited (since March 2000).

Formerly Chairman of Dyno Nobel Limited (February 2006 to June 2008) and Funtastic Limited (May 2000 to May 2006), Deputy Chairman of Hansen Technologies Limited (March 2000 to February 2006) and director of Mirrabooka Investments Limited (February 1999 to February 2006).

Chairman of the Human Resources and Superannuation Committees and member of the Audit & Compliance Committee. Director since March 1999.

J F (Julie) McPherson

Company Secretary and Group General Counsel

Dip Law SAB, M AppFin, LL.M.

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

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

Company Secretary since April 2005.



Directors' Report

Your directors present their report together with the financial report of Amcor Limited ('the Company') and of the consolidated entity, being the Company and its controlled entities, for the year ended 30 June 2008 and the independent audit report thereon.

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Board of Directors

The following persons were directors of Amcor Limited during the whole of the financial year and up to the date of this report:

C I (Chris) Roberts
R K (Keith) Barton
K N (Ken) MacKenzie
G J (John) Pizzey
E J J (Ern) Pope
J G (John) Thorn
G A (Geoff) Tomlinson

The qualifications, experience, special responsibilities of directors, and other directorships held by them during the previous three years, are set out on pages 16 to 17 of this report.

Table 1: Directors' Meetings

	Board		Executive Committee		Audit & Compliance Committee		Human Resources Committee		Superannuation Committee		Nomination Committee	
	A	B	A	B	A	B	A	B	A	B	A	B
Scheduled Meetings	9		2		4		5		4		1	
Unscheduled Meetings	-		4		-		1		-		-	
C I Roberts	9	9	4	6	4	4	5	6	4	4	1	1
R K Barton	9	9	6	6	4	4	1*	-	2*	-	1*	-
K N MacKenzie	9	9	6	6	4*	-	6	6	2*	-	1*	-
G J Pizzey	9	9	6	6	-	-	6	6	-	-	1	1
E J J Pope	9	9	-	-	-	-	5	6	1*	-	1	1
J G Thorn	9	9	2*	-	4	4	-	-	4	4	1*	-
G A Tomlinson	9	9	-	-	4	4	6	6	4	4	1*	-

A Number of meetings attended

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

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

Principal Activities

The general activities of the consolidated entity (comprising Amcor Limited and its controlled entities) are set out on pages 1 to 15 of this report. There were no significant changes in the nature of the principal activities of the consolidated entity during the year under review.

Operating and Financial Review

A review of operations of the consolidated entity during the financial year and the results of these operations is contained in pages 1 to 15 of this report.

State of Affairs

Significant changes in the state of affairs of the consolidated entity that occurred during the financial year ended 30 June 2008 were as follows:

- Implementation of 'The Way Forward' program during the financial year included the sale of under-performing or non-core assets as well as the continuation of the restructuring of the Flexibles business in Western Europe and of the Fibre business in Australia.

Company Secretary

J F (Julie) McPherson was the Company Secretary of Amcor Limited during the whole of the financial year and up to the date of this report. The qualifications of the Company Secretary are set out on page 17 of this report.

Officers

The names and roles of other Officers of the Company during the year are disclosed in Table 17 in section D of the Remuneration Report on page 33 of this report.

- Asset sales included:

- The sale of the Australasian Food Can and Aerosol business for consideration of approximately \$150 million to the Impress Group, announced in August 2007.
- The sale of the Flexibles packaging plants located at Lund in Sweden and Somerset in the UK to a Swedish private equity group announced in April 2008.
- The sale of the Flexibles packaging plant producing industrial stretch wrap film in Perth, Western Australia for \$35 million to Integrated Packaging announced in June 2008 for settlement in August 2008.

- Proceeds of \$711.6 million were received in October 2007 from the sale of the European PET business to La Seda de Barcelona South America.
- The Company's intention is that proceeds from asset sales will continue to be progressively redeployed into the specified growth market segments as well as in strengthening existing market positions to deliver improved earnings and returns. The

Company also used proceeds to undertake an on-market share buyback program between October 2007 and May 2008 acquiring 50 million shares for \$350 million.

- New developments included:
 - The new US\$80 million production facility at Wytheville, Virginia, USA, which supplies hot-fill PET containers for Gatorade, reached full production status.
 - Amcor announced in December 2007 that Amcor Rentsch will make significant new investments by installing additional printing machines in the Russian and Polish plants.
 - The announcement in June 2008 that Amcor will build a third glass furnace at its wine bottle plant at Gawler, South Australia to lift the annual capacity to 600 million wine bottles. The new furnace will cost \$150 million and be completed during the first half of calendar year 2010.
 - Amcor announced in February 2008 that it will build a new 345,000 tonnes per annum recycled paper mill at its site in

Botany, NSW. The mill will have a gross cost of more than \$400 million, one of the biggest single investments in the Company's history. The new mill will produce paper-based products across a wider range of weights, creating packaging that is lighter, more efficient and far more environmentally friendly. Two paper mills existing on the Botany site, plus Amcor's paper mill at Fairfield, Victoria, will be closed once the new facility becomes operational in 2010/11.

- Amcor announced in February 2008 that it had acquired 18.8 million shares at HK\$9.50 each in the Hong Kong listed company AMVIG Holdings Limited for a total payment of HK\$178.2 million. Amcor also announced in June 2008 that it would acquire a further 78.3 million shares in AMVIG for a consideration of HK\$700 million (HK\$8.94 per share). As a result of these actions and following the completion of the acquisitions announced by AMVIG in June 2007 and June 2008, Amcor's shareholding in the enlarged AMVIG will have changed from 41.1% at 30 June 2007 to 39.3% later in 2008.
- Amcor renewed four of its major short-term and medium term bank loan facilities totalling \$1,099 million (equivalent) during the year with pricing in line with current interest rates. This was achieved despite the difficult conditions in world credit markets.
- The Company de-registered its shares and American Depositary Receipts from the US Securities and Exchange Commission in September 2007, primarily due to the onerous costs of the additional filing requirements.
- On 21 December 2005, the Australian Competition and Consumer Commission (ACCC) commenced legal proceedings in the Federal Court of Australia against certain Visy group companies and executives. The ACCC alleged that the Visy Group companies (being Amcor's competitors) and executives engaged in conduct in the corrugated fibreboard container industry with certain former Amcor executives that was anti-competitive, including engaging in price fixing and market sharing, in contravention of the *Trade Practices Act 1974*.

Amcor and its former senior executives have been granted immunity from legal proceedings by the ACCC in respect of that alleged conduct. Accordingly, although the ACCC asserts that Amcor group companies were involved in the relevant conduct, those companies were not the subject of any proceedings by the ACCC. The immunity granted to Amcor and its former executives under the ACCC's Leniency Policy for Cartel Conduct does not exclude or limit claims by third parties who allege to have suffered loss or damage as a result of any cartel conduct.

- In October 2007, the ACCC settled its prosecution of the Visy companies and their relevant officers on the basis of an Agreed Statement of Facts in which the Visy parties agreed to certain of the alleged conduct. On 2 November 2007, the Federal Court imposed substantial fines on Visy and certain of its officers.
- The new Amcor Australasia management team appointed in July 2005 introduced significant change in the corrugated box operations, including an organisational change from a national structure to a regional structure to improve market focus and deliver enhanced quality and service to customers. Amcor is committed to operating with integrity and in a manner in which its shareholders, employees and customers can have full trust and confidence.
- Jarra Creek Central Packing Shed Pty Ltd filed a class action in the Federal Court of Australia on 11 April 2006 against Amcor Limited and two of its subsidiaries alleging that the Amcor Parties, in conjunction with certain Visy entities engaged in anti-competitive conduct in the corrugated fibreboard packaging industry between May 2000 and May 2005. The allegations made in the class action are broadly similar to the allegations made in the ACCC's proceedings against the Visy Group. The class members seek, amongst other things, compensation in respect of the effect that the alleged conduct had on the prices they paid for corrugated fibreboard products.

Amcor has lodged a defence to this claim and has also cross-claimed against Visy Group companies claiming contribution in the event that Amcor is held to be liable. The Visy companies are also respondents to the class action.

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

The class action is still in the interlocutory stages and it is too early for Amcor to form any reliable assessment as to the likely outcome of the litigation or any damages which might become payable. No date has been set for any substantive hearing of the allegations.

- On 15 December 2006, Cadbury Schweppes Pty Ltd commenced a proceeding in the Federal Court of Australia, Victorian Registry, against Amcor Limited and Amcor Packaging (Australia) Pty Ltd, alleging anti-competitive behaviour between those Amcor companies and certain Visy Group companies in the corrugated fibreboard container industry and related breaches of contract. The Cadbury proceeding also contains allegations that the anti-competitive conduct extended beyond the corrugated business and affected two other product lines.

Cadbury Schweppes is seeking damages of approximately \$120 million, although certain of the damages claims overlap.

Amcor has lodged a defence to this claim and has also cross-claimed against Visy Group companies claiming contribution in the event that Amcor is held to be liable to Cadbury Schweppes. The proceeding is still in the interlocutory stages and it is too early for Amcor to form any reliable estimate as to the likely outcome of the proceeding or any damages which may become payable. The proceeding has been set down for a hearing commencing in February 2009.

- Shareholders approved the appointment of PricewaterhouseCoopers as the new auditor of the Group at the Annual General Meeting held on 24 October 2007.

Table 2: Dividends

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

Type	Cents per share	Total amount \$ million	Franked	Conduit foreign income*	Date of payment
Declared and paid during the year:					
- Final 2007	17	150.1	-	75%	5 October 2007
- Interim 2008	17	144.1	-	75%	31 March 2008
Declared after end of year					
- Final 2008	17	141.9**	-	100%	3 October 2008
Dealt with in the Annual Report as:					
- Dividends (Note 25)		294.2			
- Noted as a subsequent event (Note 25)		141.9**			

* 100% of the final dividend for 2007/08, payable 3 October 2008, will be sourced from the Conduit Foreign Income Account. This is of benefit to foreign shareholders as Australian Withholding Tax on dividends is not payable on any franked portion or the portion sourced from the Conduit Foreign Income Account.

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

Events Subsequent to the End of the Financial Year

Dividend

Since the end of the financial year, the directors declared a final dividend of 17 cents per share payable on 3 October 2008. The forecast total amount of this dividend is \$141.9 million. The financial effect of this dividend has not been brought to account in the Financial Statements for the year ended 30 June 2008 and will be recognised in subsequent financial reports.

AMVIG

On 31 July 2008, the Company implemented the previously announced plan to acquire a further 78.3 million shares at HK\$8.94 each in the Hong Kong listed company AMVIG Holdings Limited for a total payment of HK\$700 million. The Company consequently held 40.2% of the shares in AMVIG pending completion of other announced transactions by AMVIG when the Company will hold 39.3% of the shares in AMVIG.

Likely Developments

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

Environmental Performance

Commentary regarding the Company's performance on environmental regulations is outlined in the Corporate Governance Statement on page 41 and also in the Review of Operations – Sustainability section on page 14. Amcor has registered under the *Energy Efficiency Opportunities Act 2006* and will comply with its reporting obligations under that Act.

Directors' Report

Statutory Matters

Table 3: Directors' Interests

The relevant interest of each director in the ordinary shares of the Company as notified by the directors to the Australian Securities Exchange in accordance with Section 205G(1) of the *Corporations Act 2001* as at the date of this report is as follows:

Name	Balance at the beginning of the year	Received during the year on the exercise of options	Other changes during the year	Balance at the end of the year
Directors of Amcor Limited				
C I Roberts	164,670	-	-	164,670
K N MacKenzie	12,223	-	540	12,763
R K Barton	33,899	-	-	33,899
G J Pizzey	18,181	-	-	18,181
E J J Pope	5,731	-	-	5,731
J G Thorn	10,380	-	-	10,380
G A Tomlinson	43,482	-	-	43,482

Table 4: Unissued Shares Under Option

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

Date options granted	Expiry date	Exercise price of options (\$)	Number of shares under option
1 November 2002	1 November 2012	8.20*	2,456,080
13 October 2003	1 November 2012	8.20*	79,200
20 October 2003	1 November 2012	8.20*	13,200
23 March 2004	23 March 2010	7.87	152,190
24 March 2004	24 March 2010	7.87	2,834,650
31 May 2004	24 March 2010	7.87	17,800
2 August 2004	2 August 2010	6.84	2,768,512
2 May 2005	2 August 2010	6.84	25,800
4 August 2006	31 December 2010	6.78	3,440,320
4 August 2006	30 June 2011	6.78	370,000
4 August 2006	31 December 2011	6.78	370,000
22 September 2006	31 December 2010	6.78	109,150
27 October 2005	31 December 2010	6.78	250,000
27 October 2005	30 June 2011	6.78	250,000
27 October 2005	31 December 2011	6.78	250,000
1 November 2007	30 June 2012	7.07	165,000
1 February 2007	31 December 2011	7.19	4,052,850
5 March 2007	31 December 2011	7.19	98,600
1 December 2007	30 June 2012	7.07	1,156,825
31 December 2007	30 June 2012	7.07	89,107
23 April 2008	31 December 2011	7.19	45,000
30 May 2008	31 December 2011	6.74	22,321
Total			19,016,605

*Certain overseas plans are at fixed exchange rates

Table 5: Shares Issued on Exercise of Options

The following ordinary shares of Amcor Limited were issued during the year ended 30 June 2008 on the exercise of options granted.

Date options granted	Issue price of shares (\$)	Number of shares issued
1 October 2002	7.25	40,000
1 October 2003	7.25	40,000
2 August 2004	6.84	622,752
Total		702,752

Indemnification and Insurance of Officers

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

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

The Company provided indemnities to Mr Peter Sutton, Mr Peter Brown and Mr Russell Jones for reasonable legal expenses incurred by them in their personal capacity in respect of investigations by the ACCC and the New Zealand Commerce Commission and by the Company into possible breaches of competition law. The indemnities granted to Mr Sutton and Mr Brown are each limited to \$100,000. As at 30 June 2008, Mr Sutton has reached the limit of that indemnity. Mr Brown and Mr Jones have been reimbursed for legal fees, in the amounts of \$14,597 and \$11,220 respectively.

Non-audit Services

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

- All non-audit services were subject to the corporate governance procedures adopted by the Company and have been reviewed by the Audit & Compliance Committee to ensure they do not impact upon the integrity and objectivity of the auditor; and
- The non-audit services provided do not undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the Company, acting as an advocate for the Company or jointly sharing risks and rewards. A copy of the auditors' independence declaration as required under Section 307C of the *Corporations Act 2001* is included in the Directors' Report on page 44.

Details of the amounts paid to the auditors of the Company, PricewaterhouseCoopers, and its related practices for audit and non-audit services provided during the year are set out in Note 8 on page 70 to the Financial Statements.

Rounding Off

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

Loans to Directors and Executives

Information on loans to directors and executives, including amounts, interest rates and repayment terms are set out in Note 28 to the Financial Statements.

Directors' Report

Remuneration Report

Introduction and Summary of Contents

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

Key Management Personnel

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

Structure of this Report

Amcor's 2008 Remuneration Report is divided into the follow sections:

- A. Overview of Amcor's executive remuneration arrangements
- B. CEO and Senior Executive remuneration arrangements for the year ended 30 June 2008
- C. Company performance – the link to reward
- D. Details of CEO and Senior Executive remuneration for the year ended 30 June 2008
- E. CEO and Senior Executive service agreements
- F. Non-Executive Directors' remuneration

A. Overview of Amcor's Executive Remuneration Arrangements

Remuneration strategy

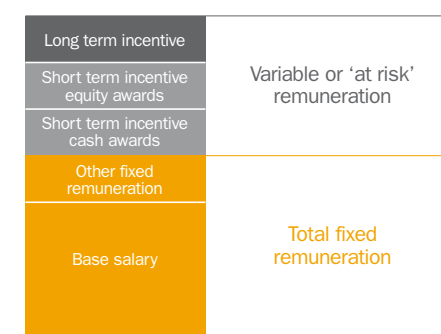
The principles of Amcor's executive remuneration strategy and supporting incentive programs and frameworks are:

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

Amcor's remuneration strategy is to target salary levels at the median of executives' local salary markets and to position variable or 'at-risk' remuneration to deliver total rewards at lower quartile, market median and upper quartile levels dependent on the level of an executive's performance.

Remuneration structure

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



Total Fixed Remuneration (TFR)

TFR, which is made up of both base salary and benefits, for each executive is set by reference to the relevant local salary market for comparable roles and level of responsibility. This ensures that Amcor pays its executives at competitive levels for their roles.

Variable or 'at risk' remuneration

Short Term Incentive (STI)

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

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

Details of the STI program are provided in Section B on page 26.

Long Term Incentive (LTI)

The LTI program is a flexible plan under which the Board retains the discretion as to whether to make awards in each financial year, the award vehicle to be used and the performance measures to be applied.

Details of the 2008 LTI program are provided in Section B on page 26.

Minimum shareholding policy

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

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

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

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

Hedging of securities

In accordance with Amcor's general share trading policy and employee share plan rules, participants are prohibited from engaging in hedging arrangements over unvested securities issued pursuant to any employee or director share plan. This policy is enforced by requiring each Senior Executive to sign an annual declaration that they have complied with the restriction on hedging.

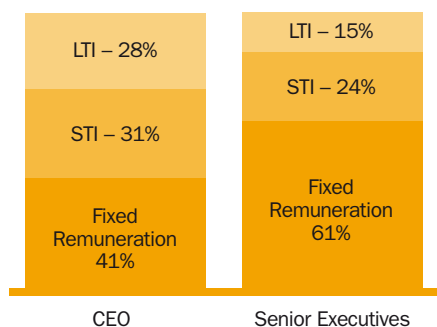
Directors' Report

Remuneration Report

B. CEO and Senior Executive Remuneration Arrangements for the Year Ended 30 June 2008

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

The following table sets out the 'mix' of fixed and 'at risk' pay (as a proportion out of a total 100%) for the CEO and Senior Executives (expressed on an average basis) for the year, including an assumed accounting value of an annual grant of Long Term Incentives (LTIs).



Total Fixed Remuneration (TFR)

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

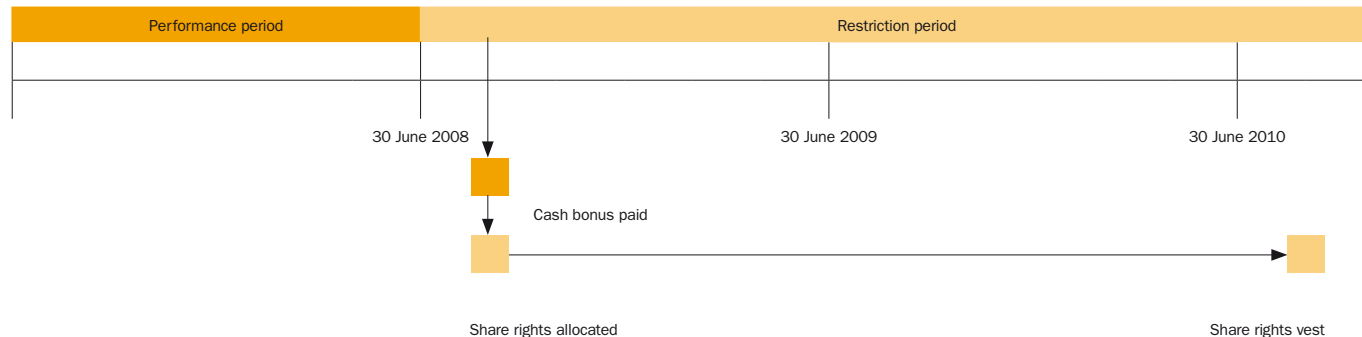
Base salary levels for each executive were set with reference to the market conditions and general salary levels in the regions in which they were located. They also reflected the scope and nature of each individual's role, their experience and performance in that role.

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

Short Term Incentive (STI)

The illustration below shows how the STI program is broadly structured to deliver both cash and equity awards.

STI for the Year Ended 30 June 2008: Illustration



STI cash awards

STI awards for the CEO and Senior Executives were determined based on the achievement of pre-determined key performance indicators (KPIs).

These KPIs were set by reference to Group, Business Group and individual performance targets for the year. In the case of the CEO, these were set by the Chairman and endorsed by the Board of Directors. KPIs for the Senior Executives were set by the CEO and reviewed by the HR Committee.

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

Table 6: Key Performance Indicators

Performance area	Weighting
Safety	5 to 10%
Financial (Group net profit after tax, profit before interest and tax and before significant items, group free cash flow, average working capital and return on average funds employed)	50 to 90%
Other (including strategic goals or Business Group specific measures)	5 to 45%

NB. STI opportunity ranges for individual executives can be found in Table 15 at section C.

Following the end of the year, the HR Committee reviewed Group, Business Group and individual performance and endorsed STI payments for Senior Executives subject to the pre-determined KPIs.

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

STI cash awards are payable in September 2008.

STI equity awards

The HR Committee also believes that the use of equity reward programs provides strong alignment with the interests of Amcor's shareholders. Accordingly, Amcor's STI program is structured to deliver shares through allocation of share rights.

Further, the HR Committee considers that the use of time-restricted equity in Amcor's STI program provides for greater retention in Amcor's remuneration arrangements.

Equity awards will be delivered in the form of rights to Amcor shares (effectively share options with zero exercise price). The number of rights to be allocated to Senior Executives, excluding the CEO, was based on:

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

STI equity awards will be allocated in September 2008. These will be subject to risk of forfeiture if the Senior Executive either voluntarily leaves Amcor employment during the restriction period or the Senior Executive's employment is terminated for cause. Board discretion applies in the case of involuntary termination of employment and change of control.

The CEO did not receive STI equity awards during the year given his participation in a Medium Term Incentive Plan and the performance period to which this relates, refer page 29.

LTI awards for the year ended 30 June 2008

The HR Committee concluded that awards should be limited to only those executives whose individual performance can affect Amcor's overall performance in the long term, plus a limited number of high-potential individuals identified as future leaders within Amcor. 2008 LTI awards were made to less than 50 executives globally including the CEO.

Participants were offered both performance rights and share options subject to specific performance hurdles being achieved over a four-year performance period. The quanta of awards were determined by reference to the CEO and Senior Executives' base salaries effective at the date of award and relative market positioning of their total rewards to their local markets. Having determined the overall value, the 2008 LTI awards were then allocated 75% to performance rights; 25% to share options.

Vesting of performance rights is to be determined based on a relative total shareholder return (TSR) performance hurdle. Vesting of share options is to be determined based on an improvement in Amcor's return on average funds employed (RoAFE) performance. Testing, or measurement of performance, will occur only once for both performance rights and share options following the end of the four year performance period ending 30 June 2011.

The choice of performance period, performance hurdles and vesting schedules was made following comprehensive consultation with a number of Amcor's major shareholders and shareholder advisory bodies.

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

Performance rights

Awards will vest based on Amcor's total shareholder return (TSR) performance relative to a peer group of companies. The Company considers that relative TSR remains an appropriate measure of Amcor's long term performance.

The HR Committee considers that the following group provides the most appropriate benchmark for testing Amcor's relative performance:

- Companies in the ASX 100 with market capitalisation between 50% to 200% of Amcor;
- Less any companies in the Global Industry Classification Standard (GICS) Sector 'Financial'
- Less GICS Sector 'Telecom Services'
- Less GICS Industry Name 'Metals & Mining'
- Less GICS Industry Name 'Media'
- Less GICS Industry Name 'Chemicals'
- Plus a select list of international industry peers.

For the 2008 awards, the group consisted of the following companies at the start of the performance period:

ASX companies: Billabong International Limited, James Hardie Industries NV, Sonic Healthcare Limited, Boral Limited, ResMed Inc, Lion Nathan Limited, Computershare Limited, Coca-Cola Amatil Limited, Origin Energy Limited, Leighton Holdings Limited, Aristocrat Leisure Limited, Qantas Airways Limited, CSL Limited, Brambles Limited.

International industry peers: Ball Corp, Bemis Co Inc, Constar International Inc, Crown Holdings Inc, Huhtamaki, MeadWestvaco Corp, Owens-Illinois Inc, Pactiv Corp, Rexam plc, RPC Group plc, Sealed Air Corp, Silgan Holdings Inc, Smurfit-Stone Container Corp, Sonoco Products Co.

The vesting schedule applicable to performance rights is as follows:

Table 7: Vesting Schedule – Performance Rights

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

To reduce the impact of share price fluctuations, TSR will be calculated for each trading day over the last quarter of the performance period ending 30 June 2011.

No amounts are payable in respect of performance rights either on grant or on exercise.

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Share options

Awards will vest based on an improvement in the Company's return on average funds employed (RoAFE) calculated over the performance period.

RoAFE is essentially a measure of the Company's return on the capital invested in the business. Specifically, the Company's RoAFE measures the annualised profit before interest, tax and significant items (PBIT) earned by the Company during a reporting period, as a percentage of the average funds employed over the same period. 'Funds employed' is a balance sheet measure for management reporting and is the sum of:

- Working capital;
- Other current assets (excluding cash and short term deposits); and
- Non current assets;

Less:

- Other current liabilities (excluding borrowings); and
- Non current liabilities (excluding borrowings).

No amounts were payable by the CEO and Senior Executives on the grant of share options. However, to exercise share options, executives are required to pay an exercise price. This was determined as \$7.07 being the volume weighted average price of ordinary shares in the Company on the ASX over the five trading days prior to 1 November 2007.

The number of options that can be exercised by executives will depend on the following vesting schedule set by reference to the published RoAFE percentage achieved for the year ended 30 June 2007:

Table 8: Vesting Schedule – Share Options

Percentage point improvement achieved over the four years ending 30 June 2011 (on a continuing basis)	Vesting percentage
<1%	0%
Between 1% but less than 1.5%	50%
Between 1.5% but less than 3%	75%
3% or more	100%

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

Share based payments – earlier awards

In addition to equity awards made to Senior Executives under the Short Term Incentive Program and Long Term Incentive awards for the year ended 30 June 2008 made to the CEO and Senior Executives, the amounts disclosed as 'share based payments' in Table 17 in Section D include the following:

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

LTI awards for the two years ended 30 June 2007

As previously reported, the CEO and selected Senior Executives received LTI awards in 2006; other Senior Executives received LTI awards in both the 2006 and 2007 financial years. Details of the terms of these awards are provided in Table 9.

Awards comprised of both share options and performance rights. The quanta of awards were determined based on market positioning of executives' total rewards relative to their local markets. The awards are subject to relative Total Shareholder Return (TSR) performance hurdles, details of which are provided in Table 10.

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

Table 9: Vesting Periods

Financial Year	TSR Base Date	Tranche*	Vesting Period	Expiry Date
2006	1 July 2005	1	1 Jan 2008 to 31 Dec 2009	31 Dec 2010
		2	1 July 2008 to 30 Jun 2010	30 Jun 2011
		3	1 Jan 2009 to 31 Dec 2010	31 Dec 2011
2007	1 July 2006	1	1 Jan 2009 to 31 Dec 2010	31 Dec 2011

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

Share options and performance rights vest depending on the highest percentile reached by the Average Amcor Total Shareholder Return (TSR) relative

to the Average Comparator TSR for each of the relevant stocks in the comparator group during the vesting period. The Comparator group of companies for awards granted in relation to 2006 and 2007 financial years under the Long Term Incentive Plan comprised the S&P/ASX100 Index as at the relevant base date for the awards (see Table 9) excluding Amcor and companies in the following industry categories:

- Financial ex-Property Trusts;
- Property Trusts;
- Resources;
- Telecommunications Services; and
- Media sectors.

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

Table 10: Vesting Schedule – LTI Awards

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

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

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

Senior executive retention share/payment plan

The Senior Executive Retention Share Plan and its entitlement equivalent (Senior Executive Retention Payment Plan) are sub-plans of the Employee Share Purchase Plan established by the Company in 1985.

These plans were established to award Executives with fully paid ordinary shares (or cash entitlements when the location of executives prevented the use of shares) without the application of ongoing performance hurdles. However, shares could not be disposed of by executives for restricted periods as determined by the Board, for up to five years.

These plans were used on a limited basis for either recruitment of executives to replace existing entitlements from their previous employers or as 'ad-hoc' retention awards to existing executives.

Although previously disclosed as Legacy Plans, these were reactivated during the 2008 Financial Year.

Legacy share based plans

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

Table 11: Legacy Share Based Plans

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

Medium Term Incentive Plan (MTIP) – CEO only

As detailed in the 2007 Remuneration Report, an MTIP award was made to the CEO in order to address an incentive 'gap' between the 2006 and 2008 LTI awards made on his appointment to CEO and November 2007 respectively.

Following shareholder approval at the 2007 Annual General Meeting, the Plan was structured to deliver either cash or equity-based reward outcomes (or a combination thereof).

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Vesting is subject to the satisfaction of a set of challenging performance measures. Testing (single test only) will take place following conclusion of the two year performance period ending 31 December 2008.

The performance measures focus on the sustained delivery of 'The Way Forward' strategy and creating the platform for excellent Company performance in the longer term. Targets have been set in the following areas:

Table 12: MTIP Structure

Performance area	Weighting
Financial performance (Return on Average Funds Employed and Average Working Capital)	25%
Business Unit Portfolio and Market Positions (focusing on business improvement, restructuring and growth)	25%
Customers, Cost, Capital and Culture	50%

Performance expectations have been set by the Board in respect of threshold, target and maximum performance levels. The quantum of the award which may vest will be:

Table 13: MTIP Award Quantum

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

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

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

C. Company Performance – the Link to Reward

Table 14 provides information regarding relevant shareholder return information over the past five financial years.

Table 14: Shareholder Return Information over the Past Five Financial Years

	2004 ⁽¹⁾	2005	2006	2007	2008
Net profit before significant items (\$ million)	440.3	458.8	405.9	397.0	369.1
Basic EPS (cents)	44.7	52.2	46.1	44.2	42.9
Dividend paid (\$ million)	280.3	290.2	298.8	305.7	294.2
Dividends per share (cents)	32	34	34	34	34
Change in share price (cents)	(115)	(27)	(2)	79	(242)
Opening share price at 1 July (\$)	8.12	6.97	6.70	6.68	7.47
Total Shareholder Return % pa ⁽²⁾	(10.2)	1.0	4.8	16.9	(27.8)

(1) Year 2004 has not been restated for the change in adopting AIFRS and is therefore based on AGAAP

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

Short Term Incentive (STI)

Details of the range of potential STI payments, the proportion to be received at 'target' performance, actual STI awards paid and the amounts forfeited by the CEO and Senior Executives in respect of the 2008 financial year are shown in Table 15 below:

Table 15: STI Award Payments

Name	STI % range	STI % Target	Bonus (\$)	% Vested in year	% Forfeited in year
Executive Directors					
K N MacKenzie	0% to 120% of TFR	80%	1,629,698	65.5%	34.5%
Senior Executives					
G Blatrix	0% to 100% of Base Salary	50%	442,867	64.2%	35.8%
P Brues	0% to 100% of Base Salary	50%	411,032	85.6%	14.4%
J Czubak	0% to 100% of Base Salary	50%	149,034	28.0%	72.0%
L A Desjardins	0% to 100% of Base Salary	50%	423,411	63.7%	36.3%
W J Long	0% to 100% of Base Salary	50%	680,222	100.0%	0.0%
I G Wilson	0% to 100% of Base Salary	50%	489,975	52.9%	47.1%

2006 LTI awards

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

Monthly testing of these awards by external consultants commenced January 2008 and will cease following the December 2009 test. Any unvested awards after this test will lapse. An analysis of the testing to date is provided below in Table 16.

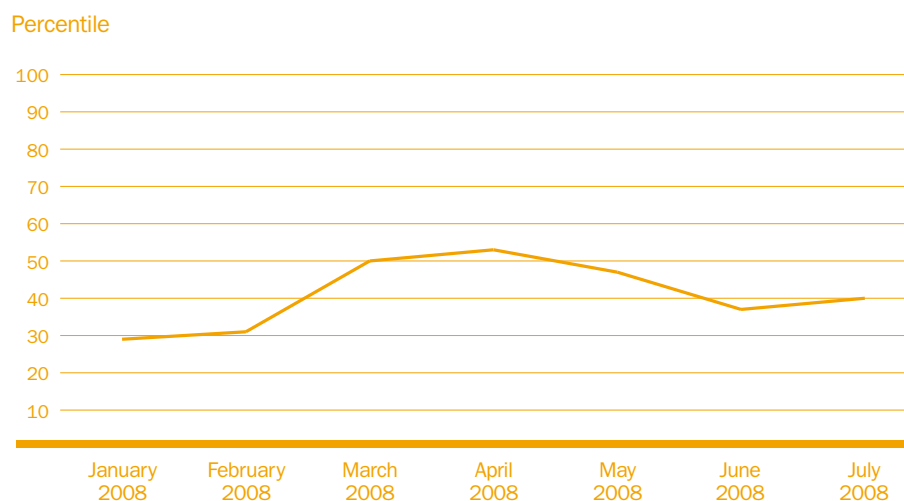
As at 31 July 2008, the comparator group to test relative TSR performance consisted of the following companies:

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

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Table 16: Amcor's relative TSR Percentile Performance to 31 July 2008



In relation to tranche 1 of the 2006 Awards, the highest percentile reached by the Average Amcor Total Shareholder Return (TSR) during the vesting period to date relative to the Average Comparator TSR for each of the relevant stocks in the comparator group is the 53rd percentile. In accordance with the vesting schedule (see Section B above), 56% of this tranche of awards has vested.

In relation to tranche 2 of the 2006 Awards, the highest percentile reached by the Average Amcor Total Shareholder Return (TSR) during the vesting period to date relative to the Average Comparator TSR for each of the relevant stocks in the comparator group is the 40th percentile. Accordingly, none of this tranche of awards has vested.

In relation to tranche 3 of the 2006 Awards, testing commences January 2009.

Earlier LTI awards

For awards made in earlier financial years (2003 to 2005), Return on Average Funds Invested (RoAFI) applied to determine individual allocations of awards. As was typical market practice at that time, no further performance measures were applied to awards following allocation.

D. Details of CEO and Senior Executive Remuneration for the Year Ended 30 June 2008

Table 17 shows the nature and amount of each component of remuneration received by the CEO and Senior Executives during the year ended 30 June 2008:

Table 17: Remuneration of CEO and Senior Executives

Key Management Personnel

Name	Position	Short term employee benefits				Post-Employment				Share based payments			% of total employee compensation received as options	Total employee compensation	
		Base salary	Non monetary benefits	Bonus	Special incentive ⁽²⁾	Superannuation benefits	Retirement benefit	Shares	Cash settled	Options and rights Equity settled					
Executive Directors															
Ken MacKenzie	Chief Executive Officer and Managing Director	2008	1,649,063	251,477	1,629,968	-	200,000	-	873,340	610,988	-	873,340	610,988	28.5%	5,214,836
		2007	1,556,250	206,175	1,659,000	-	1,053,438	-	625,000	489,801	-	625,000	489,801	19.9%	5,589,664
Other Key Management Personnel															
G Blatrix	Managing Director, Amcor Flexibles Food	2008	767,816	143,289	442,867	-	107,542	-	-	-	-	-	327,346	18.3%	1,788,860
		2007	719,711	144,168	332,626	-	111,444	-	-	-	-	-	135,175	9.4%	1,443,124
P Brues ⁽³⁾	President, Amcor Flexibles Healthcare	2008	473,685	146,830	411,033	-	183,663	-	-	-	-	-	322,469	21.0%	1,537,680
J Czubak ⁽³⁾	Managing Director, Amcor Rentsch	2008	532,263	19,777	149,034	-	106,590	-	-	-	-	10,033	279,977	26.4%	1,097,674
L A Desjardins	Executive General Manager Finance	2008	661,021	78,227	423,411	-	53,209	-	98,533	-	-	-	91,868	6.5%	1,406,269
		2007	136,706	13,163	67,708	100,000	15,296	-	-	-	-	-	-	-	332,873
L J Lachal (retired 31 December 07)	Managing Director, Amcor Australasia	2008	383,542	741,480 ⁽¹⁾	-	-	60,844	983,937	-	-	-	-	3,691	0.2%	2,173,494
		2007	675,035	66,245	250,425	-	230,400	-	-	-	-	-	252,896	17.1%	1,475,001
W J Long	President and CEO, Amcor PET Packaging	2008	673,682	34,109	680,222	-	347,370	-	-	-	-	-	483,479	21.8%	2,218,862
		2007	738,434	70,011	563,861	-	305,657	-	-	-	-	-	250,854	13.0%	1,928,817
I G Wilson	Strategic Development Director	2008	936,411	155,351	489,975	-	-	-	284,266	-	-	-	313,931	14.4%	2,179,934
		2007	941,266	173,251	718,778	-	-	-	-	-	-	-	166,553	8.3%	1,999,848
Former Senior Executives															
W P Day (retired 1 June 07)	Executive General Manager Finance	2007	672,500	84,727	384,200	-	67,250	-	-	-	-	-	243,704	16.8%	1,452,381
Total		2008	6,077,483	1,570,540	4,226,510	-	1,059,218	983,937	382,799	883,373	2,433,749	883,373	2,433,749	18.8%	17,617,609
		2007	5,439,902	757,740	3,976,598	100,000	1,783,485	-	625,000	1,538,983	15.2%	14,221,708			

(1) The majority of Mr L J Lachal's non-monetary payment was for annual and long service leave being paid out on retirement.

(2) On 15 April 2007, a \$100,000 cash bonus was awarded to Ms L A Desjardins as a sign-on incentive and in consideration of her foregoing entitlements from her previous employment.

(3) Details provided for current year only whilst designated as Key Management Personnel.

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Table 18: Terms and Conditions of each Grant of Options and Rights Affecting Remuneration

Grant date	Expiry date	Fair value per option (\$)	Exercise price (\$)	Price of shares at grant date (\$)	Estimated volatility	Risk free interest rate	Date exercisable
24 March 2004	24 March 2010	1.27	7.87	7.87	20.00%	5.12%	24 March 2007
2 August 2004	2 August 2010	1.03	6.84	6.84	20.00%	5.62%	2 August 2007
27 October 2005	31 December 2010	0.98	6.78	6.69	22.00%	5.40%	1 January 2008
27 October 2005	30 June 2011	1.01	6.78	6.69	22.00%	5.40%	1 July 2008
27 October 2005	31 December 2011	1.03	6.78	6.69	22.00%	5.40%	1 January 2009
4 August 2006	31 December 2010	0.89	6.78	6.55	22.00%	5.80%	31 December 2009
4 August 2006	30 June 2011	0.92	6.78	6.55	22.00%	5.80%	30 June 2010
4 August 2006	31 December 2011	0.97	6.78	6.55	22.00%	5.80%	31 December 2010
22 September 2006	31 December 2011	0.89	6.78	7.13	22.00%	5.80%	31 December 2009
1 February 2007	31 December 2011	1.07	7.19	7.38	20.00%	6.04%	31 December 2010
5 March 2007	31 December 2011	1.07	7.19	7.05	20.00%	6.04%	31 December 2010
1 November 2007	30 June 2012	1.08	7.07	7.10	21.00%	6.31%	30 June 2011
1 December 2007	30 June 2012	1.08	7.07	6.85	21.00%	6.31%	30 June 2011
31 December 2007	30 June 2012	1.14	7.07	6.91	21.00%	6.63%	30 June 2011

Details of LTI awards granted, vested and exercised

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

Table 19: LTI Awards Granted, Vested and Exercised

Name	Number of Options and Rights granted during the year		Number of Options and Rights vested during the year	
	2008	2007	2008	2007
Executive Directors				
K N MacKenzie	265,000	-	282,000	89,000
Senior Executives				
G Blatrix	97,335	360,000	97,300	31,150
P Brues ⁽¹⁾	71,425	-	97,300	-
J Czubak ⁽¹⁾	133,772	-	101,600	-
L Desjardins	96,451	40,000	-	-
W J Long	101,181	480,000	241,600	178,000
I G Wilson	130,741	405,000	75,600	-
Former Senior Executive				
L J Lachal ⁽²⁾	-	480,000	129,000	178,000

(1) Details provided for current year only whilst designated as Key Management Personnel

(2) Represents remuneration during designation as key management personnel in accordance with AASB 124 Related Party Disclosures.

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

Table 20: Details of Ordinary Shares Provided

Name	Date of exercise of options	Amount paid per share (\$)	Number of ordinary shares issued on exercise of options during the year	
			2008	2007
Senior Executives				
G Blatrix	7 September 2006	6.02	-	25,000
W J Long	29 March 2007	5.06	-	120,000
W J Long	5 April 2007	4.98	-	140,000
W J Long	13 April 2007	4.91	-	40,000
Former Senior Executives				
L J Lachal	6 March 2008	6.84	129,000	-

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

Table 21: Vesting Profile of Options Granted

Name	Number	Grant date	Vested %	Lapsed %	Financial year in which options may vest	Minimum total value of grant yet to vest (\$)	Maximum total value of grant yet to vest (\$)
Executive Directors							
K N MacKenzie	250,000	27 October 2005	56%	-	30 June 2008	nil	107,800
	250,000	27 October 2005	-	-	30 June 2009	nil	252,500
	250,000	27 October 2005	-	-	30 June 2009	nil	257,500
	165,000	1 November 2007	-	-	30 June 2012	nil	178,200
Senior Executives							
G Blatrix	90,000	4 August 2006	56%	-	30 June 2008	nil	38,808
	180,000	1 February 2007	-	-	30 June 2009	nil	192,600
	63,205	31 December 2007	-	-	30 June 2012	nil	72,054
P Brues	90,000	4 August 2006	56%	-	30 June 2008	nil	38,808
	180,000	1 February 2007	-	-	30 June 2009	nil	192,600
	46,380	1 December 2007	-	-	30 June 2012	nil	50,090
J Czubak	90,000	4 August 2006	56%	-	30 June 2008	nil	38,808
	180,000	1 February 2007	-	-	30 June 2009	nil	192,600
	47,904	1 December 2007	-	-	30 June 2012	nil	51,736
L Desjardins	62,631	1 December 2007	-	-	30 June 2012	nil	67,641
W J Long	120,000	4 August 2006	56%	-	30 June 2008	nil	51,744
	240,000	1 February 2007	-	-	30 June 2009	nil	256,800
	65,702	1 December 2007	-	-	30 June 2012	nil	70,958
I G Wilson	100,000	4 August 2006	56%	-	30 June 2008	nil	43,120
	100,000	4 August 2006	-	-	30 June 2009	nil	89,000
	100,000	4 August 2006	-	-	30 June 2009	nil	92,000
	84,897	1 December 2007	-	-	30 June 2012	nil	91,689

Table 22: Value of Options Granted, Exercised or Lapsed During the Year

Name	A Value at grant date (\$)	B Value at exercise date (\$)	C Value at lapse date (\$)	D Total of columns A to C (\$)
Executive Director				
K N MacKenzie	178,200	-	-	178,200
Senior Executives				
G Blatrix	72,054	-	-	72,054
P Brues	50,090	-	-	50,090
J Czubak	51,736	-	-	51,736
L A Desjardins	67,641	-	-	67,641
L J Lachal	-	132,870	-	132,870
W J Long	70,958	-	-	70,958
I G Wilson	91,689	-	-	91,689

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E. CEO and Senior Executive Service Agreements

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

Table 23: Summary of Specific Terms of Executive Service Agreements

Name	Term of agreement	Notice period	Redundancy termination payment
K N MacKenzie	Open	12 months	Greater of amount payable required by law and 12 months Total Remuneration. Total Remuneration includes Total Fixed Reward plus target STI bonus (currently 80% of TFR), plus the annual actuarial value of long term incentive as reported in Amcor's Annual Report.
G Blatrix	Open	12 months	Greater of amount payable required by law and payment in lieu of notice (12 months base salary).
P Brues	Open	12 months	Greater of amount payable required by law and payment in lieu of notice (12 months base salary).
J Czubak	Open	12 months	Greater of amount payable required by law and payment in lieu of notice (12 months base salary).
L A Desjardins	Open	12 months	Greater of amount payable required by law and payment in lieu of notice (12 months base salary).
W J Long	Open	12 months	Greater of amount payable required by law and payment in lieu of notice (12 months base salary).
I G Wilson	Open	12 months	Greater of amount payable required by law and payment in lieu of notice (12 months base salary).

F. Non-Executive Directors' Remuneration

Fee policy

The Non-Executive Director fee policy enables the Company to attract and retain high quality directors with relevant experience. At the same time, the cost to the Company is managed in relation to the maximum aggregate fee limit. The current aggregate fee limit of \$2,000,000 was approved by shareholders at the 2003 Annual General Meeting.

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

The fee policy is reviewed annually by the HR Committee, which obtains advice on market practice from independent remuneration consultants.

Aggregate fee limit – 2008 Annual General Meeting resolution

As detailed in the Notes to the Explanatory Memorandum, which is attached to the Notice of Meeting for the 2008 Annual General Meeting, and which addresses the proposed aggregate fee limit, the Board will seek shareholder approval to increase the limit to \$2,500,000. Given Amcor's increasing international presence, the Board anticipates the need to increase the size and diversity of the Board and the possible need to include non-executive directors from outside Australia. Accordingly, an increase to aggregate fee limit has been recommended to Shareholders for approval.

Performance based remuneration and minimum shareholding

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

Retirement allowances

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

Non-Executive Directors' remuneration for the 2008 Financial Year

Table 24: Details of Non-Executive Directors' Remuneration

		Short term employee benefits		Post-employment		Total compensation
		Salary and fees	Non monetary benefits	Superannuation benefits	Retirement benefit ⁽¹⁾	
Non-Executive Directors						
C I Roberts	2008	604,500	4,664	54,405	39,858	703,427
	2007	604,504	5,202	54,405	30,901	695,012
R K Barton	2008	216,500	2,816	19,485	14,066	252,867
	2007	216,500	1,500	19,485	10,905	248,390
G J Pizzey	2008	115,750	2,576	136,585	-	254,911
	2007	192,919	1,500	59,418	-	253,837
E J J Pope	2008	197,235	2,800	33,300	-	233,335
	2007	124,252	2,488	106,283	-	233,023
J G Thorn	2008	254,000	2,816	22,860	-	279,676
	2007	171,749	1,500	105,113	-	278,362
G A Tomlinson	2008	261,500	2,800	23,535	15,147	302,982
	2007	195,618	1,500	89,421	11,743	298,282
Total	2008	1,649,485	18,472	290,170	69,071	2,027,198
	2007	1,505,542	13,690	434,125	53,549	2,006,906

(1) Amounts shown represent CPI indexed adjustments.

Directors' Report

Corporate Governance Statement

The Board is committed to achieving and demonstrating the highest standards of corporate governance. This report complies with the Australian Stock Exchange Corporate Governance Council's 'Principles of Good Corporate Governance and Best Practice Recommendations'. Amcor's corporate governance practices were in place throughout the year ended 30 June 2008 and were compliant with the Council's best practice recommendations.

The Board continues to review the framework and practices in place to ensure they meet the interests of shareholders. In particular, recent revisions to the ASX Corporate Governance Principles will apply to the Company for the year ending 30 June 2009. It is the Board's intention to systematically introduce the management processes required to ensure compliance with the ASX Principles before June 2009.

A description of the Company's main corporate governance practices are set out below. All these practices, unless otherwise stated, were in place for the full financial year.

The Board of Directors

Role of the Board

The Board of Directors of Amcor Limited is responsible for the corporate governance of the Company. The Board guides and monitors the business and affairs of Amcor Limited on behalf of the shareholders by whom they are elected and to whom they are accountable. The Board operates in accordance with the broad principles set out in its charter which is available from the corporate governance information section of the Company website.

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

Responsibilities

The responsibilities of the Board include:

- Overseeing the management of the Company and direction of its business strategy with the aim of increasing value for shareholders;
- Providing strategic direction for, and approving, the Company's business strategies and objectives;
- Monitoring the operational and financial position and performance of the Company;
- Overseeing the identification of the principal risks faced by the Company and taking reasonable steps designed to ensure that appropriate internal controls and monitoring systems are in place to manage and, to the extent possible, reduce the impact of these risks;

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

Board processes

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

- Audit & Compliance;
- Executive;
- Human Resources;
- Nomination; and
- Superannuation.

Each of these committees has written mandates and operating procedures in place which are reviewed on a regular basis. The Board has also established a framework for the management of the consolidated entity including a system of internal control, a business risk management process and the establishment of appropriate ethical standards.

The full Board currently holds up to 12 scheduled meetings during the year plus strategy meetings and any extraordinary meetings that may be necessary to address any significant matters that may arise. The agenda for meetings is prepared in conjunction with the Chairman, the Managing Director and Chief Executive Officer and the Company Secretary.

Standing items include the Managing Director's report, business group Managing Directors' reports, financial reports, strategic matters and governance and compliance issues. All submissions are circulated in advance to allow the Board time to review and give due consideration to each report. Executives are regularly involved in Board discussions and directors have other opportunities to interact with management and employees during visits to business units and plants both locally and overseas. However, the non-executive directors have a private session at each Board meeting at which management is not present.

Director education

Amcor Limited has in place a formal process to educate new directors about the nature of the business, current issues, the corporate strategy and the expectations of the consolidated entity concerning performance of directors. Directors also have the opportunity to visit Amcor facilities and meet with management to gain a better understanding of business operations. Directors are given access to continuing education opportunities to update and enhance their skills and knowledge.

Independent professional advice and access to Company information

Each director has the right of access to all relevant company information and to the Company's executives and, subject to prior consultation with and approval from the Chairman, may seek independent professional advice from a suitably qualified advisor at the Company's expense.

The director must consult with an advisor suitably qualified in the relevant field and obtain the Chairman's approval of the fee payable for the advice before proceeding with the consultation. A copy of the advice received by the director is made available for all other members of the Board.

Composition of the Board

Details of the members of the Board, their experience, expertise, qualifications, term of office and independence status are set out in the directors' profiles on pages 16 to 17. The composition of the Board is determined using the following principles:

- A minimum of seven directors, with a broad range of expertise both nationally and internationally;
- A majority of independent non-executive directors;

- A majority of directors having extensive knowledge of the Company's industries, and those who do not, having extensive expertise in significant aspects of financial reporting and risk management of large companies;
- A non-executive independent director as Chairman;
- Enough directors to serve on Board committees without overburdening the directors or making it difficult for them to fully discharge their responsibilities; and
- Directors are subject to re-election at least every three years (except for the Managing Director and Chief Executive Officer).

The Board seeks to ensure that:

- At any point in time, its membership represents an appropriate balance between directors with experience and knowledge of the Group and directors with an external or fresh perspective; and
- the size of the Board is appropriate to facilitate effective discussion and efficient decision-making.

Directors' independence

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

- Hold less than 5% of the voting shares of the Company and not be an officer of, or otherwise associated, directly or indirectly, with a shareholder of more than 5% of the voting shares of the Company;
- Not, within the past three years, have been employed in an executive capacity by the Company or another group member, or have been a director after ceasing to hold any such employment;
- Not, within the past three years, have been a principal or employee of a material* professional adviser or a material consultant to the Company or another group member;
- Not be a material* supplier or customer of the Company or another group member, or an officer of or otherwise associated, directly or indirectly, with a material supplier or customer;
- Not have a material* contractual relationship with the Company or another group member other than as a director of the Company;
- Be free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of the Company; and

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

In accordance with recent developments in corporate governance, the Board has agreed that in the absence of special circumstances, the tenure for directors should be limited to 10 years, to ensure directors remain demonstrably independent, with a view to the best representation of the interests of shareholders.

Commitment

The directors held nine board meetings and 21 committee meetings during the year. Directors visited operational sites of the company in addition to those meetings this year.

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

The number of meetings of the Company's Board of Directors and of each board committee held during the year ended 30 June 2008, and the number of meetings attended by each director is disclosed on page 19.

It is the Company's practice to allow its executive directors to accept appointments outside the company with prior written approval of the Board. No appointments of this nature were accepted during the year ended 30 June 2008.

The commitments of non-executive directors are considered by the nomination committee prior to the directors' appointment to the Board of the Company and are reviewed each year as part of the annual performance assessment. Prior to appointment or being submitted for re-election, each non-executive director is required to specifically acknowledge that they have and will continue to have the time available to discharge their responsibilities to the Company.

Term of Office Held by Each Director

The term of office held by each director in office at the date of this report is outlined in the Directors' profiles on pages 16 to 17.

Committees of the Board

Nomination Committee

The Nomination Committee oversees the appointment and induction process for directors and committee members, and the selection, appointment and succession planning process of the Company's Managing Director and Chief Executive Officer.

The Committee makes recommendations to the Board on the appropriate skill mix, personal

qualities, expertise and diversity of each position, following its annual assessment of the Board. When a vacancy exists or there is a need for particular skills, the Committee, in consultation with the Board, determines the selection criteria based on the skills deemed necessary. The Committee identifies potential candidates with advice from an external consultant where appropriate. The Board then appoints the most suitable candidate. Board appointees must stand for election at the next Annual General Meeting of shareholders.

Following a formal review of the effectiveness of the Board, its committees, individual directors and senior executives conducted by the Chairman in conjunction with the Nomination Committee, the Committee has operated with only three members. This is to encourage efficient decision-making in relation to the detailed examination of selection and appointment practices of the organisation in accordance with Principle 2 of the ASX's Good Corporate Governance Recommendations.

The names of the members as at the date of this report are set out below and further details of their profiles are set out on pages 16 to 17.

Nomination Committee:

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

G J Pizze – Independent Non-Executive Director

E J J Pope – Independent Non-Executive Director

The Nomination Committee met once during the year. Attendance at meetings is disclosed on page 19.

The terms and conditions of the appointment and retirement of non-executive directors are set out in correspondence to the relevant party, including expectations for attendance and preparation for all Board meetings, appointments to other Boards, the procedures for dealing with conflicts of interest, and the availability of independent professional advice. Further details of the Nomination Committee's charter and policies, including those for appointing directors and evaluating their performance, are available on the Company's website.

Executive Committee

The Executive Committee deals with matters referred to it by the Board or with urgent matters which may not be deferred until the next meeting of the Board. The Board confirms the actions of this Committee at its next meeting. A majority of the Committee must be independent. As at the date of this report, the names of the members are set out below and further details of their profiles are set out on pages 16 to 17.

* The Board considers as 'material' in this context, where any director related business relationship has represented, or is likely in future to represent the lesser of at least 5% of the relevant segment's or the director-related business' revenue. The Board considered the nature of the relevant industries' competition and the size and nature of each director related business relationship, in arriving at this threshold.

Directors' Report

Corporate Governance Statement

Executive Committee:

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

R K Barton –
Independent Non-Executive Director

G J Pizzey –
Independent Non-Executive Director

K N MacKenzie –
Executive Director

All other non-executive directors receive the Executive Committee agendas and papers and are encouraged to attend meetings of the Executive Committee as available. The Committee met six times during the year and members' attendance at these meetings is disclosed in the table of directors' meetings on page 19.

Human Resources Committee

The Human Resources Committee reviews and makes recommendations to the Board on remuneration packages and policies applicable to the Managing Director and Chief Executive Officer, senior executives and directors themselves. It is also responsible for the Company's policies and procedures for retention of senior management, incentive performance schemes, reviewing executive development leadership and succession plans, and reviewing human resource plans for each business. The majority of members must be independent. The Human Resources Committee's charter is available on the Company's website. The Remuneration Report, which includes references to retirement benefits and superannuation for non-executive directors, is set out on pages 24 to 37 and forms part of the Directors' Report for the financial year ended 30 June 2008.

As at the date of this report, the names of the members of the Committee are set out below and further details of their profiles are set out on pages 16 to 17.

Human Resources Committee:

G A Tomlinson (Chairman) –
Independent Non-Executive Director

K N MacKenzie –
Managing Director and Chief Executive Officer

G J Pizzey –
Independent Non-Executive Director

E J J Pope –
Independent Non-Executive Director

C I Roberts –
Independent Non-Executive Director

Although the Managing Director and Chief Executive Officer is a member of this committee, he will not:

(a) Vote on matters relating to the remuneration of executive officers of the Company, or

(b) Attend meetings or vote on matters regarding the remuneration of the Managing Director and Chief Executive Officer.

The Human Resources Committee meets as and when required. The Committee met six times during the year and committee members' attendance records are disclosed in the table of directors' meetings on page 19.

Audit & Compliance Committee

The Audit & Compliance Committee has a documented charter approved by the Board.

All members must be independent non-executive directors. The Chairman may not be the Chairman of the Board. The Committee advises on the establishment and maintenance of a framework of internal control and appropriate ethical standards for the management of the Company.

As at the date of this report, the names of the members of the Committee are set out below and further details of their profiles are set out on pages 16 to 17.

Audit & Compliance Committee:

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

R K Barton –
Independent Non-Executive Director

C I Roberts –
Independent Non-Executive Director

G A Tomlinson –
Independent Non-Executive Director

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

The Audit & Compliance Committee is required under the charter to meet quarterly and otherwise as necessary. This year, the Committee met four times during the year and Committee members' attendance records are disclosed in the table of directors' meetings on page 19. The external auditor met with the Audit & Compliance Committee four times during the year without management being present.

The Company and Audit & Compliance Committee policy is to review the performance of the external auditor regularly regarding quality, costs and independence. A review by the Committee in 2007 resulted in the nomination by the Board and the subsequent appointment by shareholders in general meeting of PricewaterhouseCoopers as external auditor. It is a Company requirement for regular rotation of audit engagement partner and PricewaterhouseCoopers has a policy of rotation at least every five years.

The Audit & Compliance Committee's charter is available with the Board Charter in the Corporate Governance section of the Company's website.

Superannuation Committee

In April 2006, a Superannuation Committee of the Board was formed for a limited period to assist the Board in fulfilling its responsibility for oversight of superannuation and pension matters affecting the Company. The Committee has a documented Charter to oversee any deficit and related asset and liability issues regarding superannuation obligations of the company in each relevant jurisdiction in which the company operates. The Committee has encouraged a common global approach to the investment of superannuation and pension funds.

The Committee consists of three Independent Non-Executive directors who met four times during the year. Attendances are shown on page 19.

As at the date of this report, the names of the members of the Committee are set out below and further details of their profiles are set out on pages 16 to 17.

Superannuation Committee:

G A Tomlinson (Chairman) –
Independent Non-Executive Director

J G Thorn –
Independent Non-Executive Director

C I Roberts –
Independent Non-Executive Director

Risk Management

Framework

Amcor understands and recognises that rigorous risk and opportunity management is essential for stable corporate growth and for sustaining competitive market position and performance.

The overall aim is the implementation of an effective risk management framework across all of the business areas globally to support the achievement of the Company's primary objective: enhancing shareholder value through improved share price and earnings growth in the short to medium term whilst building a sustainable business for the longer term. Other key objectives include:

- Increasing the likelihood of Amcor achieving strategic and business targets;
- Encouraging a high standard of accountability at all levels;
- Supporting more effective decision making through better understanding of risk exposures;

- Safeguarding the Company's assets – human, property, reputation, knowledge;
- Enabling the Board to fulfil its governance and compliance requirements; and
- Supporting the sign-off for ASX Principles 4 and 7 by the CEO and CFO.

In order to achieve these objectives and for good corporate governance, the Company has a policy and systems in place to identify and effectively manage risk. Risk identification and management are key parts of the Company's normal business operations, and are crucial to the successful realisation of strategic, operational, financial and compliance objectives.

Risk management enhancement

In December 2007, the Corporate Risk Group conducted a Risk Framework Maturity Assessment comprising an analysis of Amcor's Enterprise Risk Management (ERM) Framework from both a technical and behavioural perspective. Key stakeholders were engaged as part of the maturity assessment process including members of the Board, Senior Management and the Risk Champions from each business group. An ERM enhancement plan was then developed.

New policies and standardised work practices have been developed and implemented that align risk management with existing business processes. Amcor has revised its information collection and reporting methods and mapped key risks to the corporate strategy to provide a clear delineation of the 'risks that matter'. The key risks include actions by competitors, government policy changes, the impact of exchange rate movements on the price of raw materials and sales, difficulties in sourcing raw materials, environment, occupational health and safety, property, financial reporting, financial markets and the purchase, development and use of information systems.

Compliance and control

The Board is responsible for oversight of the overall internal control framework, but recognises that no cost-effective internal control system will preclude all errors and irregularities. The Board's policies on internal governance control are comprehensive and include, in addition to strategic planning, financial planning and reporting procedures and the use of internal and external auditors: a Code of Conduct and Ethics Policy, a Delegated Authority Policy, a Fraud Policy and a Whistleblower Policy. Details of these are available on the Company's website. The Company strives to ensure that its products are of the highest standard. Towards this aim, each of its business segments has highly developed quality control systems which are based on the internationally accepted ISO 9000 series and meet all the extensive customer requirements.

Financial reporting

The Chief Executive Officer and the Executive General Manager Finance have declared in writing to the Board that the Company's financial records have been properly maintained and the financial reports present a true and fair view, in all material respects, of the Company's financial condition and operational results and are in accordance with the relevant accounting standards. The declarations are based on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board in accordance with Principles 4 and 7 of the ASX Principles of Good Corporate Governance.

The consolidated entity has fully complied with the reporting requirements of International Financial Reporting Standards for the financial year ended 30 June 2008.

Environmental regulation

The consolidated entity is committed to achieving a high standard of environmental performance. Its operations are subject to significant environmental regulation in all countries in which it maintains a presence. The Board is responsible for the regular monitoring of environmental exposures and compliance with environmental regulations. As part of this process, the Board is responsible for:

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

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

Internal control

Amcor's directors accept the responsibility for oversight of the effectiveness of the Group's internal control environment. In order to effectively discharge these responsibilities, they have long established a number of assurance functions (including the internal audit function) to independently review the control environment and provide regular reports to directors and management committees. These reports and associated recommendations are considered and acted upon to maintain or strengthen the control environment.

Amcor has a Group-wide internal audit function to assist the Board in ensuring compliance with the internal controls and risk management programs by regularly reviewing the effectiveness of the Company's compliance and control systems. The Audit & Compliance Committee is responsible for approving the scope of internal audit review, overseeing the performance of the internal audit team and reporting to the Board on the status of the risk management system.

In recent years, the international business community has seen an escalation in regulation designed to strengthen corporate governance and expand management accountability. One such piece of legislation was the US *Sarbanes-Oxley Act 2002*.

To meet the standards set by the Sarbanes-Oxley Act, management initiated a project in 2003 to document and test controls over financial reporting systems throughout the Group. These efforts resulted in a strengthening of the control environment.

The processes and testing established by the project have been evaluated in order to ensure that they continue to evolve to address the changing environment and to effectively focus on risk areas while minimising the financial burden.

The Sarbanes-Oxley Act no longer applies to Amcor following the deregistration at the US Securities and Exchange Commission in September 2007. However, the maintenance and improvement of the control environment will continue to be a key objective of the directors and management.

Ethical Standards

All directors, managers and employees are expected to act with the utmost integrity and objectivity, striving at all times to enhance the reputation and performance of the Company. Every employee has a nominated supervisor to whom they may refer any issues arising from their employment. Alternatively, employees may use the Whistleblower procedures in place. The Board reviews the Code of Conduct and Ethics Policy regularly and processes are in place to promote and communicate these policies.

Conflict of interest

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

Directors' Report

Corporate Governance Statement

Details of director-related entity transactions with the Company are set out in Note 28 to the Financial Statements.

Code of Conduct and Whistleblower Policy

The Company has advised each director, manager and employee that they must comply with the Corporate Code of Conduct and Ethics Policy. The Policy may be viewed on the Company's website and includes a Whistleblower Policy. Under this policy, an Amcor Whistleblower Service was introduced in 2004 to facilitate reporting of potential misconduct within the Company.

This facility enables employees to report potential misconduct in the form of theft, fraud, dishonesty, illegal activity, harassment, unethical behaviour and workplace safety hazards, to a third party who is responsible for coordinating the investigation of issues raised on behalf of the Company and the Whistleblower. Employees who report suspected inappropriate conduct are protected from bullying, harassment or discrimination when they make reports in good faith. There were 44 reports recorded during the financial year. These reports revolve around human resources, financial, procedural and criminal issues. Each such report is investigated thoroughly and appropriate action taken as necessary.

In addition, a Third Party Complaints email and free post facility has been set up on the Company's website to enable third parties such as suppliers, consumers, contractors and customers to report potential misconduct within the organisation.

The Code of Conduct and Ethics Policy also reiterates that bribery of any form is unacceptable. This has been reinforced to employees via articles published in the global staff publications.

Fraud Policy

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

Trading in general company securities by directors and employees

Amcor has a Share Trading Policy to control trading by directors and employees in securities of Amcor Limited. Key elements of the policy are outlined below:

- Any director and employee who has price sensitive information relating to Amcor which has not been published or which is not otherwise generally available, may not deal in Amcor securities, advise, procure or encourage another person to deal in Amcor securities, or pass on information to any other person who may use the information to deal in Amcor securities.

- Amcor has limited the times when directors and employees may buy or sell company securities. These periods are limited to a period of four weeks after the release of the half year results, full year results and the holding of the Annual General Meeting.
- Directors and employees must not engage in hedging arrangements (including, for example, the use of put and call options or derivative instruments) over unvested securities issued pursuant to any employee or director option or share plan. In addition, hedging over vested securities must comply with this Policy.
- It is recognised that individual circumstances may require a person to dispose of securities outside the specified windows. In such cases, any director or employee is required to seek the prior approval of the Company Secretary who may approve the transaction or, in certain circumstances, seek approval from the Executive General Manager Human Resources or the Chairman of the Board.

The Share Trading Policy is reproduced in full on the Company's website.

Communication with Shareholders

Timely and balanced disclosure

The Board provides shareholders with information using a comprehensive Continuous Disclosure Policy, which includes identifying matters that may have a material effect on the price of the Company's securities, notifying them to the ASX, posting relevant information on the Company's website, and issuing media releases. The policy is available on the Company's website. Additional communications with shareholders include:

- The Annual Report, which is distributed to those shareholders who request it, includes relevant information about the operations of the consolidated entity during the year, changes in the state of affairs and indications of future developments.
- The half-year financial results are lodged with the Australian Securities and Investments Commission and the Australian Securities Exchange.
- All announcements made to the market, and related information (including information provided to analysts or the media during briefings), are placed on the Company's website after they are released to the ASX.
- Analyst briefings and general meetings are webcast and recordings placed on the Company's website.
- Any proposed major changes in the consolidated entity which may impact on share ownership rights are submitted to a vote of shareholders.

- Notices of meetings and associated explanatory material are placed on the Company's website; and
- The external auditors attend the Annual General Meeting to answer any questions concerning the audit and the content of the auditors' report.

All of the above information, including that of the previous three years, is made available on the consolidated entity's website within one day of public release, and is emailed to all shareholders who lodge their email contact details with the Company. Information on lodging email addresses with the Company is available on the Company's website.

The Board encourages full participation by shareholders at the Annual General Meeting to ensure a high level of accountability and identification with the Company's strategy and goals. Important issues are presented to the shareholders as single resolutions.

The shareholders are requested to vote on matters such as the appointment and aggregate remuneration of directors, the granting of options and shares to directors and changes to the Constitution. A copy of the Constitution is available to any shareholder who requests it.

eTree

In March 2006, Amcor joined with many other major Australian corporations and commenced its support of the environmental initiative eTree. Under this program, Amcor shareholders can help reduce paper usage and company costs by electing to receive all shareholder information (including the Annual Report) online. For every email address registered on www.eTree.com.au/amcor, \$2 is donated to Landcare Australia on the shareholders' behalf to support native reforestation and restoration projects in Australia and New Zealand. Amcor has already helped to facilitate the planting of more than 21,000 native trees via this initiative.

MD/CEO and EGMF Certifications

The directors have received and considered the certification from the Managing Director and Chief Executive Officer and the Executive General Manager Finance in accordance with ASX Corporate Governance Council's 'Principles of Good Corporate Governance and Best Practice Recommendations' (the Principles) and the *Corporations Act 2001*.

The certification is as follows:

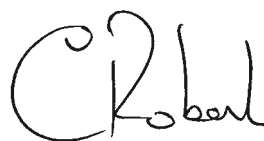
- (a) With regard to the integrity of the Financial Statements of Amcor Limited for the financial year, being the year ended 30 June 2008, that having made appropriate enquiries, in our opinion:
 - (i) the financial records of the Company and of the entities whose financial statements are required to be included in its consolidated financial statements (the consolidated entity) for the financial

- year have been properly maintained in accordance with section 286 of the *Corporations Act 2001*; and
- (ii) the financial reports of the Company and of the consolidated entity, being the Financial Statements and notes, present a true and fair view of the financial position and performance of the Company and of the consolidated entity in accordance with section 297 of the *Corporations Act 2001* and comply with relevant accounting standards.
- (b) With regard to the risk management and internal compliance and control systems of the consolidated entity in operation as at 30 June 2008, that having made appropriate enquiries, within the context described in (c) below, to the best of our knowledge and belief:
- (i) the statements made in (a)(ii) above regarding the financial reports are founded on sound risk management and internal compliance and control systems which in all material aspects, implement the policies which have been adopted by the Board of Directors of the Company either directly or through delegation to senior executives; and
- (ii) the risk management and internal compliance and control systems adopted by the Company are operating effectively and efficiently, in all material respects.

- (c) The statements made in (b) above regarding the risk management and internal compliance and control systems of the consolidated entity in operation as at 30 June 2008 are made within the following context:
- (i) these statements provide a reasonable, but not absolute, level of assurance;
- (ii) the risk management and internal compliance and control systems of the consolidated entity were enhanced during the year to 30 June 2008. The design, operation and testing of controls has been assessed primarily through the use of declarations by process owners who are responsible for the operation of those controls. This assessment will continue to evolve and be enhanced in the future as the risk management and internal compliance and control systems are further developed; and
- (iii) while a number of control deficiencies were identified during the year, in all such cases additional tests of procedures or tests of applicable account balances included in the Financial Statements have confirmed that there has been no material impact on the Financial Statements.

Declaration

This Directors' Report is made in accordance with a resolution of the directors, dated at Melbourne, in the State of Victoria, on 21 August, 2008.



Chris Roberts

Chairman



Ken MacKenzie

Managing Director
and Chief Executive Officer

Auditor's Independence Declaration



As lead auditor for the audit of Amcor Limited for the year ended 30 June 2008,
I declare that to the best of my knowledge and belief, there have been:

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

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

A handwritten signature in black ink that reads "PricewaterhouseCoopers".

PricewaterhouseCoopers

A handwritten signature in black ink that reads "Dale McKee".

Dale McKee
Partner

Melbourne
21 August 2008

Financial Report

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Income Statements

For the financial year ended 30 June 2008

\$ million	Note	Consolidated		Amcors Limited	
		2008	2007 Restated*	2008	2007
Sales revenue from continuing operations	2, 4	9,234.9	9,710.5	-	-
Cost of sales		(7,752.5)	(8,117.0)	-	-
Gross profit		1,482.4	1,593.5	-	-
Other income	2, 4	96.9	62.7	137.2	481.2
Sales and marketing expenses		(318.4)	(315.8)	-	-
General and administration expenses		(785.2)	(854.8)	(75.6)	(43.2)
Research costs		(36.2)	(31.5)	-	(0.1)
Share of net profit of equity accounted investments	14	27.7	22.0	-	-
Profit from operations		467.2	476.1	61.6	437.9
Financial income	4	29.7	23.4	355.8	393.6
Financial expenses	5	(209.4)	(233.7)	(377.1)	(338.3)
Net finance costs		(179.7)	(210.3)	(21.3)	55.3
Profit before related income tax expense		287.5	265.8	40.3	493.2
Income tax (expense)/benefit	7	(49.4)	(34.4)	4.0	(4.1)
Profit from continuing operations		238.1	231.4	44.3	489.1
Profit/(loss) from discontinued operations, net of tax	2, 3	28.4	313.7	(9.9)	(0.6)
Profit for the financial period		266.5	545.1	34.4	488.5
Profit attributable to:					
Members of Amcor Limited		258.8	533.7	34.4	488.5
Minority interest		7.7	11.4	-	-
		266.5	545.1	34.4	488.5
Earnings per share for profit from continuing operations attributable to the ordinary equity holders of Amcor Limited		Cents	Cents		
Basic earnings per share	9	26.9	24.5		
Diluted earnings per share	9	26.6	24.1		
Earnings per share for profit attributable to the ordinary equity holders of Amcor Limited					
Basic earnings per share	9	30.1	59.5		
Diluted earnings per share	9	29.8	58.4		

* See discontinued operations – note 3.

The above income statements should be read in conjunction with the accompanying notes on pages 51 to 121.

Balance Sheets

As at 30 June 2008

\$ million	Note	Consolidated		Amcors Limited	
		2008	2007	2008	2007
Current assets					
Cash and cash equivalents	10	258.3	114.7	115.7	0.1
Trade and other receivables	11	1,235.4	2,087.3	5,362.4	6,568.8
Inventories	12	1,117.9	1,189.1	–	–
Other financial assets	13	6.7	3.4	0.9	1.2
Total current assets		2,618.3	3,394.5	5,479.0	6,570.1
Non-current assets					
Investments accounted for using the equity method	14	310.9	279.3	–	–
Other financial assets	13	30.0	43.0	4,856.3	4,705.4
Property, plant and equipment	15	3,624.4	3,835.4	0.2	0.3
Deferred tax assets	16	88.2	56.7	–	–
Intangible assets	17	1,309.2	1,458.7	8.0	14.7
Other non-current assets	18	88.9	74.7	3.0	3.2
Total non-current assets		5,451.6	5,747.8	4,867.5	4,723.6
Total assets		8,069.9	9,142.3	10,346.5	11,293.7
Current liabilities					
Trade and other payables	19	1,808.9	1,853.5	40.5	53.7
Interest-bearing liabilities	20	677.5	1,378.6	4,179.3	4,787.8
Other financial liabilities	21	3.8	11.6	0.3	2.6
Current tax liabilities		21.8	36.1	0.6	14.4
Provisions	22	230.0	241.8	3.0	1.5
Total current liabilities		2,742.0	3,521.6	4,223.7	4,860.0
Non-current liabilities					
Trade and other payables	19	26.3	27.9	–	–
Interest-bearing liabilities	20	1,833.2	1,620.5	1,695.0	1,395.4
Other financial liabilities	21	0.1	0.4	0.8	2.9
Deferred tax liabilities	16	182.7	196.5	33.8	59.5
Provisions	22	115.3	92.7	4.5	6.2
Retirement benefit obligations	23	167.0	101.4	25.2	7.6
Total non-current liabilities		2,324.6	2,039.4	1,759.3	1,471.6
Total liabilities		5,066.6	5,561.0	5,983.0	6,331.6
NET ASSETS		3,003.3	3,581.3	4,363.5	4,962.1
Equity					
Contributed equity	24	2,406.1	2,742.8	2,406.1	2,742.8
Reserves	24	(443.7)	(313.5)	9.0	(4.4)
Retained profits	24	986.4	1,099.8	1,948.4	2,223.7
Total equity attributable to equity holders of Amcor Limited		2,948.8	3,529.1	4,363.5	4,962.1
Minority interest	24	54.5	52.2	–	–
TOTAL EQUITY		3,003.3	3,581.3	4,363.5	4,962.1

The above balance sheets should be read in conjunction with the accompanying notes on pages 51 to 121.

Statements of Recognised Income and Expense

For the financial year ended 30 June 2008

\$ million	Note	Consolidated		Amcors Limited	
		2008	2007	2008	2007
Net change in fair value of available-for-sale financial assets		(7.9)	7.5	-	-
Effective portion of changes in fair value of cash flow hedges		13.7	(13.1)	8.7	(1.4)
Net change in fair value of cash flow hedges transferred to profit or loss	26	3.0	7.5	(2.2)	5.2
Net change in fair value of cash flow hedges transferred to non-financial assets	26	(1.5)	(1.5)	-	-
Exchange differences on translation of foreign operations		(142.5)	(210.6)	-	-
Actuarial (losses)/gains on defined benefit plans	23	(103.4)	58.7	(22.1)	19.6
Income tax on income and expense recognised directly in equity	7, 16	16.2	(44.4)	4.6	(7.0)
Income and expense recognised directly in equity		(222.4)	(195.9)	(11.0)	16.4
Profit for the financial period		266.5	545.1	34.4	488.5
Total recognised income and expense for the financial period	24	44.1	349.2	23.4	504.9
Total recognised income and expense for the financial period is attributable to:					
Members of Amcor Limited	24	41.6	341.5	23.4	504.9
Minority interest	24	2.5	7.7	-	-
		44.1	349.2	23.4	504.9

Other movements in equity arising from transactions with owners as owners are set out in note 24.

The above statements of recognised income and expense should be read in conjunction with the accompanying notes on pages 51 to 121.

Cash Flow Statements

For the financial year ended 30 June 2008

\$ million	Note	Consolidated		Amcors Limited	
		2008	2007	2008	2007
Cash flows from operating activities					
Profit for the financial period		266.5	545.1	34.4	488.5
Depreciation	15	386.6	440.3	0.1	0.2
Amortisation of intangible assets		26.5	26.6	1.6	1.9
Amortisation of financial guarantee contracts	4	–	–	(2.0)	(0.9)
Impairment losses on property, plant and equipment	15	15.1	63.1	–	–
Reversal of impairment losses on property, plant and equipment	15	(3.4)	–	–	–
Impairment losses on intangible assets	17	9.4	2.2	–	–
Non-cash retirement benefit expense	23	29.2	35.0	(0.4)	(0.1)
Net finance costs		179.4	214.9	21.3	(55.3)
Grant income recognised	4	(2.2)	(2.7)	–	–
Net gain on disposal of non-current assets	4	(38.1)	(4.0)	–	(0.2)
Net gain on disposal of businesses/controlled entities	4	(9.4)	(0.9)	–	–
Net gain/(loss) on disposal of equity accounted investment		0.1	(0.5)	–	–
Fair value losses/(gains) on other financial assets at fair value through income statement	4, 5	1.8	0.1	0.3	(0.6)
Share of net profits of associates, net of dividends received	14	(27.7)	(22.0)	–	–
Net foreign exchange loss/(gain)		43.2	(1.9)	58.4	(254.4)
Dividends from controlled and other entities	4	(0.6)	(0.5)	(133.3)	(222.9)
Non-cash significant items		39.8	(261.0)	12.8	0.8
Other sundry items		(6.6)	3.0	6.0	(6.8)
Income tax expense	7	35.8	62.8	(6.2)	4.1
Operating profit before changes in working capital and provisions		945.4	1,099.6	(7.0)	(45.7)
– (Increase)/decrease in prepayments and other operating assets		(41.7)	(1.0)	1.0	4.6
– (Decrease) in employee benefits and other operating liabilities		(32.3)	(72.0)	(1.2)	(5.0)
– (Decrease)/increase in provisions		(3.4)	(59.0)	(0.2)	1.7
– Decrease/(increase) in trade and other receivables		25.7	52.3	3.9	(3.2)
– (Increase)/decrease in inventories		(69.0)	13.2	–	–
– Increase/(decrease) in trade and other payables		88.0	191.0	(8.2)	4.3
		912.7	1,224.1	(11.7)	(43.3)
Dividends received		3.9	5.8	126.8	119.5
Interest (paid)/received		(192.4)	(203.5)	(63.8)	29.8
Income tax (paid)/refunded		(62.8)	(80.1)	4.3	(11.0)
Net cash from operating activities		661.4	946.3	55.6	95.0
Cash flows from investing activities					
Payment/(granting) of loans relating to associated companies and other persons		0.4	(1.8)	–	–
Payments for controlled entities, businesses and associates, net of cash		(41.8)	(31.0)	–	–
Payments for property, plant and equipment and intangible assets		(544.0)	(606.8)	(0.8)	(1.6)
Proceeds on disposal of associates, controlled entities and businesses		10.9	70.4	(0.2)	(4.5)
Proceeds on disposal of controlled entities and business treated as discontinued operations, net of cash ⁽¹⁾	3	962.5	(154.4)	–	–
Proceeds on disposal of property, plant and equipment		149.7	156.8	4.0	1.5
Net cash from investing activities		537.7	(566.8)	3.0	(4.6)

(1) Proceeds on disposal of controlled entities and businesses for the year ended 30 June 2008 includes cash received of \$823.5 million. For the year ended 30 June 2007 the balance is net of \$176.8 million cash transferred, in respect of the disposal of the PET European business, refer note 3.

The above cash flow statements should be read in conjunction with the accompanying notes on pages 51 to 121.

Cash Flow Statements

For the financial year ended 30 June 2008

\$ million	Note	Consolidated		Amcors Limited	
		2008	2007	2008	2007
Cash flows from financing activities					
Proceeds from share issues and calls on partly-paid shares		11.0	23.1	11.0	23.1
Payments for shares bought back	24	(350.0)	(332.9)	(350.0)	(332.9)
Share issue and buy-back transaction costs	24	(0.1)	(0.8)	(0.1)	(0.8)
Proceeds on capital contribution from minority interest		9.0	–	–	–
Proceeds from borrowings		6,252.0	6,098.2	6,941.8	6,076.2
Repayment of borrowings		(6,513.1)	(5,966.5)	(6,239.3)	(5,556.6)
Principal lease repayments		(43.6)	(10.6)	–	–
Dividends and other equity distributions paid		(305.8)	(319.2)	(294.2)	(305.7)
Net cash from financing activities		(940.6)	(508.7)	69.2	(96.7)
Net increase/(decrease) in cash held		258.5	(129.2)	127.8	(6.3)
Cash and cash equivalents at the beginning of the financial period		(69.8)	65.0	(12.1)	(5.8)
Effects of exchange rate changes on cash and cash equivalents		(22.7)	(5.6)	–	–
Cash and cash equivalents at the end of the financial period⁽²⁾		166.0	(69.8)	115.7	(12.1)

(2) Refer to notes 10 and 20 for details of the financing arrangements of the consolidated entity and the Company.

Reconciliation of cash and cash equivalents

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

Cash assets and cash equivalents	10	258.3	114.7	115.7	0.1
Bank overdrafts	20	(92.3)	(184.5)	–	(12.2)
		166.0	(69.8)	115.7	(12.1)

Non-cash financing and investing activities

During the year ended 30 June 2007, non-cash activities of the consolidated entity and the Company included the conversion of \$242.5 million convertible securities into 35,700,223 fully-paid ordinary shares.

The above cash flow statements should be read in conjunction with the accompanying notes on pages 51 to 121.

Note 1 Summary of Significant Accounting Policies

Amcor Limited ('the Company') is a company domiciled in Australia. The Financial Report includes separate financial statements for Amcor Limited and the consolidated financial statements of the Company and its subsidiaries (together referred to as 'the consolidated entity') and the consolidated entity's interest in associates.

The principal accounting policies adopted in the preparation of this Financial Report are set out below. These policies have been consistently applied to all the periods presented in these consolidated financial statements by the consolidated entity.

(a) Basis of preparation

Statement of compliance

This general purpose Financial Report for the year ended 30 June 2008 has been prepared in accordance with Australian Accounting Standards (AASBs), including Australian Accounting Interpretations, adopted by the Australian Accounting Standards Board (AASB) and with the *Corporations Act 2001*. Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards (IFRS). The Financial Report of the consolidated entity and the Company also complies with the International Financial Reporting Standards (IFRSs) and Interpretations adopted by the International Accounting Standards Board (IASB).

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

The financial statements were approved by the Board of Directors on 21 August 2008.

Basis of measurement

The consolidated financial statements have been prepared under the historical cost convention except for available-for-sale financial assets, derivative financial instruments and financial instruments at fair value through profit or loss which are measured at fair value, refer note 1(j).

Critical accounting estimates and assumptions

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

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

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

- The testing for impairment of assets – refer note 1(p), notes 15 and 17;
- The testing for impairment of goodwill – refer note 1(o), 1(p) and note 17;
- Income tax related assumptions and estimates – refer note 1(i) and note 16;
- The calculation of annual pension costs and related assets and liabilities – refer note 1(t) and note 23; and
- The provisioning for restructuring and market sector rationalisation costs – refer note 1(r), note 22 and note 6.

(b) Principles of consolidation

Subsidiaries

Subsidiaries are all those entities that are controlled by the consolidated entity. Control exists where the consolidated entity has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities, generally accompanying a shareholding of more than 50% of the voting rights. In assessing control, the existence and effect of potential voting rights that are presently exercisable or convertible are considered.

The financial statements of subsidiaries are included in the consolidated financial statements from the date that the consolidated entity obtains control until the date that control ceases. All balances and transactions between entities included within the consolidated entity are eliminated. Minority interests in the results and equity of subsidiaries are shown separately in the consolidated income statement and balance sheet respectively.

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

Associates

Associates are those entities over which the consolidated entity has significant influence, but not control, to govern the financial and operating policies.

After initially being recognised at cost, the consolidated entity accounts for investments in associates using the equity method. From the date that significant influence commences, the consolidated entity recognises its share of the associates' profits or losses in the income statement, and its share of movements in reserves is recognised in reserves, until the date that significant influence ceases. These cumulative movements are adjusted against the carrying amount of the investment. Dividends receivable from associates are recognised as a reduction in the carrying amount of the investment.

Changes in the consolidated entity's share of net worth of associates, caused by an issue of equity by the associate, are recognised in the income statement as a gain or loss. The consolidated entity's investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition.

(c) Foreign currency translation

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

Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currency of the entity using exchange rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency of the entity holding the monetary assets and liabilities at the foreign exchange rate at that date. Foreign exchange gains and losses arising from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges, refer note 1(j).

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

Notes to the Financial Statements

30 June 2008

Note 1 Summary of Significant Accounting Policies (continued)

(c) Foreign currency translation (continued)

Foreign operations

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

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

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

Hedge of net investment in foreign operation

Foreign currency differences arising on the retranslation of financial assets and liabilities designated as net investment hedges of a foreign operation are recognised directly in the EFR, to the extent that the hedge is effective. To the extent that the hedge is ineffective, the foreign currency differences arising on the retranslation are recognised in the income statement. When the hedged net investment is disposed of, the cumulative amount that has been recognised in equity in relation to the hedged net investment is transferred to the income statement as an adjustment to the profit or loss on disposal.

(d) Business combinations

The purchase method of accounting is used to account for all business combinations, including business combinations involving entities or business under common control regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given, shares issued or liabilities incurred or assumed at the date of exchange plus costs directly attributable to the acquisition. Where equity instruments are issued in an acquisition, the value of the instruments is their

published price at the date of exchange unless it can be demonstrated that the published price at the date of exchange is an unreliable indicator of fair value and that other evidence and valuation methods provide a more reliable measure of fair value.

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

(e) Revenue

Sale of goods

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

Dividend income

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

(f) Government grants

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

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

(g) Lease payments

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

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

(h) Net finance costs

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

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

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

(i) Income tax

General

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

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

Deferred tax is recognised using the balance sheet method in which temporary differences are calculated based on the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary timing differences: the initial recognition of goodwill; the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit; and differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse

in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied when the temporary difference reverses, that is, when the asset is realised or the liability is settled, based on the laws that have been enacted or substantively enacted at the reporting date.

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

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

Use of estimates and judgements

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

The consolidated entity's accounting policy is to only recognise deferred tax assets to the extent it is probable that future taxable profits will be available against which the assets can be utilised. The assumptions regarding future realisation, and therefore the recognition of deferred tax assets, may change due to future operating performance and other factors.

Tax consolidation

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

The Company, and the members of the tax-consolidated group, recognise their own current tax expense/income and deferred tax assets and liabilities arising from temporary differences using the 'stand alone taxpayer' approach by reference to the carrying amounts

of assets and liabilities in the separate financial statements of each entity and the tax values applying under tax consolidation.

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

Nature of tax funding agreement

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

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

Goods and Services Tax/Value Added Tax

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

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

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

(j) Financial instruments

Non-derivative financial instruments

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

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

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

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

(i) Cash and cash equivalents

Cash and cash equivalents include cash on hand and at bank, short-term deposits and short-term money market investments. Bank overdrafts are shown within interest-bearing liabilities in current liabilities on the balance sheet, refer notes 10 and 20.

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

Notes to the Financial Statements

30 June 2008

Note 1 Summary of Significant Accounting Policies (continued)

(j) Financial instruments (continued)

Non-derivative financial instruments (continued)

(ii) Trade receivables, loans and other receivables

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

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

Loans are non-derivative financial assets with fixed or determinable payments and are measured at their amortised cost using the effective interest rate method. They are included in current assets, except for those with maturities greater than 12 months after the balance sheet date which are classified as non-current assets, refer notes 11 and 13.

(iii) Investments in equity securities

Investments in listed equity securities are available-for-sale financial assets, refer note 13. Investments in listed equity securities are initially recognised at fair value plus transaction costs and are subsequently carried at fair value. The fair value of the quoted investments is based on current bid prices. Unrealised gains and losses arising from changes in the fair value are recognised in equity in the available-for-sale fair value reserve. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments within equity are transferred to the income statement.

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

(iv) Trade and other payables

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

Trade and other payables are stated at their amortised cost and are non-interest-bearing, refer note 19.

(v) Interest-bearing liabilities

Bank overdrafts, bank loans, commercial paper, mortgage loans and other loans are initially recognised at their fair value, net of transaction costs incurred. Subsequent to initial recognition interest-bearing liabilities are measured at amortised cost with any difference between the net proceeds and the maturity amount recognised in the income statement over the period of the borrowings using the effective interest rate method, refer note 20.

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

Derivative financial instruments

The consolidated entity uses derivative financial instruments to hedge its exposure to foreign exchange, interest rate, commodity price and employee share plan risk arising from operational, financing and investment activities, refer notes 13 and 21.

Derivative financial instruments are recognised initially at fair value on the date the instrument is entered into. Subsequent to initial recognition, derivative financial instruments are remeasured to fair value. The gain or loss on remeasurement to fair value is recognised immediately in the income statement unless the derivative is designated and is effective as a hedging instrument, in which event, the timing and the recognition of profit or loss depends on the nature of the hedging relationship. The consolidated entity designates certain derivatives either as: hedges of the exposure to fair value changes in recognised assets or liabilities or firm commitments (fair value hedges); hedges of the exposure to variability in cash flows attributable to a recognised asset or liability or highly probable forecast transaction (cash flow hedges); or hedges of net investments in foreign operations. Refer to note 26 for further details.

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

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

hedge accounting are recognised immediately in the income statement.

(i) Fair value hedge

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

(ii) Cash flow hedge

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

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

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

(iii) Net investment in a foreign operation

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

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

Embedded derivatives

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

(k) Contributed equity

(i) Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or the exercise of options are recognised as a deduction from equity, net of any related income tax benefit.

(ii) Repurchase of share capital

If the entity reacquires its own equity instruments, for example as the result of a share buy-back, those instruments are deducted from equity and the associated shares are cancelled. The amount of the consideration paid, including directly attributable costs, is recognised as a deduction from contributed equity.

(l) Inventories

Inventories are valued at the lower of cost and net realisable value. The cost of inventories is based on the first-in, first-out principle or weighted average cost formula and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. In respect of manufacturing inventories and work in progress, cost includes an appropriate proportion of production fixed and variable overheads incurred in the normal course of business.

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

(m) Property, plant and equipment

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

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

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

method. Depreciation rates used for each class of asset for the current and comparative periods are as follows:

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

Depreciation methods, residual values and useful lives are reassessed, and adjusted if appropriate, at each reporting date.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount of the disposed asset and are included in the income statement in the period the disposal occurs.

(n) Leased assets

Leases under which the consolidated entity assumes substantially all the risks and benefits of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of the fair value of the leased asset and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is depreciated over the shorter of the asset's useful life and the lease term, unless it is reasonably certain that ownership will be obtained by the end of the lease term where it is depreciated over the period of the expected use which is the useful life of the asset.

Other leases are operating leases and are not recognised on the consolidated entity's balance sheet.

(o) Intangible assets

Goodwill

Goodwill arises on the acquisition of subsidiaries and associates and represents the difference between the cost of a business combination over the net fair value of the identifiable assets, liabilities and contingent liabilities acquired. When deferred tax assets relating to income tax losses not previously recognised in relation to a business combination are subsequently recognised, in accordance with the consolidated entity's accounting policy Income Tax (note 1(i)), goodwill relating to that business combination is consequently reduced to reflect the deferred tax assets that have been recognised.

Goodwill is measured at cost less any accumulated impairment losses. In respect of equity accounted investments, the carrying amount of goodwill is included in the carrying amount of the investment.

Other intangible assets

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

(i) Product development

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

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

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

(ii) Computer software

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

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

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

(p) Impairment

Non-financial assets

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

Notes to the Financial Statements

30 June 2008

Note 1 Summary of Significant Accounting Policies (continued)

(p) Impairment (continued)

Non-financial assets (continued)

In relation to goodwill and intangible assets that have indefinite useful lives or are not ready for use, impairment testing is completed at each reporting date, or more frequently if events or changes in circumstances indicate that there might be an impairment.

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

The recoverable amount of an asset or a CGU is the greater of fair value less costs to sell and value in use. An impairment loss is recognised in the income statement if the carrying amount of an asset or its CGU exceeds its recoverable amount. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs) and then, to reduce the carrying amount of the other assets in the CGU (group of CGUs) on a pro rata basis.

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

Financial assets

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

Impairment losses in respect of a financial asset measured at amortised cost are calculated as the difference between the carrying amount and the present value of the estimated future cash flows discounted at the original effective interest

rate. An impairment loss in respect of an available-for-sale financial asset is measured as the difference between the acquisition cost and the current fair value when there is a significant or prolonged decline in the fair value of a financial asset below its cost.

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

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

Use of estimates and judgements

The determination of impairment for non-financial assets, financial assets, goodwill and other intangible assets involves the use of judgements and estimates that include, but are not limited to, the cause, timing and measurement of the impairment.

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

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

(q) Financial guarantee contracts

Financial guarantee contracts are recognised as financial liabilities at the date the guarantee is issued. Liabilities arising from financial guarantee contracts, including Company guarantees of subsidiaries through deeds of cross guarantee, are initially recognised at fair value and subsequently at the higher of the amount

determined in accordance with the consolidated entity's provisions accounting policy (refer note 1(r)) and the amount initially recognised less cumulative amortisation.

The fair value of the financial guarantee is determined as the present value of the difference in net cash flows between the contractual payments under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligation.

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

(r) Provisions

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

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability.

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

Asset restoration and decommissioning

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

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

Dividends

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

Insurance and other claims

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

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

Onerous contracts

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

Restructuring

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

(s) Employee benefits

Wages, salaries, annual leave and sick leave

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

Long service leave

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

Liabilities which are not expected to be settled within 12 months are discounted using market yields at the reporting date of high quality corporate bonds. In countries where there is

no deep market for corporate bonds (such as Australia), the market yields on government bonds at the reporting date are used. The rates used reflect the terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Profit sharing and bonus plans

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

Share-based payments

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

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

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

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

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

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

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share (see note 9).

(t) Retirement benefit obligations

Defined contribution plans

Obligations for contributions by the Company or the consolidated entity to defined contribution funds are recognised as an expense in the income statement as they become payable.

Defined benefit plans

The consolidated entity's liability or asset in respect of defined benefit plans and other post-retirement plans is recognised in the balance sheet, and is measured as the present value of the defined benefit obligation at the reporting date less the fair value of plan assets.

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

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

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

Use of estimates and judgements

In determining the liability or asset that the consolidated entity recognises in the balance sheet in respect of defined benefit obligations and other post-retirement plans, the main categories of assumptions used in the valuations include: discount rate; rate of inflation; expected return on plan assets; future salary increases; and medical cost trend rates (in the case of the post-retirement health plans). Refer to note 23 for details of the key assumptions used this financial period in accounting for these plans. The assumptions made have a significant impact on the calculations and any adjustments arising thereon.

Notes to the Financial Statements

30 June 2008

Note 1 Summary of Significant Accounting Policies (continued)

(t) Retirement benefit obligations (continued)

Use of estimates and judgements (continued)

If the discount rate were to differ by 10% from management's estimates, the carrying amount of defined benefit obligations would be an estimated \$57.4 million lower or \$74.8 million higher which would be recognised directly in equity. A one-half percentage point change in the actuarial assumption regarding the expected return on plan assets would result in a change of approximately \$15.1 million in pre-tax defined benefit expense and the defined benefit obligation for the year ended 30 June 2008. In addition, changes in external factors, including fair values of plan assets could result in possible future changes to the amount of the defined benefit obligations recognised in the balance sheet.

(u) Discontinued operations

A discontinued operation is a component of the consolidated entity's business that represents a separate major line of business or geographical area of operations that has been disposed of or is held for sale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as discontinued the comparative income statement is restated as if the operation had been discontinued from the start of the comparative period.

(v) Earnings per share

The consolidated entity presents basic and diluted earnings per share (EPS) data for its ordinary shares.

Basic earnings per share

Basic EPS is calculated by dividing the net profit attributable to ordinary shareholders of the Company for the reporting period, by the weighted average number of ordinary shares of the Company for the reporting period, adjusted for any bonus issue.

Diluted earnings per share

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

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

at the exercise price and the number that would have been issued at the average market price.

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

(w) Fair value estimation

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

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

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

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

(x) New accounting standards and interpretations not yet adopted

The following new or amended accounting standards and interpretations adopted by the AASB have been identified as those which may impact the consolidated entity in the period of initial application. They are available for early adoption at 30 June 2008, but have not been applied in preparing this Financial Report:

- Revised AASB 3 *Business Combinations* and AASB 2008-3 *Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127* (March 2008) changes the application of acquisition accounting for

business combinations and the accounting for non-controlling (minority) interests. Key changes include: the immediate expensing of all transaction costs; measurement of contingent consideration at acquisition date with subsequent changes through the income statement; measure of non-controlling (minority) interest at full fair value or the proportionate share of the fair value of the underlying net assets; provides guidance on issues such as reacquired rights and vendor indemnities; and the inclusion of combinations by contract along with those involving mutuals. The revised standard becomes mandatory for the consolidated entity's 30 June 2010 financial statements. The consolidated entity has not yet determined the potential effect of the revised standard on the consolidated entity's Financial Report.

- AASB 8 *Operating Segments* and AASB 2007-3 *Amendments to Australian Accounting Standards arising from AASB 8* (February 2007) replace the presentation requirements of segment reporting in AASB 114 *Segmental Reporting*. AASB 8 will result in a significant change in the approach to segment reporting, as it requires adoption of a 'management approach' to reporting on financial performance. The information being reported will be based on what the key decision makers use internally for evaluating segment performance and deciding how to allocate resources to operating segments. AASB 8 becomes mandatory for the consolidated entity's 30 June 2010 financial statements and may result in different segments, segment results and different types of information being reported in the segment note of the Financial Report. The application of AASB 8 is not expected to have an impact on the financial results of the consolidated entity as the standard is only concerned with disclosures.
- Revised AASB 101 *Presentation of Financial Statements* and AASB 2007-8 *Amendments to Australian Accounting Standards arising from AASB 101* (September 2007) introduces a financial statement, the 'statement of comprehensive income', and requires that where an entity has made a prior period adjustment or has reclassified items in the financial statements, it will be required to disclose a third balance sheet, being as at the beginning of the comparative period. The revised standard does not change the recognition, measurement or disclosure of transactions and events that are required by other AASBs and will become mandatory for the consolidated entity's 30 June 2010 financial statements. The consolidated entity has not yet determined the potential effect of the revised standard on the consolidated entity's disclosures.

- Revised AASB 127 *Consolidated and Separate Financial Statements* and AASB 2008-3 *Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127* (March 2008) changes the accounting for investments in subsidiaries. Key changes include: the measurement to fair value of any previous/retained investment when control is obtained/lost, with any resulting gain or loss being recognised in profit or loss; and the treatment of increases in ownership interest after control is obtained as transactions with equity holders in their capacity as equity holders. The revised standard will become mandatory for the consolidated entity's 30 June 2010 financial statements. The consolidated entity has not yet determined the potential effect of the revised standard on the consolidated entity's Financial Report.
- AASB 2008-1 *Amendments to Australian Accounting Standard – Share-based Payment: Vesting Conditions and Cancellations* (February 2008) changes the measurement of share-based payments that contain non-vesting conditions. AASB 2008-1 becomes mandatory for the consolidated entity's 30 June 2010 financial statements. The consolidated entity has not yet determined the potential effect of the amending standard on the consolidated entity's Financial Report.
- AASB 2008-2 *Amendments to Australian Accounting Standards – Puttable Financial Instruments and Obligations arising on Liquidation* (March 2008) introduces an exception to the definition of financial liability. Instruments that impose an obligation on an entity to deliver to another party a pro rata share of the net assets on liquidation be classified as equity. AASB 2008-2 becomes mandatory for the consolidated entity's 30 June 2010 financial statements. The consolidated entity has not yet determined the potential effect of the amending standard on the consolidated entity's Financial Report.
- AASB 2008-5 *Amendments to Australian Accounting Standards arising from the Annual Improvements Project* (July 2008) amends a number of standards resulting in accounting changes for presentation, recognition or measurement purposes, while other amendments relate to terminology and editorial changes that will have minimal or minimal effect on accounting. The amendments will become mandatory for the consolidated entity's 30 June 2010 financial statements. The consolidated entity does not expect that any adjustment will be necessary as the result of applying the amendments.
- AASB 2008-6 *Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project* (July 2008) amends AASB 5 *Non-Current Assets Held for Sale and Discontinued Operations* to require all assets and liabilities of a subsidiary to be classified as held for sale when an entity is committed to a sale plan that involves the loss of control of a subsidiary. AASB 2008-6 becomes mandatory for the consolidated entity's 30 June 2010 financial statements. The application of AASB 2008-6 is not expected to have any impact upon the financial results of the consolidated entity.
- AASB 2008-7 *Amendments to Australian Accounting Standards – Cost of an Investment in Subsidiary, Jointly Controlled Entity or Associate* (July 2008). This standard requires dividends received from investments in subsidiaries, jointly controlled entities or associates to be recognised as revenue, even if they are paid out of pre-acquisition profits, however as a result of the dividend payment the investment may need to be tested for impairment. Furthermore, when a new intermediate parent entity is created in an internal reorganisation it will be necessary to measure the investment in subsidiary at the carrying amounts of the net assets of the subsidiary rather than the subsidiary's fair value. The application of the amendments in AASB 2008-7 will become mandatory, and will be applied prospectively, for the consolidated entity's 30 June 2010 financial statements.
- Interpretation 14 *AASB 119 – The Limit on a Defined Benefit Assets, Minimum Funding Requirements and their Interaction* (August 2007). This interpretation provides guidance in a number of areas of defined benefit pension accounting including when refunds or reductions in future contributions can be recognised as a gain in accordance with AASB 119 *Employee Benefits*; how minimum funding requirements might impact the availability of reductions in future contributions; and when minimum funding requirements might give rise to the recognition of a liability. Interpretation 14 comes mandatory for the consolidated entity's 30 June 2009 financial statements. An assessment of the impact of Interpretation 14 is currently being performed, and as yet it is not possible to make a reliable measurement of the financial impact upon the consolidated entity.

Note 2 Segment Information

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

(a) Description of segments

Business segments

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

Amcor PET

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

Amcor Australasia

Corrugated boxes, cartons, folding cartons; aluminium beverage cans and household products; flexible packaging; plastic and metal closures; glass wine bottles; multi-wall sacks; cartonboard; paper and paper recycling.

Amcor Flexibles

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

Amcor Sunclipse

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

Amcor Asia

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

Notes to the Financial Statements

30 June 2008

Note 2 Segment Information (continued)

(a) Description of segments (continued)

Geographical segments

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

Australia and New Zealand

Comprises operations carried on in Australia and New Zealand which are largely managed together. The areas of operations are principally corrugated boxes, cartons, folding cartons; aluminium beverage cans and household products; flexible packaging; plastic and metal closures; glass wine bottles; multi-wall sacks; cartonboard; paper and paper recycling.

Europe

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

North America

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

Latin America

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

Asia

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

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

The segment information is prepared in conformity with the accounting policies of the consolidated entity as disclosed in note 1 and Accounting Standard AASB 114 *Segment Reporting*.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise interest-bearing loans and borrowings, corporate assets and head office expenses. Segment result is profit before unallocated finance costs and income tax. Segment assets and liabilities do not include investments in associates accounted for using the equity method and deferred taxes.

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

Inter-segment transfers

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

Changes in reported segments

30 June 2008

On 31 August 2007, the consolidated entity announced the sale of its Australasian Food Can and Aerosol business for \$147.7 million with effect from 31 October 2007. This business has been classified as a discontinued operation and has therefore been excluded from the Amcor Australasia business segment for 30 June 2008 reporting purposes. Comparative period information has also been restated to reflect this change. Refer to note 3 for further information regarding the disposal.

30 June 2007

On 29 June 2007, the consolidated entity disposed of the PET European operations for \$711.6 million. This disposal has been recognised as a discontinued operation and as such has been excluded from the Amcor PET business segment for 30 June 2007 reporting purposes.

(c) Business segments

For the year ended 30 June \$ million	Amcors PET*		Amcors Australasia*		Amcors Flexibles		Amcors Sunclipse		Amcors Asia		Other		Consolidated continuing operations		Discontinued operations*		Consolidated		
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	
Segment revenue																			
Revenue from external customers	2,932.5	3,064.5	2,214.6	2,273.9	2,866.1	3,002.6	1,105.1	1,248.7	116.6	120.8	-	-	9,234.9	9,710.5	81.9	1,164.7	9,316.8	10,875.2	
Inter-segment revenue	-	-	0.4	0.7	6.1	6.2	1.6	1.9	1.0	1.1	-	-	9.1	9.9	-	19.3	9.1	29.2	
Total sales revenue	2,932.5	3,064.5	2,215.0	2,274.6	2,872.2	3,008.8	1,106.7	1,250.6	117.6	121.9	-	-	9,244.0	9,720.4	81.9	1,184.0	9,325.9	10,904.4	
Other income	15.4	11.7	43.2	14.9	15.2	21.4	13.6	1.0	3.9	15.1	5.6	(1.4)	96.9	62.7	0.3	9.5	97.2	72.2	
Total segment revenue	2,947.9	3,076.2	2,258.2	2,289.5	2,887.4	3,030.2	1,120.3	1,251.6	121.5	137.0	5.6	(1.4)	9,340.9	9,783.1	82.2	1,193.5	9,423.1	10,976.6	
Inter-segment elimination													(9.1)	(9.9)	-	(19.3)	(9.1)	(29.2)	
Total external segment revenue													9,331.8	9,773.2	82.2	1,174.2	9,414.0	10,947.4	
Segment result																			
Profit/(loss) before depreciation, amortisation, interest, related income tax expense and significant items	376.9	361.2	322.1	325.5	291.5	301.6	74.6	76.6	40.9	39.0	(46.1)	(45.8)	1,059.9	1,058.1	10.2	140.8	1,070.1	1,198.9	
Depreciation and amortisation	(155.8)	(165.8)	(133.6)	(131.8)	(101.6)	(103.1)	(13.4)	(13.3)	(4.3)	(4.0)	(1.7)	(2.4)	(410.4)	(420.4)	(2.7)	(46.6)	(413.1)	(467.0)	
Profit/(loss) before interest, related income tax expense and significant items	221.1	195.4	188.5	193.7	189.9	198.5	61.2	63.3	36.6	35.0	(47.8)	(48.2)	649.5	637.7	7.5	94.2	657.0	731.9	
Net finance costs													(179.7)	(210.3)	0.3	(4.6)	(179.4)	(214.9)	
Profit from ordinary activities before related income tax expense and significant items													469.8	427.4	7.8	89.6	477.6	517.0	
Significant items before related income tax expense	(2.2)	(38.2)	(51.4)	(72.8)	(112.3)	(65.7)	-	-	3.7	15.1	(20.1)	-	(182.3)	(161.6)	7.0	252.5	(175.3)	90.9	
Profit before related income tax expense													287.5	265.8	14.8	342.1	302.3	607.9	
Income tax (expense)/benefit													(49.4)	(34.4)	13.6	(28.4)	(35.8)	(62.8)	
Profit for the financial period													238.1	231.4	28.4	313.7	266.5	545.1	

* Discontinued operations include the Australasian Food Can and Aerosol business (previously reported in Amcor Australasia) that was sold on 31 October 2007 and the PET European business (previously reported in Amcor PET segment) that was sold on 29 June 2007, refer note 3.

Notes to the Financial Statements

30 June 2008

Note 2 Segment Information (continued)

(c) Business segments (continued)

For the year ended 30 June	Amcor PET*		Amcor Australasia*		Amcor Flexibles		Amcor Sundriase		Amcor Asia		Other		Consolidated continuing operations		Discontinued operations*		Consolidated	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
Segment assets	2,588.4	2,754.7	2,203.0	2,314.1	2,630.9	2,586.5	377.6	446.5	127.0	126.3	(267.0)	398.0	7,659.9	8,626.1	10.9	180.2	7,670.8	8,806.3
Investment in associates accounted for using the equity method	3.0	3.7	-	-	-	-	-	-	307.9	275.6	-	-	310.9	279.3	-	-	310.9	279.3
Unallocated assets	-	-	-	-	-	-	-	-	-	-	-	-	88.2	56.7	-	-	88.2	56.7
Total assets	717.4	719.4	481.7	508.2	828.9	755.8	120.2	121.3	34.4	43.0	157.5	119.3	8,059.0	8,962.1	10.9	180.2	8,069.9	9,142.3
Segment liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Unallocated corporate borrowings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share of net profits of associates	(0.2)	0.2	-	-	-	-	-	-	27.9	21.8	-	-	27.7	22.0	-	-	27.7	22.0
Acquisition of property, plant and equipment, intangibles and other non-current assets	195.0	288.8	132.5	165.3	197.9	110.2	5.8	5.5	5.5	45.3	0.8	1.6	537.5	596.7	6.5	41.1	544.0	637.8
Impairment losses of property, plant and equipment, intangibles and other non-current assets	(0.6)	(32.9)	(10.4)	(13.5)	(13.5)	(18.6)	-	-	-	(0.3)	-	-	(24.5)	(65.3)	-	-	(24.5)	(65.3)
Impairment losses - inventories	-	(2.6)	-	(1.4)	(2.1)	(2.5)	-	(0.1)	-	(0.9)	-	-	(2.1)	(7.5)	-	1.6	(2.1)	(5.9)
Impairment losses - trade receivables	(2.6)	(8.4)	(0.3)	(0.8)	0.8	3.1	(2.2)	(3.4)	(0.3)	0.5	0.5	(18.7)	(4.1)	(27.7)	-	6.8	(4.1)	(20.9)
Reversal of previous impairment losses on property, plant and equipment, intangible and other non-current assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other non-cash expenses/(income)	17.6	12.1	98.8	131.7	48.1	18.2	5.4	(1.9)	6.2	2.3	18.4	2.3	194.5	164.7	3.4	14.6	197.9	179.3

* Discontinued operations include the Australasian Food Can and Aerosol business (previously reported in Amcor Australasia) that was sold on 31 October 2007 and the PET European business (previously reported in Amcor PET segment) that was sold on 29 June 2007, refer note 3.

(d) Geographical segments

The geographical segments have been prepared for continuing operations only.

For the year ended 30 June	Australia and New Zealand		Europe		North America		Latin America		Asia		Consolidated	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
Revenue from external customers	2,267.3	2,326.7	2,614.0	2,725.0	3,302.9	3,599.5	980.4	975.1	70.3	84.2	9,234.9	9,710.5
Segment assets	1,887.6	2,147.4	2,527.3	2,940.3	2,213.8	2,467.5	944.1	932.2	398.0	418.0	7,970.8	8,905.4
Acquisition of property, plant and equipment, intangibles and other non-current assets	136.8	120.5	194.7	141.0	126.5	226.1	74.8	62.7	4.7	46.4	537.5	596.7

Note 3 Discontinued Operations

(a) Description of events

30 June 2008

On 31 August 2007, the consolidated entity announced the sale of its Australasian Food Can and Aerosol business to Impress Group BV for \$147.7 million with effect from 31 October 2007. This business has been presented as a discontinued operation in this Financial Report.

During the 12 months to 30 June 2008, the consolidated entity has recognised an additional gain of \$23.5 million (after tax) arising on the PET European sale; the Company recognised a loss of \$5.2 million. In addition, the consolidated entity recognised a loss of \$4.7 million (after tax) (2007: \$8.2 million gain); the Company a \$4.7 million loss (2007: \$0.6 million loss) relating to the White Cap Metal Closures business that was disposed of in 2006, refer note 6.

30 June 2007

On 2 July 2007, the consolidated entity announced the sale of its PET European operations to La Seda de Barcelona S.A. for \$711.6 million (€427.8 million) with effect from 29 June 2007. This business has been presented as a discontinued operation in this Financial Report.

The financial information related to these discontinued operations for the period to the date of disposal is set out below. Further information is also provided in note 2.

\$ million	Discontinued operations	
	2008	2007
(b) Financial performance and cash flow information		
Profits attributable to the discontinued operations were as follows:		
Revenue (refer note 2) ⁽¹⁾	82.2	1,174.2
Expenses	(74.4)	(1,084.6)
Operating profit before related income tax expense	7.8	89.6
Income tax expense	(2.5)	(25.5)
Operating profit after related income tax expense of discontinued operations	5.3	64.1
Profit/(loss) on sale of discontinued operations before related income tax benefit/(expense)	7.0	252.5
Income tax benefit/(expense)	16.1	(2.9)
Profit on sale of discontinued operations after related income tax benefit/(expense)	23.1	249.6
Profit from discontinued operations	28.4	313.7
Profit attributable to:		
Members of Amcor Limited	27.9	313.4
Minority interest	0.5	0.3
	28.4	313.7
cents		
Basic earnings profit per share	3.2	35.0
Diluted earnings profit per share	3.2	34.3
(c) Cash flows from discontinued operations		
Net cash inflow/(outflow) from operating activities	(7.7)	206.6
Net cash inflow/(outflow) from investing activities	956.1	224.7
Net cash inflow/(outflow) from financing activities	(127.0)	(302.9)
Net cash from discontinued operations	821.4	128.4

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

Notes to the Financial Statements

30 June 2008

Note 3 Discontinued Operations (continued)

\$ million	Discontinued operations	
	2008	2007
(d) Carrying amounts of assets and liabilities disposed of		
Cash and cash equivalents	–	176.8
Trade and other receivables	34.5	178.2
Inventories	57.4	80.3
Property, plant and equipment	95.5	230.3
Deferred tax assets	4.5	17.6
Intangible assets	0.1	217.2
Other	0.7	0.1
Total assets	192.7	900.5
Trade and other payables	35.1	323.9
Interest-bearing liabilities	–	82.1
Current tax liabilities	–	9.3
Deferred tax liabilities	9.2	10.5
Provisions	3.1	6.2
Retirement benefit obligations	–	26.3
Total liabilities	47.4	458.3
Net assets	145.3	442.2
(e) Details of the sale of operations		
Consideration received or receivable:		
Cash and short-term deposits	139.0	–
Present value of deferred sales proceeds, net of transaction costs	8.7	711.6
Total disposal consideration	147.7	711.6
Less carrying amounts of net assets disposed of	(145.3)	(442.2)
Less share of exchange fluctuation reserve and foreign exchange translation	(0.3)	(21.9)
Profit on sale before related income tax benefit	2.1	247.5
Income tax benefit/(expense)	2.1	(2.1)
Profit on sale after related income tax benefit of disposed operations	4.2	245.4
Settlement adjustments on prior year disposal, net of tax	18.9	4.2
Profit on sale of discontinued operations after related income tax benefit	23.1	249.6
Net cash inflow/(outflow) on disposal		
Cash and cash equivalents consideration	139.0	–
Cash received from prior period disposals ⁽¹⁾	823.5	22.4
Less cash and cash equivalents balance disposed of	–	(176.8)
Reported in the cash flow statement	962.5	(154.4)

(1) Cash received included deferred consideration, dividends and repayment of loans.

Note 4 Revenue, Other Income and Financial Income

\$ million	Consolidated		Amcors Limited	
	2008	2007 Restated*	2008	2007
Revenue from continuing operations				
<i>Sales revenue</i>				
Revenue from sale of goods	9,234.9	9,710.5	-	-
<i>Other income</i>				
Dividend received/receivable				
- Controlled entities	-	-	133.3	222.9
- Other	0.6	0.5	-	-
Sub-lease rentals	1.1	3.1	-	-
Net gain on disposal of property, plant and equipment	38.1	4.0	-	0.2
Net gain on disposal of businesses	9.4	0.9	-	-
Net foreign exchange gains (refer note 5 for net losses)	9.8	1.9	-	254.4
Fair value gains on other financial assets designated at fair value through income statement (refer note 5 for net losses)	-	-	-	0.6
Government grants	2.2	2.7	-	-
Amortisation of financial guarantee contracts	-	-	2.0	0.9
Other	32.0	34.5	1.9	2.2
Significant items (refer note 6)				
- Gain arising on equity issue of associate – AMVIG	3.7	-	-	-
- Gain arising on disposal of equity investment – K Laser	-	15.1	-	-
Total other income	96.9	62.7	137.2	481.2
Financial income				
Interest received/receivable				
- Controlled entities	-	-	355.5	393.3
- Other	29.7	23.4	0.3	0.3
Total financial income	29.7	23.4	355.8	393.6

* Restated for discontinued operations, refer to notes 2 and 3 for details of revenue and other income related to discontinued operations.

Notes to the Financial Statements

30 June 2008

Note 5 Expenses

\$ million	Consolidated		Amcors Limited	
	2008	2007 Restated*	2008	2007
Profit before related income tax includes the following specific expenses:				
Depreciation:				
– Property, plant and equipment	382.3	386.3	0.1	0.2
– Leased assets	1.6	8.2	–	–
Amortisation:				
– Other intangibles	26.5	25.9	1.6	1.9
Total depreciation and amortisation	410.4	420.4	1.7	2.1
Financial expenses				
Interest paid/payable:				
– Controlled entities	–	–	238.8	218.0
– Finance charges on leased assets	1.0	4.4	–	–
– External	203.1	223.0	135.1	117.4
Amount capitalised	(0.5)	(0.2)	–	–
	203.6	227.2	373.9	335.4
Borrowing costs	5.8	6.5	3.2	2.9
Total financial expenses	209.4	233.7	377.1	338.3
Impairment of trade receivables	4.1	27.7	–	–
Write-downs of inventories	2.1	7.5	–	–
Provisions:				
– Insurance/workers' compensation and other claims	23.6	10.0	–	–
– Onerous contracts	4.2	0.6	–	–
– Asset restoration expense	6.3	3.2	–	–
– Restructuring	103.2	103.5	–	–
Employee benefits expense:				
– Wages and salaries	1,507.8	1,582.8	23.5	27.5
– Workers' compensation and other on-costs	153.9	158.7	–	–
– Superannuation costs – defined benefit funds	29.2	35.0	(0.4)	(0.1)
– Superannuation costs – accumulation funds	32.5	37.4	1.7	2.5
– Other employment benefits expense	12.0	14.1	3.3	4.2
– Share-based payments expense	10.2	6.2	5.0	2.2
Total employee benefits expense	1,745.6	1,834.2	33.1	36.3
Rental expense relating to operating leases:				
– Minimum lease payments	88.4	91.3	0.7	1.0
– Contingent rentals	7.3	9.3	–	–
Total rental expense relating to operating leases	95.7	100.6	0.7	1.0
Asset impairment reversal	(3.4)	–	–	–
Asset impairments	16.6	65.3	–	–
Goodwill impairment	7.9	–	–	–
Net loss on sale of receivables	0.5	0.6	–	–
Fair value losses on other financial assets designated at fair value through income statement (refer note 4 for net gains)	1.8	0.1	0.3	–
Net foreign exchange losses (refer note 4 for net gains)	–	–	28.0	–

* Restated for discontinued operations, refer to notes 2 and 3 for details of expenses related to discontinued operations.

Note 6 Significant Items

\$ million	Consolidated		Amcors Limited	
	2008	2007	2008	2007
Significant items before related income tax expense				
<i>Income</i>				
Gains arising on equity issue of associate – AMVIG ⁽¹⁾	3.7	–	–	–
Gains arising on disposal of Australasian Food Can and Aerosol business (refer note 3)	2.1	–	–	–
Gains arising on disposal of PET Europe business (refer note 3)	9.6	247.5	(7.4)	–
Gains arising on disposal of equity investment	–	15.1	–	–
	15.4	262.6	(7.4)	–
<i>Expense</i>				
PET business integration and restructure	(1.6)	(5.3)	–	–
Australasia restructuring	(41.0)	(60.3)	–	–
Flexibles market sector rationalisation	(101.6)	(47.1)	(0.7)	(0.2)
Disposal of Asian corrugated, sacks and closures businesses ⁽²⁾	–	(4.0)	–	–
Closures business restructure and loss on disposal (refer note 3)	(4.7)	9.0	(4.7)	(0.6)
Legal costs	(4.8)	–	(4.8)	–
Recognition of acquired US tax losses ⁽³⁾	(16.0)	–	–	–
Asset impairments, net of reversals	(21.0)	(64.0)	–	–
	(190.7)	(171.7)	(10.2)	(0.8)
Significant items before related income tax (expense)/benefit	(175.3)	90.9	(17.6)	(0.8)
Related income tax benefit/(expense) on significant items (where applicable)				
Income tax benefit/(expense) on disposal of PET Europe business	13.9	(2.1)	2.2	–
Income tax benefit on disposal of Australasian Food Can and Aerosol business	2.1	–	–	–
Income tax expense on disposal of equity investment	–	(6.3)	–	(6.3)
Income tax benefit on PET business integration and restructure	–	1.8	–	–
Income tax benefit on Australasia restructuring	12.3	33.8	–	19.1
Income tax benefit on Flexibles market sector rationalisation	16.3	10.4	–	–
Income tax expense on Closures business restructure and loss on disposal ⁽²⁾	–	(0.8)	–	–
Income tax benefit on legal costs	1.5	–	1.5	–
Income tax benefit on recognition of US tax losses ⁽³⁾	16.0	–	–	–
Income tax benefit on asset impairments	2.9	9.0	–	–
Income tax benefit on significant items	65.0	45.8	3.7	12.8
Significant items after related income tax benefit/(expense)	(110.3)	136.7	(13.9)	12.0
Significant items attributable to:				
Members of Amcor Limited	(110.3)	136.7	(13.9)	12.0
Minority interest	–	–	–	–
	(110.3)	136.7	(13.9)	12.0
Significant items before related income tax expense:				
Continuing operations	(182.3)	(161.6)	(5.5)	(0.2)
Discontinued operations	7.0	252.5	(12.1)	(0.6)
	(175.3)	90.9	(17.6)	(0.8)
Related income tax benefit/(expense) on significant items:				
Continuing operations	48.9	48.7	1.5	12.8
Discontinued operations	16.1	(2.9)	2.2	–
	65.0	45.8	3.7	12.8
Significant items after related income tax benefit/(expense) attributed to:				
Continuing operations	(133.4)	(112.9)	(4.0)	12.6
Discontinued operations	23.1	249.6	(9.9)	(0.6)
	(110.3)	136.7	(13.9)	12.0

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

(2) The amounts recognised in the current reporting period represent settlement adjustments in relation to prior year disposals.

(3) Out-of-period goodwill adjustments associated with recognition of acquired tax losses.

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Note 6 Significant Items (continued)

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

\$ million	Restructuring		Impairment of assets	Disposal of controlled entities	Other	Total
	Redundancy	Plant closure				
2008						
PET	-	(1.6)	(0.6)	-	-	(2.2)
Flexibles	(28.8)	(50.6)	(10.0)	(20.8)	(2.1)	(112.3)
Australasia	(31.3)	(9.7)	(10.4)	-	-	(51.4)
Asia	-	-	-	-	3.7	3.7
Corporate	-	-	-	0.7	(20.8)	(20.1)
Discontinued operations	-	-	-	7.0	-	7.0
Total	(60.1)	(61.9)	(21.0)	(13.1)	(19.2)	(175.3)
2007						
PET	(0.3)	(5.0)	(32.9)	-	-	(38.2)
Flexibles	(15.3)	(31.8)	(18.6)	-	-	(65.7)
Australasia	(43.5)	(16.8)	(12.5)	-	-	(72.8)
Asia	-	-	-	-	15.1	15.1
Discontinued operations	-	-	-	252.5	-	252.5
Total	(59.1)	(53.6)	(64.0)	252.5	15.1	90.9

Note 7 Income Tax Expense

\$ million	Consolidated		Amcors Limited	
	2008	2007	2008	2007
(a) Recognised in the income statement				
Current tax (expense)/benefit				
Current period	(53.2)	(67.0)	6.1	77.4
Adjustments relating to current tax expense of prior periods	(15.7)	(0.5)	(21.0)	7.4
Tax losses, tax credits and temporary differences not recognised for book in prior years now recouped	17.2	12.6	–	–
Total current tax (expense)/benefit	(51.7)	(54.9)	(14.9)	84.8
Deferred tax benefit/(expense)				
Origination and reversal of temporary differences	21.9	(9.4)	21.1	(88.9)
Change in applicable tax rates	(6.0)	1.5	–	–
Total deferred tax benefit/(expense)	15.9	(7.9)	21.1	(88.9)
Total income tax (expense)/benefit	(35.8)	(62.8)	6.2	(4.1)
Less income tax benefit/(expense) attributable to discontinued operations	13.6	(28.4)	2.2	–
Total income tax (expense)/benefit attributable to continuing operations	(49.4)	(34.4)	4.0	(4.1)
Deferred income tax benefit/(expense) included in income tax expenses comprises:				
Increase/(decrease) in deferred tax assets	11.1	(61.6)	12.5	(78.0)
Decrease/(increase) in deferred tax liabilities	4.8	53.7	8.6	(10.9)
Deferred income tax benefit/(expense) included in income tax (note 16)	15.9	(7.9)	21.1	(88.9)
(b) Numerical reconciliation of income tax (expense)/benefit to prima facie tax payable				
Profit from continuing operations	287.5	265.8	40.3	493.2
Profit/(loss) from discontinued operations	14.8	342.1	(12.1)	(0.6)
Profit before related income tax expense	302.3	607.9	28.2	492.6
Tax at the Australian tax rate of 30% (2007: 30%)	(90.7)	(182.4)	(8.5)	(147.8)
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:				
Net operating items non-deductible/non-assessable for tax	(7.3)	(12.2)	(3.0)	(4.7)
Goodwill tax adjustments	0.9	0.8	–	–
Net significant items non-deductible/non-assessable for tax	2.4	69.4	(1.6)	12.5
Tax rebate on dividends from investments	–	–	40.1	66.9
Capital structures	50.4	46.5	–	–
Tax losses, tax credits and temporary differences not recognised for book in prior years now recouped	17.2	12.6	–	–
Effect of local tax rate change	(6.0)	1.5	–	–
Income tax benefit related to tax losses of the wholly-owned subsidiaries in the tax-consolidated group	–	–	–	61.6
	(33.1)	(63.8)	27.0	(11.5)
Over provision in prior period	(11.4)	0.5	(20.8)	7.4
Foreign tax rate differential	8.7	0.5	–	–
Total income tax (expense)/benefit	(35.8)	(62.8)	6.2	(4.1)
Less income tax benefit/(expense) attributable to discontinued operations	13.6	(28.4)	2.2	–
Total income tax (expense)/benefit attributable to continuing operations	(49.4)	(34.4)	4.0	(4.1)
(c) Amounts recognised directly in equity				
Current tax benefit/(expense) recognised directly in equity	–	–	–	–
Deferred tax benefit/(expense) recognised directly in equity	16.2	(44.4)	4.6	(7.0)
Total income tax benefit/(expense) recognised directly in equity	16.2	(44.4)	4.6	(7.0)

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Note 8 Auditors' Remuneration

\$ thousand	Consolidated		Amcors Limited	
	2008	2007	2008	2007
Audit services:				
PwC Australian firm:				
Audit and review of Financial Reports	2,688	–	1,954	–
Other regulatory audit services	144	–	65	–
Overseas PwC firms:				
Audit and review of Financial Reports	2,032	–	–	–
Other regulatory audit services	1,935	–	–	–
Total remuneration for PwC audit services	6,799	–	2,019	–
KPMG Australian firm:				
Audit and review of Financial Reports	–	2,472	–	1,572
Overseas KPMG firms:				
Audit and review of Financial Reports	–	3,406	–	–
Other regulatory audit services	–	2,115	–	–
Total remuneration for KPMG audit services	–	7,993	–	1,572
Total remuneration for audit services	6,799	7,993	2,019	1,572
Other services:				
PwC Australian firm:				
Taxation services	1,989	–	1,989	–
Completion audits and acquisition/equity raising due diligence	576	–	576	–
Other assurance services	378	–	378	–
Overseas PwC firms:				
Taxation services	1,054	–	–	–
Total remuneration for PwC other services	3,997	–	2,943	–
KPMG Australian firm:				
Taxation services	–	400	–	400
Other assurance services	–	1,099	–	949
Overseas KPMG firms:				
Taxation services	–	659	–	–
Other assurance services	–	1,010	–	–
Total remuneration for KPMG other services	–	3,168	–	1,349
Total remuneration for other services	3,997	3,168	2,943	1,349
Total auditors' remuneration	10,796	11,161	4,962	2,921

Note 9 Earnings per Share

cents	2008	2007
Basic earnings per share		
From continuing operations attributable to the ordinary equity holders of the Company	26.9	24.5
From discontinued operations	3.2	35.0
Attributable to the ordinary equity holders of the Company	30.1	59.5
Diluted earnings per share		
From continuing operations attributable to the ordinary equity holders of the Company	26.6	24.1
From discontinued operations	3.2	34.3
Attributable to the ordinary equity holders of the Company	29.8	58.4

\$ million	2008	2007
(a) Reconciliation of earnings used in calculating earnings per share		
Basic earnings per share		
Profit from continuing operations	238.1	231.4
Profit from continuing operations attributable to minority interests	(7.2)	(11.1)
Profit from continuing operations attributable to the ordinary equity holders of the Company used in calculating basic earnings per share	230.9	220.3
Profit from discontinued operations	27.9	313.4
Profit attributable to the ordinary equity holders of the Company used in calculating basic earnings per share	258.8	533.7
Diluted earnings per share		
Profit from continuing operations attributable to the ordinary equity holders of the Company used in calculating diluted earnings per share	230.9	220.3
Profit from discontinued operations	27.9	313.4
Profit attributable to the ordinary equity holders of the Company used in calculating diluted earnings per share	258.8	533.7
Number million		
(b) Weighted average number of shares used as denominator		
Weighted average number of ordinary shares for basic earnings per share	860.0	897.7
Effect of partly-paid shares	-	0.1
Effect of employee options	7.6	3.3
Effect of convertible securities	-	13.0
Weighted average number of ordinary shares and potential ordinary shares for diluted earnings per share	867.6	914.1

(c) Information concerning classification of securities

In the calculation of basic earnings per share, only ordinary shares have been included in the calculation. The following securities have been classified as potential ordinary shares and their effect included in diluted earnings per share as at 30 June 2008:

- Ordinary shares;
- Partly-paid shares; and
- Employee options and rights.

(d) Details of securities

(i) Partly-paid ordinary shares

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

(ii) Options and rights

Options and rights granted to employees under the Amcor Limited employee share/option and rights plans are considered to be potential ordinary shares and have been included in the determination of diluted earnings per share to the extent to which they are dilutive. The options and rights have not been included in the determination of basic earnings per share. Details relating to the options and rights plans are set out in note 27.

(iii) Convertible notes

Convertible notes issued were considered to be potential ordinary shares and were included in the determination of diluted earnings per share as at 30 June 2007. During the 12 months ended 30 June 2007, the notes outstanding under the Undated Subordinated Convertible Unsecured Notes (PRIDES) and the Perpetual Amcor Convertible Reset Securities Second Tranche (PACRS2) were repurchased by the consolidated entity or were converted into ordinary shares.

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Note 10 Cash and Cash Equivalents

\$ million	Consolidated		Amcors Limited	
	2008	2007	2008	2007
Cash on hand and at bank	214.8	78.3	115.7	0.1
Short-term deposits	17.1	9.5	-	-
Deposits at call	26.4	26.9	-	-
Total cash and cash equivalents	258.3	114.7	115.7	0.1

Short-term deposits and deposits at call for the consolidated entity bear floating interest rates between 1.8% and 7.3% (2007: 1.9% and 6.3%). Details regarding interest rate risk, foreign currency risk, credit risk and the fair value of cash and cash equivalents are disclosed in note 26.

Note 11 Trade and Other Receivables

\$ million	Consolidated		Amcors Limited	
	2008	2007	2008	2007
Trade receivables ⁽¹⁾	1,022.3	1,144.4	0.2	-
Less provision for impairment losses	(30.4)	(31.1)	-	-
	991.9	1,113.3	0.2	-
Amounts owing by controlled entities	-	-	5,357.5	6,565.7
Other receivables ⁽²⁾	178.0	826.6	4.1	2.7
Other loans	13.7	78.4	-	-
Prepayments	51.8	69.0	0.6	0.4
Total current trade and other receivables	1,235.4	2,087.3	5,362.4	6,568.8

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

(1) Impaired trade receivables

The consolidated entity has recognised a loss of \$4.1 million (2007: \$27.7 million) in respect of impaired trade receivables during the financial year ended 30 June 2008. The loss has been included in 'general and administration' expenses in the income statement.

(2) Other receivables

These amounts generally arise from transactions outside the usual operating activities of the consolidated entity. Interest may be charged at commercial rates where the terms of repayment exceed six months. Collateral is not normally obtained. As at 30 June 2007, other receivables included \$711.6 million deferred consideration relating to the sale of the PET European businesses on 29 June 2007, refer note 3.

Note 12 Inventories

\$ million	Consolidated		Amcors Limited	
	2008	2007	2008	2007
Raw materials and stores at cost	441.7	417.8	-	-
Work in progress at cost	98.1	85.3	-	-
Finished goods at cost	517.7	555.3	-	-
	1,057.5	1,058.4	-	-
Raw materials and stores at net realisable value	15.7	35.6	-	-
Work in progress at net realisable value	5.8	28.5	-	-
Finished goods at net realisable value	38.9	66.6	-	-
	60.4	130.7	-	-
Total inventories	1,117.9	1,189.1	-	-

Write-downs of inventories to net realisable value recognised as an expense during the financial year ended 30 June 2008 amounted to \$2.1 million (2007: \$7.5 million). The expense has been included in 'cost of sales' expenses in the income statement. As at 30 June 2008 no inventory of the consolidated entity is pledged as security over any borrowing (2007: nil).

Note 13 Other Financial Assets

\$ million	Consolidated		Amcors Limited	
	2008	2007	2008	2007
Current				
Derivative financial instruments:				
Forward exchange contracts	0.9	–	–	–
Contracts for cash-settled employee share plan options ('American' style contracts)	–	0.1	–	0.1
Hedge contracts for cash-settled bonus and retention payment plans ('Equity Share Swap contracts')	0.9	1.1	0.9	1.1
	1.8	1.2	0.9	1.2
Derivative financial instruments – cash flow hedges:				
Forward exchange contracts	2.4	1.9	–	–
Commodity contracts	2.5	0.3	–	–
	4.9	2.2	–	–
Total current other financial assets	6.7	3.4	0.9	1.2
Non-current				
Shares in controlled entities at cost (refer note 32)	–	–	4,854.3	4,697.4
Investments in companies listed on stock exchanges at fair value	7.7	15.6	–	–
Investments in companies not listed on stock exchanges at cost	0.2	0.2	–	–
	7.9	15.8	4,854.3	4,697.4
Derivative financial instruments:				
Contracts for cash-settled employee share plan options ('American' style contracts)	0.2	0.7	0.2	0.7
Contracts for cash-settled bonus and retention payment plans ('Equity Share Swap contracts')	0.4	0.7	0.4	0.7
	0.6	1.4	0.6	1.4
Derivative financial instruments – cash flow hedges:				
Commodity contracts	0.2	0.4	–	–
	0.2	0.4	–	–
Loans and other receivables	21.3	25.4	1.4	6.6
Total non-current other financial assets	30.0	43.0	4,856.3	4,705.4

Details regarding the interest rate risk, foreign currency risk, commodity price risk, employee share plan risk and fair values of the other financial assets are disclosed in note 26.

In relation to the cash-settled Employee Share Plan Options, the Employee Bonus Payment Plan and the Senior Executive Retention Payment Plan, the consolidated entity is exposed to movements in the value of the underlying ordinary shares of Amcor Limited. The consolidated entity has hedged its exposure by entering into cash-settled equity share option or equity share swap contracts that mirror the terms and conditions of the employee benefit. Refer to note 26(a)(iv) for details of the expiry or vesting date (if applicable), the outstanding option/share hedged contract positions and the hedged price of the contracts as at 30 June 2008.

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Note 14 Equity Accounted Investments

The consolidated entity accounts for investments in associates using the equity method and has no investments in joint ventures. The Company does not hold any equity accounted investments.

The consolidated entity has the following equity accounted investments:

Name of associate	Principal activity	Incorporated	Reporting date	Ordinary share ownership interest	
				2008 %	2007 %
AMVIG Holdings Limited ⁽¹⁾	Tobacco packaging	Cayman Islands	31 December	35.4	41.1
Silgan White Cap de Venezuela S.A.	Metal and plastic closures	Venezuela	31 December	37.0	37.0

(1) AMVIG Holdings Limited (AMVIG) is listed on the Hong Kong Stock Exchange. At 30 June 2008, the fair value of the consolidated entity's investment in this associate is \$378.7 million (2007: \$515.1 million).

Financial information related to equity accounted investments

\$ million	Consolidated	
	2008	2007
Revenues (100%)	406.2	282.5
Expenses (100%)	(328.5)	(228.5)
Profit (100%)	77.7	54.0
Current assets (100%)	285.0	205.0
Non-current assets (100%)	665.6	324.6
Total assets (100%)	950.5	529.6
Current liabilities (100%)	177.4	70.2
Non-current liabilities (100%)	160.9	94.4
Total liabilities (100%)	338.3	164.6
Net assets reported by equity accounted investments	612.2	365.0
Consolidated entity's share of net assets equity accounted	310.9	279.3
Results of equity accounted investments		
Consolidated entity share of profits before taxes	28.8	23.8
Consolidated entity share of income tax expense	(1.1)	(1.8)
Consolidated entity share of profits after tax	27.7	22.0
Commitments		
Share of capital commitments contracted but not provided for or payable:		
Within one year	9.0	5.9
Between one and five years	-	-
More than five years	-	-
	9.0	5.9
Share of other expenditure commitments contracted but not provided for or payable (including operating lease commitments):		
Within one year	1.0	0.4
Between one and five years	3.3	0.8
More than five years	5.8	0.1
	10.1	1.3

Acquisitions and disposals

AMVIG Holdings Limited

During the 12 months to 30 June 2008, the consolidated entity's ownership in AMVIG Holdings Limited (AMVIG) fluctuated a number of times due to transactions entered into by AMVIG and additional investments made by the consolidated entity in the equity accounted investment during the period.

On 31 October 2007, AMVIG acquired 100% of Brilliant Circle Holdings Limited which was settled by way of a cash payment and share issue by AMVIG, thereby reducing the consolidated entity's ownership interest in the equity accounted investment and resulting in the recognition of a gain on the equity issue of \$3.7 million.

In September 2007 and February 2008, the consolidated entity acquired, on market, an additional \$9.9 million and \$25.0 million in the share capital of AMVIG.

As at 30 June 2008, the consolidated entity's ownership interest in AMVIG is 35.4%, as a result of the transactions described above.

Reporting date

The balance dates for AMVIG and Silgan White Cap de Venezuela S.A. are both 31 December.

The balance date of AMVIG is different to that of the consolidated entity due to commercial reasons and the listing requirements of this entity on the Hong Kong Stock Exchange. In determining the consolidated entity's share of profits of AMVIG for the financial year ended 30 June 2008, the consolidated entity has used the latest publicly available financial information, being the unaudited interim results announcement for the six months to 30 June 2008, which was made to the Hong Kong Stock Exchange on 13 August 2008. This result, in conjunction with the audited results for the 12 months to 31 December 2007, has formed the basis for the consolidated entity's share of profits recognised for the 12 months ended 30 June 2008.

Silgan White Cap de Venezuela S.A. ('Silgan White Cap') balance date is different to that of the consolidated entity due to commercial reasons in aligning its balance date to its ultimate controlling parent company, Silgan Holdings Inc., which is listed on NASDAQ. The 30 June 2008 unaudited management accounts of Silgan White Cap have formed the basis of the financial information used in determining the consolidated entity's share of profits for the period from the date of acquisition of this entity to 30 June 2008.

Note 15 Property, Plant and Equipment

Consolidated

\$ million	Land improvements	Land	Buildings	Plant and equipment	Assets under construction	Finance leases	Total
Cost							
Balance at 1 July 2007	231.5	30.4	810.7	6,341.9	9.4	100.2	7,524.1
Additions for the period	1.5	0.2	78.0	431.8	38.4	-	549.9
Disposals during the period	(25.5)	(2.7)	(51.0)	(182.0)	(1.0)	(6.4)	(268.6)
Disposal of business and controlled entities	(0.9)	(0.4)	(4.3)	(293.3)	-	-	(298.9)
Other transfers ⁽¹⁾	-	-	8.5	79.0	(3.4)	(84.1)	-
Effect of movements in foreign exchange rates	(3.1)	-	(24.3)	(205.9)	3.2	(4.8)	(234.9)
Balance at 30 June 2008	203.5	27.5	817.6	6,171.5	46.6	4.9	7,271.6
Balance at 1 July 2006	260.4	32.7	891.7	7,177.8	13.0	130.6	8,506.2
Additions for the period	1.8	0.1	49.5	542.7	26.3	-	620.4
Disposals during the period	(13.8)	(1.5)	(22.7)	(463.4)	-	-	(501.4)
Disposal of business and controlled entities	(7.6)	(0.1)	(57.3)	(580.3)	-	(16.9)	(662.2)
Other transfers	-	0.1	4.1	26.8	(31.0)	-	-
Effect of movements in foreign exchange rates	(9.3)	(0.9)	(54.6)	(361.7)	1.1	(13.5)	(438.9)
Balance at 30 June 2007	231.5	30.4	810.7	6,341.9	9.4	100.2	7,524.1
Accumulated depreciation and impairment							
Balance at 1 July 2007	(0.1)	(6.8)	(196.9)	(3,434.5)	-	(50.4)	(3,688.7)
Depreciation charge	(0.1)	(1.0)	(39.2)	(344.7)	-	(1.6)	(386.6)
Disposals during the period	-	0.5	7.5	151.7	-	4.6	164.3
Disposal of business and controlled entities	-	-	(1.1)	172.3	-	-	171.2
Impairment loss	-	-	(0.7)	(14.4)	-	-	(15.1)
Reversal of impairment loss	-	-	-	3.4	-	-	3.4
Other transfers ⁽¹⁾	-	-	(0.1)	(40.3)	-	40.4	-
Effect of movements in foreign exchange rates	-	-	6.2	95.9	-	2.2	104.3
Balance at 30 June 2008	(0.2)	(7.3)	(224.3)	(3,410.6)	-	(4.8)	(3,647.2)
Balance at 1 July 2006	(0.1)	(6.5)	(191.4)	(3,960.6)	-	(50.8)	(4,209.4)
Depreciation charge	-	(0.7)	(39.7)	(391.1)	-	(8.8)	(440.3)
Disposals during the period	-	0.1	2.2	421.4	-	-	423.7
Disposal of business and controlled entities	-	-	21.8	368.3	-	4.5	394.6
Impairment loss	-	-	(3.8)	(59.3)	-	-	(63.1)
Effect of movements in foreign exchange rates	-	0.3	14.0	186.8	-	4.7	205.8
Balance at 30 June 2007	(0.1)	(6.8)	(196.9)	(3,434.5)	-	(50.4)	(3,688.7)
Carrying amounts							
Balance at 30 June 2008	203.3	20.2	593.3	2,760.9	46.6	0.1	3,624.4
Balance at 30 June 2007	231.4	23.6	613.8	2,907.4	9.4	49.8	3,835.4

(1) During the period the consolidated entity affected a buy-out of certain finance lease arrangements, refer note 20 for finance lease obligations.

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Note 15 Property, Plant and Equipment (continued)

Amcor Limited

The only class of property, plant and equipment held by the Company are items of plant and equipment.

As at 30 June 2008 the carrying value of plant and equipment, held by the Company, amounted to \$0.2 million (2007: \$0.3 million), representing a cost value of \$3.2 million (2007: \$3.2 million) and accumulated depreciation of \$3.0 million (2007: \$2.9 million).

For the 12 months to 30 June 2008, the Company did not purchase or dispose of any items of plant and equipment (2007: nil). A depreciation charge of \$0.1 million (2007: \$0.2 million) was recognised in general and administration expenses in the income statement.

(a) Non-current assets pledged as security

At 30 June 2008, property, plant and equipment with a carrying value of \$16.4 million (2007: \$153.7 million) was provided as security for certain interest-bearing borrowings. Refer to note 20 for more information on non-current assets pledged as security by the consolidated entity and the Company.

(b) Non-current asset impairments

30 June 2008

During the year ended 30 June 2008, the consolidated entity recorded impairments of property, plant and equipment totalling \$15.1 million within general and administration expense in the income statement. The impairments were recognised in the following segments:

- Amcor Australasia impaired items of property, plant and equipment totalling \$2.5 million as the result of plant closures that occurred during the period. The recoverable amount of these items of property, plant and equipment was assessed using fair value, based on the consolidated entity's historical experience of the sale of similar assets in the market place.
- Amcor Flexibles recognised an impairment of \$12.0 million relating to restructuring activities undertaken in the United Kingdom and Denmark with regards to the repositioning of the Amcor Flexibles Europe business, as announced in April 2007. The recoverable amount of these items of property, plant and equipment was assessed using fair value, based on the consolidated entity's historical experience of the sale of similar assets in the relevant market place.
- Other asset impairments of \$0.6 million were also recorded in the current year.

30 June 2007

During the year ended 30 June 2007, the consolidated entity recorded impairments of property, plant and equipment totalling \$63.1 million within general and administration expense in the income statement. The impairments were recognised in the following segments:

- Amcor PET recorded an impairment of \$11.3 million relating to equipment used in the business's North American operations and \$21.6 million in Latin America. The impairments recognised were the result of plant closures and the identification of changes in the business environment and market conditions, which resulted in a number of items of equipment becoming idle or technically obsolete. The recoverable amount of the equipment was determined using fair value less estimated costs of sale.
- Amcor Australasia recognised impairments for items of property, plant and equipment of \$5.8 million relating to plant closures and \$7.7 million relating to the 'Fibre Turnaround' restructuring plan. The recoverable amount of these items of property, plant and equipment were determined using fair value less estimated costs to sell.
- On the announcement of the closure of the Laupen plant in Switzerland, Amcor Flexibles recognised an impairment loss of \$13.5 million. The recoverable amount of the plant was assessed using fair value, based on valuations provided by external independent valuers, less estimated costs to sell. The closure of the plant was finalised in December 2007.
- Other asset impairments of \$3.2 million were also recorded in the current year.

(c) Non-current asset impairment reversals

30 June 2008

During the year ended 30 June 2008, certain items of the impaired plant were sold at a value greater than anticipated, resulting in a \$3.4 million reversal of the previously recognised impairment.

In the comparative period Amcor Flexibles recognised an impairment loss of items of property, plant and equipment as a result of the closure of the Laupen Plant in Switzerland. The recoverable amount of the plant had been assessed using fair value less estimated costs to sell based on valuations from external independent valuers.

30 June 2007

During the year ended 30 June 2007, the consolidated entity did not reverse any impairment that had previously been recognised.

Note 16 Deferred Tax Assets and Liabilities

(a) Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

\$ million	2008			2007		
	Assets	Liabilities	Net	Assets	Liabilities	Net
Consolidated						
Property, plant and equipment	–	(283.2)	(283.2)	–	(346.5)	(346.5)
Impairment of trade receivables	6.1	–	6.1	7.6	–	7.6
Valuation of inventories	49.0	(3.2)	45.8	50.9	(4.9)	46.0
Employee benefits	75.1	–	75.1	60.2	2.9	63.1
Provisions	50.1	–	50.1	55.4	–	55.4
Financial instruments at fair value	26.3	(8.3)	18.0	0.7	–	0.7
Tax losses carry-forward	68.8	–	68.8	33.8	–	33.8
Accruals and other items	49.7	(124.9)	(75.2)	143.5	(143.4)	0.1
Tax assets/(liabilities)	325.1	(419.6)	(94.5)	352.1	(491.9)	(139.8)
Set off of tax	(236.9)	236.9	–	(295.4)	295.4	–
Net deferred tax asset/(liability)	88.2	(182.7)	(94.5)	56.7	(196.5)	(139.8)
Amcor Limited						
Property, plant and equipment	–	(0.4)	(0.4)	0.3	–	0.3
Employee benefits	7.2	–	7.2	4.0	–	4.0
Provisions	–	–	–	0.1	–	0.1
Financial instruments at fair value	(1.9)	–	(1.9)	0.7	–	0.7
Tax losses carry-forward	11.1	–	11.1	–	–	–
Accruals and other items	–	(49.8)	(49.8)	(4.7)	(59.9)	(64.6)
Tax assets/(liabilities)	16.4	(50.2)	(33.8)	0.4	(59.9)	(59.5)
Set off of tax	(16.4)	16.4	–	(0.4)	0.4	–
Net deferred tax asset/(liability)	–	(33.8)	(33.8)	–	(59.5)	(59.5)

(b) Movement in temporary differences during the year

Consolidated

\$ million	Net asset/ (liability) at 1 July	Recognised in income statement	Recognised in equity	Included in disposal group	Exchange difference	Net asset/ (liability) at 30 June
2008						
Property, plant and equipment	(346.5)	43.0	–	9.0	11.3	(283.2)
Impairment of trade receivables	7.6	(1.6)	–	–	0.1	6.1
Valuation of inventories	46.0	3.9	–	(2.2)	(1.9)	45.8
Employee benefits	63.1	(8.3)	25.3	(2.4)	(2.6)	75.1
Provisions	55.4	(4.2)	–	–	(1.1)	50.1
Financial instruments at fair value	0.7	24.5	(4.5)	–	(0.6)	20.1
Tax losses carry-forward	33.8	37.4	–	–	(2.4)	68.8
Accruals and other items	0.1	(78.8)	(4.6)	0.3	5.7	(77.3)
	(139.8)	15.9	16.2	4.7	8.5	(94.5)
2007						
Property, plant and equipment	(436.8)	18.6	–	(11.0)	82.7	(346.5)
Impairment of trade receivables	7.9	(0.2)	–	0.4	(0.5)	7.6
Valuation of inventories	17.6	0.6	–	–	27.8	46.0
Employee benefits	99.5	(11.9)	(15.4)	8.7	(17.8)	63.1
Provisions	46.1	6.1	–	0.8	2.4	55.4
Financial instruments at fair value	14.9	(5.1)	1.9	–	(11.0)	0.7
Tax losses carry-forward	78.6	(23.0)	–	4.8	(26.6)	33.8
Accruals and other items	55.7	7.0	(30.9)	3.6	(35.3)	0.1
	(116.5)	(7.9)	(44.4)	7.3	21.7	(139.8)

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Note 16 Deferred Tax Assets and Liabilities (continued)

(b) Movement in temporary differences during the year (continued)

Amcor Limited

\$ million	Net asset/ (liability) at 1 July	Recognised in income statement	Recognised in equity	Net asset/ (liability) at 30 June
2008				
Property, plant and equipment	0.3	(0.7)	–	(0.4)
Employee benefits	4.0	(3.4)	6.6	7.2
Provisions	0.1	(0.1)	–	–
Financial instruments at fair value	0.7	(0.6)	(2.0)	(1.9)
Tax losses carry-forward	–	11.1	–	11.1
Accruals and other items	(64.6)	14.8	–	(49.8)
	(59.5)	21.1	4.6	(33.8)
2007				
Property, plant and equipment	1.1	(0.8)	–	0.3
Employee benefits	12.8	(2.9)	(5.9)	4.0
Provisions	0.1	–	–	0.1
Financial instruments at fair value	9.1	(7.3)	(1.1)	0.7
Tax losses carry-forward	–	–	–	–
Accruals and other items	13.3	(77.9)	–	(64.6)
	36.4	(88.9)	(7.0)	(59.5)

(c) Unrecognised deferred tax assets and liabilities

(i) Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items:

\$ million	Consolidated		Amcor Limited	
	2008	2007	2008	2007
Unused tax losses for which no deferred tax asset has been recognised	438.8	598.2	–	–
Potential tax benefits at applicable rates of tax losses	139.9	186.2	–	–
Deductible temporary differences	21.5	17.7	–	–
Total unrecognised deferred tax assets	161.4	203.9	–	–

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

Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the consolidated entity can utilise the benefits there from.

(ii) Unrecognised deferred tax liabilities

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

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

Note 17 Intangible Assets

Consolidated

\$ million	Product development	Computer software	Goodwill	Other intangible assets	Total
Cost					
Balance at 1 July 2007	10.5	208.8	1,334.6	22.3	1,576.2
Additions through internal activities	-	3.6	-	-	3.6
Additions for the period	-	20.9	-	-	20.9
Disposals during the period	(2.0)	(6.5)	-	(1.0)	(9.5)
Disposal of business and controlled entities	-	(4.7)	(5.7)	-	(10.4)
Subsequent recognition of acquired tax losses	-	-	(22.8)	-	(22.8)
Effect of movements in foreign exchange rates	0.2	(7.2)	(96.2)	(0.7)	(103.9)
Balance at 30 June 2008	8.7	214.9	1,209.9	20.6	1,454.1
Balance at 1 July 2006	11.3	209.8	1,749.9	25.2	1,996.2
Additions through internal activities	0.1	13.4	-	-	13.5
Additions for the period	-	9.9	-	0.1	10.0
Disposals during the period	-	(3.7)	-	(1.4)	(5.1)
Disposal of business and controlled entities	-	(8.1)	(217.8)	-	(225.9)
Subsequent recognition of acquired tax losses	-	-	(9.6)	-	(9.6)
Effect of movements in foreign exchange rates	(0.9)	(12.5)	(187.9)	(1.6)	(202.9)
Balance at 30 June 2007	10.5	208.8	1,334.6	22.3	1,576.2
Accumulated amortisation and impairment					
Balance at 1 July 2007	(5.4)	(92.3)	(5.8)	(14.0)	(117.5)
Amortisation charge	(1.3)	(25.2)	-	(2.3)	(28.8)
Disposals during the period	2.0	1.5	-	1.0	4.5
Disposal of business and controlled entities	-	2.2	-	-	2.2
Impairment loss	(1.5)	-	(7.9)	-	(9.4)
Other transfers	-	0.1	-	(0.1)	-
Effect of movements in foreign exchange rates	(0.1)	3.0	0.4	0.8	4.1
Balance at 30 June 2008	(6.3)	(110.7)	(13.3)	(14.6)	(144.9)
Balance at 1 July 2006	(3.8)	(83.8)	(6.3)	(13.9)	(107.8)
Amortisation charge	(2.0)	(22.2)	-	(2.4)	(26.6)
Disposals during the period	-	2.4	-	1.0	3.4
Disposal of business and controlled entities	-	7.1	-	-	7.1
Impairment loss	-	(2.2)	-	-	(2.2)
Effect of movements in foreign exchange rates	0.4	6.4	0.5	1.3	8.6
Balance at 30 June 2007	(5.4)	(92.3)	(5.8)	(14.0)	(117.5)
Carrying amounts					
Balance at 30 June 2008	2.4	104.2	1,196.6	6.0	1,309.2
Balance at 30 June 2007	5.1	116.5	1,328.8	8.3	1,458.7

Notes to the Financial Statements

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Note 17 Intangible Assets (continued)

Amcor Limited

\$ million	2008			2007		
	Computer software	Other intangible assets	Total	Computer software	Other intangible assets	Total
Cost						
Balance at 1 July	9.7	8.2	17.9	9.3	8.2	17.5
Additions through internal activities	0.8	-	0.8	0.9	-	0.9
Additions for the period	-	-	-	0.7	-	0.7
Disposals during the period	(5.9)	-	(5.9)	(1.2)	-	(1.2)
Balance at 30 June	4.6	8.2	12.8	9.7	8.2	17.9
Accumulated amortisation and impairment						
Balance at 1 July	(1.2)	(2.0)	(3.2)	(0.6)	(0.7)	(1.3)
Amortisation charge	(0.4)	(1.2)	(1.6)	(0.6)	(1.3)	(1.9)
Balance at 30 June	(1.6)	(3.2)	(4.8)	(1.2)	(2.0)	(3.2)
Carrying amounts						
Balance at 30 June	3.0	5.0	8.0	8.5	6.2	14.7

In the comparative period the parent entity's external software costs included \$5.9 million of SAP licences that were not being amortised as they were not yet in use. During the period the parent entity transferred the licences to entities within the consolidated entity as the SAP software was implemented across the Business Groups and, at this time, amortisation of the licences commenced in accordance with the consolidated entity's accounting policies, refer note 1(o)(ii).

As at 30 June 2008 there are no indefinite life intangible assets for the parent and the consolidated group.

(a) Amortisation and impairment charge

30 June 2008

During the year ended 30 June 2008, the consolidated entity recorded impairments of intangible assets totalling \$9.4 million in the following segments:

- During the period, Amcor Australasia announced the closure of a converting (Fibre packaging division) facility in Moorabbin, Victoria. As a result of the closure Amcor Australasia impaired goodwill of \$7.9 million associated with the operations at the Moorabbin site and has recognised the impairment in general and administration expense in the income statement.
- Amcor Flexibles recognised an impairment of \$1.5 million of product development assets identified as not longer viable as a result of the restructuring activities undertaken with regards to the repositioning of the Amcor Flexibles Europe business, as announced in April 2007. The impairment charge has been recognised in general and administration expense in the income statement.

30 June 2007

During the year ended 30 June 2007, the consolidated entity recorded impairment of computer software assets totalling \$2.2 million in the Amcor Flexibles business segment. The assets related to computer software development projects that were superseded by other software development activities and priorities of the consolidated entity during the period. The impairment charge is recognised in general and administration expense in the income statement.

(b) Impairment tests for goodwill

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

The goodwill amounts allocated below are tested annually or semi-annually if there are indicators of impairment, by comparison with the recoverable amount of each CGU's assets. Recoverable amounts for CGUs are measured at the higher of fair value less costs to sell and value in use. Value in use is calculated from cash flow projections for five years using data from the consolidated entity's latest internal forecasts. The key assumptions for the value in use calculations are those regarding discount rates, growth rates and expected changes in margins.

The forecasts used in the value in use calculations are management estimates in determining income, expenses, capital expenditure and cash flows for each asset and CGU. Changes in selling prices and direct costs are based on past experience and management's expectation of future changes in the markets in which the consolidated entity operates. Cash flows beyond the five year period are extrapolated using estimated growth rates.

The following table presents a summary of the goodwill allocation and the key assumptions used in determining the recoverable amount of each CGU:

CGU	Goodwill Allocation		Discount Rate		Growth Rate	
	2008 \$ million	2007 \$ million	2008 %	2007 %	2008 %	2007 %
PET						
North America	511.1	579.2	10.0	9.5	3.0	2.0
Latin America	174.2	197.7	16.9	13.4	3.0	2.0
Australasia						
Flexibles packaging division	40.1	42.9	11.9	9.6	–	–
Fibre packaging division	43.7	52.2	11.9	9.6	–	–
Beverage can group	14.5	16.6	11.9	9.6	–	–
Other	0.8	0.8	–	–	–	–
Flexibles						
Healthcare	190.1	183.9	9.5	8.0	–	–
Food	162.0	156.7	9.5	8.0	–	–
Rentsch	13.6	12.8	9.5	8.0	–	–
Sunclipse						
North America Distribution	68.6	77.9	10.0	9.5	2.0	–
North America Corrugator	8.3	9.4	10.0	9.5	2.0	–
North America Multi Purpose Packaging	20.3	23.1	10.0	9.5	2.0	–
Other (including utilisation of acquired tax losses)	(50.7)	(24.4)				
	1,196.6	1,328.8				

The discount rate used in performing the value in use calculations reflects the consolidated entity's weighted average cost of capital, as adjusted for specific risks relating to each geographical region in which the CGUs operate. The pre-tax discount rates are disclosed above.

The growth rate represents the average rate applied to extrapolate CGU cash flows beyond the five year forecast period. These growth rates are determined with regard to the long-term performance of each CGU in their respective market and are not expected to exceed the long-term average growth rates in the applicable market.

30 June 2008

During the current reporting period impairment indicators were identified across the consolidated group as a result of general market volatility and in particular global credit markets. To address the impact of these external pressures there was an increased focus upon on the consolidated entity's valuation practices and methodologies used in performing the current year CGU impairment assessments.

Whilst all operations of the consolidated entity faced increased exogenous pressures, at June 2008, management have determined that no further adjustments to the carrying value of assets and goodwill are warranted.

30 June 2007

In June 2007, impairment reviews were performed by comparing the carrying value of assets and goodwill with the recoverable amount of the CGUs to which goodwill has been allocated. Management determined that there has been no impairment for the financial year ended 30 June 2007.

Note 18 Other Non-Current Assets

\$ million	Consolidated		Amcors Limited	
	2008	2007	2008	2007
Contract incentive payments	39.6	34.8	–	–
Retirement benefit assets (note 23)	1.2	3.2	–	–
Other non-current assets	48.1	36.7	3.0	3.2
	88.9	74.7	3.0	3.2

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Note 19 Trade and Other Payables

\$ million	Consolidated		Amcors Limited	
	2008	2007	2008	2007
Current				
Trade creditors	1,335.3	1,350.9	4.7	8.6
Deferred grant income	1.9	1.9	-	-
Other creditors and accruals	471.7	500.7	35.8	45.1
	1,808.9	1,853.5	40.5	53.7
Non-current				
Deferred grant income	22.3	24.0	-	-
Other unsecured creditors	4.0	3.9	-	-
	26.3	27.9	-	-

Note 20 Interest-Bearing Liabilities

	Footnote	2008	2007	2008	2007
Current					
Secured borrowings:					
Bank loans	(3)	7.2	5.3	-	-
Other loans	(2)	-	5.3	-	-
Lease liabilities (refer note 31)	(7)	0.5	45.5	-	-
		7.7	56.1	-	-
Unsecured borrowings:					
Bank overdrafts	(1)	92.3	184.5	-	12.2
Commercial paper	(4)	249.7	450.4	249.7	380.4
Bank loans	(5), (6)	321.6	682.0	300.0	575.9
Other loans	(6)	6.2	5.6	-	-
Amounts owing to controlled entities		-	-	3,629.6	3,819.3
		669.8	1,322.5	4,179.3	4,787.8
Total current interest-bearing liabilities		677.5	1,378.6	4,179.3	4,787.8
Non-current					
Secured borrowings:					
Other loans	(8)	7.2	135.8	-	-
Lease liabilities (refer note 31)	(7)	3.0	5.2	-	-
		10.2	141.0	-	-
Unsecured borrowings:					
Bank loans	(9)	727.8	334.0	602.9	253.4
US\$ notes	(10)	519.6	589.0	519.6	589.0
Eurobond	(11)	572.5	553.0	572.5	553.0
Other loans	(6)	3.1	3.5	-	-
		1,823.0	1,479.5	1,695.0	1,395.4
Total non-current interest-bearing liabilities		1,833.2	1,620.5	1,695.0	1,395.4
Reconciliation of consolidated net debt					
- Current		677.5	1,378.6		
- Non-current		1,833.2	1,620.5		
Total interest-bearing liabilities		2,510.7	2,999.1		
- Cash and cash equivalents (refer note 10)		(258.3)	(114.7)		
Net debt		2,252.4	2,884.4		

Adequate committed facilities exist to refinance the current interest-bearing liabilities of the consolidated entity, if required (refer footnotes below). Details of the interest rate risk, foreign currency risk and fair value of interest-bearing liabilities for the consolidated entity are set out in note 26.

- (1) The consolidated entity has committed bank overdraft facilities (both secured and unsecured) to a maximum of \$148.1 million (2007: \$184.8 million). As at 30 June 2008, the unused portions of the facilities were \$55.8 million (2007: \$0.3 million). The bank overdrafts are payable on demand and are subject to annual review.
- (2) These other current secured loans are secured by a charge over assets of certain controlled entities.
- (3) Comprises loans secured over property, plant and equipment in overseas controlled entities to the extent of \$8.2 million (2007: \$7.2 million). The carrying value of the pledged property is \$8.2 million (2007: \$17.9 million).
- (4) Borrowings in commercial paper markets include:
Promissory Note Facility - \$249.7 million (2007: \$380.4 million)
 This is an uncommitted promissory note facility of \$600.0 million (2007: \$600.0 million). This facility continues indefinitely until terminated by giving written notice to the dealer panel members. As at 30 June 2008, there were \$249.7 million in promissory notes outstanding with an average maturity of 61 days (2007: \$380.4 million).
US Commercial Paper Program - nil (2007: \$70.0 million)
 This is an uncommitted commercial paper program of US\$400.0 million (2007: US\$400.0 million). As at 30 June 2008 nil commercial paper was outstanding (2007: \$70.0 million).
- (5) Various bank borrowings including:
 Amcor Limited - nil (2007: \$21.5 million) drawn under uncommitted at call facilities. Amounts borrowed under these facilities bear interest at the overnight cash rate plus an applicable margin.
 Amcor Limited - \$300.0 million multi-currency facility maturing in December 2008. \$300.0 million (2007: \$278.0 million) drawn under this facility bears interest at BBSY or LIBOR plus an applicable credit margin.

- (6) Comprises various funding facilities made available to subsidiary companies predominantly in Europe and North America.
- (7) Lease liabilities (other than liabilities recognised in relation to surplus space under non-cancellable operating leases) are effectively secured as the rights to the leased assets recognised in the financial statements revert to the lessor in the event of default.
- (8) Comprises loans secured over property, plant and equipment in Australian and overseas controlled entities to the extent of \$8.2 million (2007: \$135.8 million). The carrying value of the pledged property is \$8.2 million (2007: \$135.8 million).
- (9) Principally relates to bank borrowings in:
 Amcor Limited/Amcor UK Finance Limited/Amcor Finance (USA) Inc. – \$514.4 million (2007: \$330.3 million) drawn under a US\$1,250.0 million (2007: US\$1,250.0 million) global syndicated multi-currency facility term-tranche of US\$750.0 million (2007: US\$750.0 million) maturing June 2011. Drawings are in various currencies and bear interest at the applicable BBSY or LIBOR rate plus a credit margin.
 Amcor Limited/Amcor Finance (USA) Inc. – \$200.0 million multi-currency facility maturing in November 2009. \$156.0 million (2007: \$276.0 million) drawn under this facility bears interest at BBSY or LIBOR plus an applicable credit margin.
 Amcor Finance (New Zealand) Limited – \$57.0 million (2007: \$46.4 million) drawn under NZ\$100.0 million revolving cash advance facility maturing in May 2010. This facility bears interest at the bank bill rate plus an applicable credit margin.
- (10) Represents US\$500.0 million Amcor Limited senior unsecured guaranteed notes issued in the United States Private Placement market. The notes have final bullet maturities between 2009 and 2017. Interest on these notes is payable semi-annually, at a fixed rate.
- (11) Represents €350.0 million Amcor Limited unsecured notes issued in the Eurobond market. The notes mature in March 2011 and pay an annual coupon of 4.25%.

Note 21 Other Financial Liabilities

\$ million	Consolidated		Amcor Limited	
	2008	2007	2008	2007
Current				
Liabilities for financial guarantees	–	–	0.1	0.1
Derivative financial instruments:				
Forward exchange contracts	0.9	2.1	0.1	1.9
Commodity contracts	–	1.1	–	–
	0.9	3.2	0.2	2.0
Derivative financial instruments – cash flow hedges:				
Forward exchange contracts	1.5	8.4	0.1	0.6
Commodity contracts	1.4	–	–	–
	2.9	8.4	0.1	0.6
Total current other financial liabilities	3.8	11.6	0.3	2.6
Non-current				
Liabilities for financial guarantees	–	–	0.8	2.9
Derivative financial instruments – cash flow hedges:				
Forward exchange contracts	0.1	0.4	–	–
Total non-current other financial liabilities	0.1	0.4	0.8	2.9

Financial guarantees

The Company has guaranteed the bank overdrafts and finance leases of a number of subsidiaries. Under the terms of the financial guarantee contracts, the Company will make payments to reimburse the lenders upon failure of the guaranteed entity to make payments when due.

Terms and face values of the liabilities guaranteed were as follows:

\$ million	Year of maturity	30 June 2008	30 June 2007
		Face value	Face value
Bank term loans of controlled entities	2008-2009	9.5	32.6
Finance leases of controlled entities	2010-2018	–	53.5

The Company has also entered into a Deed of Cross Guarantee with certain subsidiaries. Under the terms of the deed, the Company has guaranteed the repayment of all relevant current and future creditors in the event any of the entity's party to the deed are wound up. Details of the deed and the consolidated financial position of the Company and the subsidiary's party to the deed are set out in note 33.

The method used in determining the fair value of these guarantees has been disclosed in the consolidated entity's accounting policy Financial guarantee contracts, refer note 1(q).

Notes to the Financial Statements

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Note 22 Provisions

Consolidated

\$ million	Employee entitlements	Insurance and other claims	Onerous contracts	Asset restoration	Restructuring	Other	Total
Balance at 1 July 2007	141.4	70.3	20.3	50.5	52.0	–	334.5
Provisions made during the period	56.0	23.6	4.2	7.7	103.2	–	194.7
Payments made during the period	(54.5)	(10.2)	(7.1)	(1.5)	(88.7)	–	(162.0)
Released during the period	(1.7)	(0.1)	–	(4.5)	(4.6)	–	(10.9)
Disposal of business and controlled entities	(9.1)	–	–	(1.4)	–	–	(10.5)
Unwinding of discount	–	0.7	0.2	2.1	–	–	3.0
Effect of movement in foreign exchange rate	(2.6)	1.7	(0.9)	(1.2)	(0.5)	–	(3.5)
Balance at 30 June 2008	129.5	86.0	16.7	51.7	61.4	–	345.3
Current	110.5	52.5	16.7	5.1	45.2	–	230.0
Non-current	19.0	33.5	–	46.6	16.2	–	115.3
Balance at 1 July 2006	157.0	79.5	27.7	52.1	74.0	0.3	390.6
Provisions made during the period	56.9	12.4	6.9	4.2	105.8	0.9	187.1
Payments made during the period	(65.6)	(17.7)	(12.2)	(1.1)	(110.7)	(1.2)	(208.5)
Released during the period	(0.7)	(1.4)	(0.1)	(3.3)	(13.1)	–	(18.6)
Disposal of business and controlled entities	(3.0)	(1.9)	(0.1)	(1.8)	(1.4)	–	(8.2)
Unwinding of discount	–	0.4	–	2.7	–	–	3.1
Effect of movement in foreign exchange rate	(3.2)	(1.0)	(1.9)	(2.3)	(2.6)	–	(11.0)
Balance at 30 June 2007	141.4	70.3	20.3	50.5	52.0	–	334.5
Current	120.5	48.2	20.0	1.3	51.8	–	241.8
Non-current	20.9	22.1	0.3	49.2	0.2	–	92.7

Amcor Limited

As at 30 June 2008, the Company held a employee entitlements provision of \$5.7 million (2007: \$5.9 million) of which \$3.0 million (2007: \$1.5 million) is current and \$2.7 million (2007: \$4.4 million) is non-current. The Company also carries a provision relating to asset restoration costs totalling \$1.8 million (2007: \$1.8 million), all of which is non-current.

For the 12 months to 30 June 2008, the Company recognised an increase in the employee entitlements provision of \$1.4 million (2007: \$1.4 million), there was no change to the asset restoration provision during the period (2007: nil). In addition, payments totalling \$1.6 million (2007: \$1.2 million) were made.

Description of provisions

Employee entitlements

Employee entitlements include the liability for annual leave and long service leave of employees as well as any directors' retirement allowances.

Insurance and other claims

Insurance and other claims provisions include provisions for workers' compensation, insurance and other claims and are made for claims received and claims expected to be received in relation to incidents occurring prior to 30 June 2008, based on historical claim rates.

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

Onerous contracts

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

Asset restoration

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

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

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

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

Restructuring provisions

The following tables provide a segmental analysis of the restructuring provision at the end of the reporting period:

Consolidated

\$ million	Amcor Flexibles	Amcor PET	Australasia	Other	Total
Balance at 1 July 2007	18.2	2.2	31.0	0.6	52.0
Provisions made during the period	53.4	1.6	48.1	0.1	103.2
Payments made during the period	(43.2)	(3.2)	(41.6)	(0.6)	(88.6)
Released during the period	–	–	(4.6)	–	(4.6)
Other transfers	–	(0.5)	–	0.5	–
Effect of movement in foreign exchange rate	(0.3)	(0.1)	(0.2)	–	(0.6)
Balance at 30 June 2008	28.1	–	32.7	0.6	61.4
Current	25.9	–	18.7	0.6	45.2
Non-current	2.2	–	14.0	–	16.2
Balance at 1 July 2006	44.1	8.9	15.5	5.5	74.0
Provisions made during the period	14.9	6.1	84.8	–	105.8
Payments made during the period	(37.3)	(9.7)	(59.3)	(4.4)	(110.7)
Released during the period	(1.3)	(1.2)	(10.0)	(0.6)	(13.1)
Disposal of business and controlled entities	–	(1.4)	–	–	(1.4)
Other transfers	(0.2)	–	–	0.2	–
Effect of movement in foreign exchange rate	(2.0)	(0.5)	–	(0.1)	(2.6)
Balance at 30 June 2007	18.2	2.2	31.0	0.6	52.0
Current	18.0	2.2	31.0	0.6	51.8
Non-current	0.2	–	–	–	0.2

The Amcor Flexibles restructuring provision includes costs relating to activities undertaken with regards to the repositioning and market sector rationalisation of the Amcor Flexibles European business, as announced by the consolidated entity in April 2007.

The Australasia restructuring provision includes costs relating to the construction of the new Recycled Paper Mill in Botany, New South Wales, as announced on 20 February 2008. The provision includes employee costs associated with the closure of existing mills at Botany and Fairfield, Victoria and costs associated with the relocation and rebuild of assets currently located at the Botany site.

The Company did not have any restructuring provisions as at 30 June 2008 (2007: nil).

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Note 23 Retirement Benefit Obligations

\$ million	Consolidated		Amcors Limited	
	2008	2007	2008	2007
Defined benefit pension plans	147.9	78.4	25.2	7.6
Defined benefit post-retirement plans	19.1	23.0	-	-
	167.0	101.4	25.2	7.6

Description of plans

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

Company sponsored plans

Company sponsored plans include both defined contribution and defined benefit plans. The principal benefits of these plans are pensions or lump sums for members on resignation, retirement, death or total permanent disablement. These benefits are determined on either a defined benefit or accumulation benefit basis.

Employee contribution rates are either determined by the rules of the plan or selected by members from a specified range of rates. In addition to legislative requirements, employer companies contribute to defined benefit funds as described below or, in the case of defined contribution funds, the amounts set out in the appropriate plan rules.

Industry/union plans

Employer companies participate in industry and union plans on behalf of certain employees. These plans operate on an accumulation basis and provide lump sum benefits for members on resignation, retirement or death. The employer entity has a legally enforceable obligation to contribute at varying rates to these plans.

Government plans

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

Defined benefit plans

The consolidated entity maintains several defined benefit pension arrangements internationally. On a vested benefit basis, some arrangements are in actuarial surplus, others are in a position of actuarial deficiency. Surpluses and deficiencies depend on many diverse factors and can vary significantly over time having regard, for example, to movements in the investment markets, future salary increases and changes in employment patterns. This note sets out the consolidated entity's position and funding policy in relation to its defined benefit arrangements.

The consolidated entity has no legal obligation to settle any unfunded defined benefit obligation with an immediate contribution or additional one-off contributions. The objective of funding is to ensure that the benefit entitlements of members and other beneficiaries are fully funded by the time they become payable.

The consolidated entity's current intention is to make annual contributions to defined benefit funds at a rate determined from time to time, following discussions with the funds' actuaries or other competent authorities and advisers. The consolidated entity expects that the contribution rates will be determined after taking into account sound actuarial principles and would be designed to enable all consolidated entity defined benefit funds to meet retirement expectations and relevant regulatory requirements. The consolidated entity's current intention is based on these assumptions. The consolidated entity reserves the right to increase, reduce or suspend its contributions to the funds as it sees fit.

The following tables set out financial information in relation to both defined benefit pension plans and defined benefit post-retirement plans. The Company does not participate in any defined benefit post-retirement plans either in the current or comparative reporting period.

(i) Amounts recognised in the balance sheet

\$ million	Consolidated		Amcor Limited	
	2008	2007	2008	2007
Present value of the unfunded defined benefit obligation	45.4	47.6	-	-
Present value of the funded defined benefit obligation	843.4	933.3	233.2	317.1
Liabilities for defined benefit obligations	888.8	980.9	233.2	317.1
Fair value of defined benefit plan assets	(728.0)	(890.7)	(208.0)	(309.5)
	160.8	90.2	25.2	7.6
Unrecognised past service cost	(0.4)	-	-	-
Net liability after adjustment for contributions tax	160.4	90.2	25.2	7.6
Amounts not recognised as an asset	5.4	8.0	-	-
Net liability in the balance sheet	165.8	98.2	25.2	7.6
Net liability in the balance sheet comprises:				
Retirement benefit assets (note 18)	(1.2)	(3.2)	-	-
Retirement benefit obligations	167.0	101.4	25.2	7.6
	165.8	98.2	25.2	7.6

(ii) Proportion of the fair value of total plan assets

%	Consolidated		Amcor Limited	
Equity securities	29.7	55.7	5.0	70.0
Real estate	4.2	3.4	-	-
Debt securities	36.4	34.5	21.0	21.0
Other assets ⁽¹⁾	29.7	6.4	74.0	9.0
	100.0	100.0	100.0	100.0

(1) Other assets include investments held in emerging market debt, currency, cash and other alternative investments.

The defined benefit plan assets of the parent entity may include Amcor Limited securities at various times throughout the year. At 30 June 2008, the plan did not hold any Amcor Limited securities (2007: nil).

(iii) Movement in the liability for defined obligations

\$ million	Consolidated		Amcor Limited	
	2008	2007	2008	2007
Defined benefit obligation at 1 July	980.9	1,091.8	317.1	290.4
Current service cost	33.8	42.4	15.8	18.0
Interest cost on benefit obligation	54.3	49.9	21.5	13.8
Actuarial loss/(gain) recognised directly in equity	1.1	(4.6)	(23.9)	16.2
Contributions by plan participants	9.7	12.3	1.9	2.4
Benefits paid by the plan	(126.7)	(55.4)	(94.2)	(19.5)
Past service cost	0.6	(1.6)	-	-
Disposal of businesses and controlled entities	-	(70.5)	-	-
Losses/(gains) on curtailment	(4.2)	(5.7)	-	-
Losses/(gains) on settlement	(3.8)	(19.4)	-	-
Expenses, taxes, premiums paid	(8.0)	(8.1)	(5.0)	(4.2)
Exchange differences on foreign plans	(48.9)	(50.2)	-	-
Defined benefit obligations at 30 June	888.8	980.9	233.2	317.1

Notes to the Financial Statements

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Note 23 Retirement Benefit Obligations (continued)

Description of plans (continued)

(iv) Movement in plan assets

\$ million	Consolidated		Amcors Limited	
	2008	2007	2008	2007
Fair value of plan assets at 1 July	890.7	848.8	309.5	254.6
Contributions by employer	51.1	77.3	17.3	20.1
Contributions by plan participants	9.7	12.3	1.9	2.4
Benefits paid by the plan	(126.7)	(55.4)	(94.2)	(19.5)
Disposal of businesses and controlled entities	–	(43.2)	–	–
Expenses, taxes, premiums paid	(8.0)	(8.1)	(4.9)	(4.2)
Gains/(losses) on settlement	(2.2)	(14.8)	–	–
Expected return on assets	59.9	55.8	24.4	20.3
Actuarial gain/(loss) recognised directly in equity	(105.3)	56.9	(46.0)	35.8
Plan converted from defined contribution to defined benefit	–	1.1	–	–
Exchange differences on foreign plans	(41.2)	(40.0)	–	–
Fair value of plan assets at 30 June	728.0	890.7	208.0	309.5

(v) Amounts recognised in the income statement

Current service cost	33.8	42.4	15.8	18.0
Interest cost on benefit obligation	54.3	49.9	21.5	13.8
Expected return on plan assets	(59.9)	(55.8)	(24.4)	(20.3)
Past service cost	0.2	(1.6)	–	–
Losses/(gains) on curtailments and benefits paid	(5.9)	(10.3)	–	–
Impact of asset ceiling recognised directly in income statement	–	4.5	–	–
	22.5	29.1	12.9	11.5
Actual return on plan assets	(45.3)	112.7	(21.6)	56.1

(vi) Actuarial gains and losses recognised directly in equity

Cumulative amount at 1 July	34.6	(24.1)	32.6	13.0
Recognised in equity during the period				
Movement in plan liabilities	(1.1)	4.6	23.9	(16.2)
Movement in plan assets	(105.3)	56.9	(46.0)	35.8
Impact of asset ceiling recognised directly in equity	3.0	(2.8)	–	–
	(103.4)	58.7	(22.1)	19.6
Cumulative amount at 30 June	(68.8)	34.6	10.5	32.6

(vii) Principal actuarial assumptions

The principal actuarial assumptions (expressed as weighted averages) used for the purposes of reporting under AASB 119 *Employee Benefits* for the consolidated entity's and Company's defined benefit plans are as follows:

%	Consolidated		Amcors Limited	
	2008	2007	2008	2007
Discount rate	5.1	4.9	5.5	5.0
Expected return on plan assets	6.6	6.8	8.0	8.0
Future salary increases	4.1	4.0	4.5	4.5
Medical cost trend rates	5.0	8.4	–	–

Expected return on asset assumption

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

Investment strategy

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

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

Effects of changes in assumed medical cost trend rates

A 1.0% decrease in medical cost trend rates would be expected to reduce service and interest cost components and the value of the defined benefit obligation by nil and \$0.1 million respectively. A 1.0% increase in medical cost trend rates would be expected to increase service and interest cost components and the value of the defined benefit obligation by nil and \$0.1 million respectively.

(viii) Estimated future contributions

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

Employer contributions to defined benefit funds and defined benefit post-retirement plans for the consolidated entity during the financial year ending 30 June 2009 are expected to total \$37.5 million. Employer contributions to defined benefit plans for the parent entity during the financial year ending 30 June 2009 are expected to total \$15.3 million.

(ix) Historical summary

\$ million	2008	2007	2006	2005
Consolidated				
Present value of the defined benefit obligation	894.2	988.9	1,092.5	983.2
Fair value of plan assets	728.0	890.7	848.8	624.9
Deficit in the plans	166.2	98.2	243.7	358.3
Experience adjustments arising on plan liabilities	22.2	(2.5)	42.1	29.5
Experience adjustments arising on plan assets	(105.3)	57.3	(37.9)	(38.6)
Amcors Limited				
Present value of the defined benefit obligation	233.2	317.1	290.4	265.6
Fair value of plan assets	208.0	309.5	254.6	206.8
Deficit in the plans	25.2	7.6	35.8	58.8
Experience adjustments arising on plan liabilities	22.9	(22.3)	26.2	2.1
Experience adjustments arising on plan assets	(46.0)	35.8	(12.0)	(15.4)

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

(x) Defined benefit expense

The expense for both defined benefit plans and defined benefit post-retirement plans were recognised in the following line items in the income statement.

\$ million	Consolidated		Amcor Limited ⁽¹⁾	
	2008	2007	2008	2007
Cost of sales	4.1	7.5	–	–
Sales and marketing expenses	1.4	2.3	–	–
General and administration expenses	23.2	25.0	15.8	18.0
Research and development costs	0.5	0.2	–	–
Net financing costs	(6.7)	(5.9)	(2.9)	(6.5)
	22.5	29.1	12.9	11.5

(1) Included within the above defined benefit expense for Amcor Limited are \$16.2 million (2007: \$18.1 million) of costs incurred by wholly-owned subsidiaries of the Company.

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Note 24 Contributed Equity and Reserves

(a) Reconciliation of movement in contributed equity and reserves

Consolidated

	Contributed equity	Available-for-sale revaluation reserve	Cash flow hedge reserve	Share-based payments reserve	Exchange fluctuation reserve	Retained profits	Total attributable to members of Amcor	Minority interest	Total equity
Balance at 1 July 2007	2,742.8	5.7	(24.2)	14.2	(309.2)	1,099.8	3,529.1	52.2	3,581.3
Total recognised income and expense	-	(7.9)	10.7	-	(142.0)	180.8	41.6	2.5	44.1
Contributions of equity, net of transaction costs	13.3	-	-	-	-	-	13.3	-	13.3
Share-based payments option expense	-	-	-	9.0	-	-	9.0	-	9.0
Share buy-back	(350.0)	-	-	-	-	-	(350.0)	-	(350.0)
Dividends paid (note 25)	-	-	-	-	-	(294.2)	(294.2)	-	(294.2)
Dividends paid to minority interests in subsidiaries	-	-	-	-	-	-	-	(11.5)	(11.5)
Minority interest buy-out	-	-	-	-	-	-	-	(3.5)	(3.5)
Acquisitions of controlled entities and businesses	-	-	-	-	-	-	-	14.8	14.8
Balance at 30 June 2008	2,406.1	(2.2)	(13.5)	23.2	(451.2)	986.4	2,948.8	54.5	3,003.3
Balance at 1 July 2006	2,810.3	(1.8)	(19.0)	7.8	(71.5)	828.6	3,554.4	51.6	3,606.0
Total recognised income and expense	-	7.5	(5.2)	-	(237.7)	576.9	341.5	7.7	349.2
Contributions of equity, net of transaction costs	265.4	-	-	(0.6)	-	-	264.8	-	264.8
Share-based payments option expense	-	-	-	7.0	-	-	7.0	-	7.0
Share buy-back	(332.9)	-	-	-	-	-	(332.9)	-	(332.9)
Dividends paid (note 25)	-	-	-	-	-	(305.7)	(305.7)	-	(305.7)
Dividends paid to minority interests in subsidiaries	-	-	-	-	-	-	-	(5.8)	(5.8)
Disposals of controlled entities and businesses	-	-	-	-	-	-	-	(1.3)	(1.3)
Balance at 30 June 2007	2,742.8	5.7	(24.2)	14.2	(309.2)	1,099.8	3,529.1	52.2	3,581.3

Amcors Limited

\$ million	Contributed equity	Cash flow hedge reserve	Share-based payments reserve	Retained profits	Total equity
Balance at 1 July 2007	2,742.8	(18.6)	14.2	2,223.7	4,962.1
Total recognised income and expense	–	4.5	–	18.9	23.4
Contributions of equity, net of transaction costs	13.3	–	–	–	13.3
Share-based payments option expense	–	–	8.9	–	8.9
Share buy-back	(350.0)	–	–	–	(350.0)
Dividends paid (note 25)	–	–	–	(294.2)	(294.2)
Balance at 30 June 2008	2,406.1	(14.1)	23.1	1,948.4	4,363.5
Balance at 1 July 2006	2,810.3	(21.2)	7.8	2,027.1	4,824.0
Total recognised income and expense	–	2.6	–	502.3	504.9
Contributions of equity, net of transaction costs	265.4	–	(0.6)	–	264.8
Share-based payments option expense	–	–	7.0	–	7.0
Share buy-back	(332.9)	–	–	–	(332.9)
Dividends paid (note 25)	–	–	–	(305.7)	(305.7)
Balance at 30 June 2007	2,742.8	(18.6)	14.2	2,223.7	4,962.1

Available-for-sale revaluation reserve

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

Cash flow hedge reserve

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

Share-based payment reserve

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

Exchange fluctuation reserve

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

(b) Contributed equity

\$ million	Consolidated		Amcor Limited	
	2008	2007	2008	2007
Issued and paid-up:				
834,752,317 ordinary shares with no par value (2007: 883,119,239) ⁽¹⁾	2,406.1	2,742.7	2,406.1	2,742.7
784,000 partly-paid ordinary shares with no par value (2007: 1,084,000) ⁽²⁾	–	0.1	–	0.1
	2,406.1	2,742.8	2,406.1	2,742.8

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

(2) The partly-paid ordinary shares comprise 580,000 (2007: 800,000) shares paid to five cents and 204,000 (2007: 284,000) shares paid to one cent under Employee Share/Option Plans. The aggregate uncalled capital of \$5.4 million (2007: \$7.5 million) will be brought to account when these shares are fully-paid.

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Note 24 Contributed Equity and Reserves (continued)

(i) Reconciliation of fully-paid ordinary shares

	2008		2007	
	No. '000	\$ million	No. '000	\$ million
Balance at beginning of period	883,119	2,742.8	890,252	2,810.3
Calls on partly-paid shares	300	2.1	233	1.5
Issue of shares under the employee share purchase plan (note 27(a)(ii))	393	–	40	–
Exercise of options and loan repayments under the Employee Share/Option Plan (note 27(b))	703	10.2	2,702	22.2
Exercise of performance rights under the Long Term Incentive Plan (note 27(c)(vii))	273	1.1	–	–
Conversion of convertible securities	–	–	35,700	242.5
Share buy-back ⁽¹⁾	(50,035)	(350.0)	(45,808)	(332.9)
Transaction costs associated with the issue of capital	–	(0.1)	–	(0.8)
Balance at end of period	834,753	2,406.1	883,119	2,742.8

(1) On 13 May 2008 (2007: 13 June 2007), the Company completed the on market buy-back of 50,034,924 (2007: 45,808,370) fully-paid ordinary shares, representing 6.0% (2007: 5.2%) of ordinary shares on that date. The total consideration of shares bought back on-market was \$349,994,859 (2007: \$332,896,005), being an average, including incidental costs, of \$7.00 (2007: \$7.27) per share.

(ii) Reconciliation of partly-paid ordinary shares

Balance at beginning of period	1,084	0.1	1,317	0.1
Converted to fully-paid ordinary shares	(300)	(0.1)	(233)	–
Balance at end of period	784	–	1,084	0.1

Note 25 Dividends

Dividends recognised in the current period by the consolidated entity are:

	Cents per share	Total amount \$ million	Franked/unfranked ⁽¹⁾	Day of payment
2008				
2008 Interim dividend per fully-paid share	17.0	144.1	Unfranked	31 March 2008
2007 Final dividend per fully-paid share	17.0	150.1	Unfranked	5 October 2007
		294.2		
2007				
2007 Interim dividend per fully-paid share	17.0	152.3	Unfranked	30 March 2007
2006 Final dividend per fully-paid share	17.0	153.4	Franked at 15%	29 September 2006
		305.7		

(1) 75% is sourced from the Conduit Foreign Income Account.

In addition to the above dividends, since the end of the financial year, the directors have declared the following final dividend. The financial effect of this dividend has not been brought to account in the financial statements for the year ended 30 June 2008 and will be recognised in subsequent Financial Reports.

	Cents per share	Total amount \$ million	Franked/unfranked ⁽¹⁾	Day of payment
2008				
2008 Final dividend per fully-paid share ⁽²⁾	17.0	141.9	Unfranked	3 October 2008
2007				
2007 Final dividend per fully-paid share ⁽²⁾	17.0	150.1	Unfranked	5 October 2007

(1) 100% is sourced from the Conduit Foreign Income Account (2007: 75%).

(2) Estimated final dividend payable, subject to variations in number of shares up to record date.

Franking Account

There are no franking credits available for distribution from the franking account. Accordingly, the final dividend for 2008 is unfranked. Franking credits that will arise from payment of income tax in the year ended 30 June 2008 have been factored into the franking account balance.

Conduit Foreign Income Account

For non-resident shareholders for Australian Tax purposes, future dividends will not be subject to Australian withholding tax to the extent that they are franked or sourced from the parent entity's Conduit Foreign Income Account. For the dividend payable on 3 October 2008, 100% of the dividend is sourced from the parent entity's Conduit Foreign Income Account. As a result, 100% of the dividend paid to a non-resident will not be subject to Australian withholding tax.

The balance of the Conduit Foreign Income Account as at 30 June 2008 is \$1,071.9 million (2007: \$1,154.2 million). It is estimated that this will reduce to \$930.0 million (2007: \$1,041.6 million) after payment of the estimated final dividend on 3 October 2008.

Note 26 Financial Risk Management

The consolidated entity and the Company's activities expose it to a variety of financial risks: market risk (including foreign currency risk, interest rate risk, commodity price risk and employee share plan risk), liquidity risk and credit risk. The overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the consolidated entity and the Company's financial performance. Appropriate commercial terms are negotiated or derivative financial instruments are used, such as foreign exchange contracts and interest rate swaps, to hedge these risk exposures.

Financial risk management is carried out by Amcor Group Finance under policies approved by the Board. The Board has determined written principles for overall risk management, as well as written policies covering specific areas such as mitigating foreign exchange risk, interest rate risk, credit risk and use of derivative financial instruments.

(a) Market risk

(i) Foreign currency risk

The consolidated entity and the Company operate internationally and are exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Euro and US dollar. Foreign currency exposures arise from future commercial transactions, recognised assets and liabilities denominated in a currency that is not the functional currency of the individual entities within the consolidated entity and net investments in foreign operations.

To manage the foreign currency exchange risk arising from commercial transactions, management has set a policy to use forward exchange contracts to hedge forecast or actual foreign currency exposures greater than A\$500,000, where the exposure is measured as forecast or actual transactional cash flows in currencies other than the functional currency of the business. This limit applies to both an individual transaction and to a number of individual exposures relating to the one transaction that totals more than A\$500,000. Local management may elect to hedge exposures of less than A\$500,000. All capital expenditure exposures greater than A\$100,000 whether forecast or committed must be hedged. In previous reporting periods, the consolidated entity's policy was to hedge foreign exchange exposures greater than A\$100,000 – this policy was amended after a reassessment of amounts and volume of foreign currency exposures. In the presence of contractual certainty of a foreign currency transaction, 100% of the foreign currency exposure is hedged. The proportion of a forecasted foreign currency exposure hedged is dependent upon the timeframe of the forecasted transaction. Forecast hedge proportions are as follows:

– Up to six months	75%
– Seven to 12 months	50%
– One to two years	25%
– Over two years	Nil

Forecasted exposure greater than two years from the forecast date must not be hedged unless specifically approved by the Executive General Manager Finance.

The consolidated entity has certain investments in foreign operations whose net assets are exposed to foreign currency translation risk. Currency exposure arising from the net assets of the consolidated entity's foreign operations is managed primarily through borrowings denominated in the relevant foreign currency. Refer also to note 1(j) for further comments regarding the accounting treatment of effective and ineffective portions of hedges of net investments in foreign operations, and treatment of disposals of foreign operations.

The Company has a number of borrowings that from a consolidated entity perspective represent a hedge of a net investment in foreign operations. For the Company, foreign exchange gains or losses are recognised in the income statement, while for the consolidated entity these gains/losses are recognised as movements in the exchange fluctuation reserve.

No portion of hedges of net investments in foreign currency operations was ineffective for the consolidated entity for the financial years ended 30 June 2008 and 30 June 2007.

Notes to the Financial Statements

30 June 2008

Note 26 Financial Risk Management (continued)

(a) Market risk (continued)

(i) Foreign currency risk (continued)

Details of outstanding forward currency contracts (Australian dollar equivalents) at balance date for the consolidated entity and the Company are outlined below, specifying currency and the average exchange rate of the outstanding contracts:

Consolidated	Weighted Average Rate		Contract Amounts	
	2008	2007	2008 \$ million	2007 \$ million
Sell CAD Buy USD 0-12 months	1.01	1.07	(11.5)	(33.0)
Net CAD position – Sell CAD			(11.5)	(33.0)
Buy CHF Sell AUD 0-12 months	–	0.97	–	0.8
Net CHF position – Buy CHF			–	0.8
Buy CHF Sell EUR 0-12 months	–	–	–	–
Sell CHF Buy EUR 0-12 months	1.63	–	(0.2)	–
Net CHF position – Sell CHF			(0.2)	–
Buy DKK Sell EUR 0-12 months	7.46	7.45	5.9	6.6
Sell DKK Buy EUR 0-12 months	7.46	7.45	(1.9)	(4.4)
Net DKK position – Buy DKK			4.0	2.2
Buy EUR Sell AUD 0-12 months	0.61	0.60	50.4	39.2
Net EUR position – Buy EUR			50.4	39.2
Buy EUR Sell SGD – 0-12 months	–	1.99	–	1.5
Net EUR position – Buy EUR			–	1.5
Buy EUR Sell USD 0-12 months	1.46	1.27	13.9	26.0
Buy EUR Sell USD 1-2 years	1.53	–	3.9	–
Net EUR position – Buy EUR			17.8	26.0
Buy EUR Sell NZD – 0-12 months	0.51	–	0.6	–
Net EUR position – Buy EUR			0.6	–
Buy GBP Sell AUD 0-12 months	0.43	0.40	0.2	3.8
Net GBP position – Buy GBP			0.2	3.8
Buy GBP Sell EUR 0-12 months	0.80	0.68	34.8	11.3
Buy GBP Sell EUR 1-2 years	0.80	–	1.2	–
Sell GBP Buy EUR 0-12 months	0.78	0.68	(29.1)	(16.6)
Sell GBP Buy EUR 1-2 years	–	0.69	–	(2.1)
Net GBP position – Buy/(Sell) GBP			6.9	(7.4)
Buy JPY Sell EUR 0-12 months	165.76	162.65	0.2	0.1
Net JPY position – Buy JPY			0.2	0.1
Buy NOK Sell EUR 0-12 months	–	8.10	–	0.1
Sell NOK Buy EUR 0-12 months	7.98	8.14	(1.4)	(3.0)
Net NOK position – Sell NOK			(1.4)	(2.9)
Sell NZD Buy AUD 0-12 months	1.16	1.13	(10.4)	(14.1)
Net NZD position – Sell NZD			(10.4)	(14.1)
Buy PLN Sell EUR 0-12 months	3.37	–	1.5	–
Sell PLN Buy EUR 0-12 months	3.66	–	(4.3)	–
Net PLN position – Sell PLN			(2.8)	–
Buy SEK Sell AUD 0-12 months	5.67	5.68	0.1	0.9
Net SEK position – Buy SEK			0.1	0.9
Buy SEK Sell EUR 0-12 months	9.43	9.27	1.9	12.2
Sell SEK Buy EUR 0-12 months	9.38	9.31	(1.9)	(2.0)
Net SEK position – Buy SEK			–	10.2
Buy USD Sell AUD 0-12 months	0.88	0.80	55.4	113.8
Buy USD Sell AUD 1-2 years	0.83	0.76	1.6	1.1
Sell USD Buy AUD 0-12 months	0.94	0.84	(2.8)	(17.8)
Sell USD Buy AUD 1-2 years	–	0.83	–	(15.3)
Sell USD Buy AUD 2-3 years	–	0.83	–	(1.6)
Net USD position – Buy USD			54.2	80.2

	Weighted Average Rate		Contract Amounts	
	2008	2007	2008 \$ million	2007 \$ million
Consolidated				
Buy USD Sell NZD 0-12 months	0.77	0.66	11.5	35.0
Buy USD Sell NZD 1-2 years	0.70	0.71	1.3	21.1
Buy USD Sell NZD 2-3 years	-	0.64	-	0.5
Net USD position – Buy USD			12.8	56.6
Buy USD Sell EUR 0-12 months	1.55	-	26.0	-
Sell USD Buy EUR 0-12 months	1.54	1.34	(22.8)	(16.2)
Net USD position – Buy/(Sell) USD			3.2	(16.2)
Ancor Limited				
Buy EUR Sell AUD 0-12 months	0.59	0.60	4.7	26.5
Net EUR position – Buy EUR			4.7	26.5
Buy USD Sell AUD 0-12 months	0.92	0.80	5.6	36.1
Net USD position – Buy USD			5.6	36.1

The following table summarises the estimated impact on the financial results of the consolidated entity and the Company of a 10% increase and a 10% decrease in the value of the AUD against the relevant foreign currencies, with all other variables held constant. The sensitivity of a 10% movement is considered reasonable given the volatility of the AUD observed over the preceding two years.

Foreign Currency Risk Sensitivities \$ million	Impact on post-tax profit		Impact on equity	
	2008	2007	2008	2007
Consolidated				
<i>FX Rate Increase</i>				
AUD/USD	-	-	51.6	56.6
AUD/EUR	0.2	-	36.0	62.9
AUD/NZD	-	-	0.4	-
EUR/USD	0.3	0.1	0.5	0.3
EUR/European currencies	-	0.1	0.2	0.5
	0.5	0.2	88.7	120.3
<i>FX Rate Decrease</i>				
AUD/USD	-	-	(63.0)	(69.2)
AUD/EUR	(0.2)	-	(44.0)	(76.9)
AUD/NZD	-	-	(0.4)	-
EUR/USD	(0.3)	(0.1)	(0.7)	(0.4)
EUR/European currencies	-	(0.1)	(0.3)	(0.6)
	(0.5)	(0.2)	(108.4)	(147.1)
Ancor Limited				
<i>FX Rate Increase</i>				
AUD/USD	52.3	58.5	-	-
AUD/EUR	36.4	63.0	-	-
	88.7	121.5	-	-
<i>FX Rate Decrease</i>				
AUD/USD	(63.9)	(71.5)	-	-
AUD/EUR	(44.5)	(77.0)	-	-
	(108.4)	(148.5)	-	-

Notes to the Financial Statements

30 June 2008

Note 26 Financial Risk Management (continued)

(a) Market risk (continued)

(i) Foreign currency risk (continued)

During the 12 months to 30 June 2008 the consolidated entity transferred a \$3.0 million gain (2007: \$7.5 million gain) from equity to operating profit and a \$1.5 million loss (2007: \$1.5 million loss) was added to the measurement of non-financial assets. For the Company a \$2.2 million loss (2007: \$5.2 million gain) was transferred from equity to operating profit. The amounts that were transferred to operating profit have been included in the following income statement lines:

\$ million	Consolidated		Amcors Limited	
	2008	2007	2008	2007
Cost of sales	(5.2)	(2.3)	-	-
Financial expenses	2.2	(5.2)	2.2	(5.2)
	(3.0)	(7.5)	2.2	(5.2)

(ii) Interest rate risk

Interest rate risk is the risk that the consolidated entity and the Company's financial position will be adversely affected by movements in floating interest rates that will increase the cost of floating rate debt or opportunity losses that may arise on fixed borrowings in a falling interest rate environment.

The consolidated entity and the Company are exposed to interest rate risk as they invest and borrow funds at both fixed and floating rates. Borrowings issued at variable rates expose the consolidated entity and the Company to cash flow interest rate risk. The consolidated entity and the Company's income and operating cash flows are largely independent of changes in market interest rates.

Amcors Group Finance manages the consolidated entity and the Company's exposure to interest rate risk by maintaining an appropriate mix between fixed and floating rate borrowings, monitoring global interest rates and, where appropriate, hedging interest rate exposure or borrowings at fixed interest rates through the use of interest rate swaps and forward rate agreements. Such interest rate swaps have the effect of converting borrowings from floating rates into fixed rates and vice versa.

The following table summarises the impact of a 1% increase and decrease in the floating interest rate on AUD, Euro and USD denominated interest-bearing financial assets and liabilities upon the financial results of the consolidated entity and the Company.

Interest Rate Risk Sensitivities \$ million	Impact on post-tax profit		Impact on equity	
	2008	2007	2008	2007
Consolidated				
<i>Interest rate increase</i>				
AUD	(5.2)	(2.5)	-	-
EUR	(2.0)	(2.6)	-	-
USD	(2.8)	(2.8)	-	-
	(10.0)	(7.9)	-	-
<i>Interest rate decrease</i>				
AUD	5.2	2.5	-	-
EUR	2.0	2.6	-	-
USD	2.8	2.8	-	-
	10.0	7.9	-	-
Amcors Limited				
<i>Interest rate increase</i>				
AUD	(5.1)	(2.5)	-	-
EUR	(2.2)	(2.8)	-	-
USD	(2.3)	(1.8)	-	-
	(9.6)	(7.1)	-	-
<i>Interest rate decrease</i>				
AUD	5.1	2.5	-	-
EUR	2.2	2.8	-	-
USD	2.3	1.8	-	-
	9.6	7.1	-	-

The above analysis shows the sensitivity of movements subject to cash flow risk only. For both the consolidated entity and the Company, no financial assets or liabilities that are subject to interest rate risk have been designated at fair value or as available for sale.

(iii) Commodity price risk

The consolidated entity is exposed to commodity price risk from a number of commodities, including aluminium.

In managing commodity price risk, the consolidated entity is ordinarily able to pass on the price risk contractually to certain customers via the rise and fall adjustments. In the case of aluminium, some hedging is undertaken using fixed price swaps, options and futures, on behalf of certain customers. Hedging undertaken is based on customer instructions and all related benefits and costs are passed onto the customer on maturity of the transaction.

The following table sets out, for the consolidated entity, the gross value (Australian dollar equivalents) to be received under commodity fixed priced contracts, the weighted average contracted London Metals Exchange rates and the settlement periods of contracts outstanding at 30 June:

	Average fixed price		Contract amounts	
	2008	2007	2008 A\$ million	2007 A\$ million
Buy Aluminium contracts US\$ denominated				
Less than one year	2,942.7	2,738.4	9.5	6.9
Buy Aluminium contracts A\$ denominated				
Less than one year	3,178.5	3,337.2	4.3	32.1

	Strike price per tonne		Contract amounts	
	2008 US\$/tonne	2007 US\$/tonne	2008 A\$ million	2007 A\$ million
Buy Aluminium 'call' options US\$ denominated				
Less than one year	3,000.0	3,000.0	5.8	6.6
Between one and two years	-	3,000.0	-	6.6

At 30 June 2008, if the US aluminium price increased by 10%, with all other variables held constant, equity would have reduced by \$0.1 million (2007: increase \$0.6 million). If the aluminium price had decreased by 10%, with all other variables held constant, there would be no impact on equity in the current period (2007: \$0.8 million). The change in equity would result from changes in fair value of commodity fixed price contracts. As mentioned previously, there is no impact on profit as the consolidated entity passes the price risk contractually through rise and fall adjustments in customer contractual arrangements.

The Company is not exposed to commodity price risk.

Notes to the Financial Statements

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Note 26 Financial Risk Management (continued)

(a) Market risk (continued)

(iv) Employee share plan risk

In relation to the cash-settled variants of the Employee Share Plan Options, the Employee Bonus Payment Plan and the Senior Executive Retention Payment Plan, the consolidated entity and the Company are exposed to movements in the value of the underlying ordinary shares of Amcor Limited. For all such entitlements offered, the consolidated entity and the Company have hedged their exposure by entering into cash-settled equity share options or equity share swap contracts that mirror the terms and conditions, and therefore offset the fluctuations, in the value of the employee benefit.

The following tables set out, for both the consolidated entity and the Company, the expiry or vesting date (if applicable), the outstanding option/share hedge contract positions and the hedged price of the contracts as at 30 June:

Equity share option 'American' style contracts

2008				2007			
	Expiry date	Contract amounts	Average hedged price \$		Expiry date	Contract amounts	Average hedged price \$
Less than one year	11 Sep 08	50,000	8.28	Less than one year	1 Jul 07	70,000	7.40
Between one and five years	24 Mar 10	222,500	7.87		2 Aug 07	21,500	6.84
	2 Aug 10	275,200	6.84		11 Sep 07	50,000	8.28
	31 Dec 10	29,100	6.78		12 Sep 07	100,000	7.20
	1 Nov 12	310,000	8.20	Between one and five years	11 Sep 08	50,000	8.28
					24 Mar 10	249,200	7.87
					2 Aug 10	309,600	6.84
					31 Dec 10	29,100	6.78
				More than five years	1 Nov 12	365,200	8.20

Equity share swap contracts

2008				2007			
	Vesting date	Contract amounts	Average hedged price \$		Vesting date	Contract amounts	Average hedged price \$
Vested	Jan 08	4,213	7.11	Vested	Dec 03	4,000	7.11
Less than one year	Jan 09	23,050	6.55		Dec 04	11,400	7.11
Between one and five years	Sep 11	8,410	7.11		Dec 05	93,800	7.11
	Sep 12	28,315	7.11		Feb 07	72,500	7.11
More than five years	Sep 13	17,425	7.11	Less than one year	Jan 08	9,325	7.11
				Between one and five years	Sep 11	8,410	7.11
				More than five years	Sep 12	28,315	7.11
					Sep 13	17,425	7.11

For both the consolidated entity and the Company, the impact of movements in the underlying share price of Amcor Limited is expected to have a nil impact on post-tax profit and equity for the period. Variations in cash-settled liabilities are expected to be offset by movements in the hedge contracts described above.

(b) Liquidity risk

Liquidity risk management involves maintaining available funding and ensuring the consolidated entity has an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying businesses, Amcor Group Finance aims at maintaining flexibility in funding. The consolidated entity targets a minimum undrawn committed liquidity of at least A\$300.0 million.

Financing arrangements

At reporting date, the standby arrangements and unused credit facilities of both the consolidated entity and the Company were as follows:

\$ million	Consolidated		Amcor Limited	
	2008	2007	2008	2007
Financing facilities available				
Bank overdrafts	148.1	184.8	20.0	20.0
Unsecured bill acceptance facility	520.4	590.0	395.5	448.7
Loan facilities and term debt	2,684.2	3,140.9	2,060.4	2,294.3
	3,352.7	3,915.7	2,475.9	2,763.0
Facilities utilised				
Bank overdrafts	92.3	184.5	–	12.2
Unsecured bill acceptance facility	249.7	450.4	249.7	380.4
Loan facilities and term debt	2,168.7	2,364.2	1,996.0	1,971.3
	2,510.7	2,999.1	2,245.7	2,363.9
Facilities not utilised				
Bank overdrafts	55.8	0.3	20.0	7.8
Unsecured bill acceptance facility	270.7	139.6	145.8	68.3
Loan facilities and term debt	515.5	776.7	64.4	323.0
	842.0	916.6	230.2	399.1

For the purposes of reporting on management's internal liquidity targets to the Board, undrawn committed facility capacity excludes bank overdrafts and other short-term subsidiary loan borrowings. Refer to note 20 for further details of the major funding arrangements of both the consolidated entity and the Company.

Actual and forecasted cash flows of each business segment are regularly monitored to assess the funding requirements of the consolidated entity to enable management to ensure that the consolidated entity has access to a range of diverse funding sources over various time frames in order to meet the cash flow requirements of the Group and to maintain adequate liquidity of the consolidated entity.

Maturity of financial liabilities

The table below analyses the consolidated entity and the Company's financial liabilities and net and gross settled derivative financial instruments into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

\$ million	1 year or less	1-2 years	2-5 years	More than 5 years	Total
Consolidated 30 June 2008					
<i>Non-derivatives</i>					
Non-interest bearing	1,809.3	0.7	1.1	27.3	1,838.4
Variable rate	733.5	250.3	544.9	–	1,528.7
Fixed rate	53.4	93.9	868.9	334.0	1,350.2
Total non-derivatives	2,596.2	344.9	1,414.9	361.3	4,717.3
<i>Derivatives</i>					
Net settled (interest rate swaps)	–	–	–	–	–
Gross settled					
– inflow	284.7	7.8	–	–	292.5
– outflow	(286.1)	(8.0)	–	–	(294.1)
Total financial liabilities	(1.4)	(0.2)	–	–	(1.6)

Notes to the Financial Statements

30 June 2008

Note 26 Financial Risk Management (continued)

(b) Liquidity risk (continued)

\$ million	1 year or less	1-2 years	2-5 years	More than 5 years	Total
Consolidated					
30 June 2007					
<i>Non-derivatives</i>					
Non-interest bearing	1,859.9	0.3	1.8	27.4	1,889.4
Variable rate	1,361.9	19.3	365.3	2.7	1,749.2
Fixed rate	120.0	77.9	905.3	615.3	1,718.5
Total non-derivatives	3,341.8	97.5	1,272.4	645.4	5,357.1
<i>Derivatives</i>					
Net settled (interest rate swaps)	–	–	–	–	–
Gross settled					
– inflow	346.6	37.8	2.0	–	386.4
– outflow	(359.4)	(39.3)	(2.1)	–	(400.8)
Total financial liabilities	(12.8)	(1.5)	(0.1)	–	(14.4)
Ancor Limited					
30 June 2008					
<i>Non-derivatives</i>					
Non-interest bearing	40.5	–	–	–	40.5
Variable rate	4,225.2	186.1	474.9	–	4,886.2
Fixed rate	52.9	93.4	860.8	334.0	1,341.1
Total non-derivatives	4,318.6	279.5	1,335.7	334.0	6,267.8
<i>Derivatives</i>					
Net settled (interest rate swaps)	–	–	–	–	–
Gross settled					
– inflow	10.0	–	–	–	10.0
– outflow	(10.4)	–	–	–	(10.4)
Total financial liabilities	(0.4)	–	–	–	(0.4)
30 June 2007					
<i>Non-derivatives</i>					
Non-interest bearing	53.7	–	–	–	53.7
Variable rate	4,812.1	12.4	278.3	–	5,102.8
Fixed rate	56.0	56.0	742.0	615.3	1,469.3
Total non-derivatives	4,921.8	68.4	1,020.3	615.3	6,625.8
<i>Derivatives</i>					
Net settled (interest rate swaps)	–	–	–	–	–
Gross settled					
– inflow	59.3	–	–	–	59.3
– outflow	(62.6)	–	–	–	(62.6)
Total financial liabilities	(3.3)	–	–	–	(3.3)

(c) Credit risk

Credit risk is the risk that a contracting entity will not fulfil its obligation under a financial instrument, resulting in a financial loss to the consolidated entity or the Company.

The consolidated entity and the Company manage the exposure to credit risk through assessing the overall financial and competitive strength of the counterparty. Credit policies cover exposures generated from the sale of products and the use of derivative instruments.

For the sale of products and associated trade receivables, the consolidated entity minimises where possible its concentration of risk by undertaking transactions with a large number of customers and counterparties in various countries with policies in place to ensure that sales of products and services are made to customers with appropriate credit history. In cases where a limited number of customers exist due to business specifics the customer's size, credit rating, dependence on supplier and long-term history of full debt recovery is indicative of lower credit risk. In respect of these financial assets and the credit risk embodied within them, the consolidated entity holds no significant collateral as security. The credit quality of trade receivables that are neither past due nor impaired are consistently monitored in order to identify any potential adverse changes in credit quality. The consolidated entity and the Company have no material exposure to any individual customer.

For financial derivative instruments, bank counterparties are limited to high-credit-quality financial institutions with a minimum long-term credit rating of A- or better by Standard & Poor's. In addition, the Board has approved the use of these financial institutions, and specific internal guidelines have been established with regard to limits, dealing and settlement procedures. The consolidated entity and the Company have no significant concentration of credit risk in relation to derivatives undertaken in accordance with the consolidated entity's hedging and risk management activities.

The carrying amount of financial assets recognised in the balance sheet (excluding equity securities and carrying amounts associated with prepayments), disclosed in notes 11 and 13, best represents the consolidated entity and the Company's maximum exposure to credit risk at the reporting date.

Credit risk also arises in relation to financial guarantees given to certain parties, details of the carrying amounts and face value of financial guarantees provided by the consolidated entity and the Company are disclosed in note 21. Financial guarantees are only provided in exceptional circumstances.

Impairment of financial assets

As at 30 June 2008, current trade receivables of the consolidated entity with a nominal value of \$35.5 million (2007: \$32.1 million) were impaired. The amount of the provision was \$30.4 million (2007: \$31.1 million). The individually impaired receivables relate to transactions which have been disputed by customers, or receivables owing from customers experiencing financial difficulties. It has been assessed that a portion of the receivables is expected to be recovered. There were no impaired trade receivables for the Company in 2008 or 2007.

As at 30 June 2008, current trade receivables of \$40.8 million (2007: \$64.2 million) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default.

The ageing of these receivables is as follows:

\$ million	Impaired receivables		Not impaired	
	2008	2007	2008	2007
Consolidated				
Not past due	2.9	0.5	946.0	1,048.1
Past due 0-30 days	1.7	0.8	24.6	33.7
Past due 31-120 days	6.7	4.3	14.8	28.4
More than 121 days	24.2	26.5	1.4	2.1
	35.5	32.1	986.8	1,112.3
Amcor Limited				
Not past due	-	-	0.2	-
Past due 0-30 days	-	-	-	-
Past due 31-120 days	-	-	-	-
More than 121 days	-	-	-	-
	-	-	0.2	-

Movements in the provision for impairments of receivables are as follows:

\$ million	Consolidated		Amcor Limited	
	2008	2007	2008	2007
Opening balance	31.1	45.3	-	-
Provision for impairment recognised during the year	4.5	27.7	-	-
Receivables written off during the year as uncollectible	(3.1)	(35.8)	-	-
Unused amount reversed	(1.7)	(2.1)	-	-
Disposal of business and controlled entities	-	(1.9)	-	-
Effects of movement in exchange rate	(0.4)	(2.1)	-	-
	30.4	31.1	-	-

Notes to the Financial Statements

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Note 26 Financial Risk Management (continued)

(d) Capital risk management

The key objectives of the consolidated entity and the Company when managing capital is to safeguard their ability to continue as a going concern and maintain optimal returns to shareholders and benefits for other stakeholders. Management also aims to maintain an optimal capital and funding structure that ensures the lowest cost of capital available to the consolidated entity and the Company.

The key objectives include:

- achieving an investment grade rating and maintaining appropriate financial metrics;
- securing access to diversified sources of debt and equity funding with sufficient undrawn committed facility capacity;
- optimising the Weighted Average Cost of Capital (WACC) to reduce the cost of capital to the consolidated entity while providing financial flexibility.

In order to optimise the capital structure, management may alter the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, draw down additional debt or sell assets to reduce debt in line with the strategic objectives and operating plans of the consolidated entity and the Company.

The capital management strategy aims to achieve an investment grade rating and this has been confirmed by the Board of Directors (the 'Board'). The rating as at 30 June 2008 was BBB/Baa2. Various financial ratios and internal targets are assessed and reported to the Board on a quarterly basis by management to monitor and support the key objectives set out above. These ratios and targets include:

- Gearing ratio;
- Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) interest cover;
- Fixed/floating debt ratio; and
- Bank debt/total debt percentage.

Management's targeted and actual metrics for the years ended 30 June 2008 and 30 June 2007, based on continuing operations, were as follows:

Measure	Target	2008	Actual 2007
Gearing Ratio	50-55% ⁽¹⁾	47.1%	48.2%
EBITDA Interest Cover	> 6 times	6.0 times	5.6 times
Fixed/Floating Debt Ratio	40-60% fixed	44% fixed	43% fixed
Bank Debt/Total Debt Percentage	< 45%	46.6%	43.7%

(1) Includes off balance sheet items (future operating lease commitments).

Management considers the targeted metrics above to be conservative, and actual metrics are maintained in excess of any debt covenant restrictions.

(e) Fair value estimation

The fair values of cash and cash equivalents and monetary financial assets and financial liabilities approximate their carrying value. The fair values of other monetary financial assets and liabilities are either based upon market prices, where a market exists, or have been determined by discounting the expected future cash flows by the current interest rate for financial assets and financial liabilities with similar risk profiles.

Listed equity investments have been valued by reference to market prices prevailing at reporting date. The quoted market price used is the current bid price. For unlisted equity instruments, the fair value is an assessment by the directors based on the underlying net assets, future maintainable earnings and any special circumstances pertaining to the particular investment.

The valuation of derivative financial assets and liabilities detailed below reflects the estimated amounts which the consolidated entity would be required to pay or receive to terminate the contracts or replace the contracts at their current market rates at reporting date. This is based on internal valuations using standard valuation techniques.

As the purpose of these derivative financial instruments is to hedge the consolidated entity's underlying assets and liabilities denominated in foreign currencies and to hedge against risk of interest rate fluctuations, it is unlikely that, in the absence of abnormal circumstances, these contracts would be terminated prior to maturity.

The carrying amount of trade receivables less impairment provision and trade payables is a reasonable approximation of their fair values due to the short-term nature of trade receivables and payables. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the consolidated entity and the Company for similar financial instruments.

The carrying amount and fair values of financial assets and liabilities for the consolidated entity and the Company at 30 June 2008 are:

\$ million	Note	Carrying amount 2008	Fair value 2008	Carrying amount 2007	Fair value 2007
Consolidated					
Financial assets					
Cash and cash equivalents	10	258.3	258.3	114.7	114.7
Trade receivables	11	991.9	991.9	1,113.3	1,113.3
Other debtors and prepayments	11	229.8	229.8	895.6	895.6
Loans to other persons, net position	11, 13	35.0	35.0	103.8	103.8
Available-for-sale financial assets	13	7.7	7.7	15.6	15.6
Financial assets at fair value through profit or loss	13	0.2	0.2	0.2	0.2
Forward foreign exchange contracts, net position	13, 21	0.8	0.8	–	–
Commodity fixed price swaps, net position	13, 21	1.3	1.3	–	–
Equity share options 'American' contracts	13	0.2	0.2	0.8	0.8
Equity share swap contracts	13	1.3	1.3	1.8	1.8
		1,526.5	1,526.5	2,245.8	2,245.8
Financial liabilities					
Payables	19	1,835.2	1,835.2	1,881.4	1,881.4
Bank and other loans	20	1,165.4	1,165.4	1,356.0	1,356.0
Commercial paper	20	249.7	249.7	450.4	450.4
US\$ notes	20	519.6	481.0	589.0	533.2
Eurobond	20	572.5	549.9	553.0	538.9
Lease liabilities	20	3.5	3.5	50.7	50.7
Forward foreign exchange contracts, net position	13, 21	–	–	9.0	9.0
Commodity fixed price swaps, net position	13, 21	–	–	0.4	0.4
		4,345.9	4,284.7	4,889.9	4,820.0
Ancor Limited					
Financial assets					
Cash and cash equivalents	10	115.7	115.7	0.1	0.1
Trade receivables	11	0.2	0.2	–	–
Other debtors and prepayments	11	4.7	4.7	3.1	3.1
Loans to other persons, net position	11, 13	5,358.9	5,358.9	6,572.3	6,572.3
Equity share options 'American' style contracts	13	0.2	0.2	0.8	0.8
Equity share swap contracts	13	1.3	1.3	1.8	1.8
		5,481.0	5,481.0	6,578.1	6,578.1
Financial liabilities					
Payables	19	40.5	40.5	53.7	53.7
Bank and other loans	20	4,532.5	4,532.5	4,660.8	4,660.8
Commercial paper	20	249.7	249.7	380.4	380.4
US\$ notes	20	519.6	481.0	589.0	533.2
Eurobond	20	572.5	549.9	553.0	538.9
Financial guarantees	21	0.9	0.9	3.0	3.0
Forward foreign exchange contracts, net position	13, 21	0.2	0.2	2.5	2.5
		5,915.9	5,854.7	6,242.4	6,172.5

The fair value of the US\$ notes and the Eurobond reflects the revaluation of these instruments, at prevailing market rates. The US\$ notes mature between December 2009 and December 2017 while the Eurobond matures in March 2011.

For all other assets and liabilities, based on the facts and circumstances existing at reporting date and the nature of the consolidated entity's assets and liabilities, including hedged positions, the consolidated entity has no reason to believe that any of the above assets could not be exchanged, or any of the above liabilities could not be settled in an 'arm's length' transaction at an amount approximating its carrying value.

For details relating to methods and significant assumptions applied in determining fair values of financial assets and liabilities, refer to note 1(w).

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Note 27 Share-Based Payments

(a) Employee Share Purchase Plan (ESPP)

In 1985, the consolidated entity established the Employee Share Purchase Plan (ESPP). The following sub-plans have been implemented pursuant to this plan.

(i) Employee Incentive Share Plan (EISP)

Under the Employee Incentive Share Plan (EISP), shares were offered for the benefit of all full-time employees, permanent part-time employees and executive directors of the Company with more than 12 months' service. The number of shares offered depended upon the Company's annual increase in earnings per share (before significant items).

The EISP has been discontinued for the foreseeable future and there were no commitments at 30 June 2008 (2007: nil) to issue shares under the EISP and none were granted or exercised during the year ended 30 June 2008 (2007: nil).

(ii) Senior Executive Retention Share Plan (SERSP)

Under the Senior Executive Retention Share Plan (SERSP), the Board nominates certain senior executives as eligible to receive fully-paid ordinary shares in part satisfaction of their remuneration for the relevant financial year. The number of shares issued is at the discretion of the Board. The restrictions on these shares do not allow the employee to dispose of the shares for a period of up to five years (or otherwise as determined by the Board), unless the employee ceases employment later than three years after the shares were issued. Any right or interest in the shares will be forfeited if the employee voluntarily ceases employment within three years from the date the shares were issued or, if the employee is dismissed during the restriction period, for cause or poor performance. The shares subject to the SERSP carry full dividend entitlements and voting rights.

These retention shares are used to reward outstanding levels of previous performance, with the intention to retain key Senior Executives by:

- tying the longer term interests of Senior Executives more closely to those of its shareholders;
- providing exposure for those Senior Executives to the Company's development; and
- providing an incentive for those Senior Executives to stay with the Company by providing such Senior Executives with Amcor Limited shares which must be retained for certain periods of time in order to gain full access to their values.

The weighted average fair value for these SERSP's is calculated using the market value at the date the shares were issued.

Details of the total movement in shares issued under the SERSP during the current and comparative period are as follows:

	Weighted average 2008 fair value		Weighted average 2007 fair value	
	No.	\$	No.	\$
Restricted shares at beginning of financial period	40,000	7.42	45,000	6.68
Issued during the period	392,500	6.75	40,000	7.42
Restriction lifted	-	-	(45,000)	7.40
Restricted shares at end of financial period	432,500	6.81	40,000	7.42

(b) Employee Share Option Plans

(i) Employee Share Option Plan (ESOP)

In 1985, the consolidated entity also established the Employee Share Option Plan (ESOP). Under the ESOP, partly-paid shares or options over shares in the Company can be issued to executive officers and directors (including directors who are executives) and senior staff members selected by the directors.

The partly-paid shares are issued at the closing market price on the allotment date. The call outstanding only becomes payable on termination, death or at the directors' discretion. Voting rights exercisable by holders of partly-paid ordinary shares are reduced pro rata to the portion of the issue price paid up on those shares as per the Australian Securities Exchange Listing Rules.

Options granted under the ESOP may be issued upon such terms and subject to such conditions as the directors of the Company determine at the time. Options granted under the ESOP are exercisable at a price equal to the closing market share price of Amcor Limited shares traded on the Australian Securities Exchange at the date on which the options were granted or a weighted average market price during a period up to and including the date of grant. The options are granted with performance hurdles established by the directors.

Options are granted under the ESOP at no consideration and carry no dividend entitlement or voting rights until they vest and are converted to ordinary shares on a one-for-one basis. The options are issued for a term of up to 10 years, they cannot be transferred and are not quoted on any exchange.

For the majority of options issued, executives and certain members of staff are generally only eligible to exercise the options if returns on average funds employed exceed targeted levels at the end of the financial reporting period in which the options were granted. For those options granted prior to 1 July 2006 the return on average funds employed is defined as Earnings Before Interest Tax and significant items (EBIT) divided by average funds employed. For those options granted subsequent to 1 July 2006 the options become exercisable based on the outcome of a Total Shareholder Return (TSR) test.

Details of the total movement in options issued under the ESOP during the current and comparative period are as follows:

	Weighted average 2008 fair value		Weighted average 2007 fair value	
	No.	\$	No.	\$
Outstanding at beginning of financial period	11,265,097	1.37	15,487,012	1.43
Exercised	(702,752)	1.14	(2,702,360)	1.62
Lapsed	-	-	(20,000)	1.34
Cancelled	(1,464,913)	1.44	(1,499,555)	1.50
Outstanding at end of financial period	9,097,432	1.38	11,265,097	1.37
Exercisable at end of financial period	8,597,432	1.40	6,772,635	1.61

(ii) Long Term Incentive Plan – Share Options (LTIP Options)

In June 2006, the consolidated entity established the Amcor Limited Long Term Incentive Plan. Under the LTIP, performance options or performance rights over shares in the Company, or performance shares, can be issued to executive officers, senior executives and senior staff members selected by the directors. Refer note 27(c)(vii) for details of performance rights issued under the LTIP during the period.

Options granted under the LTIP give the employee the right to acquire a share at a future point in time upon meeting specified vesting conditions that are time based and performance based and upon payment of an exercise price. The number of options that ultimately vest is based on performance over a period of four years from the date of grant and the outcome of a Total Shareholder Return (TSR) test to be performed at a predetermined time. The relative performance of Amcor's average TSR is to be compared against the average TSR of a comparator group of companies similar to Amcor Limited and will determine the ultimate number of options to be received. The exact terms and conditions of the options granted are determined by the directors of the Company at the time of granting the options.

Options granted under the LTIP are exercisable at a price equal to the closing market share price of Amcor Limited shares traded on the Australian Securities Exchange at the date of the grant. The options are granted at no consideration and carry no dividend entitlement or voting rights until they vest and are exercised to ordinary shares on a one-for-one basis. Upon meeting the vesting conditions, the award may be exercised for up to one year following the end of the vesting period.

Options that do not vest before the end of the vesting period will expire. Awards that have vested during the vesting period will remain exercisable until the expiry date, following which any vested awards that remain unexercised will expire. Any unvested awards will be forfeited if the employee voluntarily ceases employment or if the employee is dismissed for poor performance.

Details of the total movement in options issued under the LTIP during the current period are as follows:

	Weighted average 2008 fair value		Weighted average 2007 fair value	
	No.	\$	No.	\$
Outstanding at beginning of financial period	10,218,600	0.98	-	-
Granted	1,544,211	1.08	10,296,650	0.98
Cancelled	(1,839,658)	0.99	(78,050)	0.91
Outstanding at end of financial period	9,923,153	1.00	10,218,600	0.98
Exercisable at end of financial period	-	-	-	-

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Note 27 Share-Based Payments (continued) (b) Employee Share Option Plans (continued)

(ii) Long Term Incentive Plan – Share Options (LTIP Options) (continued)

The following tables provide a summary of the options granted under the ESOP and LTIP Options for the consolidated entity and the Company during the current and comparative period:

30 June 2008

Grant date	Exercise date on or after	Expiry date	Exercise price \$	Balance at beginning of period No.	Options granted No.	Options lapsed No.	Options cancelled No.	Options exercised No.	Weighted average share price at exercise date \$		Proceeds received \$	
									On issue	Balance at end of period		
1 Oct 02	1 Oct 02	1 Oct 07	7.25	40,000	-	-	-	40,000	7.60	-	290,000	
1 Oct 03	1 Oct 03	1 Oct 07	7.25	40,000	-	-	-	40,000	7.60	-	290,000	
1 Nov 02 ⁽¹⁾	1 Nov 05	1 Nov 12	8.20	2,898,280	-	-	442,200	-	-	2,456,080	-	
13 Oct 03 ⁽¹⁾	1 Nov 05	1 Nov 12	8.20	79,200	-	-	-	-	-	79,200	-	
20 Oct 03 ⁽¹⁾	1 Nov 05	1 Nov 12	8.20	13,200	-	-	-	-	-	13,200	-	
23 Mar 04	23 Mar 07	23 Mar 10	7.87	192,240	-	-	40,050	-	-	152,190	-	
24 Mar 04	24 Mar 07	24 Mar 10	7.87	3,491,915	-	-	657,265	-	-	2,834,650	-	
31 May 04	24 Mar 07	24 Mar 10	7.87	17,800	-	-	-	-	-	17,800	-	
2 Aug 04	2 Aug 10	2 Aug 10	6.84	3,716,662	-	-	325,398	622,752	7.24	2,768,512	4,259,624	
2 May 05	2 Aug 07	2 Aug 10	6.84	25,800	-	-	-	-	-	25,800	-	
27 Oct 05	1 Jan 08	31 Dec 10	6.78	250,000	-	-	-	-	-	250,000	-	
27 Oct 05	1 Jul 08	30 Jun 11	6.78	250,000	-	-	-	-	-	250,000	-	
27 Oct 05	1 Jan 09	31 Dec 11	6.78	250,000	-	-	-	-	-	250,000	-	
4 Aug 06	31 Dec 09	31 Dec 10	6.78	2,550,850	-	-	643,650	-	-	1,907,200	-	
4 Aug 06	31 Dec 09	31 Dec 10	6.78	1,268,300	-	-	113,200	-	-	1,155,100	-	
4 Aug 06	31 Dec 09	31 Dec 10	6.78	280,000	-	-	-	-	-	280,000	-	
4 Aug 06	30 Jun 10	30 Jun 11	6.78	280,000	-	-	-	-	-	280,000	-	
4 Aug 06	31 Dec 10	31 Dec 11	6.78	280,000	-	-	-	-	-	280,000	-	
4 Aug 06	31 Dec 09	31 Dec 10	6.78	100,000	-	-	-	-	-	100,000	-	
4 Aug 06	30 Jun 10	30 Jun 11	6.78	90,000	-	-	-	-	-	90,000	-	
4 Aug 06	31 Dec 10	31 Dec 11	6.78	90,000	-	-	-	-	-	90,000	-	
22 Sep 06	31 Dec 09	31 Dec 10	6.78	131,950	-	-	22,800	-	-	109,150	-	
1 Feb 07	31 Dec 10	31 Dec 11	7.19	3,307,000	-	-	885,050	-	-	2,421,950	-	
1 Feb 07	31 Dec 10	31 Dec 11	7.19	1,717,900	-	-	85,000	-	-	1,632,900	-	
5 Mar 07	31 Dec 10	31 Dec 11	7.19	122,600	-	-	24,000	-	-	98,600	-	
1 Dec 07	31 Oct 11	30 Jun 12	7.07	-	814,787	-	65,958	-	-	748,829	-	
1 Dec 07	31 Oct 11	30 Jun 12	7.07	-	407,996	-	-	-	-	407,996	-	
31 Dec 07	31 Oct 11	30 Jun 12	7.07	-	89,107	-	-	-	-	89,107	-	
1 Nov 07	31 Oct 11	30 Jun 12	7.07	-	165,000	-	-	-	-	165,000	-	
23 Apr 08	1 Jun 10	31 Dec 11	7.19	-	45,000	-	-	-	-	45,000	-	
30 May 08	1 Jun 10	31 Dec 11	6.74	-	22,321	-	-	-	-	22,321	-	
				21,483,697	1,544,211	-	3,304,571	702,752		19,020,585	8,597,432	4,839,624

(1) Fixed exchange rates apply to overseas participants on these share option grants.

Grant date	Exercise date on or after	Expiry date	Exercise price \$	Balance at beginning of period No.	Options granted No.	Options lapsed No.	Options cancelled No.	Options exercised No.	Weighted average share price at exercise date \$	Balance at end of period		Proceeds received \$
										On issue	Exercisable No.	
13 Sep 01	13 Sep 04	13 Sep 06	6.02	512,500	-	20,000	-	492,500	6.64	-	-	2,964,850
1 Oct 01	1 Oct 01	1 Oct 06	6.03	100,000	-	-	-	100,000	7.42	-	-	603,000
1 Oct 02	1 Oct 02	1 Oct 06	6.03	100,000	-	-	-	100,000	7.42	-	-	603,000
1 Oct 02	1 Oct 02	1 Oct 07	7.25	40,000	-	-	-	-	-	40,000	40,000	-
1 Oct 03	1 Oct 03	1 Oct 06	6.03	100,000	-	-	-	100,000	7.42	-	-	603,000
1 Oct 03	1 Oct 03	1 Oct 07	7.25	40,000	-	-	-	-	-	40,000	40,000	-
1 Nov 02 ⁽¹⁾	1 Nov 05	1 Nov 12	8.20	3,397,680	-	-	499,400	-	-	2,898,280	2,898,280	-
13 Oct 03 ⁽¹⁾	1 Nov 05	1 Nov 12	8.20	79,200	-	-	-	-	-	79,200	79,200	-
20 Oct 03 ⁽¹⁾	1 Nov 05	1 Nov 12	8.20	26,400	-	-	13,200	-	-	13,200	13,200	-
1 Nov 02 ⁽¹⁾	1 Nov 02	1 Jul 07	7.30	100,000	-	-	-	100,000	7.49	-	-	730,000
1 Nov 02 ⁽¹⁾	30 Sep 03	1 Jul 07	7.30	100,000	-	-	-	100,000	7.49	-	-	730,000
1 Nov 02 ⁽¹⁾	30 Sep 04	1 Jul 07	7.30	100,000	-	-	-	100,000	7.49	-	-	730,000
1 Nov 02 ⁽¹⁾	30 Sep 03	1 Jul 07	7.40	275,000	-	-	30,000	245,000	7.45	-	-	1,813,000
1 Nov 02 ⁽¹⁾	30 Sep 04	1 Jul 07	7.40	805,000	-	-	-	805,000	7.45	-	-	5,957,000
23 Mar 04	23 Mar 07	23 Mar 10	7.87	450,340	-	-	258,100	-	-	192,240	192,240	-
24 Mar 04	24 Mar 07	24 Mar 10	7.87	3,954,270	-	-	462,355	-	-	3,491,915	3,491,915	-
31 May 04	24 Mar 07	24 Mar 10	7.87	17,800	-	-	-	-	-	17,800	17,800	-
2 Aug 04	2 Aug 07	2 Aug 10	6.84	4,487,222	-	-	236,500	534,060	7.09	3,716,662	-	3,652,970
2 May 05	2 Aug 07	2 Aug 10	6.84	51,600	-	-	-	25,800	7.35	25,800	-	176,472
27 Oct 05	1 Jan 08	31 Dec 10	6.78	250,000	-	-	-	-	-	250,000	-	-
27 Oct 05	1 Jul 08	30 Jun 11	6.78	250,000	-	-	-	-	-	250,000	-	-
27 Oct 05	1 Jan 09	31 Dec 11	6.78	250,000	-	-	-	-	-	250,000	-	-
4 Aug 06	31 Dec 09	31 Dec 10	6.78	-	2,594,900	-	44,050	-	-	2,550,850	-	-
4 Aug 06	31 Dec 09	31 Dec 10	6.78	-	1,292,300	-	24,000	-	-	1,268,300	-	-
4 Aug 06	31 Dec 09	31 Dec 10	6.78	-	280,000	-	-	-	-	280,000	-	-
4 Aug 06	30 Jun 10	30 Jun 11	6.78	-	280,000	-	-	-	-	280,000	-	-
4 Aug 06	31 Dec 10	31 Dec 11	6.78	-	280,000	-	-	-	-	280,000	-	-
4 Aug 06	31 Dec 09	31 Dec 10	6.78	-	100,000	-	-	-	-	100,000	-	-
4 Aug 06	30 Jun 10	30 Jun 11	6.78	-	90,000	-	-	-	-	90,000	-	-
4 Aug 06	31 Dec 10	31 Dec 11	6.78	-	90,000	-	-	-	-	90,000	-	-
22 Sep 06	31 Dec 09	31 Dec 10	6.78	-	131,950	-	-	-	-	131,950	-	-
1 Feb 07	31 Dec 10	31 Dec 11	7.19	-	3,317,000	-	10,000	-	-	3,307,000	-	-
1 Feb 07	31 Dec 10	31 Dec 11	7.19	-	1,717,900	-	-	-	-	1,717,900	-	-
5 Mar 07	31 Dec 10	31 Dec 11	7.19	-	122,600	-	-	-	-	122,600	-	-
				15,487,012	10,296,650	20,000	1,577,605	2,702,360	-	21,483,697	6,772,635	18,563,292

(1) Fixed exchange rates apply to overseas participants on these share option grants.

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Note 27 Share-Based Payments (continued)

(c) Other compensation plans

Entitlement plans are an alternative to the ESPP and the ESOP and are in place in countries where the Company is unable to issue shares or options. Participants are offered entitlements and, over the period during which employees hold their entitlements, their value will mirror the fluctuating value of Amcor Limited shares, including (in the case of the Employee Bonus Payment Plan) all dividends paid on the shares during this time.

(i) Employee Bonus Payment Plan (EBPP)

The Employee Bonus Payment Plan (EBPP) is equivalent to the EISP and enables the Company to offer employees, in certain countries, an equivalent plan where the EISP is unavailable. Under the EBPP, participants were offered entitlements which were equivalent to 60% of the weighted average price of Amcor shares, and over the period during which employees held their entitlements, the value mirrored the fluctuating value of Amcor's shares, including all dividends paid on the shares during this time. The consolidated entity hedged its exposure to fluctuations in the value of the underlying Amcor shares. Employees were only able to convert their entitlements into a cash bonus payment when they left the Company or three years had passed since the date on which entitlements were originally issued.

Offers of new entitlements under the EBPP have been discontinued for the foreseeable future.

(ii) Senior Executive Retention Payment Plan (SERPP)

From time to time, the Board may nominate certain employees as eligible to participate in the Senior Executive Retention Payment Plan (SERPP). Instead of receiving fully-paid ordinary shares, entitlements are issued in part satisfaction of an employee's remuneration for the relevant financial year. The value of each plan entitlement is linked to the performance of Amcor Limited shares (including the value of accrued dividends). Plan entitlements may be converted into cash payment after the five year restriction period has expired (or otherwise as determined by the Board), provided that the employee has not been dismissed for cause or poor performance during this time. If the employee voluntarily ceases employment within four or five years from the date the plan entitlements were issued, the employee forfeits 40% or 20% of their plan entitlements, respectively.

Details of the entitlements issued under the SERPP during the current and comparative period are as follows:

	Weighted average 2008 fair value		Weighted average 2007 fair value	
	No.	\$	No.	\$
Outstanding at beginning of financial period	-	-	78,000	6.68
Granted	60,000	6.02	-	-
Exercised	-	-	(78,000)	6.84
Outstanding at end of financial period	60,000	6.02	-	-
Exercisable at end of financial period	-	-	-	-

(iii) Share Appreciation Entitlements (SAE)

Share Appreciation Entitlements (SAE) may be issued to employees who take part of their bonus by way of entitlements. The value of entitlements is equivalent to the fluctuating value of Amcor Limited shares during the period which the employee holds the entitlements. Details of entitlements issued during the current and comparative period are as follows:

	Weighted average 2008 fair value		Weighted average 2007 fair value	
	No.	\$	No.	\$
Outstanding at beginning of financial period	200,000	0.34	250,000	0.29
Exercised	(150,000)	0.31	-	-
Expired	-	-	(50,000)	-
Outstanding at end of financial period	50,000	-	200,000	0.34
Exercisable at end of financial period	50,000	-	200,000	0.34

(iv) Cash-settled employee share plan options

Cash-settled employee share plan options are issued to employees residing in jurisdictions that, for statutory reasons, are not covered by option plans described above. The cash-settled employee share plan option plans operate in a manner similar to other option plans, although no entitlements to actual shares or options exist. Details of entitlements issued during the current and comparative period are as follows:

	Weighted average 2008 fair value		Weighted average 2007 fair value	
	No.	\$	No.	\$
Outstanding at beginning of financial period	1,090,575	0.76	1,294,450	0.59
Granted	–	–	135,075	1.13
Exercised	(21,500)	1.11	(60,000)	0.31
Lapsed	(10,000)	0.07	–	–
Cancelled	(211,937)	0.69	(278,950)	0.49
Outstanding at end of financial period	847,138	0.21	1,090,575	0.76
Exercisable at end of financial period	729,000	0.19	624,400	0.52

(v) CEO Medium Term Incentive Plan (MTIP)

On 19 April 2007, the CEO Medium Term Incentive Plan (MTIP) was established. The MTIP is at the discretion of the directors and has initially been structured as a cash award. Subject to shareholder approval, the directors will have discretion as to whether any award made will be delivered in the form of cash, rights to Amcor Limited shares or a combination thereof.

Unless otherwise determined by the directors, the award will vest subject to the satisfaction of a number of performance and time hurdles that must be achieved during the period 1 January 2007 to 31 December 2008. The performance measures include:

- A financial performance measure, based upon meeting certain average funds employed and average working capital targets;
- A business unit portfolio and market position measure which focuses on business improvement, restructuring and growth; and
- Other operational objectives around customers, cost, capital and culture.

The CEO will become entitled to receive an amount equal to 100% of Average Total Fixed Remuneration (TFR) calculated over the performance period. Based on performance, the percentage may vary from a minimum of 50% to a maximum of 150%. The vested award is subject to further deferral periods, with 50% of the vested award to be received on 31 December 2009 and the remaining 50% on 31 December 2010. The awards will be forfeited if the CEO resigns during either the performance period or the relevant deferral periods.

The amount payable is impacted by a capping mechanism revolving around options and performance rights previously issued to the CEO. For any of the options and performance rights that vest during the deferral period, the award amount will be reduced on a dollar-for-dollar basis.

Based on an independent valuation of the MTIP, as at 30 June 2008, the consolidated entity and the Company have recognised a provision of \$0.9 million (2007: \$0.6 million) in relation to this employee compensation plan.

(vi) Management Incentive Plan – Equity (EMIP)

The EMIP provides an additional short-term incentive opportunity to selected executives, globally, in the form of rights to Amcor Limited shares.

The number of rights that are allocated to each eligible executive is based on:

- 50% of the value of the cash bonus payable under the Management Incentive Plan, following the end of the performance period;
- The volume weighted average price of Amcor Limited ordinary shares for the five trading days prior to 30 June, being the end of the performance period; and
- Where cash bonuses are determined in currencies other than Australian dollars, the average foreign exchange rate for the same five day period.

An executive will forfeit allocated share rights if either they voluntarily leave Amcor employment during the restriction period or their employment is terminated for cause. Board discretion applies in the case of involuntary termination of employment and change of control.

For the year ended 30 June 2008, the equity outcomes will be determined and allocated in September 2008. As at 30 June 2008, the consolidated entity and the Company have recognised \$3.0 million in relation to this incentive plan. The CEO did not participate in the EMIP during the year to 30 June 2008.

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Note 27 Share-Based Payments (continued)

(c) Other compensation plans (continued)

(vii) Long Term Incentive Plan – Performance Rights (LTIP Rights)

In June 2006, the consolidated entity established the Amcor Limited Long Term Incentive Plan. Under the LTIP performance options or performance rights over shares in the Company, or performance shares, can be issued to executive officers, senior executives and senior staff members selected by the directors. Refer note 27(b)(ii) for details of performance options issued under the LTIP during the period.

Rights granted under the LTIP give the employee the right to receive a share at a future point in time upon meeting specified vesting conditions that are time-based and performance based with no exercise price payable. The number of rights that vest are based on performance over a period and the outcome of a Total Shareholder Return (TSR) test to be performed at a predetermined time. The relative performance of Amcor's average TSR is to be compared against the average TSR of a comparator group of companies similar to Amcor Limited and will determine the ultimate number of rights to be received. The exact terms and conditions of the rights granted are determined by the directors of the Company at the time of granting the right.

The rights are granted at no consideration and carry no dividend entitlement or voting rights until they vest and are exercised to ordinary shares on a one-for-one basis. Upon meeting the vesting conditions, the award may be exercised for up to one year following the end of the vesting period.

Rights that do not vest before the end of the vesting period will expire. Awards that have vested during the vesting period will remain exercisable until the expiry date, following which any vested awards that remain unexercised will expire. Any unvested awards will be forfeited if the employee voluntarily ceases employment or if the employee is dismissed for poor performance.

Details of the total movement in rights issued under the LTIP during the current period are as follows:

	Weighted average 2008 fair value		Weighted average 2007 fair value	
	No.	\$	No.	\$
Outstanding at beginning of financial period	3,683,375	4.44	300,000	4.15
Granted	832,464	3.71	3,408,825	4.47
Exercised	(272,750)	4.12	–	–
Cancelled	(615,147)	4.46	(25,450)	4.21
Outstanding at end of financial period	3,627,942	4.29	3,683,375	4.44
Vested at end of financial period	121,156	4.18	–	–

(d) Fair value of options and rights granted

Fair value of options

The fair value of each option granted is estimated on the date of grant by independent valuers, using a Black-Scholes option-pricing model that takes into account the exercise price, the term of the option, the vesting and performance criteria and, where applicable, the market condition criteria, the impact of dilution, the non-tradeable nature of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

The following weighted average assumptions were used for options granted in the current and comparative period:

	2008	2007
Expected dividend yield (%)	4.92	4.95
Expected price volatility of the Company's shares (%)	21.00	21.00
Share price at grant date (\$)	6.95	6.97
Exercise price (\$)	7.08	7.08
Historical volatility (%)	21.00	21.00
Risk-free interest rate (%)	5.97	5.92
Expected life of option (years)	4.80	4.80

The dividend yield reflects the assumption that the current dividend payout will continue with no anticipated changes. The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may not necessarily be the actual outcome. For specific details of grant dates and exercise prices, refer note 27(b).

Fair value of rights

An independent valuer is used to identify the fair value of each right granted. The fair value of each grant is estimated at grant date using a Monte-Carlo valuation model which simulates the date of vesting, the percentage vesting, the share price and total shareholder return. Once the simulated date of vesting is determined, a Black-Scholes methodology is utilised to determine the fair value of the rights granted.

(e) Expenses arising from share-based payment transactions

Total expenses arising from share-based payment transactions recognised during the period as part of employee benefit expense were as follows:

\$ million	Consolidated		Amcors Limited	
	2008	2007	2008	2007
Equity-settled share-based payment transactions				
Options issued under employee option plan	3.2	3.9	0.2	1.6
Performance rights issued	6.8	3.1	4.7	1.5
Cash-settled share-based payment transactions				
Cash-settled share-based payments	0.2	(0.8)	0.1	(0.9)
	10.2	6.2	5.0	2.2
(f) Liabilities for share-based payments				
Cash-settled share-based payments liability				
Shares	1.0	0.8	1.0	0.8
Shares – Overseas	0.3	0.4	–	–
Options	0.2	0.7	0.2	0.7
Total carrying amount of liabilities for cash-settled arrangements	1.5	1.9	1.2	1.5
Intrinsic value for vested cash-settled shares liability				
Shares	1.1	0.9	1.1	0.9
Options ⁽¹⁾	–	–	–	–
Total intrinsic value of liability for vested benefits	1.1	0.9	1.1	0.9

(1) Due to the exercise price for vested options being greater than market value, fully vested cash-settled share options have an intrinsic value of zero.

Note 28 Key Management Personnel Disclosure

Key Management Personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Amcor Group. All executive and non-executive directors of Amcor Limited are Key Management Personnel of Amcor Limited and the consolidated entity. The following directors and senior executives were considered key management personnel for the entire period unless otherwise indicated.

(a) Directors

Name	Position
Current directors	
C I (Chris) Roberts	Independent Non-Executive Director and Chairman
K N (Ken) MacKenzie	Managing Director and Chief Executive Officer
R K (Keith) Barton	Independent Non-Executive Director
G J (John) Pizzey	Independent Non-Executive Director
E J J (Ernest) Pope	Independent Non-Executive Director
J G (John) Thorn	Independent Non-Executive Director
G A (Geoff) Tomlinson	Independent Non-Executive Director

(b) Senior Executives

The persons that qualified as KMP for the current year are:

Name	Position	Employer
2008		
G Blatrix	Managing Director, Amcor Flexibles Food	Amcor Flexibles Packaging Europe NV
P Brues	President, Amcor Flexibles Healthcare	Amcor Flexibles Inc
J Czubak	Managing Director, Amcor Rentsch and Amcor Flexibles Eastern Europe	Amcor Rentsch Rickenbach AG
L A Desjardins	Executive General Manager Finance (appointed 1 June 2007)	Amcor Limited
L J Lachal	Managing Director, Amcor Australasia (retired 31 December 2007)	Amcor Limited
W J Long	President, Amcor PET Packaging	Amcor PET Packaging USA Inc.
I G Wilson	Strategic Development Director	Amcor Limited

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Note 28 Key Management Personnel Disclosure (continued)

(b) Senior Executives (continued)

During 2007, the persons that were designated as KMP were:

Name	Position	Employer
2007		
W P Day	Executive General Manager Finance (retired 1 June 2007) ⁽¹⁾	Amcor Limited
L A Desjardins	Executive General Manager Finance (appointed 1 June 2007)	Amcor Limited
L J Lachal	Managing Director, Amcor Australasia	Amcor Limited
W J Long	President, Amcor PET Packaging	Amcor PET Packaging USA Inc.
I G Wilson	Strategic Development Director	Amcor Limited

(1) On 1 June 2007, W P Day retired from the position of Executive General Manager Finance of the consolidated entity.

(c) Key management personnel compensation

The following table details the compensation paid to key management personnel included in 'employee benefits expense', refer note 5.

\$ million	Consolidated		Amcor Limited	
	2008	2007	2008	2007
Short-term employee benefits	13.5	10.6	9.1	9.3
Post-employment benefits	1.3	2.1	0.6	1.8
Termination benefits	1.1	–	1.1	–
Share-based payments	2.8	2.0	1.4	1.8
	18.7	14.7	12.2	12.9

(d) Individual director's and executive's compensation disclosures

Detailed remuneration disclosures are provided in the Remuneration Report section of the Directors' Report on pages 24 to 37.

Apart from the information disclosed in this note, no director has entered into a material contract with the Company or the consolidated entity since the end of the previous financial year and there were no material contracts involving directors' interests existing at year end.

Loans to key management personnel and their related parties

Details of loans made to the key management personnel of the consolidated entity, including their personally related entities, are set out below:

	Balance at 1 July \$	Loan repayments \$	Interest paid and payable for the period \$	Balance at 30 June \$	Interest not charged \$	Number of loans at the end of the period
2008						
Directors	–	–	–	–	–	–
Senior Executives	7,138	1,980	–	5,158	525	1
2007						
Directors	–	–	–	–	–	–
Senior Executives	9,173	2,035	–	7,138	615	1

No individual key management person or related party holds a loan greater than \$100,000 with the consolidated entity (2007: nil).

Loans to key management personnel are repayable following cessation of employment, have interest charged at varying rates and are secured by holdings locks on employee entitlements and securities. The amount shown for interest not charged in the table above represents the difference between the amount paid and payable for the year and the amount of interest that would have been charged on an 'arm's length' basis.

No impairment losses have been recognised in relation to any loans made to key management personnel (2007: nil).

Loans for the purchase of shares and other loans are made in accordance with the terms and conditions of the share plans referred to in note 27. During the year, under the employee share plans, share loan repayments totalling \$1,980 (2007: \$2,035) were received from L J Lachal.

No loans were advanced during the current year (2007: nil).

Options and rights over equity instruments

Options and shares are issued as part of long-term incentive plans. Non-executive directors do not participate in the long-term incentive plans. There are two umbrella plans in place: the Employee Share Option Plan (ESOP) and the Employee Share Purchase Plan (ESPP). The details and conditions pertaining to these plans are outlined within the Remuneration Report section of the Directors' Report and note 27.

The number of options and rights over ordinary shares in the Company held during the financial year by each of the key management personnel of the consolidated entity, including their personally related entities, are set out below:

Name		Balance at 1 July	Granted as compensation		Exercised	Other changes ⁽¹⁾	Balance at 30 June	Balance vested and not yet exercised
			Share options	Share rights				
Directors⁽²⁾								
K N MacKenzie	2008	1,313,000	165,000	100,000	–	–	1,578,000	459,000
	2007	1,313,000	–	–	–	–	1,313,000	177,000
Senior Executives								
L A Desjardins (appointed 1 June 2007)	2008	–	62,631	33,820	–	–	96,451	–
	2007	– ⁽³⁾	–	–	–	–	–	–
I G Wilson ⁽⁴⁾	2008	405,000	84,897	45,844	–	–	535,741	75,600
	2007	–	300,000	105,000	–	–	405,000	–
L J Lachal (retired 31 December 2007)	2008	787,000	–	–	(129,000)	(480,000)	178,000⁽³⁾	178,000⁽³⁾
	2007	307,000	360,000	120,000	–	–	787,000	178,000
W J Long	2008	874,000	65,702	35,479	(22,400)	–	952,781	463,600
	2007	694,000	360,000	120,000	(300,000)	–	874,000	222,000
G Blatrix	2008	456,450⁽³⁾	63,205	34,130	–	–	553,785	163,650
	2007	–	–	–	–	–	–	–
P Brues	2008	447,650⁽³⁾	46,380	25,045	(16,800)	–	502,275	138,050
	2007	–	–	–	–	–	–	–
J Czubak	2008	518,300⁽³⁾	47,904	85,868	–	–	652,072	225,500
	2007	–	–	–	–	–	–	–
W P Day (retired 1 June 2007)	2008	437,500	200,000	70,000	–	–	707,500⁽³⁾	222,500⁽³⁾
	2007	–	–	–	–	–	–	–

(1) Other changes represent options or rights that have expired or were forfeited during the period.

(2) Non-executive directors do not participate in the long-term incentive plans of the consolidated entity and are therefore excluded from the analysis in the above table.

(3) Represents holding on cessation or commencement of designation as key management personnel in accordance with AASB 124 *Related Party Disclosures*.

(4) I G Wilson also holds 50,000 (2007: 200,000) entitlements issued in accordance with the Share Appreciation Entitlements Plan as described in note 27(c)(iii).

No options are vested and unexercisable at the end of the year. No options or performance rights were held by key management personnel related parties.

The movement during the financial period in the number of ordinary shares in Amcor Limited held, directly, indirectly or beneficially, by each key management person, including their related parties, is as follows:

Name		Balance at 1 July	Received on exercise of options/rights	Purchased during the period	Sold during the period	Balance at 30 June
C I Roberts	2008	164,670	–	–	–	164,670
	2007	160,674	–	3,996	–	164,670
K N MacKenzie	2008	12,223	–	540	–	12,763
	2007	11,703	–	520	–	12,223
R K Barton	2008	33,899	–	–	–	33,899
	2007	33,899	–	–	–	33,899
G J Pizzev	2008	18,181	–	–	–	18,181
	2007	18,181	–	–	–	18,181
J G Thorn	2008	10,380	–	–	–	10,380
	2007	10,380	–	–	–	10,380
G A Tomlinson	2008	43,482	–	–	–	43,482
	2007	43,068	–	414	–	43,482
E J J Pope	2008	5,731	–	–	–	5,731
	2007	5,731	–	–	–	5,731

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Note 28 Key Management Personnel Disclosure (continued)

(d) Individual director's and executive's compensation disclosures (continued)

Options and rights over equity instruments (continued)

Name		Balance at 1 July	Received on exercise of options/rights	Purchased during the period	Sold during the period	Balance at 30 June
Senior Executives						
L A Desjardins	2008	40,000	–	–	–	40,000
(appointed 1 June 2007)	2007	– ⁽¹⁾	–	40,000 ⁽²⁾	–	40,000
I G Wilson	2008	62,085	–	282,500	–	344,585
	2007	62,085	–	–	–	62,085
L J Lachal	2008	223,469	129,000	–	(341,469)	11,000⁽¹⁾
(retired 31 December 2007)	2007	223,469	–	–	–	223,469
W J Long	2008	40,100	22,400	21,000	(20,000)	63,500
	2007	100	300,000	–	(260,000)	40,100
G Blatrix	2008	300⁽¹⁾	–	–	–	300
P Brues	2008	1,200⁽¹⁾	16,800	–	(16,800)	1,200
J Czubak	2008	30,100⁽¹⁾	–	–	–	30,100
W P Day	2007	64,077	–	802	(29,775)	35,104 ⁽¹⁾
(retired 1 June 2007)						

(1) Represents shares owned at commencement or cessation of designation as key management personnel in accordance with AASB 124 *Related Party Disclosures*.

(2) 40,000 fully-paid Amcor Limited ordinary shares were issued to L A Desjardins for nil consideration under the terms and conditions of the Senior Executive Retention Share Plan (refer note 27(a)(ii)) on appointment as Amcor's Executive General Manager Finance.

Other key management personnel transactions

From time to time, Directors and group executives (and their personally related parties) may enter into transactions with the Company and its controlled entities. These transactions occur within normal customer or supplier relationships on terms and conditions that are no more favourable than those available, or which might be expected to be available, on similar transactions to non-director related entities on an arm's length basis.

Other than those items discussed above, there have been no other transactions between key management personnel and the Company.

Note 29 Other Related Party Disclosures

Subsidiaries

Loans are provided by the Company to wholly-owned subsidiaries on normal commercial terms and conditions at market rates. Interest is charged on all loans that are not repayable on demand at rates based on the consolidated entity's planned investment and borrowing rates at the commencement of the financial period. Interest and dividends received by the Company from controlled entities and interest paid by the Company to controlled entities is disclosed in notes 4 and 5 respectively. Outstanding balances are unsecured and repayable in cash.

During the 12 months to 30 June 2008, the Company charged \$27.7 million (2007: \$20.9 million) to controlled entities relating to services provided during the period which is included within 'general and administration expenses'.

In addition, the Company assumed a current tax payable of \$44.8 million (2007: \$50.3 million) and tax losses of \$33.3 million (2007: \$84.0 million) from wholly-owned tax consolidated entities within the tax-consolidated group. As at 30 June 2008, the Company carried a current receivable of \$45.7 million (2007: \$4.7 million) relating to the tax funding agreement of the tax-consolidated group.

The Company recognised reimbursements due from subsidiaries of \$5.2 million (2007: \$4.0 million) during the 12 months relating to share-based payment arrangements under the Employee Share Option Plans, refer note 27.

Details of investments in associates and controlled entities are disclosed in notes 14 and 32.

Amounts due to and receivable from controlled entities within the wholly-owned group are disclosed in notes 11, 19 and 20. These balances comprise:

\$ million	2008	2007
Trade receivables	1.6	7.2
Loans receivable at call	5,354.9	6,555.6
Accrued interest	1.0	2.9
	5,357.5	6,565.7
Weighted average interest rate	6.98%	5.94%
Trade payables ⁽¹⁾	0.8	6.4
Loans payable at call	3,629.6	3,819.3
Accrued interest ⁽¹⁾	0.2	10.6
	3,630.6	3,836.3
Weighted average interest rate	6.17%	5.75%

(1) Trade payables and accrued interest amounts are included within 'trade creditors' and 'other creditors and accruals' respectively in note 19.

The Company has also provided guarantees in respect of certain borrowings by controlled entities within the wholly-owned group, refer note 21.

Equity accounted investments

During the year ended 30 June 2008, the consolidated entity and the Company did not enter into any transactions with associates. Refer note 14 for further information on equity accounted investments.

During the 12 months to 30 June 2008, the consolidated entity received dividends of \$7.5 million from associates (2007: \$6.9 million).

Other related parties

Contributions to superannuation funds on behalf of employees are disclosed in notes 5 and 23.

Note 30 Contingencies

Details of contingent liabilities where the probability of future payments/receipts is not considered remote are set out below:

\$ million	Consolidated		Amcor Limited	
	2008	2007	2008	2007
Contingent liabilities arising in respect of guarantees ⁽¹⁾	21.9	10.6	184.5	147.1
Total contingent liabilities	21.9	10.6	184.5	147.1

(1) Comprises mainly guarantees given by Amcor Limited in respect of certain borrowings principally in wholly-owned subsidiaries. A subsidiary of the consolidated entity has also given a guarantee in respect of a former subsidiary.

Details of other contingent liabilities which directors consider should be disclosed are set out below. The directors are of the opinion that provisions are not required in respect of these matters, as it is either not probable that a future sacrifice of economic benefits will be required or the amount is not capable of reliable measurement.

- Amcor Limited has indemnified the PaperlinX Limited Group in relation to potential taxation and workcover liabilities in excess of any provisions made in the financial statements of the PaperlinX Limited Group at 31 March 2000.
- Under the terms of the ASIC Class Order 98/1418 (as amended) dated 13 August 1998, which relieved certain wholly-owned subsidiaries from the requirement to prepare audited financial statements, Amcor Limited and certain wholly-owned subsidiaries have entered into an approved deed for the cross guarantee of liabilities with those subsidiaries identified in note 33. No liabilities subject to the Deed of Cross Guarantee at 30 June 2008 are expected to arise to Amcor Limited and subsidiaries, as all such subsidiaries were financially sound and solvent at that date.
- The consolidated entity operates in many territories around the globe under different direct and indirect tax regimes. From time to time the Company receives assessments for additional tax from revenue authorities which, having consulted with experts including external counsel, it believes are unfounded. Nonetheless, at any point in time matters will be under discussion and review with revenue authorities for which a theoretical exposure may exist. The Company believes that the likelihood of these having a material impact on the Group's consolidated financial position, results of operations or cash flows is remote.

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Note 30 Contingencies (continued)

Competition law investigations

Leniency application – Australia

On 21 December 2005, the Australian Competition and Consumer Commission (ACCC) commenced legal proceedings in the Federal Court of Australia against certain Visy Group companies and executives. The proceedings are in respect of alleged cartel conduct in the Australian corrugated packaging industry. The ACCC alleged that the Visy Group companies (being Amcor's competitors) and executives engaged in conduct in the corrugated fibreboard container industry with certain former Amcor executives that was anti-competitive, including engaging in price fixing and market sharing, in contravention of section 45 of the *Australian Trade Practices Act 1974*.

Amcor and its former senior executives have been granted immunity from legal proceedings by the ACCC in respect of that alleged conduct. The immunity was granted in accordance with the terms of the ACCC's Leniency Policy for Cartel Conduct (June 2003): see <http://www.accc.gov.au/content/index.phtml/itemId/459479>. Accordingly, although the ACCC asserts that Amcor Group companies were involved in the relevant conduct, those companies are not the subject of any proceedings by the ACCC for a pecuniary penalty or otherwise for any alleged cartel conduct.

The immunity granted to Amcor and its former executives under the ACCC's Leniency Policy for Cartel Conduct does not exclude or limit claims by third parties who allege to have suffered loss or damage as a result of any cartel conduct.

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

Leniency application – New Zealand

On 29 November 2004, Amcor notified the New Zealand Commerce Commission (NZCC) that the Company may have been involved in cartel conduct in New Zealand. The NZCC is the regulatory agency responsible for enforcing New Zealand's anti-trust laws, the *Commerce Act 1986* ('Commerce Act'). Amcor applied for leniency pursuant to the NZCC's Leniency Policy for Cartel Conduct ('NZ Leniency Policy').

The NZ Leniency Policy allows for immunity from NZCC initiated proceedings to the first person involved in a cartel to come forward with information about the cartel and cooperate fully with the NZCC in its investigation and prosecution of the cartel.

Amcor was granted conditional immunity on 1 December 2004. Pursuant to the NZ Leniency Policy, Amcor entered into an agreement with the NZCC under which Amcor is obliged to comply with specified conditions including full cooperation with the NZCC. The NZCC's investigation is continuing and Amcor continues to provide full cooperation. In November 2007, the NZCC issued a proceeding in the High Court at Auckland, alleging cartel conduct by another New Zealand company, its Australian parent, and four former executives. Amcor will assist in the proceeding to the extent required by the NZCC.

The operation of the NZ Leniency Policy does not exclude or limit claims by third parties who claim to have suffered loss or damage as a result of any cartel conduct. Under the Commerce Act, third parties may pursue private claims for compensatory or exemplary damages.

Estimated damages – New Zealand

As a result of the grant of conditional immunity, Amcor does not expect to incur any pecuniary penalties arising out of the NZCC investigation. It is not possible, at present, to provide either a reasonable estimate, or a reasonable estimated range of any amounts which might become payable by way of damages to any third parties who believe they may have suffered loss as a result of any cartel conduct in New Zealand.

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

Third party claims Australia

Jarra Creek Central Packaging Shed Pty Ltd

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

The allegations made in the class action are broadly similar to the allegations made in the ACCC's proceedings against the Visy Group. In November 2007, Jarra Creek amended the allegations made on the proceedings to conform more closely with the Agreed Statement of Facts reached between the ACCC and Visy parties as defendants to the claim. In broad terms, it is alleged that certain Amcor Group and Visy Group companies engaged in anti-competitive conduct in the corrugated fibreboard container industry, including engaging in price fixing and market sharing, in breach of section 45 of the *Australian Trade Practices Act 1974*. The class members seek, amongst other things, compensation in respect of the alleged effect that the alleged behaviour had on the prices they paid for corrugated fibreboard products during the relevant period.

Amcor is defending the claims made in the class action. Against the possibility that it is not wholly successful in defending these claims, Amcor has cross-claimed against certain Visy Group companies (being the corporate respondents to the ACCC's proceeding), claiming contribution for any damages which may be awarded against Amcor in the class action.

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

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

Solicitors for Jarra Creek have asserted in statements in the media that the total damages against both Amcor and Visy if liability is established could be in the vicinity of \$300 million. Those assertions have not been made in the litigation and no particulars have been provided to support them. Amcor is not aware of the basis upon which those estimates are made.

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.

Cadbury Schweppes

Cadbury Schweppes filed a proceeding in the Federal Court of Australia on 15 December 2006 against Amcor Limited and Amcor Packaging (Australia) Pty Ltd alleging cartel behaviour between Amcor and Visy (and related contract claims). Cadbury Schweppes claims damages and rectification of certain supply contracts. Although the amount claimed totals approximately \$120.0 million, certain of the claims overlap.

The proceeding contains allegations of cartel conduct in the corrugated fibreboard container industry that are broadly similar to the allegations made in the Jarra Creek proceeding (see above). However, it also contains allegations that the cartel conduct extended beyond the corrugated business and affected other product lines.

Against the possibility that Amcor is not wholly successful in defending the proceeding, Amcor has cross-claimed against those Visy Group companies which are cross-respondents to the Jarra Creek proceeding, claiming contribution for any damages which may be awarded against Amcor.

It is too early for Amcor to provide any reliable assessment as to 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.

Notes to the Financial Statements

30 June 2008

Note 31 Commitments

\$ million	Consolidated		Amcors Limited	
	2008	2007	2008	2007
(a) Capital expenditure commitments				
Contracted at the reporting date but not provided for or payable:				
Property, plant and equipment:				
Within one year	195.0	60.7	-	-
Between one and five years	165.3	0.1	-	-
	360.3	60.8	-	-
(b) Supply and service commitments				
Expenditure contracted but not provided for or payable covering other supplies and services to be provided:				
Within one year	56.5	68.6	-	-
Between one and five years	97.2	68.4	-	-
More than five years	21.2	15.5	-	-
	174.9	152.5	-	-
(c) Operating lease commitments				
Lease expenditure contracted but not provided for or payable:				
Within one year	110.3	117.8	3.1	0.7
Between one and five years	250.8	284.5	10.6	0.2
More than five years	160.5	162.0	-	-
	521.6	564.3	13.7	0.9
Less sub-lease rental income	(0.2)	(2.8)	-	-
	521.4	561.5	13.7	0.9

The consolidated entity leases motor vehicles, plant and equipment and property under operating leases. Leases generally provide the consolidated entity with a right of renewal at which time all terms are renegotiated.

Some leases provide for payment of incremental contingent rentals based on movements in a relevant price index or in the event that units produced by certain leased assets exceed a predetermined production capacity. Contingent rental paid during the period is disclosed in note 5.

(d) Finance lease commitments

\$ million	Consolidated		Amcors Limited	
	2008	2007	2008	2007
Lease expenditure contracted and provided for due:				
Within one year	1.4	47.9	-	-
Between one and five years	2.2	3.6	-	-
More than five years	0.1	0.1	-	-
Minimum lease payments	3.7	51.6	-	-
Less future finance charges	(0.2)	(0.9)	-	-
	3.5	50.7	-	-
Current lease liability (refer note 20)	0.5	45.5	-	-
Non-current lease liability (refer note 20)	3.0	5.2	-	-
	3.5	50.7	-	-

The consolidated entity leases equipment under finance leases expiring from one to 20 years. At the end of the lease term, the consolidated entity has the option to purchase the equipment at an agreed residual value.

Note 32 Particulars in Relation to Controlled Entities and Businesses

The ultimate controlling party of the consolidated entity is Amcor Limited, a company incorporated in Australia. The companies listed below are those whose results or financial position principally affected the figures shown in this consolidated annual Financial Report of Amcor Limited. The accounting year end of all subsidiaries is 30 June.

Controlled entities	Note	Country of incorporation	Amcor Group's effective interest	
			2008	2007
Amcor Packaging (Australia) Pty Ltd	(a)	Australia	100.0%	100.0%
Amcor Fibre Packaging – Asia Pte Ltd		Singapore	100.0%	100.0%
Leigh-Mardon Singapore Pte Ltd		Singapore	100.0%	100.0%
Amcor Packaging (New Zealand) Ltd	(a)	New Zealand	100.0%	100.0%
Amcor PET Packaging USA, Inc.		United States of America	100.0%	100.0%
Amcor Sunclipse North America		United States of America	100.0%	100.0%
Amcor PET Packaging de Mexico SA de CV		Mexico	100.0%	100.0%
Amcor PET Packaging de Venezuela SA		Venezuela	61.0%	61.0%
Amcor PET Packaging de Argentina SA		Argentina	100.0%	100.0%
Vinisa Fuegina S.A.		Argentina	100.0%	100.0%
Amcor PET Packaging do Brasil Ltda		Brazil	100.0%	100.0%
Amcor PET Packaging del Peru S.A.		Peru	100.0%	100.0%
Amcor PET Packaging Canada Inc.		Canada	100.0%	100.0%
Amcor Flexibles UK Ltd		United Kingdom	100.0%	100.0%
Amcor Flexibles Winterbourne Ltd		United Kingdom	100.0%	100.0%
Amcor Flexibles Denmark A/S		Denmark	100.0%	100.0%
Amcor Flexibles France SA		France	100.0%	100.0%
Amcor Rentsch France SAS		France	100.0%	100.0%
Amcor Flexibles Finland OY		Finland	100.0%	100.0%
Amcor Rentsch Deutschland GmbH		Germany	100.0%	100.0%
Amcor Rentsch Novgorod		Netherlands	100.0%	100.0%
Amcor Rentsch Polska Spolka z.o.o.		Poland	100.0%	100.0%
Grupo Amcor Flexibles Hispania SL		Spain	100.0%	100.0%
Amcor Flexibles Lund AB		Sweden	100.0%	100.0%
Amcor Rentsch Rickenbach AG		Switzerland	100.0%	100.0%
Amcor Flexibles Schupbach AG		Switzerland	100.0%	100.0%

(a) Amcor Limited and these subsidiary companies have entered into an approved deed for the cross guarantee of liabilities, refer note 33.

In the financial statements of the Company investments in subsidiaries are measured at cost. The Company does not have any associate and joint venture investments.

Acquisition of controlled entities and businesses

Amcor did not acquire any controlled entities or business during the 12 months to 30 June 2008 or in the 12 month period to 30 June 2007.

Disposal of controlled entities and businesses

The following controlled entities and businesses disposed of are classified as discontinued operations in this Financial Report, refer note 3.

	Disposal date	Consideration received/receivable \$ million	Consolidated profit/(loss) on disposal \$ million
2008			
Australasian Food Can and Aerosol business	31 October 2007	147.7	4.2
2007			
PET European business ⁽¹⁾	29 June 2007	711.6	245.4

(1) The following entities were disposed of within the PET European business:

- Amcor PET Packaging U.K. Limited
- Amcor PET Packaging Belgium NV
- PET Packaging Amcor Maroc, S.A.R.L
- Amcor PET Packaging France S.A.S.
- Amcor PET Packaging Europe Limited
- Amcor PET Packaging Iberia S.A.
- Amcor PET Packaging Deutschland GmbH
- Amcor PET Recycling France S.A.S.

Notes to the Financial Statements

30 June 2008

Note 33 Deed of Cross Guarantee

Pursuant to ASIC Class Order 98/1418 (as amended) dated 13 August 1998, the wholly-owned subsidiaries listed below are relieved from the *Corporations Act 2001* requirements for preparation and lodgement of audited Financial Reports and Directors' Reports.

It is a condition of the Class Order that the holding entity, Amcor Limited, and each of the relevant subsidiaries enter into a deed of cross guarantee ('the deed'). The effect of the deed is that, in the event of winding up any of these subsidiaries under certain provisions of the *Corporations Act 2001*, Amcor Limited guarantees to each creditor of that subsidiary payment in full of any debt. If a winding up occurs under other provisions of the *Corporations Act 2001*, Amcor Limited will only be liable in the event that after six months any creditor has not been paid in full. These subsidiaries have also given similar guarantees in the event that Amcor Limited is wound up.

The holding entity and subsidiaries subject to the deed of cross guarantee are:

Amcor Limited (Holding Entity)	Pak Pacific Corporation Pty Ltd
Amcor Packaging (Asia) Pty Ltd	ACN 002 693 843 Box Pty Ltd
Amcor Nominees Pty Ltd	Lynyork Pty Ltd
Amcor Investments Pty Ltd	Fibre Containers (Qld) Pty Ltd
Amcor Packaging (New Zealand) Ltd	Specialty Packaging Group Pty Ltd (formerly Service Containers Pty Ltd)
Amcor Finance (NZ) Ltd	ACN 089 523 919 CCC Pty Ltd
Amcor Packaging (Australia) Pty Ltd	Rota Die International Pty Ltd
AGAL Holdings Pty Ltd	Rota Die Pty Ltd Trustee of Rota Die Trust
Envirocrates Pty Ltd	Amcor European Holdings Pty Ltd
PP New Pty Ltd	Amcor Holdings (Australia) Pty Ltd
AP Chase Pty Ltd	Anfor Investments Pty Ltd

Financial statements for the Amcor Limited Deed of Cross Guarantee

Consolidated income statements and consolidated balance sheets, comprising Amcor Limited and the wholly-owned subsidiaries party to the deed, after eliminating all transactions between the parties, as at 30 June, are set out below:

(a) Summarised income statement and retained profits

\$ million	2008	2007
Profit before related income tax expense	142.0	370.3
Income tax expense	(29.3)	39.2
Profit from continuing operations after tax	112.7	409.5
Retained profits at beginning of financial period	1,072.3	952.2
Actuarial (losses)/gains recognised directly in equity	(17.5)	16.3
	1,167.5	1,378.0
Dividends recognised during the financial period	(294.2)	(305.7)
Retained profits at the end of the financial period	873.3	1,072.3

(b) Balance sheet

\$ million	2008	2007
Current assets		
Cash and cash equivalents	129.0	9.0
Trade and other receivables	2,799.7	2,965.9
Inventories	318.7	364.8
Other financial assets	3.9	1.6
Total current assets	3,251.3	3,341.3
Non-current assets		
Other financial assets	3,324.0	3,719.2
Property, plant and equipment	1,389.7	1,551.1
Deferred tax assets	31.0	–
Intangible assets	161.6	186.0
Other non-current assets	34.6	26.9
Total non-current assets	4,940.9	5,483.2
Total assets	8,192.2	8,824.5
Current liabilities		
Trade and other payables	401.7	534.4
Interest-bearing liabilities	2,504.1	2,701.7
Other financial liabilities	2.9	11.2
Current tax (receivable)/liability ⁽¹⁾	(2.6)	4.1
Provisions	134.4	149.2
Total current liabilities	3,040.5	3,400.6
Non-current liabilities		
Trade and other payables	0.4	0.5
Interest-bearing liabilities	1,752.3	1,531.2
Other financial liabilities	0.8	3.3
Deferred tax liabilities	11.1	7.0
Provisions	41.6	33.5
Retirement benefit obligations	26.3	6.3
Total non-current liabilities	1,832.5	1,581.8
Total liabilities	4,873.0	4,982.4
Net assets	3,319.2	3,842.1
Equity		
Contributed equity	2,406.1	2,742.8
Reserves	39.8	27.0
Retained profits	873.3	1,072.3
Total equity	3,319.2	3,842.1

(1) The current tax receivable is reflective of the tax receivable position of the New Zealand entities.

Note 34 Events Subsequent to Balance Date

Increase in holding of equity accounted investment

On 25 June 2008, the consolidated entity announced, that subject to shareholder approval, it would acquire 78.3 million shares in the Hong Kong publicly listed company AMVIG Holdings Limited (AMVIG) for consideration of HK\$700.0 million. On 29 July 2008, the shareholders of AMVIG approved two resolutions facilitating this additional investment by the consolidated entity.

The shares were acquired by way of placement by AMVIG to the consolidated entity at a price of HK\$8.94 per share on 31 July 2008. The placement represents a premium of 5% over the weighted average AMVIG share price for the nine trading days prior to 20 June 2008. As a result of this placement, the consolidated entity's shareholding in AMVIG increased from 35.4% to 40.2%.

On 2 June 2008, AMVIG announced the proposed acquisition of Hangzhou Weicheng which is to be settled by way of a cash payment and share issue by AMVIG. AMVIG anticipates that the acquisition of Hangzhou Weicheng is to complete in the near future at which time the consolidated entity's shareholding in AMVIG will decrease from 40.2% to 39.3%

Directors' Declaration

1. In the opinion of the directors of Amcor Limited ('the Company'):
 - (a) the financial statements and notes and remuneration disclosures that are detailed within the Remuneration Report, in the Directors' Report, are in accordance with the *Corporations Act 2001*, including:
 - i. giving a true and fair view of the Company's and the consolidated entity's financial position as at 30 June 2008 and of their performance, for the financial year ended on that date; and
 - ii. complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*;
 - (b) the Financial Report also complies with International Financial Reporting Standards as disclosed in note 1(a); and
 - (c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
2. There are reasonable grounds to believe that the Company and the consolidated entities identified in note 33 will be able to meet any obligations or liabilities to which they are or may become subject to by virtue of the Deed of Cross Guarantee between the Company and those consolidated entities pursuant to ASIC Class Order 98/1418.
3. The directors have been given the declarations required by Section 295A of the *Corporations Act 2001* from the Chief Executive Officer and the Chief Financial Officer for the financial year ended 30 June 2008.

Signed in accordance with a resolution of the directors, dated at Melbourne Victoria, this 21st day of August 2008.



Chris Roberts

Chairman



Ken MacKenzie

Managing Director
and Chief Executive Officer

Independent Auditor's Report to the Members of Amcor Limited



Report on the Financial Report

We have audited the accompanying Financial Report of Amcor Limited ('the Company'), which comprises the balance sheet as at 30 June 2008, and the income statement, statement of recognised income and expense and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration for both Amcor Limited and the Amcor Limited Group ('the consolidated entity'). The consolidated entity comprises the Company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the Financial Report

The directors of the Company are responsible for the preparation and fair presentation of the Financial Report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the Financial Report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In note 1, the directors also state, in accordance with Accounting Standard *AASB 101 Presentation of Financial Statements*, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the Financial Report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the Financial Report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the Financial Report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Financial Report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Financial Report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the Financial Report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Financial Report.

Our procedures include reading the other information in the Annual Report to determine whether it contains any material inconsistencies with the Financial Report.

For further explanation of an audit, visit our website <http://www.pwc.com/au/financialstatementaudit>

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Independence

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

Auditor's opinion

In our opinion:

(a) the Financial Report of Amcor Limited is in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the Company's and consolidated entity's financial position as at 30 June 2008 and of their performance for the year ended on that date; and
- (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and

(b) the consolidated financial statements and notes also comply with International Financial Reporting Standards as disclosed in note 1.

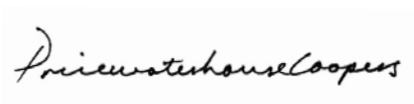
Independent Auditor's Report to the Members of Amcor Limited

Report on the Remuneration Report

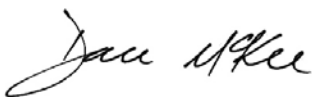
We have audited the Remuneration Report included in pages 24 to 37 of the Directors' Report for the year ended 30 June 2008. The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion

In our opinion, the Remuneration Report of Amcor Limited for the year ended 30 June 2008, complies with section 300A of the *Corporations Act 2001*.

The logo for PricewaterhouseCoopers, featuring the company name in a stylized, cursive script.

PricewaterhouseCoopers

A handwritten signature in black ink that reads "Dale McKee".

Dale McKee
Partner

Melbourne
21 August 2008

Statement of Shareholdings

Statement pursuant to Australian Securities Exchange official list requirements:
 Holders of shares in Amcor Limited at 19 August 2008:

Amcor's Top Twenty Shareholders	Fully Paid Ordinary Shares	Percentage of Total Shares
HSBC Custody Nominees (Australia) Limited	227,836,784	27.47
National Nominees Limited	147,905,028	17.83
JP Morgan Nominees Australia Limited	119,979,048	14.47
Citicorp Nominees Pty Ltd	51,442,297	6.19
ANZ Trustees Limited	26,050,089	3.14
Cogent Nominees Pty Limited	25,307,622	3.05
RBC Dexia Investor Services Australia Nominees Pty Limited	19,390,984	2.34
Australian Foundation Investment Company Limited	10,065,514	1.21
Australian Reward Investment Alliance	7,003,046	0.84
Argo Investments Limited	5,051,511	0.61
Queensland Investment Corporation	4,263,046	0.51
AMP Life Limited	3,249,740	0.39
Warnford Nominees Pty Limited	2,704,976	0.33
Sandhurst Trustees Ltd	2,441,846	0.29
Djerriwarrh Investments Limited	1,921,692	0.23
The Senior Master Of The Supreme Court (Victoria)	1,626,277	0.20
Fleet Nominees Pty Limited	1,399,306	0.17
Suncorp Custodian Services Pty Ltd	1,229,808	0.15
Gwynvill Investments Pty Limited	1,131,521	0.14
Bond Street Custodians Limited	1,012,058	0.12
Total	661,012,193	79.68

Substantial Shareholders

- Mondrian Investment Partners Ltd, by notice dated 27 September 2004, has a relevant interest in 67,329,189 shares.
- Commonwealth Bank of Australia, by notice dated 6 March 2008, has a relevant interest in 64,678,070 shares.
- Barclays Global Investors, by notice dated 15 July 2008, has a relevant interest in 42,942,310 shares.
- AXA Asia Pacific, by notice dated 5 August 2008, has a relevant interest in 59,910,673 shares.

These shares are held through several nominee companies.

Distribution of Shareholdings

Fully Paid Ordinary Shares (at 19 August 2008)

Size of Holding	Number of Shareholders	% of Shareholders	Number of Shares	% of Shares
1 – 1,000 shares*	37,115	49.6	16,756,174	2.0
1,001 – 5,000 shares	31,110	41.6	68,290,747	8.2
5,001 – 10,000 shares	4,339	5.8	30,204,393	3.6
10,001 – 100,000 shares	2,185	2.9	42,770,352	5.1
100,001 and over shares	111	0.1	676,761,271	81.1
Total	74,860	100.0	834,782,937	100.0

* Of these shareholders, 3,130 held less than a marketable parcel.

Votes of shareholders are governed by Rules 43 to 48 of the Company's Constitution. In broad summary, but without prejudice to the provisions of these rules, on a show of hands every shareholder present in person shall have one vote and upon a poll every shareholder present in person or by proxy or attorney shall have one vote for every fully-paid share held.

Unquoted Equity Securities – issued pursuant to the Amcor Employee Share/Option Plan approved by Shareholders on 24 October 1985, and as amended on 20 October 1988.

Unquoted Equity Securities	Numbers of Employees Participating	Numbers of Securities
Partly paid ordinary shares paid to 1 cent	19	204,000
Partly paid ordinary shares paid to 5 cents	56	580,000
Options over ordinary shares exercisable at various prices	557	20,019,208

Statistical Summary

Results shown before significant items except where indicated
\$ million (except where indicated)

For the years ended 30 June:	2008⁽⁴⁾	2007 ⁽¹⁾	2006 ⁽¹⁾	2005 ⁽¹⁾	2004	2003
Amcor Consolidated Results:						
Net sales	9,316.8	10,875.2	11,439.3	11,099.6	10,405.9	10,709.9
Operating profit before interest and tax	657.0	731.9	775.7	821.8	703.5	721.6
Operating profit before tax ⁽³⁾	477.6	517.0	529.1	613.6	571.3	575.3
Net operating profit/(loss) ⁽³⁾	369.1	397.0	405.9	458.8	440.3	431.4
Net operating profit/(loss) after significant items ⁽³⁾	258.8	533.7	351.3	193.0	345.7	361.3
Earnings per share (cents) pre significant items ⁽²⁾	42.9	44.2	46.1	52.2	44.7	45.3
Earnings per share (cents) post significant items	30.1	59.5	39.9	22.0	33.8	37.0
Return on average shareholders' equity (% p.a.)	11.5	11.2	11.9	12.9	9.4	9.8
Dividend and distribution	294.2	305.7	298.8	290.2	332.7	305.2
Dividend per ordinary share (cents)	34.0	34.0	34.0	34.0	32.0	30.0
Dividend franking (% p.a.)	-	-	15.0	25.0	40.0	45.0
Dividend cover (times)	1.26	1.30	1.36	1.54	1.38	1.50
Financial Ratios:						
Net tangible asset backing per share (\$)	1.9	2.3	1.8	1.8	2.5	2.7
Net PBITDA interest cover (times)	6.0	5.6	5.1	5.9	7.0	6.7
Gearing (net debt/net debt and shareholders' equity) (%)	42.9	44.6	46.4	50.9	36.0	33.0
Financial Statistics:						
Income from dividends and interest	30.3	23.9	20.0	21.0	13.8	11.0
Depreciation and amortisation provided during the year	413.1	466.9	473.4	461.8	603.8	607.2
Net interest (including PACRS)	179.4	214.9	246.6	218.7	132.2	146.3
Cash flow from operations	661.4	946.3	964.1	901.8	979.7	964.5
Capital expenditure and acquisitions	585.8	637.8	562.7	692.8	1,086.0	832.2
Balance Sheet Data as at 30 June:						
Current assets	2,618.3	3,394.5	3,196.9	3,483.4	3,052.0	2,950.5
Non-current assets	5,451.6	5,747.8	6,701.3	6,985.1	7,234.4	6,611.8
Total Assets	8,069.9	9,142.3	9,898.2	10,468.5	10,286.4	9,562.3
Current liabilities	2,742.0	3,521.6	3,579.1	3,676.3	2,976.7	3,025.7
Non-current liabilities	2,324.6	2,039.4	2,713.1	3,401.7	2,602.1	1,900.8
Total Liabilities	5,066.6	5,561.0	6,292.2	7,078.0	5,578.8	4,926.5
Net Assets	3,003.3	3,581.3	3,606.0	3,390.5	4,707.6	4,635.8
Shareholders' Equity						
Share capital	2,406.1	2,742.8	2,810.3	2,725.5	3,351.9	3,135.3
Reserves	(443.7)	(313.5)	(84.5)	(176.3)	(349.2)	(210.8)
Retained profits	986.4	1,099.8	828.6	763.3	1,614.3	1,515.3
Shareholders' equity attributable to Amcor Limited	2,948.8	3,529.1	3,554.4	3,312.5	4,617.0	4,439.8
Minority interests in controlled entities	54.5	52.2	51.6	78.0	90.6	196.0
Total Shareholders' equity	3,003.3	3,581.3	3,606.0	3,390.5	4,707.6	4,635.8
Other data as at 30 June:						
Fully paid shares (000's)	834,753	883,119	890,252	878,183	877,950	848,224
Convertible securities – number of shares (000's)	-	-	69,900	140,763	139,546	140,563
Amcor share price						
- year's high (\$)	7.69	7.71	7.70	7.90	9.13	8.93
- year's low (\$)	4.97	6.16	6.41	6.26	6.52	7.68
- close (\$)	5.05	7.47	6.68	6.70	6.97	8.12
Market capitalisation	4,215.5	6,596.9	5,946.9	5,883.8	7,091.9	8,029.0
Employee numbers	21,030	22,312	24,538	27,243	29,100	28,600
Number of shareholders	75,676	87,433	104,433	125,936	135,100	121,600

(1) Numbers are calculated using AIFRS and include all operations

(2) Based on net operating profit before significant items divided by the number of shares on issue.

(3) PACRS coupon payment is treated as interest in the 2006 and 2005 periods. The 2005 period excludes the 5% conversion.

Note: 2004 and prior years are calculated under previous Australian GAAP.

Amcor has decided to provide a progress report to shareholders in two different formats. Shareholders can choose the detailed financial information available in the comprehensive Full Year Financial Report produced annually. Alternatively, shareholders can choose to receive an easy-to-read, environmentally-friendly Annual Review.

The Amcor Annual Review contains the information of most interest to shareholders including: key financial results, performance highlights, a report from the Chairman and summaries of governance and remuneration information.

Both or either of these reports are sent by post or e-mail to shareholders who are on record as wishing to receive a copy.

Amcor also provides these reports on its website www.amcor.com in a user-friendly format. The reports are interactive, searchable, printable, downloadable and easily emailed, or able to be viewed quickly on your computer at any time.

Share Registry Enquiries

Shareholders who wish to approach the Company on any matter related to their shareholding should contact Amcor's Share Registry in Melbourne.

For enquiries within Australia call 1300 302 458 and from outside Australia call +61 3 9415 4104.

Alternatively, shareholders can contact the Share Registry –

By post to:

Amcor Share Registry
Yarra Falls
452 Johnston Street
Abbotsford Victoria 3067
Australia

or

GPO Box 2975
Melbourne Victoria 3001
Australia

or

By fax to: +61 3 9473 2500

Internet Facilities

Shareholders can access Amcor's Share Registry information via Amcor's website – www.amcor.com. This facility provides a 24-hour service to shareholders, enabling access to information such as current holding balances, TFN notification, dividend history, choice about receipt of reports, historical price information and graphs of the share price against market indices. This information can be accessed by clicking on 'Investor Information' in the main menu then choosing Shareholders > Internet Share Registry. You will need to key in your

Securityholder Reference Number (SRN) or Holder Identification Number (HIN), your family name and postcode.

Changes to your shareholder details, such as a change of name or address, or notification of your tax file number, direct credit of dividend advice or Dividend Reinvestment Plan preferences, can be made directly on the internet or by printing out any forms you need, filling them in and sending the changes to Amcor's Share Registry.

Change of Address

Issuer sponsored shareholders should notify Amcor's Share Registry immediately of any change to their registered address in writing, signed by the shareholder/s. Shareholders should quote their previous address and Securityholder Reference Number. CHESS uncertificated shareholders should advise their sponsoring broker or non-broker participant. Forms for this service are available from Amcor's Share Registry or from the Amcor website.

Dividends

The Company normally pays dividends around April and October each year. Shareholders should retain all remittance advices relating to dividend payments for tax purposes. The following alternatives are available to shareholders regarding payment of dividends:

1) By direct deposit to an Australian bank, building society or credit union account

Shareholders may choose to have their dividends paid directly into a nominated bank, building society or credit union account anywhere in Australia. Payments are electronically credited on the dividend date and confirmed by a payment advice sent to the shareholder. Forms for this service are available from Amcor's Share Registry or from Amcor's website.

2) By cheque payable to the shareholder

Lost or stolen cheques should be reported, in writing, immediately to Amcor's Share Registry to enable a 'stop payment' and replacement.

3) Dividend Reinvestment Plan (DRP)

The DRP provides shareholders with the opportunity to re-invest their dividends in additional Amcor shares. Shares acquired under the DRP rank equally with existing fully paid ordinary shares and will be provided to participants with no discount at a price equivalent to the arithmetic average of the daily weighted average market price of Amcor shares sold on the ASX during a period of nine business days after the record date for the relevant dividend. That period begins on the second business day after the record date and ends on the tenth business day.

Due to legal constraints which apply, securityholders who reside in certain countries will not be able to participate in the DRP and

will receive dividends by cheques. A booklet containing full details of the DRP and a DRP election form are available on request from Amcor's Share Registry. The DRP election form and booklet are also available from Amcor's website in PDF format.

Tax File Numbers

Amcor is required to withhold tax at the rate of 46.5% on any unfranked component of a dividend or interest paid to investors resident in Australia who have not supplied the Company with a tax file number (TFN) or exemption form. Investors are not required by law to provide their TFN and can choose whether or not they wish to do so.

Stock Exchange Listings

Amcor shares are listed on the Australian Securities Exchange. All shares are recorded on the principal share register of Amcor Limited, located in Victoria, Australia. Amcor Limited's Eurobonds are listed on the London Stock Exchange.

American Depositary Receipts

Amcor shares are traded in the form of American Depositary Shares (ADSs) evidenced by American Depositary Receipts (ADRs) on the Over-The-Counter market in the US. Each ADS represents four Amcor ordinary shares. Information about ADRs is available from the depositary, JPMorgan Chase Bank and via the internet on www.ADR.com.

Amcor Publications

The Company's Full Year Financial Report is the main source of information for investors. Changes to the law in June 2007 means that the report is published on the Company's website and is mailed in late September only to those shareholders who request a copy.

Other publications issued during the year are:

- 1) The Chairman's Address to the Annual General Meeting, which is mailed to shareholders on request, in November. This includes the first quarter results.
- 2) The Half Year Financial Report reviewing the company's performance for the six months to 31 December which is mailed to shareholders on request in March.

These publications, and many others which may also be of interest, such as Sustainability and Community reports, are also available from the Company's website.

Senior Management and Corporate Directory

Website: www.amcor.com

Email: head.office@amcor.com.au

Amcor Limited

Corporate Head Office

Registered office and principal place of business

(Until 6 October 2008)
679 Victoria Street
Abbotsford Victoria 3067
Australia
Telephone: +61 3 9226 9000
Facsimile: +61 3 9226 9050

(As of 6 October 2008)
109 Burwood Road
Hawthorn Victoria 3000
Telephone: +61 3 9226 9000
Facsimile: +61 3 9226 9050

Ken MacKenzie
Managing Director and
Chief Executive Officer

Amcor Australasia

(Until 6 October 2008's move to
Hawthorn Corporate Head Office, above)
971 Burke Road
Camberwell Victoria 3124
Australia
Telephone: +61 3 9811 7111
Facsimile: +61 3 9811 7171

Don Matthews
Chief Operating Officer

Amcor Asia

17 Senoko Loop
Woodlands East Industrial Estate
Singapore 758151
Telephone: +65 6756 1088
Facsimile: +65 6756 1087

Billy Chan
Managing Director

Amcor Flexibles Food

Da Vincilaan 2
B-1935 Zaventem
Belgium
Telephone: +32 2 416 2611
Facsimile: +32 2 416 2612

Gérard Blatrix
Managing Director

Amcor Flexibles Healthcare

1919 South Butterfield Road
Mundelein
Illinois 60060-9735
United States of America
Telephone: +1 847 362 9000
Facsimile: +1 847 918 4600

Peter Brues
President

Amcor PET Packaging

935 Technology Drive
Suite 100
Ann Arbor Michigan 48108
United States of America
Telephone: +1 734 428 9741
Facsimile: +1 734 302 2298

William Long
President

Amcor Rentsch

Industriestrasse West 6
CH-4613 Rickenbach
Switzerland
Telephone: +41 62 209 0111
Facsimile: +41 62 209 0112

Jerzy Czubak
Group Managing Director

Amcor Sunclipse

6600 Valley View Street
Buena Park California 90620
United States of America
Telephone: +1 714 562 6000
Facsimile: +1 714 562 6059

Eric Bloom
President and
Chief Executive Officer

Bericap North America

835 Syscon Court
Burlington, Ontario
Canada L7L 6C5
Telephone: +1 905 634 2248
Facsimile: +1 905 634 7780

Scott Ambrose
President and Chief Operating Officer

Corporate Executives

Ann O'Hara
Executive General Manager
Operations Development

Leslie Desjardins
Executive General Manager
Finance

Steve Keogh
Executive General Manager
Human Resources

Julie McPherson
Company Secretary
and Group General Counsel

John Murray
Executive General Manager
Corporate Affairs

Ian Wilson
Strategic Development Director

Share Registry

Amcor Share Registry
Computershare
Yarra Falls
452 Johnston Street
Abbotsford Victoria 3067
Australia

Postal address:
GPO Box 2975
Melbourne Victoria 3001
Australia

Telephone: 1300 302 458
(within Australia)

Telephone: +61 3 9415 4104
(outside Australia)

Facsimile: +61 3 9473 2500

Email: web.queries@computershare.com.au

Financial Calendar

Financial Calendar 2008/09

Financial full year 2007/08 ends	30 June 2008
Announcement of full year results for 2007/08	21 August 2008
Ex dividend date for final dividend (for 2007/08)	4 September 2008
Record date for final dividend (for 2007/08)	10 September 2008
Final dividend payment date (for 2007/08)	3 October 2008
Annual General Meeting (Park Hyatt, Melbourne)	23 October 2008
Chairman's address to Annual General Meeting sent	November 2008
Financial half year ends	31 December 2008
Announcement of interim (half year) results for 2008/09	February 2009
Ex dividend date for interim dividend (for 2008/09)	Early March 2009
Record date for interim dividend (for 2008/09)	Early March 2009
Interim dividend payment date (for 2008/09)	Late March 2009
Financial full year 2008/09 ends	30 June 2009

Paper and Printing of this Annual Report

This report is printed on ecoStar, an environmentally friendly 100% recycled paper, certified by the Forest Stewardship Council (FSC).

The printing process used digital printing plates to eliminate film and chemicals. Vegetable-based inks were used, rather than traditional mineral oils that emit higher volumes of greenhouse gases.



