Amcor Flexibles UK Limited

Directors' report and financial statements
for the year ended 30 June 2008

Registered number 2808801

Contents

Directors, officers and advisers

Directors

G L G Blatrix
C Cheetham (appointed 1st January 2008)
D T Johnson (resigned 1st January 2008)
D Y Maitland (resigned 31st October 2007)
A B Nicholls
W J Westwood

Secretary

S W James

Registered office

Hill House
1 Little New Street
London
EC4A 3TR

Auditors

PricewaterhouseCoopers LLP
31 Great George Street
Bristol
BS1 5QD
United Kingdom

Directors' report

The Directors present their annual report, together with the audited financial statements for the year ended 30 June 2008.

Principal activities

The principal activity of the Company is the design, manufacture and printing of flexible packaging.

Business review

Key financial results	**2008** **£000**	2007 £000
Turnover	**186,031**	197,338
Gross profit	**35,531**	34,940
Margin	**19.1%**	17.7%
Operating profit before exceptional costs	**11,653**	8,123
Exceptional costs (note 6)	**(11,676)**	(4,882)
(Loss)/Profit after taxation	**(1,034)**	2,997
Key non-financial performance indicators	**Number**	Number
Number of employees	**1,169**	1,286
Number of workplace accidents requiring medical treatment		
- with no loss of production time	**14**	17
- with loss of production time	**-**	3

The year to 30 June 2008 was, as planned, one of significant change, as the company continued implementation of a strategic rationalisation and re-organisation plan to put in place a better platform for sustainable future profitability. This rationalisation was principally:

- Closure of the Venus factory at Ilkeston in Derbyshire (as noted in last years report), with the transfer of the majority of the business to an expanded (existing) factory at Evesham
- Closure of the Transflex merchanting business based in Milton Keynes, again with a significant proportion of the business being transferred to the Evesham factory
- Sale of the Baricol specialist film extrusion business
- Announcement of the transfer and consolidation of the extrusion business from Ledbury into the existing dedicated extrusion facility in Ilkeston.

The £11.7m costs associated with this re-organisation of the business have been charged to the Profit and Loss Account for the year (see note 6).

UK sales fell by £11.3m which was mainly the full year impact of the closure of the Colodense plant part way through the year to 30 June 2007.

Margins improved following the withdrawal from certain less attractive market segments served by Colodense and Venus prior to their closure. The year also saw the benefits of the reduced operating costs and improved efficiencies arising from the consolidation.

Administration expenses were reduced in the year as a result of direct savings from re-organisation activity, and a reduction, commensurate with the reduction in the scale of the business, in the allocated share of management, commercial and technical costs of Amcor Flexibles.

Overall, despite lower sales, operating profit before exceptional items saw a significant improvement to £11.7m underlining the appropriateness and effectiveness of the restructuring activities undertaken.

Directors' report *(continued)*

Exceptional costs were significant due to the scale of reorganisation activity undertaken, but the results of this activity are already having a positive impact on overall profitability and the Directors are confident that the benefits will be achieved in future years.

The loss after taxation for the year was £1,034,000 *(2007: Profit £2,997,000)*. The directors do not propose a dividend payment *(2007: £nil)*.

Further details of risk factors affecting the company are reported in the accounts of Amcor Limited, the ultimate parent company (see note 28).

Research and development

Research and development costs incurred during the year amounted to £1,665,000 *(2007: £1,395,000)*. In accordance with the accounting policy described in note 1 to the financial statements, all costs have been included in the profit and loss account for the year.

Post balance sheet events

On 26th September 2008, the company announced that it had reached agreement to sell its Camvac business, based in Thetford, to GIL Investments (UK).

Directors

The names of the directors who held office during the year, and up to the date of this report, appear on page 1.

Policy and practice on payment of creditors

It is the Company's policy to pay its suppliers in accordance with the terms of trade, which may be agreed at the time of order. At the period end, the amount owed to trade creditors by the Company was equivalent to 53 *(2007: 67)* days of purchases from suppliers.

Employees

It is the policy of the Company to encourage the employment and development of suitable people with disabilities. No unnecessary limitations are placed on the type of work that they perform and the policy ensures that in appropriate cases consideration is given to modifications to equipment or premises and to adjustments in working practices. Full and fair consideration will be given to applicants with disabilities for employment and existing employees who become disabled will have the opportunity to retrain and continue in employment.

Employees are provided with information on matters of concern to them, principally through the management structure and notice boards. Views of employees are sought as appropriate through the management structure.

Political and Charitable contributions

The Company made no political contributions during the year. Donations to UK charities amounted to £13,098 *(2007: £8,839)*.

Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Directors' report *(continued)*

Auditors

The Company's auditors, PricewaterhouseCoopers LLP (PwC), were appointed during the year to fill a casual vacancy following the resignation of the previous auditors, KPMG LLP. In accordance with section 384 of the Companies Act 1985, a resolution for the re-appointment of PwC as auditors of the Company is to be proposed at the forthcoming Annual General Meeting. It is the policy of the Amcor Group, of which the Company is a part, to periodically review the auditors' appointment.

By order of the Board

C Cheetham
Director

Hill House
1 Little New Street
London
EC4A 3TR

27 November 2008

Statement of directors' responsibilities in respect of the Directors' Report and the financial statements

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

The financial statements are required by law to give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Independent auditors' report to the members of Amcor Flexibles UK Limited

We have audited the financial statements of Amcor Flexibles UK Limited for the year ended 30 June 2008 which comprise the Profit and Loss Account, the Balance Sheet, and the Statement of Total Recognised Gains and Losses and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors
The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Independent auditors' report to the members of Amcor Flexibles UK Limited
(continued)

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 30 June 2008 and of its loss for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Bristol
27 November 2008

Profit and loss account
for the year ended 30 June 2008

	Note	2008	2007
		£000	£000
Turnover	2	**186,031**	197,338
Cost of sales		**(150,500)**	(162,398)
Gross profit		**35,531**	34,940
Distribution expenses		**(6,431)**	(7,234)
Administration expenses		**(29,123)**	(24,465)
Operating profit before exceptional items		**11,653**	8,123
Exceptional expenses included in administration expenses	6	**(11,676)**	(4,882)
Operating (loss)/profit	3-5	**(23)**	3,241
Profit on disposal of fixed asset	6	**34**	252
Interest receivable and similar income	7	**1,343**	1,376
Interest payable and similar charges	8	**(842)**	(1,012)
Other finance income	24	**1,291**	363
Profit on ordinary activities before taxation		**1,803**	4,220
Tax on profit on ordinary activities	9	**(2,837)**	(1,223)
(Loss)/Profit for the financial year	21	**(1,034)**	2,997

All amounts relate to continuing operations.

There are no material differences between the profit on ordinary activities before taxation and the (loss)/profit for the financial year stated above and their historical cost equivalent.

Balance sheet
as at 30 June 2008

	Note	2008		2007	
		£000	£000	£000	£000
Fixed assets					
Goodwill	*10*		**(620)**		(776)
Intangible assets	*10*		**-**		7
Tangible assets	*11*		**52,384**		54,348
Investments in subsidiaries	*12*		**8,736**		8,736
			60,500		62,315
Current assets					
Stocks	*13*	**19,536**		20,942	
Debtors (including £2,992,000 (*2007:£482,000*) falling due in more than 1 year)	*14*	**54,322**		47,388	
Cash at bank and in hand		**24,519**		45,503	
		98,377		113,833	
Creditors: amounts falling due within one year	*15*	**(87,717)**		(98,851)	
Net current assets			**10,660**		14,982
Total assets less current liabilities			**71,160**		77,297
Creditors: amounts falling due after more than one year	*16*		**(1,123)**		(1,279)
Provisions for liabilities	*17*		**(3,852)**		(3,199)
Net assets excluding pension liabilities			**66,185**		72,819
Pension liabilities	*24*		**(22,247)**		(5,975)
Net assets including pension liabilities			**43,938**		66,844
Capital and reserves					
Called-up share capital	*20*		**60,719**		60,719
Profit and loss reserve	*21*		**(16,781)**		6,125
Shareholders' funds	*22*		**43,938**		66,844

The financial statements on pages 8 to 32 were approved by the board of directors on 27 November 2008 and were signed on its behalf by:

C Cheetham
Director

Statement of total recognised gains and losses
for the year ended 30 June 2008

	Note	**2008**	2007
		£000	£000
(Loss)/Profit for the financial year		**(1,034)**	2,997
Actuarial (loss)/gain recognised in the pension scheme	*24*	**(30,532)**	7,988
Movement on deferred tax relating to actuarial gain and change in future tax rate		**8,549**	(2,686)
Total recognised gains and losses relating to the financial year		**(23,017)**	8,299

Notes
(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements.

Basis of preparation

The Company's financial statements have been prepared on the going concern basis, in accordance with the Companies Act 1985 and applicable accounting standards, and under the historical cost accounting rules.

Under FRS 1, the Company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the Company in its own published consolidated financial statements.

Investments

Investments held as fixed assets are stated at cost less provision for diminution in value.

Turnover

Turnover is based on the invoiced value from the sale of goods, net of sales taxes and allowances. It is recognised in the profit and loss account when the significant risks and rewards of ownership have been transferred to the customer.

Goodwill

Purchased goodwill (both negative and positive) arising on business combinations in respect of acquisitions before 1 January 1998, when FRS 10 Goodwill and Intangible Assets was adopted, was written off to reserves in the year of acquisition. When a subsequent disposal occurs, any related goodwill previously written off to reserves is written back through the profit and loss account as part of the profit or loss on disposal.

Purchased goodwill (representing the excess of the fair value of the consideration given over the fair value of the separable net assets acquired) arising on business combinations in respect of acquisitions since 1 January 1998 is capitalised. Goodwill is amortised to nil by equal annual instalments over the estimated useful life of 20 years.

Negative goodwill arising on consolidation in respect of acquisitions is included within fixed assets, and released to the profit and loss account in the periods in which the fair values of the non-monetary assets purchased on the same acquisition are recovered, whether through depreciation or sale.

Tangible fixed assets

Tangible fixed assets are stated at historical cost.

Depreciation and amortisation

Depreciation is applied on a straight-line basis over the estimated economic lives of the assets. The rates applied are:

Freehold and long leasehold property	2% per annum
Plant	7 – 25% per annum
Equipment, including computer equipment	20% - 33% per annum
Short leasehold property	Period of the lease
Capitalised development costs	20% per annum

Freehold land is not depreciated.

Notes *(continued)*

1 Accounting policies *(continued)*

Stocks

Raw materials are valued at the lower of actual cost on a FIFO basis and net realisable value. Work-in-progress and finished goods are stated at the lower of cost and net realisable value. For manufactured stocks, cost comprises material plus direct conversion costs and attributable overheads at normal output levels.

Government grants

Capital based government grants received are included within accruals and deferred income in the balance sheet and credited to the profit and loss account over the estimated useful lives of the assets to which they relate.

Research and development

Research and development expenditure is written off as incurred, except that development expenditure incurred on an individual project is carried forward when its future recoverability can be foreseen with reasonable assurance.

Taxation

The charge for taxation is based on the result for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

Deferred tax assets are only recognised when their recoverability is considered more likely than not. Deferred tax assets and liabilities have not been discounted.

Leased assets

The rentals under operating leases are charged to the profit and loss account on a straight-line basis over the lease term.

Assets obtained under finance leases and hire purchase contracts are recorded in the balance sheet as tangible fixed assets and as an obligation to pay future rentals, the interest being charged to the profit and loss account on the annuity method.

Pensions

The Company operates both a defined benefit scheme and a defined contribution scheme.

Defined benefit scheme

The Company operates a pension scheme providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the Company.

Pension scheme assets are measured using market values. Pension scheme liabilities are measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability.

The pension scheme surplus (to the extent that it is recoverable) or deficit is recognised in full. The movement in the scheme surplus/deficit is split between operating charges, finance items and, in the statement of total recognised gains and losses, actuarial gains and losses.

Defined contribution scheme

The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period. The assets of the scheme are held separately from those of the Company in an independently administered fund.

Notes *(continued)*

1 Accounting policies *(continued)*

Financial instruments

Financial liabilities and equity instruments are classified according to the substance of the associated contractual arrangements. Where these contractual obligations are equivalent to a similar debt instrument, the financial instruments are classified as financial liabilities, and presented as such on the balance sheet.

Finance costs and gains or losses relating to financial instruments are included in the profit and loss account.

The Company has taken exemption from applicable accounting standards to make disclosures under FRS29 regarding its financial instruments.

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction (or, if hedged forward, at the rate of exchange under the related forward currency contract). Monetary assets and liabilities denominated in foreign currencies are translated using the contracted rate or the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

Share based payments

The ultimate parent provides benefits to employees of the company in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares. The Company's employees participate in the Employee Share/Option Plan ('ESOP') originally introduced in 1985 for the ultimate parent, and which has been subsequently amended. In June 2006 the ultimate parent established the Amcor Limited Long Term Incentive Plan ('LTIP') under which performance shares can be granted to certain employees of Amcor Flexibles UK Limited.

Share options granted before 7 November 2002 which have vested before 1 July 2006.

No expense is recognised in respect of these options.

Share options granted after 7 November 2002 which have vested after 1 July 2006

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.

Restructuring provisions

A provision for restructuring is recognised when the Company has approved a detailed formal restructuring plan, and the restructuring has either commenced or has been publically announced, and it is more likely than not that the plan will be implemented. Future operating losses are not provided for. Where restructuring costs incurred are considered material, they are disclosed as exceptional items in the appropriate category in the profit and loss account.

Notes *(continued)*

2 Segmental information

The company's sole class of business is the production of packaging products. All turnover and profit before tax as recorded in the profit and loss account is attributable to this class of business.

Net assets

All net assets are held in the UK.

Geographical analysis

	2008 £000	%	2007 £000	%
Turnover by destination				
United Kingdom	**144,567**	**78**	154,265	78
Overseas				
Netherlands	**7,022**	**4**	8,307	4
France	**6,149**	**3**	6,271	3
Germany	**4,993**	**3**	6,232	3
Belgium	**4,257**	**2**	5,039	3
Ireland	**4,253**	**2**	4,529	2
Spain	**3,921**	**2**	3,721	2
Scandinavia	**1,814**	**1**	1,904	1
Italy	**89**	**-**	311	-
Rest of Europe	**3,682**	**2**	2,751	2
USA	**1,733**	**1**	1,642	1
Philippines	**733**	**-**	471	-
Rest of World	**2,818**	**2**	1,895	1
	186,031	**100**	197,338	100

All turnover and operating profit originates in the UK.

Notes *(continued)*

3 Profit on ordinary activities before taxation

	2008 £000	2007 £000
Profit on ordinary activities before taxation is stated after charging/(crediting):		
Depreciation of owned assets (see note 11)	**7,650**	5,683
(Profit) on disposal of fixed assets (see note 6)	**(34)**	(252)
Amortisation of negative goodwill (see note 10)	**(156)**	(156)
Amortisation of intangible assets (see note 10)	**7**	6
Hire of plant and machinery – rentals payable under operating leases	**535**	694
Land and buildings – rentals payable under operating leases	**920**	965
Research and development	**1,665**	1,395

Auditors' remuneration:	2008 £000	2007 £000
Audit of these financial statements	**79**	119

4 Employees

	2008 £000	2007 £000
Employee costs		
Wages and salaries	**33,248**	38,914
Social security costs	**3,326**	3,696
Pension costs	**2,902**	3,531
Share based payments	**111**	67
	39,587	46,208

Average number of employees	Number	Number
Packaging	**1,169**	1,286

Notes *(continued)*

5 Directors' remuneration

	2008 £000	2007 £000
Salaries and benefits	**259**	397
Pension contributions to defined contribution scheme	**6**	11
Bonuses	**109**	152
	374	560
Highest paid director		
Aggregate emoluments	**232**	232
Accrued pension at end of year under defined benefit scheme	**47**	47
Number of directors who:		
Are members of a defined benefit pension scheme	**2**	2
Are members of a defined contribution pension scheme	**1**	1

The emoluments of the directors GLG Blatrix, C Cheetham and WJ Westwood are paid by fellow group companies, which make no recharge to the Company. These directors are directors of a number of fellow group companies, and it is not possible to make an accurate apportionment of their emoluments in respect of each fellow group company. Accordingly, no emoluments are disclosed in these financial statements.

6 Exceptional expenses

	2008 £000	2007 £000
Operating expenses		
Reorganisation of operations	**9,756**	4,882
Write-down of fixed assets	**1,920**	-
Exceptional items included in administration expenses	**11,676**	4,882
Non-operating expenses		
(Profit) on disposal of fixed assets	**(34)**	(252)
Provision for diminution in value of investments	-	-
Total non operating exceptional expenses	**(34)**	(252)
Total exceptional expenses	**11,642**	4,630

Exceptional expenses for the year comprise costs related to the closure of the Venus and Transflex businesses, and the associated restructuring which has taken place in the UK business.

In accordance with FRS12, the cost of these initiatives has been charged against the profits for the year, to the extent that the company had entered an irrevocable commitment by 30th June 2008.

Notes *(continued)*

7 Interest receivable and similar income

	2008 £000	2007 £000
Bank interest receivable	**847**	457
Inter-company interest receivable	**496**	919
	1,343	1,376

8 Interest payable and similar charges

	2008 £000	2007 £000
Bank interest payable	**-**	271
Interest payable on intercompany loans	**842**	741
	842	1,012

9 Taxation on profit on ordinary activities

Analysis of charge in year

	2008 £000	£000	2007 £000	£000
UK corporation tax				
UK Corporation tax at 29.5% *(2007: 30%)*	**-**		(3,037)	
Adjustment in respect of prior years	**3,125**		1,448	
Total current tax		**3,125**		(1,589)
Deferred tax				
Origination and reversal of timing differences	**651**		4,543	
Adjustment in respect of prior periods	**(939)**		(1,731)	
Total deferred tax		**(288)**		2,812
Tax on profit on ordinary activities		**2,837**		1,223

Notes *(continued)*

9 Taxation on profit on ordinary activities *(continued)*

Factors affecting tax charge for the year

The tax assessed for the year differs from the rate of corporation tax in the UK, 29.5% *(2007: 30%)*. The differences are explained below:

	2008 £000	2007 £000
Profit on ordinary activities before tax	**1,803**	4,220
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 29.5% *(2007: 30%)*	**532**	1,266
Effects of:		
Expenses not deductible for tax purposes	**314**	331
Income not subject to tax	**(161)**	-
Capital allowances in excess of depreciation	**2,156**	(1,904)
Other short term timing differences	**(3,151)**	(2,639)
Tax losses carried forward	**310**	-
Adjustment in respect of prior periods	**3,125**	1,448
Impact of change in tax rates	**-**	(91)
Total current tax charge/(credit)	**3,125**	(1,589)

10 Goodwill and intangible assets

	Goodwill £000	Intangible assets - capitalised development costs £000
Cost		
At 1 July 2007	(1,556)	28
Disposals	-	(28)
At 30 June 2008	(1,556)	-
Amortisation		
At 1 July 2007	780	(21)
Benefit/(Charge) for the period	156	(7)
Disposals	-	28
At 30 June 2008	936	-
Net book value		
At 30 June 2008	**(620)**	-
At 1 July 2007	(776)	7

Notes *(continued)*

11 Tangible assets

	Freehold and long leasehold property £000	Plant and equipment £000	Total £000
Cost or valuation			
At 1 July 2007	14,446	89,988	104,434
Re-classification	71	(71)	-
Additions	830	8,086	8,916
Disposals	(10)	(18,909)	(18,919)
At 30 June 2008	15,337	79,094	94,431
Depreciation			
At 1 July 2007	2,427	47,659	50,086
Re-classification	34	(34)	-
Charge for period	272	7,378	7,650
Disposals	(10)	(15,679)	(15,689)
At 30 June 2008	2,723	39,324	42,047
Net book value			
At 30 June 2008	**12,614**	**39,770**	**52,384**
At 1 July 2007	12,019	42,329	54,348

Long leasehold	254
Short leasehold	8
Freehold	15,075
	15,337

The net book value of freehold land and buildings at 30 June 2008 includes a value for land of £4,456,000 *(2007: £4,456,000)* which is not depreciated.

Notes *(continued)*

12 Investments in subsidiaries

Subsidiary undertakings	2008 £000	2007 £000
Cost		
At 1 July 2007 and 30 June 2008	17,631	17,796
Disposals	-	(165)
At 30 June 2008	17,631	17,631
Provision for diminution in value		
At 1 July 2007	8,895	8,895
Charge for the period	-	-
At 30 June 2008	8,895	8,895
Net book value	8,736	8,736

The company is exempt by virtue of s228 of the Companies Act 1985 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

The subsidiary company at 30 June 2008 was:

	% Owned	Country of Registration	Nature of Business
Amcor Flexibles Winterbourne Ltd	100	England	Flexible Packaging

13 Stocks

	2008 £000	2007 £000
Raw materials	7,367	5,553
Work in progress	2,693	2,261
Finished goods	9,476	13,128
	19,536	20,942

Notes *(continued)*

14 Debtors

	2008 £000	2007 £000
Trade debtors	**29,089**	33,312
Due from other group entities	**17,583**	9,073
Deferred tax asset (see note 14)	**2,992**	482
Other debtors	**4,658**	4,521
	54,322	47,388

The deferred tax asset included within debtors is due in more than 1 year.

Amounts due by group undertakings are unsecured, have no fixed repayment date, and bear interest at varying rates.

15 Creditors: amounts falling due within one year

	2008 £000	2007 £000
Trade creditors	**24,778**	27,764
Due to other group entities	**51,373**	54,753
Corporation tax	**130**	130
Other creditors	**11,292**	16,071
Government grants	**144**	133
	87,717	98,851

Amounts due to group undertakings are unsecured, have no fixed repayment date, and bear interest at varying rates.

16 Creditors: amounts falling due in more than one year

	2008 £000	2007 £000
Government grants	**1,123**	**1,279**

Notes *(continued)*

17 Provisions for liabilities

	Balance at 30 June 2007	Charged to profit & loss account	Utilised	**Balance at 30 June 2008**
	£000	£000	£000	**£000**
Due within one year:				
Restructuring provision	2,189	6,175	(5,364)	**3,000**
Customer claims provision	131	4	(121)	**14**
Asset restoration provision	21	(21)	-	**-**
	2,341	6,158	(5,485)	**3,014**
Due after one year:				
Property provision	858	-	(20)	**838**
	858	-	(20)	**838**
	3,199	6,158	(5,505)	**3,852**

The property provision relates to ongoing leasing obligations on properties that are no longer required for operational purposes. Where possible, the properties are sub-let. The directors assess the adequacy of the provision annually, taking into account a number of factors, including likely dilapidation costs, and possible untenanted periods. The longest commitment expires during 2017.

18 Deferred taxation

	2008	2007
	£000	£000
Deferred tax asset at 28% (2007: 28%) consists of the following amounts:		
Capital allowances in excess of depreciation	**1,350**	(1,833)
Other timing differences	**1,642**	2,315
Net deferred tax asset	**2,992**	482

Notes *(continued)*

18 Deferred taxation *(continued)*

The net deferred tax asset is shown in note 14.

The movements during the year on deferred tax, excluding that relating to the pension deficit, were:	**2008 £000**	2007 £000
Balance at 1 July 2007	**(482)**	951
Current year (credit)/charge	**(1,571)**	298
Prior year credit	**(939)**	(1,731)
Balance at 30 June 2008	**(2,992)**	(482)

The movements during the year on deferred tax relating to the pension deficit were:	**2008 £000**	2007 £000
Balance at 1 July 2007	**(2,324)**	(9,255)
Deferred tax charge to profit and loss account	**2,222**	4,245
Deferred tax (credited)/charged to statement of recognised gains and losses	**(8,549)**	2,686
Balance at 30 June 2008	**(8,651)**	(2,324)

The company has accumulated tax losses carried forward at 30 June 2008 of £3,627,000 *(2007: £3,627,000)* in respect of which no deferred tax asset was recognised.

19 Share based payments

a) Employee share option plan

In 1985, the ultimate parent established the Employee Share Option Plan ('ESOP'). Under the ESOP, partly paid shares or options over shares in the ultimate parent can be issued to staff members selected by the directors. The partly paid shares are issued at the closing market price at the time of issue 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 ASX at the date on which the options were granted or a weighted average market price during a period up to and including the date of grant. The options are granted with performance hurdles established by the directors. Options are granted under the ESOP at no consideration and carry no dividend entitlement or voting rights until they vest and are converted to ordinary shares on a one-for-one basis. The options are issued for a term of up to ten years; they cannot be transferred and are not quoted on any exchange. For the majority of options issued, executives and certain members of staff are generally only eligible to exercise the options if returns on average funds employed exceed targeted levels at the end of the financial reporting period in which the options were granted. For those options granted prior to 1 July 2006 the return on average funds employed is defined as Earnings Before Interest Tax and Significant items ('EBIT') divided by average funds employed. For those options granted subsequent to 1 July 2006, the options become exercisable based on the outcome of a Total Shareholder Return ('TSR') test.

Notes *(continued)*

19 Share based payments *(continued)*

In the course of the year certain employees moved between various statutory entities in the Amcor group. The share options associated with these employees are shown as transfers in the following tables.

2007/2008

Option (exercise price Australian dollars $)	Outstanding at start of year	Transfers	Granted uring year	Exercised during year	Forfeited during year	Outstanding at end of year
2002 grant ($8.20)*	167,200	(35,200)	-	-	-	132,000
2003 grant ($7.87)*	106,800	(22,250)	-	-	(4,450)	80,100
2004 grant ($6.84)	103,200	(21,500)	-	-	(8,600)	73,100
	377,200	**(78,950)**	-	-	**(13,050)**	**285,200**

* exercisable at year end

Weighted average exercise price	7.73	7.74	-	-	7.19	7.76
Weighted average contractual life remaining						3.0 years

2006/2007

Option (exercise price Australian dollars $)	Outstanding at start of year	Granted during year	Exercised during year	Forfeited during year	Outstanding at end of year
2002 grant ($8.20)*	189,200	-	-	(22,000)	167,200
2003 grant ($7.87)*	129,050	-	-	(22,250)	106,800
2004 grant ($6.84)	124,700	-	(8,600)	(12,900)	103,200
	442,950	-	**(8,600)**	**(57,150)**	**377,200**

* exercisable at year end

Weighted average exercise price	7.72	-	6.84	7.76	7.73
Weighted average contractual life remaining					4.0 years

The weighted average share price at date of exercise of shares exercised during 2007 was $7.33. No options were exercised in 2008.

b) Long term stock incentive plan

In June 2006, the ultimate parent established the Amcor Limited Long Term Incentive Plan. Under the LTIP, performance options or performance rights over shares in the ultimate parent, or performance shares, can be issued to executive officers, senior executives and senior staff members selected by the directors of the ultimate parent. 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 are 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 option. Options granted under the LTIP are exercisable at a price equal to the closing market share price of Amcor Limited shares traded on the ASX at the date of the grant. The options are granted at no consideration and

Notes *(continued)*

19 Share based payments *(continued)*

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 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. Employees of the company received the first grant under this scheme during the year ended 30 June 2007. The scheme has two forms of options, those issued at an exercise price of $Nil and those for whom an exercise price is payable.

In the course of the year certain employees moved between various statutory entities in the Amcor group. The share options associated with these employees are shown as transfers in the following tables.

2007/2008

Option (exercise price Australian dollars $)	Outstanding at start of year	Transfers	Granted during year	Exercised during year	Forfeited during year	Outstanding at end of year
2006 grant ($6.78 - $7.19)	240,800	(38,900)	-	-	(15,250)	186,650
2007 grant ($7.07)	-	-	19,702	-	-	19,702
	240,800	**(38,900)**	**19,702**	-	**(15,250)**	**206,352**
Weighted average exercise price ($)	7.01	7.02	7.07	-	6.89	7.02
Weighted average contractual life remaining						3.1 years

The fair value of the options issued was in the range of $1.08 - $1.14

2007/2008

Option (exercise price Australian dollars $)	Outstanding at start of year	Transfers	Granted during year	Exercised during year	Forfeited during year	Outstanding at end of year
2006 grant ($Nil)	77,100	(10,200)	-	-	(5,100)	61,800
2007 grant ($Nil)	-	-	10,639	-	-	10,639
	77,100	**(10,200)**	**10,639**	-	**(5,100)**	**72,439**
Weighted average exercise price ($)	-		-	-	-	-
Weighted average contractual life remaining						3.2 years

The fair value of the options issued was in the range of $3.64 - $3.78

2006/2007

Option (exercise price Australian dollars $)	Outstanding at start of year	Granted during year	Exercised during year	Forfeited during year	Outstanding at end of year
2006 grant ($6.78 - $7.19)	-	244,800	-	(4,000)	240,800
Weighted average exercise price ($)	-	7.01	-	7.19	7.01
Weighted average contractual life remaining					4.4 years

The fair value of the options issued was in the range of $0.89 - $1.07

Notes *(continued)*

19 Share based payments *(continued)*

2006/2007

Option (exercise price Australian dollars $)	Outstanding at start of year	Granted during year	Exercised during year	Forfeited during year	Outstanding at end of year
2006 grant ($Nil)	-	78,450	-	(1,350)	77,100
Weighted average exercise price ($)	-	-	-	-	-
Weighted average contractual life remaining					4.4 years

The fair value of the options issued during the year was in the range $4.12 - $4.83.

c) Management Incentive Plan – Equity (EMIP)

The EMIP was launched in the year and provides an additional short term incentive opportunity to selected executives, 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.

54,809 EMIP rights were granted in respect of the year and will vest over 24 months from the year end date. The fair value of each option granted is A$4.50.

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-tradable 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:

Notes *(continued)*

19 Share based payments *(continued)*

	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 to note 19 (a) and (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 established 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.

20 Called-up share capital

	2008	2007
Ordinary shares of £1 each:	**No. of shares**	No. of shares
Authorised at the end of the year	**60,719,011**	60,719,011
Allotted, called-up and fully paid at the end of the year	**60,719,011**	60,719,011

21 Reserves

	Profit and loss reserve £000
At 1 July 2007	6,125
Loss for the year	(1,034)
FRS 20 charge credited to reserves	111
Actuarial gain on defined benefit pension fund	(30,532)
Deferred tax on actuarial gain	8,549
At 30 June 2008	**(16,781)**
Pension Liabilities	22,247
Profit and loss reserve excluding pension liabilities	**5,466**

Notes *(continued)*

22 Reconciliation of movement in shareholders' funds

	2008	2007
	£000	£000
(Loss)/Profit for the year	**(1,034)**	2,997
FRS 20 charge credited to reserves	**111**	67
Actuarial (loss)/gain on defined benefit pension fund	**(30,532)**	7,988
Deferred tax on actuarial loss/(gain)	**8,549**	(2,686)
Proceeds from issue of shares	**-**	45,000
Net (decrease)/increase in shareholders' funds	**(22,906)**	53,366
Shareholders' funds at beginning of year	**66,844**	13,478
	43,938	66,844

23 Contingent liabilities

The company is party to a cross-guarantee arrangement with its parent company in respect of bank borrowings.

As a member of the Amcor Group for VAT purposes, the company has joint and several liabilities for all amounts due to H.M. Revenue and Customs under this arrangement. The group continues to trade profitably and the directors do not foresee the crystallisation of any liability under this arrangement.

24 Pension schemes

Defined benefit scheme

The Group operates a defined benefit scheme in the UK (the Amcor Flexibles UK Final Salary Plan – "the Plan"). A full actuarial valuation of the Plan was carried out as at 5 April 2007 and updated by the Actuary to 30 June 2008. The plan was closed to new entrants with effect from 1 October 2001.

The major assumptions used by the Actuary were:

	30 June 2008	30 June 2007	30 June 2006
Rate of increase in salaries	**5.40%**	4.90%	4.40%
Rate of increase in pensions in payment and deferred pensions	**3.90%**	3.40%	2.90%
Discount rate applied to scheme liabilities	**5.70%**	5.90%	5.20%
Inflation assumption	**3.90%**	3.40%	2.90%
Mortality rates assumed:	**Years**	Years	Years
Male – non-retired members	**22.8**	22.8	19.4
Male – retired members	**20.6**	20.6	16.9
Female – non-retired members	**25.7**	25.7	22.4
Female – retired members	**23.5**	23.5	19.9

The assumptions are the best long-term estimates chosen from a range of possible actuarial assumptions. They may not necessarily be borne out in practice.

24 Pension schemes *(continued)*

Plan assets and liabilities

The table below sets out the assumed long-term rate of return on the Plan assets. Different rates of return are assumed for the different asset classes; the assumed rates shown are net of investment expenses.

The fair value of the Plan's assets, which are not intended to be realised in the short-term and may be subject to significant change before they are realised, and the present value of the Plan's liabilities, which are derived from cashflow projections over long periods and thus inherently uncertain, were:

	30 June 2008		30 June 2007		30 June 2006	
	Long-term rate of return %	**Value £000**	Long-term rate of return %	Value £000	Long-term rate of return %	Value £000
Equities	**8.33**	**61,417**	8.74	63,853	8.00	52,991
Gilts	**4.83**	**30,708**	5.24	31,926	4.50	26,495
Corporate Bonds	**6.82**	**30,708**	5.80	31,926	5.10	26,495
Total market value of assets		**122,833**		127,705		105,981
Present value of Plan liabilities		**(153,731)**		(136,004)		(136,832)
Deficit in the Plan		**(30,898)**		(8,299)		(30,851)
Related deferred tax asset		**8,651**		2,324		9,255
Net pension liability		**(22,247)**		(5,975)		(21,596)

Reconciliation of present value of Plan liabilities	**2008 £000**	2007 £000
Benefit obligation at beginning of year	**136,004**	136,832
Current service cost	**2,511**	2,710
Interest cost	**7,889**	6,995
Member contributions	**1,027**	1,244
Actuarial loss/(gain)	**13,253**	(4,633)
Benefits paid from Plan	**(4,646)**	(4,638)
Expenses/premiums paid	**(710)**	(593)
Plan curtailments	**(1,597)**	(1,913)
Benefit obligation at end of year	**153,731**	136,004

Sensitivity analysis of Plan liabilities

The sensitivity of the present value of Plan liabilities to changes in the principle assumptions used is set out below.

Assumption	**Change in assumption**	**Impact on Plan liabilities**
Discount rate	Increase/decrease by 1%	Decrease/increase liabilities by £38.0m
Rate of inflation	Increase/decrease by 1%	Increase/decrease liabilities by £5.7m
Rate of increase in salaries	Increase/decrease by 1%	Increase/decrease liabilities by £5.5m
Rate of increase in pensions payment	Increase/decrease by 1%	Increase/decrease liabilities by £3.9m
Mortality	Increase/decrease by 1 year	Increase/decrease liabilities by £4.3m

24 Pension schemes *(continued)*

Reconciliation of fair value of Plan assets	2008 £000	2007 £000
Fair value of Plan assets at beginning of the year	**127,705**	105,981
Expected return on Plan assets	**9,180**	7,358
Actuarial gain/(loss) on Plan assets	**(17,279)**	3,355
Employer contributions	**7,556**	14,998
Member contributions	**1,027**	1,244
Benefits paid from Plan	**(4,646)**	(4,638)
Expenses/premiums paid	**(710)**	(593)
Fair value of Plan assets at end of year	**122,833**	127,705

To develop the expected long-term rate of return on assets assumption, the Company considered the current level of expected returns on risk-free investments (primarily government bonds), the historical level of the risk premium associated with the other asset classes in which the portfolio is invested, and the expectations for future returns of each asset class. The expected return for each asset class is then weighted based on the benchmark asset allocation, reduced to reflect estimated investment management expenses of approximately 0.1%, to develop the expected long-term rate of return on assets assumption for the portfolio. This resulted in the selection of an assumption of 7.0% for the year ending 20 June 2009 (7.1% for the year ending 30 June 2008).

Analysis of other pension costs charged in arriving at operating profit

Current service cost	**2,511**	2,710
Past service cost	**(1,597)**	(1,913)
Total operating charge	**914**	797

Analysis of amounts included in other finance costs	2008 £000	2007 £000
Expected return on pension plan assets	**9,180**	7,358
Interest on pension plan liabilities	**(7,889)**	(6,995)
Net return	**1,291**	363

Analysis of amount recognised in statement of total recognised gains and losses

Actual return less expected return on plan assets	**(17,279)**	3,355
Experience gains and losses on plan assets	**474**	6,121
Changes in assumptions underlying the present value of plan assets	**(13,727)**	(1,488)
Actuarial (loss)/gain recognised in statement of total recognised gains and losses	**(30,532)**	7,988

The cumulative amount of actuarial losses recognised in the statement of recognised gains and losses is £16,850,000.

24 Pension schemes *(continued)*

The Company expects to pay deficit repair contributions of £4,140,000 during the year ending 30 June 2009.

History of experience gains and losses	**2008**	2007	2006	2005	2004
Difference between the expected and actual return on scheme assets:					
Amount (£000)	**(17,279)**	3,355	4,902	7,390	2,127
Percentage of year end scheme assets	**(14.1)**	2.6	4.6	8.1	2.8
Experience gains and losses on scheme liabilities:					
Amount (£000)	**474**	6,121	126	6	(2,138)
Percentage of year end present value of scheme liabilities	**0.3**	4.5	0.1	0.0	(2.0)
Total amount recognised in statement of total recognised gains and losses:					
Amount (£000)	**(30,532)**	7,988	5,694	(7,650)	(6,043)
Percentage of year end present value of scheme liabilities	**(19.9)**	5.9	4.2	(5.9)	(5.6)

Defined contribution scheme

For employees who joined the company after 1 October 2001, the company operates a defined contribution scheme, to which it contributes between 4% and 12% of pensionable pay, according to age and seniority.

The pension cost charge for the period represents contributions payable by the company to the scheme, and amounted to £977,000 *(2007: £1,075,000).*

There were no outstanding or prepaid contributions at the period-end *(2007: Nil).*

25 Capital commitments

	2008 £000	2007 £000
Contracted but not provided for	**2,583**	8

26 Commitments under operating leases

	Land and buildings		**Plant and equipment**	
	2008 £000	2007 £000	**2008 £000**	2007 £000
Annual commitments on leases expiring:				
Within one year	**30**	34	**166**	250
Between two and five years	**43**	37	**320**	455
After five years	**741**	887	**10**	14
	814	958	**496**	719

The majority of leases of land and buildings are subject to rent review periods of five years.

Notes *(continued)*

27 Related party transactions

The company has taken advantage of the exemptions available to wholly owned subsidiaries under Financial Reporting Standard 8. Accordingly, disclosure is not made of related party transactions with the company's parent company or fellow subsidiaries. The consolidated financial statements of Amcor Flexibles A/S, within which this company is included, can be obtained from the address in note 28.

28 Ultimate parent company and parent undertaking of larger group of which the company is a member

The smallest and largest group in which the results of the company are consolidated is that headed by Amcor Limited, incorporated in Australia. The consolidated accounts of this group are available to the public and may be obtained from Amcor Limited, 109 Burwood Road, Hawthorn, Victoria 3122, Australia.

29 Post balance sheet events

On 26th September 2008, the company announced that it had reached agreement to sell its Camvac business, based in Thetford, to GIL Investments (UK).