AMCOR LTD
Form 6-K
September 27, 2005

FORM 6-K
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Report of Foreign Private Issuer

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

For the month of September 2005

Amcor Limited

(Translation of registrant s name into English)

679 Victoria Street Abbotsford

(Address of principal executive offices)

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

Form 20-F ý Form 40-F o

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

Yes ý No o

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

Amcor Limited ABN 62 000 017 372

Notice of Annual General Meeting 2005

Notice is hereby given that the 69th Annual General Meeting of the Company will be held in the Savoy Ballroom of the Grand Hyatt Melbourne, 123 Collins Street, Melbourne at 11.00am on Thursday 27 October 2005.

Business

1. Financial Statements and Reports

To receive and consider the Financial Report and the Reports of the Directors and the Auditors in respect of the year ended 30 June 2005.

2. Election of Directors

(a) In accordance with Rule 50 of the Company s Constitution the following two Directors, having been appointed to the Board since the last Annual General Meeting and being eligible, offer themselves for election:

(i) J.G. (John) Thorn; and

(ii) K.N. (Ken) MacKenzie.

(b) E.J.J. (Ernest) Pope offers himself for election as a Director.

The following two Directors retire by rotation in accordance with the Company s Constitution and do not offer themselves for re-election:

(i) E.A. (Elizabeth) Alexander; and

(ii) D.C.K. (Charles) Allen.

3. Issue of Options and Performance Rights to Managing Director

To consider and, if thought fit, pass the following resolution as an ordinary resolution.

That the Company approves the acquisition by the Managing Director and Chief Executive Officer, Mr K.N. MacKenzie, of options and performance rights to acquire ordinary shares in the capital of the Company in accordance with the terms set out in the Explanatory Notes accompanying this Notice of Annual General Meeting and any issue of ordinary shares upon the exercise of those options and performance rights.

4. Remuneration Report

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

That the Remuneration Report for the Company (included in the Report of the Directors) for the year ended 30 June 2005 be adopted.

Please note that the vote on this resolution is advisory only and does not bind the Directors or the Company.

Notes

For the purpose of voting at the meeting, the Directors have determined that all shares of the Company are taken to be held by the persons who are registered as holding them at 7.00pm (AEST) on Tuesday 25 October 2005. The entitlement of members to vote at the meeting will be determined by reference to that time.

A proxy form accompanies this Notice of Annual General Meeting. A member who is entitled to attend and vote at the meeting is entitled to appoint no more than two proxies (who need not be members of the Company) to attend and vote in their place.

A single proxy exercises all voting rights. Where a member wishes to appoint two proxies, an additional proxy form may be obtained by contacting the Amcor Share Registry, or the member may copy the enclosed proxy form. A member appointing two proxies may specify the proportion or number of votes each proxy is appointed to exercise. If a member appoints two proxies and does not specify each proxy s voting rights, the rights are deemed to be 50% each. Fractions of votes are to be disregarded. Where two proxies are appointed, neither may vote on a show of hands.

Proxy forms must be received by the Amcor Share Registry at Computershare Investor Services Pty Limited, Yarra Falls, 452 Johnston Street, Abbotsford, Victoria, 3067, Australia or by facsimile to (03) 9473 2555 within Australia or +61 3 9473 2555 from outside Australia or at the Company s registered office by 11.00am (AEST) on Tuesday 25 October 2005. Proxy forms received after that time will be invalid.

A member or proxy which is a corporation and entitled to vote may appoint an individual to act as its representative. Evidence of the appointment of a representative must be in accordance with the Corporations Act and lodged with the Company before the meeting or at the registration desk on the day of the meeting.

If any instrument (including an appointment of corporate representative or proxy form) returned to the Company is completed by an individual or a corporation under power of attorney, the power of attorney under which the instrument is signed, or a certified copy of that power of attorney, must accompany the instrument unless the power of attorney has previously been noted by the Company.

By order of the Board.

J F McPherson

Company Secretary

Melbourne

25 September 2005

Explanatory Notes

Business

Resolution 1

Financial Statements and Reports

The Financial Report of the Company and its controlled entities for the year ended 30 June 2005 and the Reports of the Directors and the Auditors are set out in the 2005 Full Year Financial Report Concise and Financial.

Resolution 2

Election of Directors

Summary biographical data of John Thorn, Ken MacKenzie and Ernest Pope, who offer themselves for election, are set out below.

J.G. (John) Thorn FCA

Independent Non-Executive Director

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

K.N. (Ken) MacKenzie BEng

Managing Director and Chief Executive Officer

Extensive experience across all major packaging business segments in the Americas, Australia, Asia and Europe. Joined Amcor 1992. Former positions: Group Managing Director, Amcor Rentsch and Closures 2001-2005; Group General Manager Amcor Flexibles Australasia 1999-2001; General Manager Corporate Sales and Marketing, Amcor Containers Packaging 1997-1999; Senior Finance and Operational roles, Amcor PET Packaging North America 1992-1997; Prior to joining Amcor, Manager Manufacturing Strategy Practice, Accenture 1987-1992. Member of Executive, Nomination and Human Resources Committees. Appointed Managing Director & CEO July 2005.

E.J.J. (Ernest) Pope BSc

Proposed Independent Non-Executive Director

Extensive experience in the international food industry. Currently Chairman of Golden Circle Limited and a director of Alesco Limited. Recently retired from the Nestlé Group after 38 years in the food industry. Roles at Nestlé included President and Chief Executive Officer of Nestlé Purina for the Asia-Pacific, Africa and Middle East region and Managing Director of Nestlé Australia Ltd and other senior international executive positions based in Switzerland, New Zealand, the U.S.A. and the Philippines. He is a past Director of Southcorp Limited, The Grocery Manufacturers of Australia and a founder and past Director of the Australian Food and Grocery Council.

Resolution 3

Issue of Options and Performance Rights to the Managing Director

Background

When the Board approved the appointment of the Company s new Managing Director and Chief Executive Officer, Mr Ken MacKenzie in early May 2005, the Board agreed to grant 750,000 options and 300,000 performance rights to Mr MacKenzie as part of his remuneration package.

ASX Listing Rule 10.11 provides that a company may not issue shares, options or other forms of equity securities to a director without shareholder approval. In addition, if shareholder approval is given in accordance with ASX Listing Rule 10.11, approval is not required for the purposes of ASX Listing Rule 7.1 (which imposes a 15% limit on the number of equity securities that a company may issue without shareholder approval).

Although approved in-principle by the Board at the time of the CEO s appointment, the grant of the options and performance rights is subject to the prior approval of the Company s shareholders and is the subject of Resolution 3.

If Resolution 3 is approved by the Company s shareholders, the options and performance rights will be granted to Mr MacKenzie on or before 27 November 2005.

Any funds received by the Company in connection with the exercise of the options or the performance rights will be used by the Company for general corporate purposes.

The terms of issue of the options and the performance rights are set out below.

Terms of Issue

1. Options and Performance Rights

1.1 Each option (an **Option**) carries the right, upon exercise and payment of the exercise price of A$6.78, to the issue or transfer of one fully-paid ordinary share in the capital of the Company (a **Share**) (subject to adjustment in accordance with these terms of issue).

1.2 Each performance right (a **Right**) carries the right, upon exercise, to the issue or transfer of one Share (subject to adjustment in accordance with these terms of issue).

2. <u>Issue to CEO</u>

2.1 Subject to receiving the approval of the Company s shareholders in accordance with ASX Listing Rule 10.11, the Company will issue 750,000 Options and 300,000 Rights to Mr Ken MacKenzie (the **CEO**).

2.2 The Options and Rights will be issued in three equal tranches (each, a **Tranche**). Each Tranche will comprise 250,000 Options and 100,000 Rights, and will:

(a) be subject to the performance conditions described in these terms of issue;

(b) have separate vesting periods; and

(c) have separate expiry dates.

The vesting periods and expiry dates for each Tranche are set out in the following table:

Tranche	Vesting Period		Expiry Date
1	1 October 2006	31 October 2008	30 September 2009
2	1 October 2007	31 October 2009	30 September 2010
3	1 October 2008	31 October 2010	30 September 2011

3. <u>Total Shareholder Return (**TSR**) performance condition and vesting</u>

3.1 Subject to clauses 3.2, 3.3 and 3.8, the Options and Rights in each Tranche may only be exercised if the Average Amcor TSR (see clause 3.4) on the first day of any calendar month during the vesting period applicable to that Tranche (as set out in the table in clause 2.2) (each a **Determination Date**) exceeds the Average Comparator TSR (see clause 3.4) on that Determination Date. If the Average Amcor TSR on a Determination Date exceeds the Average Comparator TSR on that Determination Date, the Options and Rights in that Tranche:

(a) will become vested on the sixteenth business day after that Determination Date (the **Vesting Date**); and

(b) may be exercised on and from the first trading day immediately after the Vesting Date until 5.00pm on the expiry date relating to that Tranche as set out in the table in clause 2.2 (subject to lapse in accordance with these terms of issue).

The Company will calculate the Average Amcor TSR and the Average Comparator TSR on each Determination Date on the sixteenth trading day after that Determination Date, and notify the CEO of those calculations on that day.

3.2 Where the CEO ceases to be employed by the Company or any of its related bodies corporate as a result of retrenchment, redundancy, business restructure, total and permanent disablement or death (an **Involuntary Cessation**), the Board of Directors of the Company (the **Board**) may, in its discretion, determine in relation to the Options and Rights in a Tranche which at the time of the Involuntary Cessation have not yet vested in accordance with clause 3.1 or 3.3 that some or all of those Options and Rights will become vested at the time of the Involuntary Cessation.

3.3 Where:

(a) a takeover bid is made for the Company and the Board recommends acceptance by the Company s shareholders;

(b) a Court orders that a meeting of shareholders of the Company be held to consider a scheme of arrangement between the Company and its shareholders; or

(c) the Board determines that some other transaction has occurred, or is likely to occur, which involves a change of control of the Company,

any Option or Right that has not become vested in accordance with clause 3.1 or 3.2 will become vested on, and may be exercised on and from, the date determined by the Board until 5.00pm on the expiry date relating to that Tranche as set out in the table in clause 2.2 (subject to lapse in accordance with these terms of issue).

3.4 (a) The Average Amcor TSR on any Determination Date will be equal to the sum of the Amcor TSR on each of the 15 trading days immediately prior to that Determination Date and the 15 trading days immediately after that Determination Date, divided by 30.

(b) The Average Comparator TSR on any Determination Date will be equal to the sum of the Comparator TSR on each of the 15 trading days immediately prior to that Determination Date and the 15 trading days immediately after that Determination Date, divided by 30.

(c) Both the Amcor TSR and the Comparator TSR will be based on ASX closing share price movements plus dividends paid on the shares (on a pre-tax basis) notionally reinvested to purchase additional shares at the closing market price prevailing on the date the shares begin trading ex the relevant dividend. As far as possible, this will be determined in the same way as changes in the ASX Accumulation Indices are determined.

3.5 (a) The Comparator TSR will be based on the arithmetic mean of the percentage TSR of those stocks in the S&P/ASX100 Index as at 1 July 2005 (excluding the Company and stocks in the following sectors and industry groups: Financials ex-Property Trusts, Property Trusts, Resources, Telecom Services and Media) (the **Relevant Stocks**).

(b) Subject to paragraph (c), each Relevant Stock will be used to calculate the Comparator TSR notwithstanding that one or more Relevant Stocks may cease to be included in the S&P/ASX100 Index after 1 July 2005.

(c) To the extent that any Relevant Stock ceases to be quoted on ASX after 1 July 2005, the Comparator TSR will be based on the remaining Relevant Stocks which continue to be quoted on ASX.

3.6 The Board may, in its discretion, disregard any changes in the Amcor TSR or the Comparator TSR due to an anomaly, distortion or other event which is not directly related to the financial performance of the Company or another company in the Comparator TSR. This is intended to preserve equity between the Company and the CEO.

3.7 The TSR base date will be 1 July 2005.

3.8 Any Option or Right that has not become vested in accordance with clause 3.1, 3.2 or 3.3 may not be exercised, provided that the Board may in any circumstances where they consider it to be in the best interests of the Company:

(a) vary or waive the satisfaction of the relevant performance condition and declare the Options or Rights to be vested; or

(b) bring forward the date upon which Options and Rights may be exercised.

4. <u>Lapse</u>

4.1 Any Options and Rights held by the CEO which have not vested in accordance with clause 3:

(a) by the last date on which those Options and Rights are able to vest in accordance with clause 3.1 will lapse at 12.01am on the day immediately following that date; or

(b) by close of business on the sixteenth business day after the CEO ceases to be employed by the Company or any of its related bodies corporate subject to clause 3.2, will lapse at 11.59pm on the sixteenth business day after the CEO ceases to be so employed.

4.2 Where the CEO ceases to be employed by the Company or any of its related bodies corporate as a result of the retirement or resignation by the CEO (or such other reason as the Board and CEO may agree), any Options and Rights held by the CEO which have vested in accordance with clause 3:

(a) may be exercised by the CEO during the 12 month period following the date on which the CEO ceases to be so employed; and

(b) will lapse at 12.01am on the day immediately following the last day of that 12 month period.

4.3 Where the CEO ceases to be employed by the Company or any of its related bodies corporate as a result of the termination of the CEO s employment for cause, any Options and Rights held by the CEO, whether or not those Options and Rights are vested, will lapse immediately on the CEO ceasing to be so employed.

4.4 Where the CEO ceases to be employed by the Company or any of its related bodies corporate as a result of an Involuntary Cessation, any Options and Rights held by the CEO which have vested in accordance with clause 3:

(a) may be exercised by the CEO (or his legal personal representative, as applicable) during the 12 month period following the date on which the CEO ceases to be so employed; and

(b) will lapse at 12.01am on the day immediately following the last day of that 12 month period.

5. Exercise

5.1 The exercise of any Option or Right may only be effected in such form and manner as the Board may prescribe.

5.2 An Option or Right may only be exercised if at the time of exercise:

(a) the Option or Right has become vested in accordance with clause 3;

(b) the Option or Right has not lapsed under clause 4; and

(c) in relation to an Option the exercise price of the Option has been paid to the Company.

5.3 Following the exercise of an Option or Right, the Company must, within such time as the Board determines:

(a) issue to the CEO; or

(b) procure the transfer to the CEO of,

the number of Shares in respect of which the Option or Right has been exercised.

5.4 Any shares issued on the exercise of Options or Rights will rank equally in all respects with all existing Shares from the date of issue.

5.5 Without limiting the manner in which the Company may satisfy its obligation to:

(a) issue to the CEO; or

(b) procure the transfer to the CEO of,

Shares on the exercise of the Options or Rights, the Company may, among other things, issue Shares to, or at the direction of, the trustee of an employee share trust established at any time by the Company to facilitate the grant of the Options and Rights and the acquisition of Shares by the CEO on the exercise of the Options and Rights. The transfer of a Share to the CEO from any such employee share trust will satisfy the obligation of the Company to issue or procure the transfer of a Share to the CEO under these terms of issue.

6. Non-transferable

The Options and Rights are non-transferable.

7. Share Issues

(a) The Options and Rights carry no right to participate in rights issues or bonus issues.

(b) The Board will:

(i) reduce the exercise price of the Options in the event of a new issue; and

(ii) change the number of underlying Shares to which the Options and the Rights relate in the event of a bonus issue;

in accordance with the ASX Listing Rules.

(c) If Shares are issued pursuant to the exercise of an Option or a Right prior to determination of entitlements to a new issue, the Shares so issued will be entitled to participate in the new issue.

8. Dividends

The Options and Rights will not give any right to participate in dividends until Shares are issued or transferred pursuant to the exercise of the relevant Option or Right.

9. Governing law

The terms of issue of the Options and Rights are governed by, and will be construed in accordance with, the laws of the State of Victoria.

10. References to Time

All references to time in these terms of issue are references to time in Melbourne, Australia.

Directors Recommendation

The Directors (other than Mr MacKenzie) unanimously recommend that shareholders vote in favour of Resolution 3.

Voting Restrictions

The Company will disregard any votes cast on Resolution 3 by Mr MacKenzie or any of his associates.

However, the Company need not disregard a vote cast by any of those persons if:

(a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or

(b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides (and the acknowledgement box on the proxy form is marked).

Resolution 4

Remuneration Report

The Remuneration Report for the financial year ended 30 June 2005 is set out in the Report of the Directors on pages 36 to 47 of the 2005 Full Year Financial Report Concise Report. It is also available on the Company s website, www.amcor.com.

The Remuneration Report sets out, in detail, the Company s policy for determining remuneration for Directors and Senior Executives. It includes information on the elements of remuneration that are performance based, the performance hurdles that apply and the methodology used to assess satisfaction of those performance hurdles.

A reasonable opportunity will be provided for discussion of the Remuneration Report at the meeting. Whilst the Corporations Act requires Resolution 4 to be put to the vote, the Resolution is advisory only and does not bind the Directors or the Company.

FULL YEAR FINANCIAL REPORT 2005

CONCISE REPORT

SHAPING OUR FUTURE

Amcor Limited ABN 62 000 017 372

ANNUAL GENERAL MEETING

The 2005 Annual General Meeting of Amcor Limited will be held in the Savoy Ballroom of the Grand Hyatt Melbourne, 123 Collins Street, Melbourne at 11.00am on Thursday 27 October 2005.

Formal notice of the meeting is enclosed with this report.

Julie McPherson

Company Secretary and Group General Counsel

Amcor Limited

ABOUT THIS REPORT

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

In this report, the year , 2004/05 and 2005 refer to the financial year ended 30 June 2005. Likewise, 2005/06 and 2006 refer to the financial y ending 30 June 2006.

All monetary amounts are in Australian dollars unless otherwise specified.

Amcor s Concise Financial Report complies with the principles contained in Australian Stock Exchange Guidance Note 10 Guide to Review of Operations and Financial Condition and should be read in its entirety to ensure that the reader has access to all relevant information.

CONTENTS

The strategy of the past few years has built a solid foundation and our businesses are well positioned in their respective markets. Today, Amcor is a strong company, in a sound financial position.

My objective over the next few years, is to ensure Amcor is a leaner and more dynamic organisation, driven by improving returns to shareholders through superior execution and a greater understanding of the markets in which we operate.

KEN MACKENZIE

MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER

REPORT FROM THE CHAIRMAN

REVIEW OF THE YEAR

CHRIS ROBERTS CHAIRMAN

PROFIT	**DIVIDENDS**
$ million	cents

The 2005 year has been one of considerable challenge and change for Amcor.

Earnings were approximately 1% higher at $443 million, resulting in earnings per share of 44.5 cents. Return on funds invested was steady at 10.9% and represent approximately 1.4% premium to the cost of capital. These results were before significant items.

Dividends increased 6.3% from 32.0 to 34.0 cents per share following the declaration of a final dividend of 17 cents, franked to 22%. Dividends are up 21% since 2002, reflecting the strong growth in the operating cash flow that the Company generates.

These results were achieved in spite of a period where rapidly escalating commodity prices and softening economic conditions in many markets, combined to negatively impact both margins and volumes. Despite these issues, progress was made in a number of businesses across Amcor s product and geographic portfolios.

For example:

Within the PET division, the full benefits from the Alcoa PET acquisition continued to be realised and this resulted in a significant improvement in Latin American earnings. The PET business also successfully undertook a restructuring program in North America that involved closing plants and relocating equipment. The full benefits from this program will be evident in the current year.

The Flexibles operations also undertook a sizeable restructuring program that involved the closure of a plant in the Netherlands and an overall headcount reduction of around 700 people. The cost savings from this project were critical in delivering improved earnings for the year.

The construction of the new Flexibles plant in Russia, adjacent to the very successful tobacco carton facility, is progressing well and the forward order book is very encouraging.

In Australasia, the successful start-up and commissioning of the second glass furnace was achieved ahead of schedule and on budget. With this new furnace, Amcor has an excellent cost position and is well located in Gawler, South Australia, to supply from close proximity a majority of the nation s wineries.

The major challenges for all the businesses during the year were the significant increase in raw material costs together with slowing economic conditions in a number of regions, particularly in the second half.

For the first nine months of the year, raw material costs increased by more than $750 million on an annualised basis. This increase was spread across most inputs, including oil based plastic resins, linerboard paper, tinplate steel and aluminium.

It is estimated that around 90% of these cost increases were passed through to customers and although this was a significant achievement, the inability to recover the other cost increases in a timely fashion, negatively impacted earnings during the year.

Many of the increases were related to a rising oil price and although prices for some resins have fallen over the past few months, this is primarily due to a weakening in demand, rather than a fall in the price of oil. Should economic activity improve, it is almost certain that resin prices will increase. In the short term at least, this creates an environment of ongoing volatility.

The rising oil price was also responsible for higher than anticipated increases in a number of other costs, including energy and transport. These increases have mostly been absorbed by the business units and offset by substantial cost reduction programs.

These cost reduction programs specifically involved closing plants in the PET and Flexibles operations and reducing the headcount in administrative functions by improving efficiency in a number of support functions. With operating costs continuing to increase, it is important that these programs are ongoing to ensure Amcor remains a low cost producer.

Slowing market activity in a number of market segments and geographic regions during the second half of the year also impacted earnings. This was particularly evident in Australia and the United States. Within Australia, volumes were generally weaker across a range of product segments and earnings were 8% lower in the second half than for the same period last year.

Amcor Sunclipse also experienced a difficult second half with slowing market conditions in a number of important industry segments, combined with a reduction in customer inventory, delivering substantially lower earnings.

SIGNIFICANT ITEMS

Significant items for the year were a loss of $269.8 million after tax, predominantly due to a combination of asset writedowns, restructuring and rationalisation costs. Earnings after significant items were $173 million.

MANAGEMENT CHANGES

In May, the Board announced the appointment of Mr Ken MacKenzie as the Managing Director. Mr MacKenzie has had 13 years experience with Amcor working in all the major operating divisions, including PET, Flexibles, Tobacco Packaging and Closures.

He has managed businesses across the Americas, Europe, Australasia and Asia and has lived in North America, Australia and Europe.

Mr MacKenzie is a top class executive who understands the packaging industry intimately. He has had management experience across a broad range of geographic regions and product sectors and has an excellent track record of delivering improved earnings and returns.

ACCC

On 22 November 2004, the Amcor Board became aware of information that led it to believe that its Australian and New Zealand corrugated businesses may have been involved in conduct which may have breached competition laws.

This information was uncovered as part of an investigation following the resignation of four senior executives of the Australian corrugated box business.

Upon receipt of this information, the Company immediately notified the Australian Competition and Consumer Commission (ACCC) and the New Zealand Commerce Commission (NZCC) and advised them that it would cooperate fully with any investigations.

It also immediately notified the Australian Stock Exchange of possible breaches to competition laws and commenced an internal investigation.

On 7 December 2004, the Board accepted the resignations of the Managing Director, Mr Russell Jones, the Managing Director of Amcor Australasia, Mr Peter Sutton, as well as terminating a consultancy agreement with the former Managing Director of Amcor Australasia, Mr Peter Brown.

At that time, I accepted the interim position of Executive Chairman and Louis Lachal, the then Executive General Manager of Operations, became the Acting Chief Operating Officer. At the same time, Mr Darryl Roberts became the Acting Managing Director of Amcor Australasia.

The Amcor Board then undertook a global search for a new Managing Director that resulted in the appointment of Mr Ken MacKenzie, effective from 1 July 2005.

During this difficult period, the morale within the organisation was very good and cooperation within the global senior management team was excellent.

At all times, the Board acted decisively and quickly to ensure that the behaviour and culture within the corrugated box business changed and that full cooperation was given to all the regulators. Amcor has been granted conditional immunity by the NZCC in respect of an application for leniency and has applied for leniency pursuant to the ACCC s Leniency Policy.

The ACCC and NZCC investigations are not public, are ongoing and may continue for a considerable period of time. Amcor is continuing to provide full cooperation in these investigations and at this stage is not able to make any further comments. Amcor will keep the market properly informed as and when it is able.

CORPORATE GOVERNANCE

Amcor takes its Corporate Governance responsibility seriously and there is a detailed statement relating to this later in this report.

A whistleblowing service has been introduced to enable employees to make anonymous, confidential submissions regarding concerns about improper practices. This service is being progressively rolled out on a global basis.

Specifically with regard to the ACCC and NZCC investigations matters, the Company has evaluated the effectiveness of its disclosure controls and procedures. Based on that evaluation, it was concluded that the disclosure controls and procedures were designed to ensure that information is communicated to senior management in an appropriate manner that allows timely decisions regarding required disclosure.

There are inherent limitations to the effectiveness of any system of disclosure and internal controls, including the possibilities of fraud or intentional circumvention of controls by individual acts or the collusion of two or more people. Accordingly, even an effective disclosure and internal control system can provide only reasonable assurances with respect to disclosures and financial statements preparation.

THE FUTURE

Although there have been considerable challenges over the past 12 months, Amcor is in a strong position in most of its market segments and is in a sound financial position.

With the appointment of a new Managing Director, it is important to reconsider all aspects of the Company and this task has been undertaken by Ken MacKenzie as his first priority. The key outcomes from this process thus far are:

1. Increased concentration on those businesses and market segments where there is opportunity to add greater shareholder value over the longer term.

This will result in selling non-core assets over the next two years and it is anticipated that this process will realise between $500 million and $1 billion.

There will also be an increased emphasis on growing in the emerging markets, particularly China, Eastern Europe, Russia and Latin America where Amcor already has a number of facilities generating strong returns and consistent growth.

2. A determination to move from an organisation that is inwardly focused to being more customer and market facing. The businesses will develop a better understanding of the market and customer needs, gaining unique insights of the value proposition for our customers.

3. An increased focus on improving operating efficiencies and reducing the cost base across all the businesses.

The key opportunity is for the group to leverage its global position. For example, in Europe there are four business groups, but there has been little cross business group cooperation to reduce the cost base or improve operating practices.

Opportunities do exist in sharing best practice in areas as diverse as commercial capability, working capital management, excellence in manufacturing processes, supply chain management or information technology.

4. A commitment to growth of free cash flow. The packaging industry, generally, and Amcor in particular, is a strong generator of operating cash flow. The effective use of this cash is a key determinant of longer term value creation for shareholders, whether it be reinvested in the operations, returned to shareholders or used to strengthen the balance sheet.

Although earnings could fluctuate, especially under the new AIFRS accounting standards, it is anticipated that operating cash flow will be far more stable and predictable in the future.

Management s focus will therefore be on ensuring that after meeting the financial obligations of interest and tax there is a steady growth in free cash flow and returns to shareholders.

In summary, Amcor will increase focus on the core businesses and strive to achieve improved performance and returns from the existing assets. At this stage, no large acquisitions are envisaged.

The strong platform established over the past few years, ensures that Amcor is in a sound position to move forward with these initiatives and there is substantial opportunity to improve returns over the medium term.

In the short term, economic conditions generally are weaker than a year ago and raw material costs could continue to be volatile. This will result in a low growth environment in the short term, however as the benefits from the programs described above start to emerge, there should be significant opportunities for growth in earnings and returns.

BOARD

Over the past 12 months the Amcor Board has acted decisively on a number of important issues. The spirit of cooperation and united approach has been an important element in assisting the process of stability and consistency within the Company.

Ms Elizabeth Alexander and Mr Charles Allen have decided to retire and not stand for re-election to the Amcor Board at the Annual General Meeting in October. Ms Alexander has been a Director since 1994 and Mr Allen since 1996 and both have been most valuable contributors to the evolution and development of the Company over that period. We thank them both for the contributions they have made over their respective periods on the Board.

During the year Mr John Thorn, previously the Managing National Partner of PricewaterhouseCoopers, was appointed to the Board. He has also been appointed Chairman of the Audit Committee. Mr Thorn will be standing for election at this year s Annual General Meeting, as will Mr Ken MacKenzie.

In addition, Mr Ern Pope will be standing for election at this year s Annual General Meeting. Mr Pope is a former senior executive of Nestlé, with broad international experience and was most recently Chief Executive Officer of Nestlé s global Purina division.

The Board would like to thank all of Amcor s stakeholders, including customers, shareholders, employees and suppliers for their support and encouragement over the past twelve months.

Amcor is a strong company and the Amcor Board and management is confident that the direction for the future for each of the businesses will, over time, deliver growth and improved returns.

CHRIS ROBERTS

CHAIRMAN

Q&A WITH THE MANAGING DIRECTOR & CHIEF EXECUTIVE OFFICER

KEN MACKENZIE

MANAGING DIRECTOR

AND CHIEF EXECUTIVE OFFICER

SHAPING OUR FUTURE

Although Amcor enjoys an enviable reputation as a global packaging leader, we understand the necessity of being adaptable to meet the challenges of operating in a changing environment.

Q **What do you see as Amcor s major strengths?**

A We have well positioned businesses that have developed strong relationships with major international customers. This is combined with capable regional management that have a sound understanding of their country specific operating environments.

Q **What do you see as the major opportunities for growth?**

A Within our segments of the packaging industry there are good opportunities for growth. This will be through new, innovative product developments, or by targeting geographic growth in the emerging markets of Latin America, China, Eastern Europe and Russia where we already have quality operations.

Q **What are the key areas you will be focusing on?**

A Although Amcor has a solid asset base, the commercial and operational capability across the group is mixed and, largely due to the amount of acquisition and rationalisation that has taken place over the past few years, some parts of the organisation are quite inwardly focused. This needs to change so that all businesses are more customer and market facing, concentrating on developing unique insights into customer needs and understanding better how Amcor can add value.

Q **Are you comfortable with the current mix of assets?**

A Overall, the asset base is sound and well positioned in their respective markets, however, going forward there will be an increased focus on our core businesses and some non-core assets may be sold.

Q **Is there further opportunity to improve the cost base?**

A Yes, there are always opportunities for improvement. Amcor has operated as six discrete business units and within each division there has been considerable success in reducing the cost base. This activity must continue. We have built significant global scale within Amcor and it is now appropriate to focus on improving the cost base by obtaining synergies across the business units. This will be achieved through a range of initiatives involving a number of operating functions such as finance, procurement, information technology and human resources.

Q **What is the time-frame for obtaining the benefits from these improvements?**

A The organisation recognises what needs to be done and implementation programs are already underway. However, the results will take time to be fully reflected in earnings and returns. Over the medium term we are confident that having a more focused portfolio, reducing the cost base and improving the understanding of the markets in which we operate, will deliver considerable benefits for shareholders.

Q **How will you improve shareholder returns?**

A By growing the free cash flow the group generates and applying rigorous capital discipline to the use of this cash. In this way earnings and returns will grow and this will be evident via increased dividends and an improving share price.

Q What are the biggest hurdles for the current year?

A During the second half of the last year a number of countries experienced slowing economic conditions and this has continued into the start of the current year. Also, with oil prices at all time highs it is likely that, at some stage during the year, raw material input costs will increase and the businesses will need to pass these on to our customers in a timely fashion. As with last year, this will be a significant challenge.

Q&A WITH THE CHIEF FINANCIAL OFFICER

MANAGING THE GLOBAL FINANCE NETWORK

PETER DAY EXECUTIVE GENERAL MANAGER FINANCE

Q What are the major ways financial risk is managed across the organisation?

A There are two main elements to managing risk. One is through broad diversification and the other through natural and contract specific hedging.

Operationally, there are 240 plants in 39 countries which spreads the earnings both geographically and by business unit. Debt is funded by a large range of international banks as well as through bond issues in the US and Europe. Natural hedging occurs through broadly matching the currency of debt with the currency of assets and specific hedging contracts are put in place for cross border foreign exchange transactions.

Amcor has global Treasury and Insurance management teams to manage foreign currency transaction risks; interest rate, credit, commodity interest rate and refinancing risks; as well as insurable risks.

Q How sustainable is the dividend at current levels?

A The level of dividends is driven by a number of factors including the level of earnings and the generation and use of cash.

Directors expect to be able to maintain the current level of dividends, although due to the large overseas component of earnings, it will remain only partially franked.

Q What was the composition of the significant items of $269.8 million for the year?

A Significant items for the current year were predominantly made up of the restructuring activity undertaken in the PET and Flexibles businesses of $61.7 million and asset impairments of $208.1 million.

The restructuring in the PET and Flexibles businesses was announced in March 2004 and consisted of the closure of a number of facilities and the reduction in headcount of over 700 people.

The asset impairments relate to business specific issues that meant the carrying value of those assets was no longer appropriate. This assessment was in line with new accounting standards.

Q What are the major differences between the new AIFRS accounting standards and the previous AGAAP standards?

A The most significant change is that goodwill is no longer amortised. Along with other items, overall we expect a positive impact to earnings of around $50-60 million per annum.

The other major adjustment is that hybrid financial instruments, such as Amcor s PACRS, from 1 July 2005, will be treated as a liability rather than equity and the coupon payments will be classified as interest.

There are numerous other small adjustments, however none of the changes affect the operating cash flow of the Company.

Q Why has the working capital increased by $59.0 million?

A Although working capital increased by $59.0 million, the average working capital to sales ratio, which is a better measure of working capital management, has actually decreased from 11.0% to 10.6%.

A primary reason for the absolute increase in working capital was the substantial increases in raw material costs that impacted both the inventory and receivables. This was only partially offset by an increase in payables.

Q **What is the optimal balance sheet configuration for a company like Amcor?**

A The capital structure should recognise the risk profile and cash generation of the industries that Amcor operates in and aim to minimise the combined cost of debt and equity financing whilst providing financial flexibility to allow the Company to take advantage of investment opportunities as and when they arise.

With the existing mix of businesses, Amcor aims to maintain an investment grade rating and currently has a long term credit rating from Standard & Poor s of BBB and from Moody s of Baa1. Both of these ratings are investment grade.

KEY RESULTS YEAR TO JUNE 2005

		2005	2004	% Change
Sales ($ million)		**11,100**	10,406	+6.7
Profit before interest, tax and amortisation ($ million)*		**837.8**	831.1	+0.8
Profit before tax ($ million)*		**573.4**	571.3	+0.4
Profit after tax ($ million)*		**443.0**	440.3	+0.6
Profit after tax and significant items ($ million)		**173.2**	345.7	-50.0
Basic earnings per share (cents)*(1)		**44.5**	44.7	-0.4
Return on shareholders equity (% p.a.)*		**9.7**	9.4	+3.2
Dividends on ordinary shares	Amount ($ million)	**299.0**	280.3	
	Per share (cents)	**34.0**	32.0	
	Franking (%)	**25.0**	40.0	
	Cover (times)(1)	**1.31**	1.38	

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*Excluding significant items.

(1) Includes distribution paid on PACRS

The full year profit after tax and before significant items was $443.0 million which was up 1% on the same period last year. This represented earnings per share of 44.5 cents.

Under the new AIFRS accounting standards the reported profit was estimated to be $512.0 million. The net positive increase of $69 million was due to goodwill no longer being amortised, offset by a number of smaller items, including pension costs, plant commissioning charges and tax accounting changes.

The comparative base for the 2006 earnings will be $464 million, as from 1 July 2005 the PACRS will be treated as debt and the interest of $52.3 million expensed.

STATEMENT OF FINANCIAL POSITION

$ million	**2005**	**2004**
Current assets	**3,337**	3,052
Property, plant and equipment	**4,400**	4,745
Intangibles	**1,767**	2,063
Investments and other assets	**395**	426
Total Assets	**9,899**	10,286
Short term debt	**729**	728
Long term debt	**1,748**	1,776
Creditors and provisions	**2,758**	2,742
Convertible notes	**301**	332

Shareholders equity (incl PACRS)	**4,363**	4,708
Total Liabilities and Shareholders Equity	**9,899**	10,286

GEARING
$ million

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OPERATING CASH FLOW PBITDA
$ million

USE OF OPERATING CASH FLOW 2005
$ million

The operating cash flow measured as profit before interest, tax, depreciation and amortisation was $1,298 million. This is up 1% on last year, despite the difficult operating conditions in some of the businesses due to rapidly rising raw material costs and slowing economic conditions in the second half of the year.

After allowing for payments relating to borrowing costs, taxes, dividends and other items, the group s free cash flow for the 2004/05 year was $511 million. Other items include payments from provisions, sundry asset purchases and profit on sale of assets (accounted for as part of divestments). Working capital increased by $59 million, reflecting increased raw material prices.

DIVIDENDS

The final dividend declared was 17 cents per share franked at 22%, making a total dividend for the year of 34 cents per share franked at 25%.

FREE CASH FLOW

We used our free cash flow on capital spending of $605 million and other items of $3 million, resulting in a net debt draw down of $97 million.

INTEREST COSTS

The average interest rate for the year was 5.5%, which is up from 5.3% in 2004 primarily due to higher borrowing costs resulting from Amcor s credit rating downgrade by Standard & Poor s.

TAX

The tax rate at 22.5% (counting PACRS costs as interest) is the result of a number of positive factors, including income tax loss and capital loss utilisation; tax deductible goodwill; tax efficient structuring of acquisitions and divestments; Australian Research and Development concessions; transfer price compliance and appropriate entity structuring.

WORKING CAPITAL $ million	**NET INTEREST COVER** **PBITA** Times	**EFFECTIVE TAX RATE** %

CURRENCY OF BORROWINGS

$ billion	2005	2004
AUD	**0.2**	
EUR	**0.7**	0.7
USD	**1.3**	1.4
Other	**0.3**	0.4
Total	**2.5**	2.5

CASH HOLDINGS

$ million	2005	2004
Cash	**198.8**	127.6

At Call	**12.0**	3.4
Short Term Deposits	**19.0**	17.3
Total	**229.8**	148.3

DEBT MATURITY PROFILE

$ million	2005	2004
<1 year	**729**	729
1-5 years	**590**	375
>5 years	**1,158**	1,401
Total	**2,477**	2,505

CAPITAL EXPENDITURE

$ million	2005	2004
Capital Expenditure	**647**	605
Acquisitions	**46**	619
Gross Expenditure	**693**	1,224
Disposals	**(88)**	(138)
Net Capital Expenditure	**605**	1,086

EXCHANGE RATES

Closing Rates	2005	2004
AUD/EUR	**0.63**	0.57
AUD/GBP	**0.42**	0.38
AUD/SGD	**1.29**	1.19
AUD/USD	**0.76**	0.69

AVERAGE FUNDS INVESTED

$ million	2005	2004
Amcor PET Packaging	**2,694**	2,678
Amcor Australasia	**1,876**	1,832
Amcor Flexibles	**1,486**	1,373
Amcor Sunclipse	**441**	456
Amcor Rentsch/Closures	**757**	722
Amcor Asia	**252**	232
Corporate	**202**	194
Total	**7,708**	7,487

EXCHANGE RATES

For the 2005 year the movement in exchange rates negatively impacted the reported Profit After Tax by $7 million and reduced shareholders equity by $160 million.

DEBT MATURITY*

The spreading of debt maturities reduces refinancing risk. The average length of debt is 5.4 years. 53% of the debt is at fixed interest rates and the remaining 47% is at floating rates.

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*(Before PRIDES & PACRS)

CONVENIENCE

New styles of packaging are continually keeping abreast with our changing needs, such as single-serve, microwaveable, easy-opening and resealable packaging.

HEALTH AND NUTRITION

Meeting consumers expectations in recent years has seen the introduction of such innovations as long-life fresh food packs via Modified Atmosphere Packaging and tamper-evident packaging.

INDULGENCE

Packaging needs to reflect the quality of its contents. This means high quality packaging with aesthetic appeal achieved via unique shapes, high quality printing, embossing and holograms.

SPEED TO MARKET

Products are now delivered to store quickly and undamaged in new packaging which is shelf ready, requires minimal handling and provides superior product protection.

Q&A WITH THE STRATEGIC DEVELOPMENT DIRECTOR

THE AGE OF CONSUMER CONVENIENCE

IAN WILSON STRATEGIC DEVELOPMENT DIRECTOR

#Source Euromonitor

*Source Packaging s Place in Society PIRA 2004

Q What does it mean to say we are more focused on our customers?

A We are moving away from focusing on what we produce and how we can convince customers to buy that product, to a mind set where we are constantly striving to better understand what customers and consumers really need and value and finding ways to provide it in a way that is better than our competitors.

Q What will this require?

A It means we need to get closer to our customers so we can develop insights into what they need and how we can help them grow their revenue and reduce their costs. Of course, this also requires making choices to focus on where we can do it better than our competitors and to service customers where they will reward us for delivering this value.

Q Does this mean a better understanding of the continuing changes in the market environment?

A Yes. Consumer requirements are continually evolving today the global megatrends are convenience, health and indulgence. This involves continually researching and studying markets and trends to keep abreast of what consumers want. Helping our customers to develop packaging which is closely aligned to the needs of their customers, the consumer, helps them to maintain or grow their market share. For example, some of Amcor s recent innovations to meet consumers needs for convenience include re-sealable flexible pouches, single-serve tear-sticks, microwaveable meal solutions, breakfast bar wrappers and ergonomic grip PET beverage bottles with tamper-evident and easy-opening closures.

Q What are the other major factors impacting our customers?

A The worldwide trend by retailers to promote house brands and private labels is ensuring that the branded companies are looking to increase the value proposition to consumers in ways other than lower prices. This can be through new tastes, portion sizes or packaging features.

Rising costs across all aspects of their business, combined with the difficulty of passing all these cost increases on through the retail chain, has resulted in many new packaging innovations, improving the functionality as well as reducing costs.

The other major factor is the shifting needs and changing demographics of today s consumer.

Q How does Amcor s program of Product Leadership and Innovation fit with this approach?

A The understanding of developing new products and processes is strong in our organisation. The Company is now focusing on having better insight into customers needs, and that of the ultimate end consumer, so that the focus on resources in our Product Leadership and Innovation program is on the opportunities which our customers truly value and ensuring these new solutions give our customers a competitive edge.

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Q&A WITH MEMBERS OF THE GLOBAL MANAGEMENT TEAM

ACT LOCAL THINK GLOBAL

Part of Amcor s strength lies in the size and scope of its operations around the world. Our regional managers have a wealth of experience and understanding of their markets and cultures. The ability to work together as a global team, sharing experiences and knowledge and applying it to our global environment maximises the benefits of our global scale.

Lou Lachal Managing Director, Amcor Australasia

Q How has Amcor s global scale benefited your business?

A Exchange of knowledge within Amcor is a great benefit to us and there have been many successes. A good example is one of our new product lines in flexible packaging. The FlexCan, originally developed and launched by Amcor Flexibles in Europe is a patented, easy-open, recloseable, stand-up pouch. In Europe it s currently being used for coffee and nuts with two major customers.

Here, in Australia, the first Amcor FlexCan to be adopted is for a favourite brand of snacks in the Asia-Pacific Region Uncle Toby s Bites . Amcor Flexibles Australasia s team at Preston in Victoria met the challenge of introducing this new product by working closely with their European colleagues at Amcor Flexibles in Horsens, Denmark and Bristol, in the UK.

William Long President and CEO, Amcor PET Packaging

Q You have recently had great success with your businesses in Latin America. What have been the key drivers for this success?

A Amcor PET Packaging has participated in the Latin American markets for some time. We have expanded our presence through a series of acquisitions, culminating with the Alcoa PET operations in South America and the Embotelladoras Arca self-manufacture operations in Mexico in 2003.

I believe success in this region is largely due to our strong regional and local management teams. The strategy has always been to rely on the knowledge and expertise of our local managers who have a deep understanding of their local issues and environments. Having a strong team in place gives us the ability to develop and execute plans and strategies quickly and effectively. The business has successfully leveraged the technical developments coming out of our North American and European technology centres, especially in heat-set and barrier applications, to meet the needs of their customers and expand custom packaging in this region.

Eric Bloom President and CEO, Amcor Sunclipse

Q How have technology developments in other parts of the Amcor group been a benefit to Amcor Sunclipse?

A Amcor s growing size and scale has provided many opportunities for us but with regard to technology, a great recent example of leveraging from Amcor s technology base is the TrayBon® tray. Amcor Cartons in Australasia recently developed a range of revolutionary baking trays, made of specially coated, insulating cardboard, to replace the standard metal ones used by bakeries. They were originally developed for slab cakes, but the range has since grown to suit a variety of baking purposes, including muffins. Amcor Sunclipse has been working with the Amcor Cartonboard team in Australia and we are in the process of introducing this exciting new product line into the packaging products we supply throughout North America. In addition to this, we anticipate the introduction of Amcor Flexibles Modified Atmosphere Packaging products for distribution to the many medium and small businesses in the region.

Graham James Managing Director, Amcor Flexibles

Q How do the experiences of other Amcor businesses operating in developing regions help you with your expansion plans?

A As a team we have recognised the growth in the emerging markets. There are good opportunities to expand into Russia and the emerging markets of Central and Eastern Europe. We are currently building a new flexibles plant in Novgorod, Russia and have located the plant next door to the highly successful Amcor Rentsch plant. That plant has expanded and grown over the last five years to become the largest of its type in Russia. We benefit from the knowledge they have developed over the years relating to a wide range of local issues that vary from hiring contractors to understanding cultural differences. We can also share management resources, which helps improve the cost base. The excellent reputation that Amcor has established locally helps ensure that we attract good quality people.

REVIEW OF OPERATIONS

WILLIAM LONG

PRESIDENT

AMCOR PET PACKAGING

RESULTS

A$	2005	2004
Net Sales (mill)	**3,645**	3,205
Change (%)	**13.7**	
PBITA (mill)	**260.5**	268.2
Change (%)	**(2.9)**	
Operating Margin (%)	**7.1**	8.4
Average Funds Invested (mill)	**2,694**	2,678
PBITA/AFI (%)	**9.7**	10.0

US$	2005	2004
Net Sales (mill)	**2,733**	2,275
Change (%)	**20.1**	
PBITA (mill)	**195.4**	190.3
Change (%)	**2.7**	
Operating Margin (%)	**7.1**	8.4
Average Funds Invested (mill)	**2,020**	1,901
PBITA/AFI (%)	**9.7**	10.0
Average exchange rate A$/US$	**0.75**	0.71

AMCOR PET PACKAGING

Amcor PET Packaging is the world s largest producer of PET (polyethylene terephthalate) containers mostly to the consumer products industry. It is headquartered in Ann Arbor, Michigan (USA), employs 6,100 people at 82 sites comprised of 46 manufacturing locations and 36 on-site injection and blowing facilities - in 21 countries.

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

Amcor PET Packaging had a satisfactory year with PBITA earnings in US dollars up 2.7% to $195.4 million and return on average funds invested at 9.7%.

The business in Latin America had a strong year with earnings well up on last year. The business in North America was steady with last year, while earnings for the European business were lower.

Unit volumes grew by 5% to 34 billion. The custom segment, including higher margin custom containers and multilayer preforms, grew by 6%. This stronger growth pattern reflects the business strategy to focus capital on this higher technology market segment.

The North American operations, including Canada, experienced volume growth of 3% with the business making an active decision to exit marginal volumes and focus on higher value added segments.

Volume increases came primarily from the continued strength of the custom market which was up over 10% versus prior year, driven by strong growth in the juice and sports drinks categories. The CSD and water volumes were flat.

Earnings in North America were down slightly when compared to the prior year. Although the cost reduction programs have delivered the benefits anticipated and differential pricing initiatives have improved earnings at some plants, these increases were more than offset by the inflationary pressures in costs that were absorbed by the business and some price concessions on longer term contracts.

In the short term there are some further price concessions expected, as well as ongoing increases in operating costs. The target for management is to more than offset these impacts with cost reductions and an improved mix to the higher value-add custom products.

The business has also been notified of the loss of around 800 million containers in volume at the end of the current contract in January 2006. The supply of this volume is predominately from plants located in Canada. After examining a number of options, the decision has been made to close the three small Canadian plants, being Vancouver, Calgary and Montreal. This has required an asset write down on these plants and related equipment of US$34 million and a cash restructuring cost of US$19 million. Both these amounts will be taken as significant items. The ongoing earnings impact beyond the 2006 year is anticipated to be less than US$5 million per annum.

In Latin America, volume growth, including the impact of acquisitions, was 23%.

Custom volumes continued to deliver strong growth and were up 13%. New custom developments for sports drinks, food products and personal care items across the region fuelled this growth.

Earnings in Latin America were up significantly both for the base business and after including the impact of acquisitions. There were particularly strong performances in Argentina, Brazil and Venezuela.

The performance of the Brazilian operations is particularly gratifying as the local and regional management teams, through a well-executed program of restructuring and cost reductions, made significant progress in improving profitability and returns.

For Mexico, the integration of the Arca acquisition proved more complex than originally anticipated. While the management team remains confident that the synergistic benefits anticipated from the acquisition will be fully realised, the impact will now be realised throughout the 2005/06 fiscal year.

In Europe, volumes were down 4% and earnings were substantially lower. Lower volumes were primarily due to a cool summer in 2004 compared to the unusually hot summer in 2003 and the significant reduction in refillable PET containers in Germany.

Custom volumes continue to be strong and now represent 23% of the total volumes for the region. The multilayer juice and beer

LOUIS (LOU) LACHAL

MANAGING DIRECTOR

AMCOR AUSTRALASIA

RESULTS

A$	**2005**	**2004**
Net Sales (mill)	**2,572**	2,538
Change (%)	**1.3**	
PBITA (mill)	**316.8**	316.5
Change (%)		
Operating Margin (%)	**12.3**	12.5
Average Funds		
Invested (mill)	**1,876**	1,832
PBITA/AFI (%)	**16.9**	17.3

bottle containers continue to deliver strong volumes and good growth.

Across Europe, performance was mixed. In the UK and Spain the performances were broadly steady on the previous year, however the operations in Turkey and Poland both made losses. The Turkish plant has now been closed and the Polish plant is undergoing substantial change by way of strengthening relationships with multinational customers, establishing more long term supply agreements and diversifying away from the CSD and water markets.

For the current year, there is an improved outlook with a new management team looking to address the key issues facing the business in Germany and Eastern Europe.

Other significant items for the year, relating to previously announced projects, included a US$24.5 million charge largely dedicated to funding the North American restructuring effort and overhead cost reduction initiatives in all three regions.

The outlook for Amcor PET Packaging is for steady improvement, driven by continued emphasis on structural cost improvements and focused capital spending to support and expand the higher value added custom business portion of the portfolio.

AMCOR AUSTRALASIA

Amcor Australasia is the most diverse of the group s business units and supplies a broad range of packaging items across the complete Amcor product line. Its range of products includes: Corrugated boxes, cartons, folding cartons; steel and aluminium cans for foods, beverages and household products; flexible packaging; PET plastic jars and bottles; plastic and metal closures; glass wine bottles; multiwall sacks, paper, cartonboard and paper recycling. With headquarters in Camberwell, Victoria (Australia) it has 65 plants throughout Australia and New Zealand and approximately 6,500 employees.

Amcor Australasia had a solid year with a strong first half offset by a poorer second half mainly due to a weakening Australian economy. Sales increased by 1% to $2,572 million with PBITA flat at $316.8 million. Funds Invested increased due to the commissioning of the second glass furnace although sound working capital management partly offset the increase. Return on Average Funds Invested declined to 16.9% from 17.3% last year.

The Australasian business is managed as four divisions, being Fibre, Flexibles, Rigid and Glass. The Fibre division consists of the corrugated and carton converting businesses, as well as the manufacture of recycled papers for corrugated boxes and board for folding cartons.

In the Corrugated Packaging segment, volumes were slightly down overall. In Australia, volumes were down 3%, a reflection of a slowing economy, the continuation of the drought affecting the dairy, fruit and produce segments, partly offset by stronger demand in the meat segment. In New Zealand, volumes were down 5% mainly due to the poor kiwifruit season but compounded by the loss of a major customer early in the year. Significant senior management changes also occurred during the year and the business has been re-organised on a regional rather than national structure.

The Recycled Paper Mills were negatively impacted by the reduced domestic demand from the corrugated box plants, a very competitive export market and a strong Australian dollar. Mill efficiencies were sound while ongoing cost increases, especially for wastepaper, were generally not recoverable in a competitive market. The business has taken an additional charge for accelerated depreciation on the paper recycling mills of $90 million pending a decision on upgrading the manufacturing capabilities.

The Folding Carton Converting business benefited from the restructuring that commenced in 2003/04 on the Australian east coast. Volumes were slightly lower in Australia due to reduced off-take in the wine and cereal segments. In New Zealand volumes were steady.

The Petrie Mill, located in Queensland, had a difficult year impacted by weaker domestic demand and increased imports of cheaper Korean board. Although this importation was the subject of a successful anti-dumping case, it lowered margins and reduced domestic volume. The upgrade of the Mill has taken longer than expected to achieve the quality required to replace imported whiteboards.

Overall, the Fibre division earnings were down for the year with a small improvement in the first half, offset by lower earnings in the second half mainly due to lower volumes and unrecovered cost increases.

GRAHAM JAMES

MANAGING DIRECTOR

AMCOR FLEXIBLES

RESULTS

A$	**2005**	**2004**
Net Sales (mill)	**2,419**	2,241
Change (%)	**7.9**	
PBITA (mill)	**143.0**	131.2
Change (%)	**9.0**	
Operating Margin (%)	**5.9**	5.9
Average Funds Invested (mill)	**1,486**	1,373
PBITA/AFI (%)	**9.6**	9.6

	2005	**2004**
Net Sales (mill)	**1,431**	1,336
Change (%)	**7.1**	
PBITA (mill)	**84.6**	78.2
Change (%)	**8.2**	
Operating Margin (%)	**5.9**	5.9
Average Funds Invested (mill)	**879**	819
PBITA/AFI (%)	**9.6**	9.6
Average exchange rate A$/	**0.59**	0.60

The Flexibles business had a solid year with volume up nearly 2% and resin cost increases generally recovered from the market in a timely fashion with only a modest impact on earnings. Rationalisation down to one site in NSW is nearing completion and, combined with recent capital investment, this business now has a cost effective manufacturing footprint with appropriate state of the art equipment. The business continues to benefit from its strong relationship with the global Flexibles group. For the full year, earnings were higher although the first half was stronger than the second half which was impacted by slowing economic conditions.

The Rigid Packaging group comprises the beverage, food, aerosol cans, PET and closures businesses. The two main businesses of Beverage Can and Food Can both had a good year resulting in improved earnings for the Rigid division. In the Beverage Can business, volumes were up 4%, mainly in the ready to drink, mixer and soft drink segments. Plant efficiencies improved following the extensive capital investment program on the new 202 super end in the previous year.

Volumes in the Food Can business were down on the previous year due to the impact of poor crops, increased imports of filled product and, in the second half, significantly higher tinplate costs. Somewhat offsetting these impacts were a more favourable sales mix and continued improvement in manufacturing efficiencies.

The glass wine bottle operation again exceeded expectations. The commissioning of the second furnace was ahead of plan and sales for the year were consequently higher than anticipated, while productivity was in line with expectations. Continued strong customer support and an increase in the range of products contributed to an increase in earnings.

The outlook for the business remains sound, although in the short term the slower second half run rate is continuing into the current year.

AMCOR FLEXIBLES

Amcor Flexibles is one of Europe s largest suppliers and market leaders in flexible packaging. With headquarters in Gloucester in the United Kingdom, it has 7,000 employees and 46 manufacturing plants in 18 countries throughout Europe and the Americas. This business supplies a wide range of products to the food, beverage and healthcare markets. This includes fresh foods such as meat, fish, bread, produce and dairy; processed foods such as confectionery, snack foods, coffee and ready meals, as well as tobacco and high value added medical applications, hospital supplies, pharmaceuticals and personal care products.

Amcor Flexibles had a good year, under difficult circumstances, with PBITA, in Euro terms, up 8.2% to 84.6 million. Sales increased 7.1% to 1,431 million, primarily due to an increase in raw material costs.

Earnings were negatively impacted by substantial raw material cost increases, which had the largest impact on earnings in the second half. Significant success was achieved in passing on these cost increases although they were not fully recovered. This partial under-recovery reflected continuing retailer pressure on the supply chain, weakness in a number of central European economies and a strong Euro depressing exports. Although raw material input costs have now stabilised, this is mainly due to weakening demand across much of Europe and with the oil price remaining high, it is possible that raw material costs will increase if there is an improvement in economic activity.

Offsetting this negative, was a substantial positive contribution from a range of cost cutting and restructuring initiatives. During the year, the loss making plant in the Netherlands was closed and there was a significant reduction in overhead costs as well as ongoing restructuring at a number of plants. In all, around 700 people, out of 7,820, have left the business over the past 12 months. The significant item booked for the year to cover this restructuring was 20.2 million. The benefits from this restructuring for a full year are anticipated to be around 30 million per annum and in the 2005 year, around half of this amount was reflected in earnings.

Slowing economic conditions across much of Continental Europe during the second half of the year also impacted earnings. With the weakening demand and consequent lower volumes it was considerably more difficult to recover cost increases.

Other input costs, mainly relating to energy and transport, resulted in higher than

ERIC BLOOM

PRESIDENT AND CHIEF EXECUTIVE OFFICER

AMCOR SUNCLIPSE

RESULTS

A$	**2005**	**2004**
Net Sales (mill)	**1,219**	1,158
Change (%)	**5.3**	
PBITA (mill)	**55.8**	57.6
Change (%)	**(3.1)**	
Operating Margin (%)	**4.6**	5.0
Average Funds Invested (mill)	**441**	456
PBITA/AFI (%)	**12.7**	12.6

US$	**2005**	**2004**
Net Sales (mill)	**914**	822
Change (%)	**11.2**	
PBITA (mill)	**41.9**	40.9
Change (%)	**2.4**	
Operating Margin (%)	**4.6**	5.0
Average Funds Invested (mill)	**331**	323
PBITA/AFI (%)	**12.7**	12.6
Average exchange rate A$/US$	**0.75**	0.71

inflation cost increases which were generally not able to be passed onto customers. These increases were absorbed by the business and impacted negatively on earnings. Energy price pressure continues to be a major concern.

The high Euro exchange rate continues to put pressure on export margins of both Eurozone manufacturing plants and their customers.

The operational positives, besides the restructuring program, include the ongoing strong performance in America, improvement in Processed Foods and the continued success of product innovation in delivering new value-add products to the market.

The Processed Food sector achieved solid improvements during the year, especially in the second half. The closure of the plant in the Netherlands, combined with a number of other individual restructuring programs and improved performance in some market segments were the primary drivers of the earnings increase.

Construction of the new plant in Russia is proceeding to schedule and it will be in operation by September 2005, enabling Amcor Flexibles to meet the local needs of a number of its key customers.

Due to the ongoing difficult operating conditions in some market segments and geographic regions, the assets at three sites, predominately servicing the Processed Food markets, have been written down by a combined amount of 16 million. This is treated as a significant item.

The Fresh Food sector continued to make good progress, particularly in the bread and produce markets, building on its leading position. Overall, sales for the sector were ahead and both margins and returns remain above the Amcor Flexibles average.

The European Healthcare business benefited from the integration of the former Rexam businesses, although the film based businesses suffered from the lag in recovery of raw material cost increases and operational issues. Good progress was made in the pharmaceutical market.

The American business, which comprises mainly the former Rexam Healthcare operations in the US, Puerto Rico and Brazil, plus a focused Fresh Food operation, had an excellent year with sales, margins and returns ahead of last year.

The overall results of Amcor Flexibles confirm the validity of the strategy to focus on specific market segments, particularly in Healthcare and Fresh Food, and on developing regional markets like Eastern Europe, underpinned by a commitment to innovation and customer service.

Overall, the business is commencing the current year in a better structural position than last year. The high oil price will continue to have a negative influence on raw material and energy costs and pressures will continue in the supply chain. However, with a lower cost base, fitter and more focused plants and a continued drive on innovation, Amcor Flexibles is confident of achieving improved returns in 2005/2006.

AMCOR SUNCLIPSE

Amcor Sunclipse, based in California, is Amcor s North American distribution and corrugated manufacturing unit. It produces packaging products to complement its distribution services and has over 2,000 employees, 42 distribution and redistribution centres throughout the USA and Mexico, and 11 manufacturing locations.

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

Amcor Sunclipse achieved a flat result with PBITA up 2.4% to US$41.9 million. After a strong first half, earnings in the second half were down 30.2% on the same period last year, reflecting substantially more difficult operating conditions.

The main reasons for the reduction in earnings in the second half were:

A slowing in some of the important market segments that Amcor Sunclipse services, resulting in lower volumes across all three business units.

Higher input costs, which became increasingly difficult to recover in the marketplace. Gross margins in the second half were lower.

KEN MACKENZIE

GROUP MANAGING DIRECTOR

AMCOR RENTSCH AND AMCOR CLOSURES

RESULTS

A$	2005	2004
Net Sales (mill)	**984**	1,012
Change (%)	**(2.8)**	
PBITA (mill)	**109.1**	100.6
Change (%)	**8.4**	
Operating Margin (%)	**11.1**	9.9
Average Funds Invested (mill)	**757**	722
PBITA/AFI (%)	**14.4**	13.9

	2005	2004
Net Sales (mill)	**582**	604
Change (%)	**(3.6)**	
PBITA (mill)	**64.6**	60.0
Change (%)	**7.7**	
Operating Margin (%)	**11.1**	9.9
Average Funds Invested (mill)	**448**	431
PBITA/AFI (%)	**14.4**	13.9
Average exchange rate A$/	**0.59**	0.60

Higher transport costs due mainly to fuel surcharges that were not fully recovered in higher prices.

More difficult market conditions for the Corrugated business, compared to the first half, due to increased competitive activity and more aggressive pricing.

Notwithstanding these half on half impacts, returns for the business overall remained broadly in line with last year at 12.7%.

The corrugated business had a solid year overall with volumes up 4.7%, although this growth was assisted by a competitor s corrugator being down for two months in the first half. In the second half, the increased competitor volumes and somewhat slower economic conditions meant that earnings were well down on the second half last year. In June, there was a modest reduction in linerboard prices, reflecting the overall weaker demand and some stock was sold at lower prices to meet competition in the market. The short term outlook for this business remains challenging.

The manufactured products group also had a strong first half but a much weaker second half, although earnings for the full year were higher than last year.

Volumes for the year were 7.7% lower as the business made a conscious effort to concentrate on higher value products. During the first half of the year, cost increases were generally passed on to customers, but this became increasingly difficult in the second half. This business continues to work on the cost base to help improve margins.

The Distribution division covers 14 states in the US and has four sites in Mexico. During the year, a small distributor was acquired in New Jersey to further expand the footprint on the east coast.

The Distribution business had a solid year, although earnings were slightly lower. Two corrugated cost increases, as well as numerous other cost increases caused by rising oil prices, were absorbed by the business during the year.

As a result, trading margins suffered during the year as the full impact of these price increases were not able to be passed on to customers. The business is working to eliminate unprofitable customers as well as target margin improvement across the business base.

The focus for the overall business is to work to reduce costs where it can and improve the gross profit margin to recover both raw material and other cost increases. A new business Service Centre located in Arizona has centralised the back office accounting functions to a lower cost region. A second initiative is a sales force effectiveness program to help ensure increases in raw material costs are passed on to customers in a more timely fashion.

It is anticipated profit will improve from the current run rate towards the end of calendar 2005 as margins increase; however the first half earnings are expected to be lower than the corresponding period last year.

AMCOR RENTSCH AND AMCOR CLOSURES

Amcor Rentsch and Amcor Closures are headquartered in Rickenbach, Switzerland and have 2,800 employees.

Amcor Rentsch is the European leader in tobacco packaging and a leading supplier of specialty folding cartons to the cosmetics and confectionery markets. The business is headquartered in Switzerland and has seven manufacturing plants in six countries. It also works in close affiliation with other Amcor tobacco and specialty carton plants in China, Malaysia and Australia to service its major international customers.

Amcor Closures is comprised of the two closures divisions, Amcor White Cap and Bericap North America, that between them have 11 metal, plastic and composite closure manufacturing locations through the Americas, Europe and Asia, plus around 20 sales offices.

AMCOR RENTSCH

Amcor Rentsch had a solid year with higher earnings despite sales being 6% lower at 306 million.

The lower sales were a result of continuing pressure on tobacco markets in Western Europe, driven primarily by substantial tax increases in major markets such as Germany and France.

This decrease in Western Europe was partially compensated by increased production in Russia and Poland with both these plants running at full capacity.

The growing demand in Eastern Europe, together with ongoing reductions in the cost base in Western Europe ensured improved earnings for the year.

BILLY CHAN

MANAGING DIRECTOR

AMCOR ASIA

RESULTS

A$	**2005**	**2004**
Net Sales (mill)	**263**	250
Change (%)	**5.2**	
PBITA (mill)	**27.0**	30.5
Change (%)	**(11.5)**	
Operating Margin (%)	**10.3**	12.2
Average Funds Invested (mill)	**252**	232
PBITA/AFI (%)	**10.7**	13.2

Sing$	**2005**	**2004**
Net Sales (mill)	**329**	304
Change (%)	**8.2**	
PBITA (mill)	**33.7**	37.2
Change (%)	**(9.4)**	
Operating Margin (%)	**10.3**	12.2
Average Funds Invested (mill)	**315.5**	282
PBITA/AFI (%)	**10.7**	13.2
Average exchange rate A$/Sing$	**1.25**	1.22

As part of the process to improve the cost base, as well as to prepare for the increased technical complexity required with the introduction of new graphical health warnings, a new generation press will be installed in the plant in France. This press will have higher output, lower waste and a reduced manning level than older generation machines.

To further improve the plant focus and following the continued growth of the non tobacco carton business, a new offset machine will be installed at the plant in Laupen, Switzerland.

The outlook for the 2005/2006 year remains positive; however growth is unlikely to be at the same rate as the past few years, given that the plants in Eastern Europe are operating at full capacity.

AMCOR CLOSURES

Sales for the Amcor Closures business were 1% lower with profit in line with last year.

The business was significantly impacted by an increase in tinplate prices of 20% on January 1 in Europe and even larger increases in Asia. Amcor White Cap was committed to recovering raw material cost increases and this was largely achieved, although at the expense of some volume.

Overall, although volumes declined in Western Europe, the business benefited from good growth in the regions of Eastern Europe, Asia and the Middle East.

In Europe, Amcor White Cap continued its efficiency improvement program by closing the loss-making Hungarian operation and transferring production to other sites. In Asia, Amcor White Cap commercialised a new patented composite cap for food applications. Its new plant is now fully operational producing at capacity with forward orders requiring additional capacity expansion.

The Bericap joint venture s revenue and sales were broadly in line with last year. Profit continued to be negatively impacted by the strength of the Canadian dollar against the US dollar for those products exported from Canada to the US. The plant in California delivered stronger results than the prior year. The outlook for this plant is promising, with the continued expansion of its product offering.

AMCOR ASIA

Amcor Asia has 15 plants and 2,400 employees in five countries. Its head office is located in Singapore. It produces a diverse range of products, including fibre packaging, (cartons and sacks), speciality folding cartons and tobacco packaging, flexible plastics, including high value-add medical packaging at the new plant in Singapore and some PET containers and closures.

Amcor Asia had a mixed year. After a solid first half with earnings up 15.1%, the second half was considerably more difficult with earnings down 30% for an overall performance for the year down 9.4% to S$33.7 million.

The major contributor to a poor second half result was a very disappointing performance in the corrugated businesses in Malaysia and Indonesia due to excess capacity and a highly competitive market. Although sales and volumes increased, there was an inability to pass on linerboard raw material cost increases. The carrying values of the corrugated assets have been written down by S$48 million.

The Tobacco Carton business had another good year with sales and earnings higher and an improved performance in the three countries where plants are located.

In January 2005, Amcor acquired a 16.67% share in the Hong Kong listed company, Vision Grande Group Holding Limited, that operates three tobacco packaging businesses in China. This is a strategic investment in the rapidly consolidating Chinese tobacco market.

The Flexibles business, which consists of a medical packaging plant in Singapore and two food flexible packaging plants in China, had another solid year with good returns. Raw material cost increases were generally passed on to customers in a timely manner with minimal impact to earnings.

The Aqua Shot bottle, recently launched in New Zealand for Coca-Cola Amatil, is an example of Amcor using its global resources and technology transfer capability to provide innovative solutions for Amcor s international customers in their local markets. The bottle uses Amcor s patented Rebound technology - originally developed by Amcor PET Packaging in North America where it has been adopted as the standard hot-fill design for all new PET product designs and launches.

The TrayBon® cartonboard baking tray development was just one successful outcome of Amcor s PLI program last year. It was originally developed by Amcor Cartons Australasia, and the product range has been expanded since inception and gained good market acceptance. Amcor Sunclipse has been working with the Amcor Cartonboard team in Australia and is in the process of introducing this exciting new product line into the packaging products they supply throughout North America.

RESEARCH AND TECHNOLOGY

Research and development of new technologies are an integral part of Amcor s strategy to remain a market leader. With eight major research centres around the world, plus several other smaller, supporting satellite centres, Amcor has the ability to assist all its businesses around the world. These centres are responsible for the provision of product innovation, technical support, design and intellectual property management. Most importantly, they work as a team to find global solutions to assist colleagues within Amcor,

no matter where they are based.

Technology available today makes it possible to have ongoing dialogue between the global research centres and there is regular exchange of information between the groups to ensure that local solutions are made known to other groups in Amcor that can benefit from the latest innovations and knowledge.

Some excellent examples of our scientists and manufacturing teams working together globally during the last year are featured here.

Coca-Cola Amatil (CCA) recently launched the Aqua Shot, a new flavoured water product packaged in an 800ml PET bottle on to the New Zealand market. The bottle uses Amcor s patented Rebound technology specially developed by Amcor PET Technologies.

Rebound was originally developed by Amcor PET Packaging in North America where the technology has been adopted as the standard hot-fill design for all new PET product designs and launches. This breakthrough technology includes a number of new features, including lightweighting of approximately 20%.

Deadlines for customer delivery of this totally new product from our PET plant in New Zealand were extremely tight. Amcor s global PET people swung into action.

Technical designs, drawings and specifications were supplied to the NZ team by the R&T team at Manchester, Michigan in the USA.

Special preforms for the bottles were shipped to New Zealand from Amcor PET Packing in Brecht, Belgium, to ensure that they were exactly right and to help the New Zealand team ensure that new preforms manufactured locally met specifications.

A specialist technician from Amcor PET Packaging in North America joined a specialist project management team from Australia and New Zealand on site to help with manufacturing insights for making the demanding heat set bottles and with establishing specifications.

The Aqua Shot bottle is a great example of Amcor using its global resources and technology transfer capability to come up with innovative solutions for our customers in our local markets.

There is no doubt that Amcor s Rebound has potential to be used in a wide range of PET packaging applications in the future.

The TrayBon® cartonboard baking tray development was just one successful outcome of Amcor s Product Leadership & Innovation program last year. It was originally developed by Amcor Cartons Australasia, and the product range has been expanded since inception and gained good market acceptance.

Now, new markets are opening as a result of the internal sharing of intellectual property and technology between Amcor Australasia and Amcor Sunclipse in North America.

The project went through the PLI process by identifying the Bakery Supply Market segment as a US $5 billion industry in North America and then researching the product s ability to add value to Amcor Sunclipse s customers. Additionally, this product provides Amcor Sunclipse with an entry into the US bakery packaging sector, which is currently an untapped market. A full time product manager was hired to drive the project forward and the official rollout was launched at the Division Manager s meeting in August. Additionally, a full rollout to all of the divisions will occur in the 2nd quarter, which will include product placement into stock at all of the hub warehouses. Currently there are 21 projects under review, waiting on customer approval. A possible US manufacturer has been identified which will reduce lead times and costs compared to shipping the materials in from Australia.

The development of the new VinPET wine bottle is a result of Amcor s vast global knowledge relating to PET with extended oxygen barriers. In conjunction with major local wineries, Amcor s Australasian Research and Technology teams worked with their counterparts in Brecht, Belgium and Manchester, Michigan on this exciting new project which has the potential to give Amcor entry into new markets where there are weight and potential safety issues for traditional glass containers.

Single serve wines in 187ml glass bottles with 25mm screw caps are immediately associated with airlines and hotels but several factors are delivering growth in the use of this size container, well beyond the normal rate as well as in non traditional market segments. The rise of single occupancy households, venues where glass is unwelcome, venues where sealed beverages are preferred and venues where dispensing by the glass is logistically expensive has led to the growth opportunity for this pack size for wine. These important factors, coupled with weight and potential safety issues for airlines, have provided an opportunity for a PET wine bottle.

Amcor PET Technologies has developed a PET bottle, named VinPET which takes a 25mm long or short skirt roll-on aluminium closure. The VinPET development embraced Amcor s vast global knowledge for the evaluation of PET with extended oxygen barriers. In conjunction with major local wineries, Amcor s Australasian Research and Technology teams worked with their counterparts in Brecht, Belgium and Manchester, Michigan on this exciting new project. Wine in PET was studied, using shelf life modelling and advanced shelf life prediction and accelerated techniques. Some of the variables studied included oxygen scavengers and multilayer variables. The European team s expertise in PET barrier solutions proved invaluable in determining the barrier levels which could be provided. VinPET can be made available for a wine shelf life of 3-5 months, 10-12 months or for 12 months plus.

Amcor is now preparing for an exciting era where VinPET will fit in niche markets.

Amcor s well developed Product Leadership & Innovation policy has fostered the development of a new generation of ideas and products, and we can now see the tangible benefits of our global teams working together.

SAFETY AND ENVIRONMENT

Amcor is committed to its responsibility for the safety of its people and to the environment. It is the Company s goal to utilise its resources to create a safe and environmentally responsible workplace. These goals are reflected in the Company s comprehensive policies and procedures, which are based upon internationally recognised standards.

The target of no injuries is encapsulated in Amcor s No Injuries program which was launched in 1997 and plays an important role in every business unit globally. Since it was introduced, Amcor s Lost Time Injury Frequency rate has fallen dramatically. Amcor s safety programs apply equally to employees, contractors and visitors, and are continually updated to enhance the level of safety within the group.

During the 2004-05 year, Amcor must regrettably advise that one employee and one contractor were fatally injured while working at Amcor sites. The first incident involved an employee at the Amcor Interpac site in Dongguan, China, who was fatally injured while operating a forklift truck in the warehouse. The second accident was at the Amcor Flexibles site in Brazil, where a contractor was fatally injured while working on the roof of the factory. In both cases management has been working with the families and co-workers to provide as much support as possible. Both accidents were fully investigated, in conjunction with the authorities, and corrective measures have been conveyed to all Amcor businesses.

The key safety measures used by Amcor are Lost Time Injury Frequency Rate (LTIFR) and Recordable Case Frequency Rate (RCFR). Performance of these measures has improved in the past year. The LTIFR (number of injuries resulting in at least one full work day lost, per million hours worked) was 2.1, which was a reduction of 22% from last year. The RCFR (number of recordable cases, i.e. medical treatments and lost time injuries, per million hours worked was 11.1, a reduction of 20.7% on last year.

Whilst these are significant achievements, the two fatalities continue to remind us that we must always be looking to improve safety in the workplace.

Compliance with the Amcor Safety Standards is continuing to grow throughout the group and the businesses are progressively improving their safety systems. One of the key focus points for many businesses has

SUSTAINABILITY AND LIFE CYCLE ANALYSIS

Another important aspect of sustainability is assessing the life cycle of our products. Amcor Research & Technology (ART) performs Life Cycle Analysis (LCA) for large customers and other stakeholders, such as supermarkets, when they are developing new products and would like to assess the environmental impacts of the products or production processes over its entire lifespan.

In one example conducted at ART, a lighter secondary packaging system had a lower environmental impact despite not being fully recyclable.

However, in some cases the damage to the product because of the lighter packaging could be significant. In this instance, the heavier, recyclable packaging, which provides more protection for the products it contains, is environmentally preferable. The impact of the product is often significantly greater than that of the packaging, so any extra loss of product is important. Sensitivity analysis is a significant factor in fully assessing the situation.

LCA generally does not provide a definitive answer as to what is better , but it provides a logical framework for making informed decisions.

With the likely changes to the new National Packaging Covenant and the increasing importance of environmental considerations, it is vital for Amcor to consider these issues not just for our sites, but also for the lifespan of our products.

ANNUAL RECORDABLE CASES
Number of full work days lost per million hours worked

ANNUAL LOST TIME INJURIES
Number of full work days lost per million hours worked

* Excludes new businesses which have been acquired less than one year.

* Excludes new businesses which have been acquired less than one year.

been how to improve safety-conscious conduct of co-workers. This has resulted in behavioral safety programs being developed and introduced.

Amcor is committed to the concept of sustainability and managing its operations in an environmentally responsible manner. This commitment is supported by comprehensive systems and monitoring. During the past year, Amcor had one significant environmental incident. At the Amcor Fiber Packaging plant in Box Hill in Australia, there was a diesel spill, which entered a local creek. The site co-operated fully with the authorities and has made improvements to decrease the potential for future spills.

In the past year, focus on reducing waste to landfill and energy use per unit of production has continued across the businesses with improvements being made at many sites.

These improvements and excellence in safety and environmental management are recognised through Amcor s annual CEO Awards for Safety and Environment. This award is based on achieving an advanced level of safety and environmental performance, as well as involvement with local communities. The 2004 winner of the award was Amcor Cartons in Christchurch, New Zealand. The site has comprehensive safety and environmental programs in place which have underpinned their excellent performance over many years. The site is heavily involved in the local community. In 2004 they undertook two specific community projects. One was the painting out of graffiti on a local stream s flood gates. This involved the plant coordinating the project with multiple government authorities and taking its safety procedures from the factory out onto the flood gates site. The second project involved liaising with customers, suppliers and a local charity to collect gifts and deliver them, on Christmas Eve, to local families in need.

MANAGEMENT DISCUSSION AND ANALYSIS

SALES $ million	PROFIT AFTER TAX BEFORE SIGNIFICANT ITEMS $ million	PROFIT AFTER TAX AND SIGNIFICANT ITEMS $ million

SALES

Net sales for 2004/05 were $11,100 million. This was an increase of 6.7% reflecting the strong performance in PET as a result of growth in Latin America incorporating the full year impact of the acquisitions from Alcoa and Embotelladoras Arca. The sales increase also included the pass through of resin price increases in all regions. There was modest growth in the other business groups offset by an overall reduction of 1.5% due to the change in the value of the Australian dollar against the Euro, the US and Singapore dollars.

PROFIT AFTER TAX BEFORE SIGNIFICANT ITEMS

Profit after tax before significant items increased 0.6% from $440.3 million to $443.0 million. These profit numbers are before the payment of the coupon on the convertible securities (PACRS), which was $52.3 million in 2005 and $52.4 million in 2004. This payment is treated as a distribution of profit for accounting purposes, however it is netted off profit after tax for the calculation of earnings per share.

The rising Australian dollar negatively impacted profit after tax through the translation of foreign earnings back into Australian currency by approximately $7 million compared to the previous year.

Earnings per share decreased 0.4% from 44.7 cents to 44.5 cents.

PROFIT AFTER TAX AND SIGNIFICANT ITEMS

Profit after tax and significant items fell from $345.7 million in 2003/04 to $173.2 million in 2004/05.

Net significant items after tax for 2004/05 were $269.8 million loss, comprising Amcor PET business integration and restructuring $37.0 million, Amcor Flexibles market sector rationalisation $24.7 million, and the write-down of assets of $208.1 million. The asset write-downs relate to the closure of three Canadian plants in PET, the Paper assets in Australasia as a result of the review currently being undertaken of these facilities, three poorly performing plants in Flexibles and the Corrugated assets in Asia.

Net significant items after tax for 2003/04 were $94.6 million loss, comprising Amcor PET business integration and restructuring $19.9 million, Amcor Flexibles market sector rationalisation $66.9 million, and the write-down of residual Twinpak business assets of $7.8 million, following the integration of Amcor s North American PET operations.

AMCOR PET PACKAGING

The PET packaging business increased PBITA in US$ terms by 2.7% to $195.4 million. Return on average funds invested (AFI) decreased slightly to 9.7%. The business delivered good earnings growth in Latin America due to organic growth and the full year impact of the acquisitions from Alcoa and Embotelladoras Arca in the prior year. North American earnings were slightly down on the prior year with the 3% volume growth being offset by inflationary pressures in energy and related costs. In Europe, earnings declined due to volumes being down as a result of the cool summer and the significant reduction in refillable containers in Germany.

$ million **Year 2005**	**A$**	**US$**
Sales	**3,645**	**2,733**
PBITA	**260.5**	**195.4**
PBITA/AFI (%)	**9.7**	**9.7**

Year 2004	**A$**	**US$**
Sales	3,205	2,275
PBITA	268.2	190.3
PBITA/AFI (%)	10.0	10.0

AMCOR SUNCLIPSE

Amcor Sunclipse achieved a steady result with PBITA up 2.4% in local currency terms to US$41.9 million and returns increased slightly to 12.7%. The strong first half earnings were impacted by second half earnings down 30.2% on the same period last year reflecting the difficult operating conditions in the US.

$ million **Year 2005**	**A$**	**US$**
Sales	**1,219**	**914**
PBITA	**55.8**	**41.9**
PBITA/AFI (%)	**12.7**	**12.7**

Year 2004	**A$**	**US$**
Sales	1,158	822
PBITA	57.6	40.9
PBITA/AFI (%)	12.6	12.6

AMCOR AUSTRALASIA

The Australasian business PBITA remained flat at A$316.8 million. Returns on average funds invested decreased from 17.3% to 16.9%. The business achieved a solid result across all the manufacturing divisions in the first half offset by a poorer second half mainly due to the weakening Australian economy. Funds invested increased due to the commissioning of the second glass furnace although sound working capital management partly offset the increase. The glass plant had another successful year with the second furnace commissioned slightly ahead of schedule enabling additional sales.

$ million **Year 2005**	**A$**
Sales	**2,572**
PBITA	**316.8**
PBITA/AFI (%)	**16.9**

Year 2004	**A$**
Sales	2,538
PBITA	316.5
PBITA/AFI (%)	17.3

AMCOR RENTSCH AND AMCOR CLOSURES

Amcor Rentsch and Amcor Closures had a solid year with PBITA up 7.7% to 64.6 million in local currency terms and returns higher at 14.4%. The tobacco packaging business delivered an improved result albeit on lower sales with the plant in Russia again producing a good increase in earnings. The closures operations achieved earnings in line with last year despite sales being 1% lower than the prior year.

$ million **Year 2005**	**A$**	
Sales	**984**	**582**
PBITA	**109.1**	**64.6**
PBITA/AFI (%)	**14.4**	**14.4**

Year 2004	**A$**	
Sales	1,012	604
PBITA	100.6	60.0
PBITA/AFI (%)	13.9	13.9

AMCOR FLEXIBLES

For Amcor Flexibles, PBITA was up 8.2% in local currency terms to 84.6 million, however returns remained constant at 9.6%. The business was adversely affected by substantial raw material cost increases, which hit hardest in the January March 2005 quarter. Significant success was achieved in passing on these cost increases although they were not fully recovered. A range of cost cutting measures, including the closure of the Netherlands plant and restructuring of other plants causing approximately 700 people to leave the organisation, has helped to offset the impact of the raw material price increases. The strong Euro exchange rate against the US dollar continues to put pressure on export margins of both Eurozone manufacturing plants and their customers.

$ million **Year 2005**	**A$**	
Sales	**2,419**	**1,431**
PBITA	**143.0**	**84.6**
PBITA/AFI (%)	**9.6**	**9.6**

Year 2004	**A$**	
Sales	2,241	1,336
PBITA	131.2	78.2
PBITA/AFI (%)	9.6	9.6

AMCOR ASIA

Amcor Asia had a mixed year. After a solid first half with earnings up 15.1%, the second half was considerably more difficult with earnings down 30% for an overall performance for the year down 9.4% to S$33.7 million PBITA. The tobacco packaging operations had a good year with improved performance in all plants but this was offset by the corrugating businesses in both Malaysia and Indonesia. The flexibles business achieved another year of increased earnings.

$ million **Year 2005**	**A$**	**Sing$**
Sales	**263**	**329**
PBITA	**27.0**	**33.7**
PBITA/AFI (%)	**10.7**	**10.7**

Year 2004	**A$**	**Sing$**
Sales	250	304
PBITA	30.5	37.2
PBITA/AFI (%)	13.2	13.2

STATEMENT OF FINANCIAL POSITION

$ million	2005	2004
Current assets	**3,337**	3,052
Property, plant and equipment	**4,400**	4,745
Intangibles	**1,767**	2,063
Investments and other assets	**395**	426
Total Assets	**9,899**	10,286
Short term debt	**729**	728
Long term debt	**1,748**	1,776
Creditors and provisions	**2,758**	2,742
Convertible notes	**301**	332
Shareholders equity (incl PACRS)	**4,363**	4,708
Total Liabilities and Shareholders Equity	**9,899**	10,286

Total assets at 30 June 2005 were $9,899 million compared with $10,286 million at 30 June 2004, which is a decrease of 3.8%. Total liabilities decreased from $5,578 million to $5,536 million whilst shareholders equity decreased by 7.3% between the two balance dates. The effect of the strong Australian dollar reduced shareholders equity and the current year s profits have been impacted by the significant items of $269.8 million. The negative impact of the stronger Australian currency has only a notional effect as there is little repatriation of net profit from Amcor s overseas businesses to Australia.

DEBT FUNDING

	$ million	%	Average Interest Rate %
Fixed	1,608	58	5.6
Variable	1,170	42	4.3
Total	2,778	100	5.0

Total debt including convertible notes at June 2005 was $2,778 million compared with $2,836 million at 30 June 2004. The interest rate on $1,608 million (58% of total debt) was fixed at an average rate of 5.6%. The average interest rate on the variable portion of debt was 4.3% giving an overall average interest rate of 5.0%. The average maturity on non-current debt at 30 June 2005 was 5.4 years.

Amcor s debt is held in various currencies matching the currencies in which assets are held, thereby acting as a substantial hedge against movements in exchange rates.

CORPORATE AND OTHER COSTS

Corporate and other costs not allocated to business groups represent centrally incurred costs of managing Amcor s global businesses and include the Board and associated activities, executive management, financial services, human resources and corporate affairs costs, as well as the costs of certain special exercises.

In 2004/05, corporate and other costs totalled $74.4 million compared with $73.5 million in 2003/04. These costs have grown in recent years, reflecting Amcor s expanding global business base and response to increased regulatory change.

GEARING
$ million

Gearing is the ratio of net debt to the sum of net debt and shareholders equity. At 30 June 2005, Amcor s gearing ratio was 37% compared with 36% at 30 June 2004.

NET INTEREST COVER
PBITA
Times

Net interest cover represents the number of times that net borrowing costs are covered by PBITA. For 2004/05, net interest cover was 4.4 times declining slightly from 2003/04. On a PBITDA basis (net profit before interest, tax, depreciation and amortisation), interest cover for 2004/05 was 6.8 times compared with 6.9 times last year.

OPERATING CASH FLOW
PBITDA
$ million

Profit before interest, depreciation, amortisation and tax (before allowing for significant items) increased by 0.9% from $1,286 million in 2003/04 to $1,298 million in 2004/05. This measure is representative of the operating cash flow of the group. The small increase reflects the net effect of higher business group profits as recorded in local currencies, offset on translation to A$ by the strength of the A$ against Amcor s other major business currencies.

BORROWING COSTS

	$ million
Interest paid	150
Interest received	(21)
Borrowing fees and charges	8
Total	137

Borrowing costs include interest payable on funding facilities (net of interest received on deposits), costs of arranging new funding facilities and costs associated with the maintenance of ongoing facilities, e.g. various bank and loan charges.

INCOME TAX

	$ million
Tax provided in statutory profit	59
Movement in tax balance sheet items	57
Cash tax paid	116

The tax expense for 2004/05 was $59 million, net of a tax benefit of $59 million relating to significant items. After taking account of timing differences and other factors, including amongst other things currency movements and acquisitions, the cash payment relating to income tax was $116 million.

DIVIDENDS AND DISTRIBUTIONS

	$ million
Dividends declared	290
Dividends applied to repay employee loans	(3)
Cash dividend paid	287
Dividends paid to minority interests	8
PACRS distribution	52

The total cash distribution to equity holders during 2004/05 was $287 million. Dividends declared on ordinary shares amounted to $290 million but $3 million of this dividend was applied to repay employee loans associated with the employee share plans. The cash distribution to holders of Amcor s PACRS (Perpetual Amcor Convertible Re-set Securities) was $52 million.

USE OF OPERATING
CASH FLOW 2005
$ million

After allowing for payments relating to borrowing costs, taxes, dividends and other items, the group s free cash flow for the 2004/05 year was $511 million. Other items include payments from provisions, sundry asset purchases and profit on sale of assets (accounted for as part of divestments). Working capital increased in 2004/05 by $59 million.

USE OF FREE CASH FLOW AND DEBT

	$ million
Free cash flow	511
Net capital expenditure	(570)
Acquisitions and divestments	(35)
Other items	(3)
Movement in debt/cash	(97)

The free cash flow of $511 million was more than sufficient to fund the group s maintenance capital expenditure requirements (around $294 million) and contribute to the growth capital expenditure and acquisitions program.

CAPITAL EXPENDITURE

Business Unit	**$ million**
Amcor Australasia	188
Amcor PET Packaging	225
Amcor Flexibles	133
Amcor Sunclipse	15
Amcor Rentsch and Amcor Closures	79
Amcor Asia	7
Total	647

Disposals	(77)
Net capital expenditure	570

Net capital expenditure in 2004/05 was $570 million after taking into account various plant and equipment disposals of $77 million. The major items of capital expenditure in 2004/05 related to the purchase of PET equipment as a result of the footprint restructuring and the building of the second furnace at the Gawler Glass plant in Australia.

ACQUISITIONS AND DIVESTMENTS

	$ million
Vision Grande	34
Other acquisitions	12
Divestments	(11)
Total	35

The largest acquisition during 2004/05 was the investment in Vision Grande in Asia.

WORKING CAPITAL
$ million

Total working capital at June 2005 was $1,134 million compared with $1,090 million at June 2004, an increase of 4%. The net effect of business acquisitions and disposals was a small decrease of $2 million. Excluding the effect of acquisitions, disposals and currency valuation changes, working capital increased by $59 million largely as a result of rising raw material prices.

THE BOARD OF DIRECTORS AND COMPANY SECRETARY

C I (CHRIS) ROBERTS

INDEPENDENT NON-EXECUTIVE DIRECTOR AND CHAIRMAN

BCom.

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. Former roles include Chairman and Managing Director of Arnotts Ltd (January 1996-January 1999), Managing Director of Orlando Wyndham Wines Ltd (October 1987-December 1990), Chairman of Email Ltd (June 1999-February 2001) and Director of Telstra Corporation Ltd (December 1991-November 2000) and MLC Life Ltd (August 1992-February 1995).

Director of Australian Agricultural Company Ltd (since June 2001), Cockatoo Ridge Wines Ltd (since February 2002), The Centre for Independent Studies (since August 2004) and Adviser to Control Risk Group PLC. Former Chairman of Winifred West Schools Ltd (February 2003-March 2004). Former Director of Petaluma Wines (February 1999-December 2001). Chairman of Executive and Nomination Committees and was a member of the Audit and Compliance Committee from 1 July 2004 to 7 December 2005. Director since February 1999   appointed Chairman 2000. Appointed Executive Chairman from December 2004 to June 2005. Continues as Non-Executive Chairman from July 2005.

K N (KEN) MACKENZIE

MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER

BEng.

Mr MacKenzie has extensive experience across all of Amcor s major packaging business segments in the Americas, Australia, Asia and Europe. Joined Amcor 1992. Former positions: Group Managing Director, Amcor Rentsch and Closures 2001-2005; Group General Manager Amcor Flexibles Australasia 1999-2001; General Manager Corporate Sales and Marketing, Amcor Containers Packaging 1997-1999; Senior finance and operational roles, Amcor PET Packaging North America 1992-1997; Prior to joining Amcor, Manager Manufacturing Strategy Practice, Accenture 1987-1992. Member of Executive, Nomination and Human Resources Committees. Appointed Managing Director & CEO July 2005.

G J (JOHN) PIZZEY

INDEPENDENT NON-EXECUTIVE DIRECTOR

BEng (Chem), Dip. Mgt.

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. Chairman of Range River Gold Ltd (since June 2004). Director of St Vincent s Institute of Medical Research (since April 2004) and Ivanhoe Grammar School (since November 2003). Previous directorships held; WMC Resources Ltd (November 2003-June 2005), Alcoa of Australia (April 1999-December 2003), ION Limited (in administration) (October 1999-August 2005), Chairman 2004-2005, London Metal Exchange Limited (UK) (1997-December 2003), London Metal Exchange Holdings Limited (UK) (December 2002-December 2003), International Aluminium Institute Ltd (UK) (1998-December 2003), and various subsidiaries of Alcoa Inc (USA) (1994-2003). Member of Human Resources and Nomination Committees. Director since September 2003.

E A (ELIZABETH) ALEXANDER

INDEPENDENT NON-EXECUTIVE DIRECTOR

AM, BCom, FCA, FCPA, FAICD.

Former Partner of PricewaterhouseCoopers with broad governance, accounting and financial reporting experience. Currently Director of Boral Ltd (since September 1994), CSL Ltd (since July 1991), DRFM as the responsible entity for the DB RREEF Trust since January 2005 and Deputy Chairman of Winston Churchill Memorial Trust and Financial Reporting Council. Chairman of Board of Advice to the Salvation Army (Southern Command) and member of the Takeovers Panel. Former Chairman of Australian Institute of Company Directors (October 2000-November 2003). Chairman of Amcor Superannuation Fund and member of the Audit and Compliance, Human Resources and Nomination Committees. Director since April 1994.

J G (JOHN) THORN

INDEPENDENT NON-EXECUTIVE DIRECTOR

FCA.

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

Committee (since February 2005) and member of the Nomination Committee. Director since December 2004.

D C K (CHARLES) ALLEN

INDEPENDENT NON-EXECUTIVE DIRECTOR

AO, MA, MSc, FTSE, FAICD.

Extensive Board and international management experience. Former roles include Chairman of National Australia Bank (October 1992-February 2004) and CSIRO (November 1996-November 2001), Managing Director of Woodside Petroleum (January 1980-May 1996) and Chairman of North West Shelf Project Committee (January 1980-June 1995). Currently Director of The Australian Gas Light Company (since October 1996), Air Liquide Australia Ltd (since April 1998) and Earthwatch Australia Ltd (since July 1995). Member of Executive, Audit and Compliance and Nomination Committees. Director since September 1996.

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 Ltd (October 1992-September 1998). Currently Chairman of Funtastic Ltd (since May 2000) and Programmed Maintenance Services Ltd (since August 1999). Deputy Chairman of Hansen Technologies Ltd (since March 2000) and Director of Mirrabooka Investments Ltd (since February 1999) and National Australia Bank Ltd (since March 2000). Formerly Director of Neverfail Spring Water Ltd (April 1999-September 2003) Chairman, Pineapplehead (March 2000-June 2002) and Reckon Ltd (June 1999-August 2004) (Chairman). Chairman Human Resources Committee and member of the Nomination Committee. Director since March 1999.

R K (KEITH) BARTON

INDEPENDENT NON-EXECUTIVE DIRECTOR

BSc, PhD, FTSE, FAICD.

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

J F (JULIE) MCPHERSON

COMPANY SECRETARY

Dip Law SAB, M AppFin.

As both an investment banker and a lawyer, Mrs McPherson has broad experience in corporate governance, finance and commerce. Admitted as a solicitor in Victoria and NSW and admitted to practice in the High Court. Formerly a partner of a major national law firm. Prior to joining Amcor, she has held executive, legal and commercial positions, including Company Secretary and General Counsel at Goodman Fielder, and Deputy Managing Director of Dresdner Kleinwort Bensen. 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 2005 and the independent audit report thereon.

CONTENTS OF DIRECTORS REPORT

BOARD OF DIRECTORS

The following persons were directors of Amcor Limited during the whole of the financial year or as at the date of this report.

C I (Chris) Roberts; E A (Elizabeth) Alexander; D C K (Charles) Allen; R K (Keith) Barton; G J (John) Pizzey; and G A (Geoff) Tomlinson. J G (John) Thorn (appointed on 8 December 2004). K N (Ken) MacKenzie (appointed on 1 July 2005).

R H (Russell) Jones (resigned from the Board on 7 December 2004).

The qualifications, experience and special responsibilities of directors are set out on page 28 and 29 of this report.

COMPANY SECRETARY

J F (Julie) McPherson was appointed Company Secretary on 30 April 2005. The qualifications of the Company Secretary are set out on page 29 of this report.

Mr Bert Guy was Company Secretary prior to Mrs McPherson. Mr Guy retired from the Company at the end of April 2005, following 16 years of distinguished and valued service.

DIRECTORS MEETINGS

	Board		Executive Committee		Audit and Compliance Committee		Human Resources Committee	
	(A)	(B)	(A)	(B)	(A)	(B)	(A)	(B)
E A Alexander	6	6			7	8	2	3
D C K Allen	5	6	5	6	6	8		
R K Barton	6	6	6	6	8	8		
R H Jones#	3	3	2	2	3	3	1	1
G J Pizzey	6	6					3	3
C I Roberts*#	6	6	6	6	7	8	3	3
G A Tomlinson	6	6					3	3
J G Thorn	4	4			4	4		

(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.

\# Attends Audit and Compliance Committee meetings by invitation.

* Attends Human Resources Committee meetings in an ex-officio capacity

Note: As the Nomination Committee comprises the full Board any matters referred to the Nomination Committee were dealt with by the Board.

UNSCHEDULED MEETINGS

As a result of the Australian Competition and Consumer Commission (ACCC) and the New Zealand Competition Commission (NZCC) investigation, the Board met on a number of additional occasions both formally and informally. The Board also established a Competition Law Committee during the initial investigation period to assist the Board in relation to competition law. The members of the Committee were C I Roberts, R K Barton, G A Tomlinson and G J Pizzey. Other directors attended by invitation. This committee met both formally and informally. The committee ceased to exist in January 2005 when all competition law matters were considered by the full Board. Details of these unscheduled meetings are set out below.

In addition to the unscheduled meetings there were an additional six impromptu Board discussions with available Board members during November, December, January and February to discuss the ACCC and NZCC investigation.

Unscheduled

Director	Unscheduled Board Meetings (A)	(B)	Competition Law Committee Meetings (A)	(B)
E A Alexander	3	3	2	2
D C K Allen	2	3	1	2
R K Barton	3	3	2	2
R H Jones	1	2		
G J Pizzey	2	3	2	2
C I Roberts	3	3	2	2
G A Tomlinson	3	3	1	2
J G Thorn	2	2	1	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.

SPECIAL DUTIES OF CHAIRMAN

Due to the resignation of Amcor s Managing Director & Chief Executive Officer on 7 December 2004, Mr Chris Roberts undertook the position of Executive Chairman for the period 8 December 2004 30 June 2005, pending the appointment of a replacement Managing Director & Chief Executive Officer. Accordingly, during that period, Mr Roberts was not considered an independent director. As this position was taken up under urgent and special circumstances, the Board has resolved (in accordance with ASX Corporate Governance Principles) that it considers Mr Roberts to be independent following his resignation as Executive Chairman and reappointment as Non-Executive Chairman on 1 July 2005.

DIRECTORS REPORT STATUTORY MATTERS

PRINCIPAL ACTIVITIES

The general activities of the consolidated entity (comprising Amcor Limited and its controlled entities) are set out on pages 14 to 22 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 14 to 22 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 2005 were as follows:

On 22 November 2004, the Board of Amcor Limited became aware of information that led it to believe that its Australian business may have been involved in conduct which breaches competition laws. On receipt of that information, the Board immediately:

Notified the ACCC and the NZCC of the information and advised the ACCC and the NZCC that it would cooperate fully with any investigation;

Notified the ASX of possible breaches of competition laws; and

Instructed its legal advisers to review the available information and to conduct interviews with relevant members of management who may be able to assist in the investigation.

The Board met to receive and consider an interim report in the matter from its legal advisors and resolved to accept offers of resignation given by each of Mr Russell Jones (Managing Director of the Company) and Mr Peter Sutton (Managing Director, Amcor Australasia) from their employment (and any directorships and other positions) with the Amcor Group. Mr Peter Brown retired as Managing Director of Amcor Australasia in October 2003 and became a consultant to the Company. That consultancy was also terminated.

Following the resignations, the Board determined Messrs Jones and Sutton would receive their minimum legal entitlements only on termination. Any additional payments (whether by way of accrued performance payments or payments in lieu of notice or otherwise) were not made to them.

Following the announcement, the Board made the following interim appointments:

Mr Chris Roberts (Chairman) became Executive Chairman.

Mr Louis Lachal, who was the Executive General Manager Operations, became the Acting Chief Operating Officer of the Company.

Mr Darryl Roberts, who was the Group General Manager Fibre Packaging in Australasia became the Acting Managing Director of Amcor Australasia.

The Board immediately commenced the process of identifying suitable candidates for subsequent appointment to the executive positions. In May 2005, the Board announced the appointment of Mr Ken MacKenzie to the position of Chief Executive Officer and Managing Director effective from 1 July 2005. Mr Louis Lachal was appointed Managing Director Amcor Australasia from 12 July 2005 while Mr Darryl Roberts, took up an expanded role as Group General Manager Amcor Fibre Division, encompassing responsibility from 12 July 2005 for Australasian business performance with corrugated boxes, folding cartons, and the Paper Division. Further details are contained in Note 34 of the Full Financial Report and on page 3 of the Concise Report.

Amcor gained a favourable decision of the High Court in the matter of Amcor Ltd vs Construction, Forestry, Mining and Energy Union (CFMEU) and is pleased its resolve in pursuing the matter to the High Court has been rewarded. The Federal Court had previously decided that the demerger of PaperlinX from Amcor in April 2000, and the necessary transfer of employees from Amcor to PaperlinX connected with that demerger, triggered an entitlement to redundancy/severance payments. The High Court decision in March 2005 overturns the earlier decisions of the Federal Court and by a unanimous decision, found that no such entitlement arises.

Amcor undertook a share buy-back and cancellation of 2,205,000 shares at an average price of $7.00.

The granting of 5,921,500 options and the lapse/cancellation of 8,616,955 options over ordinary shares of the Company to senior executives.

Commentary on the overall state of affairs of the consolidated entity is set out on pages 1 to 71 of this report.

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/Unfranked	Date of payment
Declared and paid during the year				
Final 2004	16	140.6	40% franked	29 September 2004
Interim 2005	17	149.6	28% franked	23 March 2005
Declared after end of year				
Final 2005	17	149.4	22% franked	28 September 2005
Dealt with in the Concise Financial Report as:				
Dividends (Note 2)		290.2		
Noted as a subsequent event (Note 6)		149.4		

EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

Since the end of the financial year, the directors declared a final dividend of 17 cents per share payable on 28 September 2005. The total amount of this dividend is $149.4 million. The financial effect of this dividend has not been brought to account in the financial statements in the year ended 30 June 2005 and will be recognised in subsequent financial reports.

From 1 July 2005, the consolidated entity must comply with International Financial Reporting Standards as issued by the Australian Accounting Standards Board (AIFRS). Details of the progress of the implementation project and the expected impact of the transition to AIFRS on the financial report for the year ended 30 June 2005 are included in Note 39 of the Full Financial report. The consolidated entity is expected to be in a position to fully comply with the reporting requirements of AIFRS for the half year to 31 December 2005 and the financial year to 30 June 2006.

LIKELY DEVELOPMENTS

Likely developments in the operations of the Company and the entities it controls that were not finalised at the date of this report included the announcement at the full year results that some non-core operating assets are targeted to be divested over the next 12-24 months. No specific details were given regarding which assets are involved.

Further information on likely developments in the operations of the consolidated entity and the expected results of operations have 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 50 and also in the Review of Operations section on page 21.

DIRECTORS INTERESTS

The relevant interest of each director in the share capital of the Company as notified by the directors to the Australian Stock Exchange in accordance with S205G(1) of the Corporations Act 2001 at the date of this report is as follows:

	Balance at	Received during	Other changes	Balance at

Name	the beginning of the year	the year on the exercise of options	during the year	the end of the year
Directors of Amcor Limited				
Ordinary shares				
C I Roberts	114,421	Nil	21,061	135,482
K N MacKenzie#	1,200	103,000	(93,000)	11,200
E A Alexander*	26,258	Nil	5,671	31,929
D C K Allen	55,857	Nil	3,858	59,715
R K Barton	25,270	Nil	4,120	29,390
G J Pizzey	6,408	Nil	5,840	12,248
J G Thorn	Nil	Nil	3,915	3,915
G A Tomlinson	39,684	Nil	4,638	44,322

Not previously disclosed as appointed to the Board 1 July 2005

* E A Alexander also holds 50,000 partly paid shares paid to 5 cents

R H Jones held 381,764 shares at the start of the year and resigned as a director during the year.

SHARE OPTIONS

UNISSUED SHARES UNDER OPTION

At the date of this report, unissued ordinary shares of the Company under option are:

Expiry Date(1)		**Exercise Price**	**Number of Options**
14 September 2005	$	5.16(2)	350,000
1 October 2005	$	5.10(2)	1,327,000
13 September 2006	$	6.02(2)	720,000
1 October 2006	$	6.03(2)	300,000
1 July 2007	$	7.30	300,000
1 July 2007	$	7.40	1,577,500
1 October 2007	$	7.25	80,000
23 March 2010	$	7.87(2)	481,490
24 March 2010	$	7.87(2)	4,130,045
2 August 2010	$	6.84(2)	5,625,200
1 November 2012	$	8.20(2)	3,978,480
Total			**18,869,715**

(1) All options expire on the earlier of their expiry date or termination of the employee s employment
(2) These options have been granted subject to the Company achieving various performance hurdles. These options do not entitle the holder to participate in any share issue of the Company

SHARES ISSUED ON EXERCISE OF OPTIONS

During or since the end of the financial year, the Company issued 2,137,500 ordinary shares for $12,545,475 as a result of the exercise of options as follows:

Amount Paid on Each Share		**Number of Shares Issued**		**Proceeds Received**
$	6.47	432,500	$	2,798,275
$	5.43	100,000	$	543,000
$	5.10	42,500	$	216,750
$	5.16	220,000	$	1,135,200
$	5.10	56,000	$	285,600
$	6.02	492,500	$	2,964,850
$	5.10	164,000	$	836,400
$	6.62	50,000	$	331,000
$	5.30	10,000	$	53,000
$	5.10	290,000	$	1,479,000
$	6.62	50,000	$	331,000

$	5.30	10,000	$	53,000
$	6.03	80,000	$	482,400
$	7.40	140,000	$	1,036,000
Total		**2,137,500**	**$**	**12,545,475**

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, except 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 contract.

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 NZCC 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 31 July 2005, Mr Sutton has been reimbursed $52,010.81 for legal fees, Mr Brown $2,711.50 for legal fees and Mr Jones $11,220 for legal fees. Mr Sutton, Mr Brown and Mr Jones are continuing to provide assistance to the ACCC and the NZCC and the Company in their investigations.

NON-AUDIT SERVICES

During the year, KPMG, the Company s auditors, have performed certain other services in addition to their statutory duties.

The Board has considered the non-audit services provided during the year by the auditor and, in accordance with written advice provided by resolution of the Audit and Compliance Committee, is satisfied that the provision of those non-audit services during the year by the auditor is compatible with, and did not compromise, the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

All non-audit services were subject to the corporate governance procedures adopted by the Company and have been reviewed by the Audit & Compliance Committee to ensure they do not impact 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 Professional Statement F1 Professional independence, 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 is included in the Directors report on page 53.

Details of the amounts paid to the auditors of the Company, KPMG, and its related practices for audit and non-audit services provided during the year are set out below and also referred to in Note 6 of the Full Financial Report.

	Consolidated	
$ 000s	**2005**	**2004**
AUDIT SERVICES:		
Auditors of the Company KPMG:		
Audit and review of financial reports(1)	**9,151**	7,407
OTHER SERVICES:		
Auditors of the Company KPMG:		