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For Immediate Release **Tuesday, 20 February 2007**

AMCOR ANNOUNCES HALF YEAR RESULTS

Amcor announced today, that profit after tax and before significant items was $185 million for the half year ended 31 December 2006. The half year dividend remained unchanged at 17 cents per share.

The company generated a sound operating cash flow for the half of $124.6 million. Significant items after tax were a net loss of $67 million.

Today, the company announced it had completed strategic reviews of both the PET Packaging and Flexibles operations in Europe.

As a result it has been decided to proceed with divestment options for the PET Packaging business in Europe, and to undertake a comprehensive restructuring of the flexibles operations, the full details of which will be announced in April.

In addition, the company also announced it will build a new €26 million flexibles plant in Poland, specifically dedicated to a large multinational customer, as well as a new €12 million tobacco packaging plant in the Ukraine.

Amcor's Managing Director and CEO, Mr Ken MacKenzie, said, "As part of The Way Forward agenda a detailed review of all businesses in the portfolio was undertaken.

"The growth markets that have been confirmed are flexibles and tobacco packaging in emerging markets, custom PET containers in North America, and some select market segments in Australasia.

"Today's announcement of a new flexibles plant in Poland, serving one of the fastest growing food categories in Eastern Europe, is a clear fit with the company's regional growth aspirations. The returns from this €26 million investment are supported by a long term supply agreement.

"The tobacco packaging plant in the Ukraine involves a €12 million investment in one of the largest tobacco producing countries in Europe. Following the period of extended success the business has achieved in Poland and Russia, this investment is the next logical step in the company's Eastern European development.

"Following a strategic review of the PET Packaging business in Europe, it has been concluded that there are a number of attractive growth opportunities across the region, however it is clear that the PET industry in Europe is poised for rationalisation and consolidation.

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"Amcor has prioritised its growth opportunities and has decided that it is not able to fund its global growth plans and also lead the European PET consolidation process through acquisition. Therefore, we have decided to sell part, or all, of the European PET business.

"This process has already commenced and is expected to be completed during the next six months.

"A similar review has been undertaken of the European flexibles operations. The key finding from this review was the opportunity to better align the manufacturing footprint with customer needs and market trends while, at the same time, increasing the focus on the lower cost regions of Southern and Eastern Europe. Although the review is substantially complete, we must review the outcomes with our key stakeholders and the specific details of the restructuring will be communicated in April.

"Today's announcements substantially complete the major portfolio review process. When the implementation phase is complete, it is anticipated that total asset sales will be around $1 billion, more than 10 plants will have closed, and substantial turnarounds implemented in the Mexican PET packaging, European flexibles, and Australasian fibre operations.

"As a result of these changes, Amcor will be a more focused company in terms of product and market segments, and will have geographically re-weighted the portfolio. In 2005, 32% of sales were in Western Europe and this will be reduced to around 20% by 2009. In emerging markets, sales will increase from 12% to around 20% over the same time frame.

"Although the portfolio review, as envisaged in August 2005, is now substantially announced, Amcor will continue to look for opportunities to grow and strengthen the portfolio.

"The result for the half year was a solid performance across most of the business units, and was achieved in a difficult environment of rising input cost pressures.

"The cost index for the basket of raw materials purchased reached record highs in September and October. Against a backdrop of falling oil prices, this made obtaining full recovery from customers in a timely manner particularly challenging. Notwithstanding this, the businesses collectively managed to recover the vast majority of the increases, albeit with some lag.

"The fibre business in Australia had a difficult half with lower volumes having a substantial impact on earnings.

"These lower volumes were driven by two events. First, the impact on the banana crop from Cyclone Larry and second the loss of a large customer in New Zealand at the end of the 2005 calendar year.

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"Although absolute volumes were lower, the business maintained its market share in Australia throughout the 2006 calendar year.

"Amcor Sunclipse, the US distribution business, had a particularly strong half year with earnings up 19%. This is a result of a program implemented to improve operating efficiencies and recover cost increases in the market.

"For the second half of the year, Amcor's input costs will continue to be substantially higher than a year ago, and there will be a more significant impact on volumes from the drought in Australia. Notwithstanding these factors, earnings are expected to be higher than the second half of last year.

"The benefits from The Way Forward program, which is a three year 'get fit' agenda will become increasingly evident over the coming 18 to 24 months. It is the right program at the right time for Amcor, and will deliver substantial benefits over the medium term."

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For further information and comment please contact:

Mr Ken MacKenzie
Managing Director and CEO
Amcor Limited
Ph: +61 3 9226 9001

Mr John Murray
Executive General Manager Corporate Affairs
Amcor Limited
Ph: +61 3 9226 9005