Amcor News Release

AMCOR

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

RESULTS FOR SIX MONTHS ENDED DECEMBER 31, 2006

All Operations A$m	Jul/Dec 2005 [1]	Jul/Dec 2006	Change %
Sales	5,750.1	**5,472.1**	(4.8)
PBITDA	637.3	**580.6**	(8.9)
PBIT	401.2	**350.6**	(12.6)
PAT before significant items	214.4	**185.0**	(13.7)
Significant items [2]	(12.5)	**(67.3)**	438.4
PAT after significant items	201.9	**117.7**	(41.7)
EPS [3]	24.4	**20.5**	(16.0)
Operating cash flow [4]	61.3	**124.6**	103.3
Dividend (cents)	17.0	**17.0**	-

(1) In the financial tables, comparatives are reported for the previous corresponding half year ended 31 December, 2005, except for the comparative balance sheet that is disclosed as at 30 June 2006.
(2) Significant items for the half year ended 31 December 2006 relate to the Fibre Packaging Australasia turnaround, the Flexible market sector rationalisation and PET business integration and restructure, partially offset by the business gain on disposal of Closures.
(3) Before significant items.
(4) After significant items.

Continuing Businesses PBIT by Operating Business (local currency) Million	Jul/Dec 2005	**Jul/Dec 2006**
Amcor PET Packaging (USD)	97.7	**90.4**
Amcor Australasia (A$)	153.8	**121.7**
Amcor Flexibles (€)	54.6	**50.7**
Amcor Sunclipse (USD)	23.4	**27.8**
Amcor Asia (SGD)	20.0	**20.0**

All Operations Key Ratios	**Dec 2005**	**Dec 2006**
PBIT/Ave Funds Emp. (%) [2]	11.7	**10.7**
Return on Ave Equity (%) [2]	12.5	**10.4**
Net Debt/(Net Debt + Equity) (%) [1]	51.0	**45.6**
Net PBITDA interest cover (times) [2]	5.1	**5.6**
NTA per share (A$)	1.94	**1.63**

(1) All hybrids treated as debt.
(2) Before significant items.

KEY POINTS

Financial Results
- Profit after tax and pre significant items down 13.7% from $214.4 million to $185.0 million.
- Earnings per share down 16.0% from 24.4 cents to 20.5 cents.
- Returns measured as profit before interest and tax (PBIT) to average funds employed were 10.7% which is above the company's weighted average cost of capital of 9.8% pre tax.
- Operating cash flow for the half was $124.6 million which was a $63.3 million improvement over the first half last year.
- The dividend remained unchanged at 17 cents per share. There was no franking credit for the half year dividend.
- Significant items for the half were an after tax loss of $67.3 million and predominantly relate to the Fibre Packaging Australasia turnaround of $45.0 million, the Flexible market sector rationalisation of $24.0 million and the PET business integration and restructure of $5.1 million, partially offset by the business gain on disposal of Closures of $6.8 million.

Operational Performance
- Amcor PET Packaging had a 7.5% reduction in earnings, due mainly to the impact of un-recovered cost increases, particularly energy and lower volumes in North America.
- Amcor Australasia experienced a difficult half with earnings down $32.1 million. This was due entirely to lower earnings in the fibre operations.
- Amcor Flexibles earnings were down 7.1%. This was a credible result given rising raw material costs during the half were difficult to recover in an environment of falling oil prices.
- Amcor Sunclipse had an excellent half with earnings up 18.8% and margins improving from 5.0% to 5.6%.
- Amcor Asia had a strong half in both the tobacco packaging and flexibles operations.

Portfolio Restructuring
The portfolio review component of The Way Forward agenda is complete. The key decisions, some of which are being announced today are:

Grow
- The targeted growth segments are the custom PET business in North America, Flexibles and tobacco packaging in emerging markets and some selected segments in Australia.
- Amcor Flexibles announces today that it is building a new €26 million plant in Poland, dedicated to a large multinational customer.
- Amcor Rentsch, the tobacco packaging business, is announcing the building of a €12 million plant in the Ukraine as part of its ongoing expansion in Eastern Europe.
- The new USD80 million PET plant at Wytheville, Virginia (USA), dedicated to Pepsi Co for the manufacture of Gatorade bottles, is on schedule to commence production in March 2007.
- In Russia, the second flexibles press is being installed and will be commissioned in July 2007.

Fix / Sell /Close
- Following a strategic review of the European PET operations it has been concluded that the PET industry in Europe is poised for rationalisation and consolidation and that Amcor, having prioritised its growth opportunities in other market segments, has decided to sell part or all of the business. This process has commenced and is expected to be completed over the next six months.
- Amcor Flexibles in Europe is finalising a detailed review of its manufacturing strategy and footprint. The final outcomes of this review will be announced in April 2007. At this stage, it is envisaged there will be further restructuring of the operations including additional plant closures.
- Amcor Flexibles has successfully completed the closure of two plants in Europe, with around 70% of the volumes transferred to other sites. In total there have been nine plant closures across the company as part of The Way Forward agenda.

Further enquires

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AMCOR

All operations Consolidated Income Statement

A$m	Jul/Dec 2005	Jul/Dec 2006
Net sales	5,750.1	**5,472.1**
PBITDA	637.3	**580.6**
- Depreciation and amortisation	(236.1)	**(230.0)**
PBIT	401.2	**350.6**
- Net interest (ex PACRS)	(96.4)	**(94.6)**
- PACRS interest	(27.6)	**(9.9)**
PBT	277.2	**246.1**
- Income tax	(59.6)	**(52.9)**
- Minority interest	(3.2)	**(8.2)**
PAT before significant items	214.4	**185.0**

All operations Consolidated Cash Flow Statement

A$m	Jul/Dec 2005	Jul/Dec 2006
PBITDA	637.3	**580.6**
Interest	(106.5)	**(94.1)**
Tax	(55.3)	**(34.5)**
Base capital expenditure	(193.7)	**(155.2)**
Cash significant items	-	**(79.2)**
Movement in working capital	(162.0)	**(66.9)**
Other	(58.5)	**(26.1)**
Operating cash flow	61.3	**124.6**
Dividends	(150.9)	**(156.6)**
Free cash flow	(89.6)	**(32.0)**
Divestments	-	**39.0**
Growth capital expenditure	-	**(58.2)**
Movement in share capital	12.2	**(123.3)**
Foreign exchange rate changes	8.5	**(0.7)**
Movement in net debt	(68.9)	**(175.2)**

All operations Consolidated Balance Sheet

A$m	Jun 2006	Dec 2006
Current assets	3,196.9	**3,110.2**
Property, plant & equipment	4,296.8	**4,185.3**
Intangibles	1,888.4	**1,785.1**
Investments & other assets	516.1	**535.0**
Total assets	9,898.2	**9,615.6**
Short term debt	690.4	**975.1**
Long term debt	2,084.9	**1,928.0**
Creditors, provisions and other liabilities	3,086.7	**2,971.6**
Convertible notes	464.2	**219.8**
Equity	3,572.0	**3,521.1**
Total liabilities & equity	9,898.2	**9,615.6**

Final Dividend

The Directors declared an unfranked interim dividend of 17 cents per share. 75% of the dividend is sourced from the Conduit Foreign Income Account for the benefit of foreign shareholders. This compares with an interim dividend of 17 cents per share, 15% franked at 30 cents in the dollar for the first half in the previous year. The record date for the interim dividend is 7 March 2007 and payment date will be 30 March 2007.

The Dividend Reinvestment Plan (DRP) remains in operation with a zero discount. The issue price of DRP shares will be determined from the arithmetic average of the daily volume weighted average market price for the nine ASX business days 9 to 22 March 2007 inclusive. Shares will be sourced on market to satisfy the DRP.

Accounting Principles

The half year financial statements for Amcor Limited and its controlled entities have been prepared in accordance with Australian International Financial Reporting Standards (AIFRS).

Significant Items

Significant items after tax for the half year ended 31 December 2006, was a loss of $67.3 million compared with a loss of $12.5 million in the prior year corresponding period.

Significant items for the current half year relate to the Fibre Packaging Australasia turnaround of $45.0 million, the Flexible market sector rationalisation of $24.0 million, and the PET business integration and restructure of $5.1 million, partially offset by a business gain on disposal of Closures of $6.8 million.

Segmentals

During the half year ended 31 December 2006, the consolidated entity did not change its reportable business segments compared with the full year financial report as at 30 June 2006. However, we have restated our comparative information for the half year ended 31 December 2005, to report discontinued operations for our divestment in the White Cap Closures business in Flexibles and the Asian Corrugated business in Asia that occurred in the second half of fiscal 2006.

During the current half year, a detailed review of the corporate costs of the consolidated entity was undertaken and it was identified that $16.7 million (2005: $16.7 million) of the total $43.9 million (2005: $44.4 million) was properly attributable to the results of the operating segments and, as such, has been allocated, based on relevant cost and service drivers.

Segmental Analysis (Before significant items)

	Jul/Dec 2005			Jul/Dec 2006		
	Sales (A$m)	**PBIT (A$m)**	**ROAFE (%)**	**Sales (A$m)**	**PBIT (A$m)**	**ROAFE (%)**
Amcor PET Packaging	2,026.2	130.3	10.1	1,970.4	118.0	9.4
Amcor Australasia	1,320.6	153.8	16.5	1,294.0	121.7	13.0
Amcor Flexibles	1,439.6	87.0	11.6	1,498.0	85.1	11.1
Amcor Sunclipse	629.9	31.2	18.3	651.6	36.3	21.8
Amcor Asia	103.1	15.9	22.8	62.9	16.6	9.4
Corporate / Other	9.1	(27.2)	-	-	(27.1)	-
Intersegmental	(10.4)	-	-	(4.8)	-	-
Continuing Operations	**5,518.1**	**391.0**	**12.2**	**5,472.1**	**350.6**	**10.7**
Discontinued operations	232.0	10.2	4.7	-	-	-
TOTAL	**5,750.1**	**401.2**	**11.7**	**5,472.1**	**350.6**	**10.7**

AMCOR PET PACKAGING

	Jul/Dec 2005 A$	Jul/Dec 2006 A$	Jul/Dec 2005 USD	Jul/Dec 2006 USD
Net Sales (m)	2,026	**1,970**	1,520	**1,509**
Change (%)		**(2.8)**		**(0.7)**
PBIT (m)	130.3	**118.0**	97.7	**90.4**
Change (%)		**(9.4)**		**(7.5)**
Operating Margin (%)	6.4	**6.0**	6.4	**6.0**
Average Funds Emp (m)	2,575	**2,498**	1,931	**1,913**
PBIT/AFE (%)	10.1	**9.4**	10.1	**9.4**
Average Exchange Rate	0.75	**0.77**		

(All Operations)

	Jul/Dec 2006 A$m	Jul/Dec 2006 USDm
PBITDA	220.3	**168.7**
Base Capital Expenditure	(62.9)	**(48.2)**
Significant Items	(2.4)	**(1.8)**
Movement in Working Capital	51.0	**39.1**
Operating Cash Flow	206.0	**157.8**
Growth Capital Expenditure	(38.0)	**(29.1)**

(All Operations)

Group

Amcor PET Packaging had a mixed half year. Improved operating performance and energy cost recovery were more than offset by lower volumes, primarily in North America and Mexico, and inflationary cost pressures. The business group significantly improved its operating cash flow.

Profit before interest and tax (PBIT) was down 7.5% to USD 90.4 million. Returns, measured as PBIT over average funds employed, were lower at 9.4%.

Volumes for the half were down 1.4% to 17.6 billion units due to the loss of the Coca-Cola Carbonated Soft Drink (CSD) business in Canada and the Pacific Northwest at the end of the first half of 2005/06, and to some overall softness in the North American beverage market. Custom containers, which were 19% of the total volume, were flat compared to the very strong first half last year.

During the half, the business continued to experience unrecovered inflationary cost increases of USD 6.4 million, most of which related to energy. The business is making progress in recovering the energy portion of these costs, however, this is predominately achieved when contracts roll over. Energy costs during the half were broadly in line with the second half last year and this trend is expected to continue into the second half of the 2006/07 year.

At period end, PET resin prices were lower than last year's historically high levels. Resin price movements are passed on to customers via established contract mechanisms, however, there is often a short lag in passing on price movement in both rising and falling situations that impact inventory valuations. For the current half there was a small adverse impact, compared to the same period last year, from the movement in inventory valuations.

Significant items before tax resulted in a loss of USD 4.7 million, of which USD 2.9 million related to the non-cash write-off of fixed assets. These losses related to the announced closure of the Erie Injection (USA) and the Saltillo (Mexico) blowmolding plants.

Capital expenditure was USD 77.3 million. This was comprised of USD 48.2 million of base capital spending and USD 29.1 million for growth capital. Of this growth capital investment, USD 20 million was allocated to the new plant in Wytheville, Virginia (USA) and the balance was incurred for additional capacity at existing facilities in support of custom business and PowerFlex™ expansion in North America.

Overall, the business generated an operating cash flow of USD 157.8 million, which was favourably impacted by a decrease in working capital of USD 39.1 million since June 2006.

North America

In North America, volumes were down 7%, which flowed through to a similar reduction in earnings. Over half of this reduction was due to Coca-Cola's decision to self manufacture in Canada and the Pacific Northwest at the end of the first half last year. Excluding this impact volumes were down 3%. Other factors that affected demand in the first half included customer planned inventory reductions and some general industry wide softness in demand.

Volumes are expected to be substantially stronger in the second half and there are indications, early in the half, that this will be the case.

The strategy in North America is to pursue the custom hot fill segment, select water and CSD opportunities, and develop the diversified product business. Progress during the last six months has been significant.

In the custom segment, the new USD 80 million dedicated facility for PepsiCo in Wytheville, Virginia (USA), which will supply hot fill Gatorade containers, is expected to begin production in March 2007. This plant is located adjacent to a new PepsiCo facility and, when fully operational, will have a capacity of over 1 billion units annually. Approximately USD 35 million of the capital expenditure will occur in FY 2006/07, with the balance due early in the next fiscal year.

The new panel-less heat-set container, PowerFlex™, continues to gain momentum in the market place. Currently 17 customers are using the container. Additional capacity will be added in the second half to meet growing demand for this award winning product line.

Latin America

The business in Latin America achieved overall volume growth of 2%. The region has favourable demographics, increasing income per capita and ongoing replacement of glass with PET that will continue to support this higher overall growth rate.

In Mexico there was a noticeable improvement in the operational performance over the past 12 months. The restructuring from an operational perspective is proceeding on schedule with all the key operational performance measures improving broadly in line with expectations. Operating costs, including headcount, have been substantially reduced and two blowmolding facilities have been closed (Mexicali and Piedras Negras). Another plant (Saltillo) will close during February 2007. Earnings in the first half were negatively impacted by lower than expected volumes, especially in custom containers. The causes appear to be similar to those in North America and volumes are expected to improve in the second half.

In Argentina, strong volumes across a range of customers helped deliver substantial earnings improvement.

In Brazil, the business is undertaking substantial restructuring, with blowmolding capacity moving onsite for a major customer in Sao Paulo. Earnings in Brazil will remain substantially lower than last year until this project is completed.

Across the region, earnings were below the same period last year. For the second half, earnings are anticipated to be substantially above last year, primarily due to the recovery in Mexico and strengthened performances in other business across Central and South America.

Europe

The European business had a particularly strong first half with volumes up 7% and earnings around 25% higher. There was good operational performance across all the plants. During the period, the business successfully renegotiated a number of supply agreements with major customers that will underpin earnings over the next few years.

Following a strategic review of the business over the past six months, it has been concluded that:

- there are a number of attractive growth opportunities in the European market; and
- the industry is poised for rationalisation and consolidation.

Amcor has prioritised its focus on growth opportunities in other market segments across the company and is, therefore, not in a position to fully fund all the opportunities in the European PET operations in a timely fashion and as such, have decided to sell part or all of the business. It is possible Amcor could remain involved in the business via ongoing technology agreements, pooled know-how or servicing of common multinational customers.

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

Group Outlook

The outlook for the second half of the year is for a substantial improvement in earnings, compared to the second half last year, supported by stronger volumes and ongoing improvements across the entire business, most notably in Mexico.

This improvement in the second half should ensure sound earnings growth for the full year.

AMCOR AUSTRALASIA

	Jul/Dec 2005 A$	Jul/Dec 2006 A$
Net Sales (m)	1,321	**1,294**
Change (%)		**(2.0)**
PBIT (m)	153.8	**121.7**
Change (%)		**(20.9)**
Operating Margin (%)	11.6	**9.4**
Average Funds Emp (m)	1,864	**1,869**
PBIT/AFE (%)	16.5	**13.0**
(All Operations)		

	Jul/Dec 2006 A$m
PBITDA	**187.8**
Base Capital Expenditure	**(62.6)**
Significant Items	**(45.7)**
Movement in Working Capital	**(82.1)**
Operating Cash Flow	**(2.6)**
Growth Capital Expenditure	**-**
(All Operations)	

Group

The Australasian business had a difficult half year with profit before interest and tax down 20.9% to $121.7 million. Although earnings were substantially lower than the first half last year, they were consistent with the run rate for the second half last year, which was $108.6 million.

Returns, measured as PBIT over average funds employed, were lower at 13.0%.

Working capital for the first half increased by $82 million. An increase was expected in the first half, given the strong seasonal business peak in December. Working capital at December 2006 compared to December 2005 was slightly lower, which was a credible performance, given the increase in raw material costs. Going forward there are opportunities to further improve working capital performance.

Base capital expenditure for the half was $62.6 million, compared to depreciation of $66.1 million.

Overall, the business delivered a negative operating cash flow of $2.6 million.

Fibre Division

Sales

The Corrugated Box business continued to experience difficult market conditions. In Australia, volumes declined by 4%, of which 3% was the impact of Cyclone Larry. In New Zealand, volumes were down 25% due entirely to the loss of the major customer in that market.

In carton converting, volumes were up 5% from new business developed across Australia and slightly lower in New Zealand.

Operations

Corrugated and Cartons

The reduced volumes in Corrugated had a substantial negative impact on earnings, with gross margins lower than for the first half last year. Although price increases of 3.5% in Australia in November and 5.25% in New Zealand in December to uncontracted accounts were implemented, these did not fully recover cost increases for the half.

As part of the Fibre turnaround plan, the Australian business undertook major restructuring in Queensland, New South Wales and Victoria. As a result of this significant restructuring program the business is experiencing temporarily higher costs and lower operating efficiencies. This will improve as the restructuring is finalised towards the end of the year.

The carton converting business incurred one-off costs in acquiring new business in the fast food segment. A new, larger format printing machine and associated conversion equipment will be installed at Botany by June 2007 to lower the cost base and enable targeting of new growth opportunities.

Paper & Board

The recycled paper mills and cartonboard mill principally produce paper and boards for the corrugated box and carton converting businesses.

Domestic volumes for the recycled paper mills were down 10.6% due to lower corrugated volumes. This was offset by higher export sales at lower margins.

Domestic cartonboard volumes increased 7%, reflecting higher volumes in Amcor's carton converting business. There was a corresponding reduction in lower-margin export volumes, while sales to external domestic customers remained unchanged. Lower import prices for cartonboard negatively impacted the domestic selling price.

Turnaround Plan

Significant progress has been made in implementing the Fibre business's turnaround plan, outlined in August 2006. Plant reorganisations and rationalisations will be largely complete by June 2007, with the majority of the $40 million benefits, (excluding the proposed new recycled paper mill) to be realised in 2007/08.

Corrugated

In Queensland, the reduction from three corrugated plants to two following the closure of the West End site and relocation of the corrugator and converting equipment to Rocklea, is largely complete. Although the business is still in the transition phase, Amcor will be the low-cost converter in that market.

In Victoria, there is also a reduction in operations from three corrugated sites to two. The Box Hill site is scheduled to close in March 2007 following the upgrade of the two other Victorian sites. The headcount in Victoria will be reduced by 144.

In NSW, a review of that state's operation has been completed and significant changes have been announced including targeted changes to work practices and plant upgrades resulting in a reduction in headcount of 106 people. These changes are expected to be fully implemented by early 2007/08.

Cartons
The operations in New South Wales will consolidate from two sites to one site following the upgrade of the Botany cartons plant. This is expected to occur by September 2007 and will result in headcount being reduced by 31 people.

Paper
The feasibility study for a new paper recycling mill at Botany, New South Wales is progressing well and is expected to be complete by the end of June 2007. The business is targeting completion of a new mill in the 2009/10 financial year. Closure of the recycled paper mill at Spearwood, Western Australia was completed successfully in September 2006.

Fibre earnings summary
Across the fibre business, the impact of lower volumes was the largest component in the reduction of earnings.

Cyclone Larry and the loss of a major customer in New Zealand, not only reduced earnings in the corrugated conversion plants, but also reduced demand at the recycle paper mills, which resulted in additional recycled paper having to be exported at lower prices.

In the cartons business, the mix of business was unfavourable with new business at lower average margins.

Other major components impacting earnings were the under-recovery of cost increases and an increase in depreciation of $4 million, following the installation of SAP across the business.

There was price erosion in some sections of the business, which in aggregate, amounted to around 1.5% of sales.

Offsetting these negatives was a positive impact from the initial benefits of the turnaround plan. These benefits will be more significant in the second half.

Flexibles Division
The Flexibles business which consists of four operating units: polyethylene, laminations, New Zealand Flexibles and multiwall sacks performed creditably despite experiencing difficult trading conditions mainly due to a lag in recovery of increased resin prices, as well as the impact of industrial issues at Preston in Victoria.

The polyethylene business earnings were down overall due to lower volumes and pricing in the commodity film segments of stretch and shrink film where import competition affected the ability to recover resin cost increases. The new flexographic press installed in Queensland in the second half last year delivered to expectation with a further press being commissioned in Victoria in March to meet ongoing growth in the food, hygiene, fresh food and meat segments of the market.

In the laminations business, the NSW rationalisation from two sites to one and the two new gravure machines, one in each of Victoria and NSW, all had positive impacts on earnings.

The business in New Zealand continued to experience difficult trading conditions with more competitive pricing in the market, making it difficult to recover resin price increases. The new extrusion line and flexographic press, commissioned during the second half of the last year, has supported new volumes and has had a positive impact on earnings.

The multiwall sack market was very competitive with the drought affecting sales to the dairy segment during the half. The substantial product rationalisation and plant restructuring completed last year assisted in offsetting the market issues with the business overall experiencing flat earnings.

With the re-capitalisation over the past 18 months nearing completion, the flexibles division continues to lower its cost base, enabling improved value propositions to our customers.

Rigid Division
The aluminium beverage can business continues to produce sound results with both earnings and returns slightly up on the corresponding period last year. Volumes increased 4%, mainly due to growth in the soft drink segment and the ready-to-drink alcoholic sector that experienced double digit growth. Continued productivity improvements also assisted the result.

The food can and aerosol can business achieved results above expectations with improved efficiencies in a challenging market environment. The announcement by Bluescope to close its tin mill operation in the first half of 2007 will result in all plate being imported from that time. Substantial progress has been made in this area in relation to alternative supply arrangements.

The glass wine bottle business continues to exceed expectations with increased earnings as the second glass furnace moved to full capacity. Continued sound productivity levels together with ongoing sales growth delivered improved earnings and returns on the corresponding period last year.

Group Outlook
The outlook for the second half for the Australasian business remains mixed. In the non-fibre operations there are sound operating performances and good opportunities for further growth. Earnings are anticipated to be higher in the second half than for the same period last year.

In the fibre operations, although the benefits from the turnaround plan will start to be evident in the second half, the impact from the reduction in volumes and unrecovered cost increases will more than offset this, resulting in lower earnings.

	Jul/Dec 2005 A$	Jul/Dec 2006 A$	Jul/Dec 2005 €m	Jul/Dec 2006 €m
Net Sales (m)	1,440	**1,498**	898	**892**
Change (%)		**4.0**		**(0.7)**
PBIT (m)	87.0	**85.1**	54.6	**50.7**
Change (%)		**(2.2)**		**(7.1)**
Operating Margin (%)	6.0	**5.7**	6.1	**5.7**
Average Funds Emp (m)	1,505	**1,538**	939	**916**
PBIT/AFE (%)	11.6	**11.1**	11.6	**11.1**
Average Exchange Rate	0.62	**0.60**		
(Continuing Operations)				

	Jul/Dec 2006 A$m	Jul/Dec 2006 €m
PBITDA	136.9	**81.5**
Base Capital Expenditure	(27.4)	**(16.3)**
Significant Items	(31.1)	**(18.5)**
Movement in Working Capital	(50.8)	**(30.2)**
Operating Cash Flow	27.6	**16.5**
Growth Capital Expenditure	(0.8)	**(0.5)**
(All Operations)		

Group

The flexibles businesses had a solid half year in difficult circumstances with profit before interest and tax down 7.1% to €50.7 million. Returns, measured as PBIT over average funds employed, were lower at 11.1%.

The sales, PBIT and average funds employed shown in the table above for both 2005 and 2006, do not include the contribution from those parts of the White Cap Closures operations where the sale has been completed or will be completed in the near future. The earnings from these businesses are included in the discontinued businesses disclosure.

Working capital for the first half increased by €30.2 million. Although there was a higher period end working capital, there was an improved average working capital to sales for the half. Within the business there are a number of plants where working capital management can be improved.

The base capital expenditure was €16.3 million, which was below depreciation of €30.8 million. Growth capital expenditure of €0.5 million, related to initial expenses for the new tobacco packaging plant in the Ukraine.

The cash component of significant items was €18.5 million. This predominately related to the redundancy payments in closing plants in the UK and Germany.

This resulted in an operating cash flow for the half of €16.5 million.

Food Flexibles

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

Volumes for the half were down 4% due to the conscious decision to bottom slice unprofitable business and weaker demand in some market segments.

During the first half, resin costs rose in the July to October period, followed by small falls in November and December. The resin price increases occurred against a backdrop of falling oil prices and as such, they were difficult to recover in the market. This under-recovery was a key reason for lower earnings in the half.

In the produce and bakery segment, although volumes were broadly in line with the first half last year, there was an improved mix, which combined with improved plant cost control, delivered higher earnings. The bread bag business benefited from improved operating performance. This commenced in the second half of last fiscal year, following the installation of additional printing and bag making capacity. In the produce business, activity focused on rolling out new compostable films to meet growing consumer and retailer needs.

The chilled food sector had a mixed half with continuing good performance across a number of plants and segments, especially in the yoghurt segment where sales continue to grow. An excellent sales performance was achieved in the cheese segment driven by service and product innovation. Examples of these include Amcor ReClose and Amcor FibreLite. This was offset by shortfalls in sales in the meat segment and UK sandwich market and ongoing underperformance at a couple of plants.

The processed food sector continues to make steady progress. During the year, plants in the UK (Colodense) and Germany (Hochheim) were closed with more than 70% of the volume from these plants being transferred and retained in other Amcor plants. This high retention of volume was well ahead of expectations. A number of printing presses are being relocated to other sites. In particular, a 10 colour press from Colodense will be installed at the new flexibles plant in Russia and another 10 colour press is being relocated to the facility in Portugal.

The planned benefit from these closures will be realised in the 2007/08 year.

Sales volumes in the processed food sector were down against last year; however sales value and added value both improved. Higher than expected costs partially related to the business transfers from plant closures, offset this good performance and earnings were flat.

Within the processed food sector, the confectionery segment has developed a number of innovative initiatives that have been launched with key customers. Amcor's leading positions in the fast growing market segments of single-serve coffee and shelf-stable microwavable ready meals have been enhanced through ongoing product development.

Healthcare

Formed in April 2006, Amcor Flexibles Healthcare incorporates Amcor's flexible packaging activities in the Americas and healthcare packaging plants in Europe.

Amcor Flexibles Healthcare is a global leader in flexible packaging for the medical, personal care and pharmaceutical markets. Headquartered in Chicago, USA, it has over 2,200 employees and 16 manufacturing facilities in 10 countries. The group coordinates strategy and commercial activity with the flexible healthcare activities in Asia.

Strongly positioned in attractive market segments, Amcor Flexibles Healthcare is focused on achieving profitable sales growth by leveraging its strong regional market positions, product portfolio and customer oriented development capabilities globally.

Overall sales were €250 million, up 0.6% for the half year.

Healthcare Americas
Sales increased 5.3% in USD terms. This translated to a 1.5% decrease in Euro terms. Similarly a good profit increase in USD terms delivered a modest increase in Euro terms.

This improvement in earnings was driven by a combination of the commercialisation of new products and improved operating performance.

A new press and laminator are currently being commercialised at the Madison, Wisconsin facility. This investment will serve to support the growth strategy of the business by improving its product offerings in selected attractive market segments and leveraging strong European technologies and customer relationships.

Healthcare Europe
Sales increased 1.7%, which reflected the pass through of raw material cost increases. The performance across the plants was variable and earnings were broadly in line with the same period last year.

As part of the European footprint review being undertaken with Amcor Flexibles Food, there are opportunities to lower costs and to improve operating efficiencies, which will benefit the Healthcare operations.

The outlook for the Healthcare business is positive with improved earnings in the second half.

Amcor Rentsch and Amcor Flexibles Eastern Europe

Amcor Rentsch has leadership of Amcor's global tobacco packaging business and the Amcor Flexibles operations in Eastern Europe. Sales for the half were down 3.6% to €171 million.

Volumes in the first half last year were assisted by the bringing forward of sales due to announced tobacco tax increases in both Western and Eastern Europe. Consequently, performance this half year was down slightly over the same period last year.

Over the past six years, the tobacco packaging business has undertaken a strategy of relocating manufacturing capacity from Western Europe to Eastern Europe and Russia. The benefits have been improved performance of the plants in Poland and Russia and a lowering of the cost base in Western Europe.

The remaining plants in Western Europe are dedicated facilities (Berlin and Lisbon), large scale with modern technology (France), or specialised manufacturing processes (Switzerland).

As part of the ongoing expansion in Eastern Europe, a new brownfield plant is being built at Kharkiv, in the Ukraine. The plant, costing A$20 million, will be operational by September, 2007 and will service a market of 115 billion sticks per year, the fourth largest in Europe (excluding Russia).

The Eastern European flexible packaging operations continue to deliver improving performance, in sales and earnings. The second press in Russia is currently being installed and will be operational by July 2007. The business continues to receive strong support as many international customers develop new operations in Russia.

In Poland, the business will construct a new plant costing €26 million, as a dedicated facility for a large multinational customer. The technology used in this plant is not new to Amcor, with another site in the group supplying the same products.

The product category the plant will service is currently growing in the 15% to 25% range across the region and the customer is a global category leader.

The plant is expected to be completed by March 2008 and the returns from the project are supported by a long term contract.

At this stage, it is not possible for confidentiality reasons, to nominate the customer or product segment.

From a strategic perspective, this is an excellent opportunity to build a dedicated plant, located in a high growth and low-cost region, supporting the businesses desire to move a greater proportion of production to Eastern Europe.

European Flexibles Manufacturing

As previously announced, the Food and Healthcare businesses are undertaking a review of their European manufacturing strategy and footprint. The aim of this review is to further move the business to an advantaged position in the market place, focussing on the technologies and market segments where Amcor's value proposition will deliver superior returns.

This will be achieved through:
- better aligning the manufacturing "footprint" with customer trends;
- simplifying and focusing the operations on specific technologies and manufacturing processes; and
- lowering the overall cost base.

The business currently has 38 European sites, a number of which are in the higher cost regions of Europe. Only two plants are in Eastern Europe.

From a strategic perspective, it is imperative that the business takes the necessary steps to ensure it is in a strong competitive position from which to leverage its manufacturing know-how and technological strengths.

The objective will be to deliver:
- larger, more focused plants targeting markets where Amcor has an advantaged position;
- a better balance of production and demand; and
- greater weighting of production in lower cost regions, specifically in Eastern and Southern Europe.

It is anticipated that the final outcomes from the review should be available in April 2007. Until then, there will be no formal announcements regarding specific details.

Group Outlook

The outlook for the second half is for improvement in the healthcare and food businesses, the latter supported by the benefits of the plant closures and equipment relocations. The tobacco packaging operations are likely to be steady on the very strong performance in the second half last year.

AMCOR SUNCLIPSE

	Jul/Dec 2005 A$	Jul/Dec 2006 A$	Jul/Dec 2005 USD	Jul/Dec 2006 USD
Net Sales (m)	630	**652**	472	**499**
Change (%)		**3.4**		**5.7**
PBIT (m)	31.2	**36.3**	23.4	**27.8**
Change (%)		**16.2**		**18.8**
Operating Margin (%)	5.0	**5.6**	5.0	**5.6**
Average Funds Emp (m)	341	**334**	255	**255**
PBIT/AFE (%)	18.3	**21.8**	18.3	**21.8**
Average Exchange Rate	0.75	**0.77**		
(All Operations)				

	Jul/Dec 2006 A$m	Jul/Dec 2006 USDm
PBITDA	43.0	**32.9**
Base Capital Expenditure	(2.2)	**(1.7)**
Significant Items	-	**-**
Movement in Working Capital	2.6	**2.0**
Operating Cash Flow	43.4	**33.2**
Growth Capital Expenditure	-	**-**
(All Operations)		

Amcor Sunclipse had a strong first half year with profit before interest and tax (PBIT) up 18.8% to USD 27.8 million. Returns, measured as PBIT over average funds employed, were higher at 21.8%.

Sales for the half were up 5.7% to USD 499 million due to a combination of increased raw material costs and increased volumes.

Base capital expenditure for the half was USD 1.7 million compared to depreciation of USD 5.1 million. Working capital decreased by USD 2 million. There were no significant items.

Overall operating cash generation after working capital movement and capital expenditure was USD 33.2 million.

The first half performance reflected the continued improved operating performance evident in the second half of the 2005/06 year. In particular, the business remains focused on:

- recovering increasing costs;
- customer and product profitability; and
- obtaining benefits from the new business services centre.

The sales increase of 5.7% was due to ongoing solid economic conditions and price increases, particularly in linerboard, compared to the first half last year.

During the half, linerboard prices were steady. However they were $75 per tonne on average higher than for the first half last year.

Costs for plastic-based materials increased during the half. These increases were generally recovered in a timely fashion, without impacting margins. Further resin price increases are expected for the coming months which will need to be recovered if they proceed.

Freight costs have stabilised in the last few months since fuel prices eased from record levels. Higher shipping costs for the half were passed on to customers.

A key determinant for success going forward will be the training and development of new sales people to enable the business to grow the sales team from the current level. This commitment to new sales trainees continued during the half with the program growing 13% since June 2006 to 141 sales trainees.

The back-office operations centre, located in Arizona is now fully integrated into the business. The resultant standardization of procedures and processes has improved accounts receivable collections and lowered costs per transaction.

Group Outlook

The outlook for Amcor Sunclipse remains positive from an operational perspective with the benefits of a number of initiatives continuing to improve performance. The general economic conditions in the US, however appear to be softening. This could impact earnings growth if this trend continues for the balance of the second half.

	Jul/Dec 2005 A$	Jul/Dec 2006 A$	Jul/Dec 2005 SGD	Jul/Dec 2006 SGD
Net Sales (m)	103	**63**	130	**76**
Change (%)		**(38.8)**		**(41.5)**
PBIT (m)	15.9	**16.6**	20.0	**20.0**
Change (%)		**4.4**		**-**
Operating Margin (%)	15.4	**26.3**	15.4	**26.3**
Average Funds Emp (m)	139	**355**	176	**425**
PBIT/AFE (%)	22.8	**9.4**	22.8	**9.4**
Average Exchange Rate	1.26	**1.20**		
(Continuing operations)				

	Jul/Dec 2006 A$m	Jul/Dec 2006 SGD m
PBITDA	18.7	**22.5**
Base Capital Expenditure	1.1	**1.3**
Significant Items	-	**-**
Movement in Working Capital	1.3	**1.6**
Operating Cash Flow	21.1	**25.4**
Growth Capital Expenditure	(19.4)	**(23.3)**
(All Operations)		

Amcor Asia consists of:

- two wholly-owned tobacco packaging plants (one in Singapore and one in Malaysia);
- three wholly owned flexible packaging plants (two in China and one in Singapore);
- a 41% investment in the Hong Kong publicly listed company AMVIG. (This company was previously Vision Grande); and
- a 16.7% investment in K Laser China, a subsidiary of the Taiwanese publicly listed company, K Laser, in which Amcor has a 4% investment.

The reported earnings for the half consist of the actual PBIT earnings for the five wholly-owned sites (three flexibles and two tobacco packaging), of SGD 7.5 million and an estimated equity accounted profit after tax for AMVIG and K Laser China of SGD 12.5 million.

As AMVIG has not yet reported its full year earnings to 31 December 2006, the equity accounted profit taken up in Amcor Asia's half year earnings is management's estimate of earnings based on publicly available information. Any adjustment required following AMVIG's profit announcement will be taken up in Amcor Asia's full year results.

For the half year, the estimated share of profit after tax for AMVIG was HK$ 62.3 million. During the half, Amcor's ownership of AMVIG remained constant at 40.1%. Subsequent to the 31 December 2006, Amcor paid HK$ 40.3 million to purchase an additional 7.83 million shares, representing 1% of AMVIG. As of 20 February, 2007, Amcor's ownership of AMVIG is 41.1%.

The sales, PBIT and average funds employed in the tables above do not include the contribution of the corrugated operations sold during the 2005/06 year. The PBIT for these businesses is included in the discontinued businesses disclosure.

Returns, measured as PBIT over average funds employed, were 9.4%, however this measure includes the equity accounted profit after tax of AMVIG. Hence it is not comparable to the returns measure for the other business units.

The wholly-owned tobacco plants had a strong first half with sales and earnings substantially higher than for the same period last year.

With the market moving towards graphical health warnings on tobacco packaging, the business is upgrading its printing capacity to meet this changing customer requirement.

The flexibles operations had a solid half with higher sales and earnings. The plant in Beijing had a particularly good half with a very strong order book.

The plant in Southern China is currently being relocated to a new facility to enable the business to undertake future expansion. This relocation, which involves some new machinery, is expected to be completed by April 2007.

AMVIG

In May 2006, AMVIG purchased the remaining 68.5% of World Grande Holdings Limited that it did not previously own.

For the January to June 2007 period, the earnings of AMVIG will include 100% of World Grande Holdings, compared to the January to June 2006 period which included only 31.5% up to 26 May, 2006 and 100% for the balance of the half.

Group Outlook

The second half outlook for the wholly-owned business is for improvement in earnings over the same period last year.

AMCOR

Consolidated significant items	2005 A$m	2006 A$m
Significant items before related income tax expense		
Fair value of right to subscribe to Amvig shares	16.2	-
Over provision on impairment of Plastube business	0.7	-
Impairment of Asian Corrugated business	(22.6)	-
Closures business gain on disposal and impairment (loss)	(15.3)	6.8
PET business intergration and restructure	-	(6.1)
Flexibles market sector rationalisation	-	(31.3)
Fibre Packaging Australasia Restructuring	-	(67.4)
	(21.0)	(98.0)
Income tax on significant items	8.5	30.7
	(12.5)	(67.3)
Significant items attributable to:		
Members of Amcor Limited	(12.5)	(67.3)
Minority interest	-	-
	(12.5)	(67.3)
Discontinued operations included in above (net of tax)		
Impairment of Asian Corrugated business	(21.8)	-
Closures business gain on disposal and impairment (loss)	(9.2)	6.8
Significant items relating to discontinued operations	(31.0)	6.8
Significant items relating to continuing operations	18.5	(74.1)
	(12.5)	(67.3)

Consolidated significant items before income tax expense by business group

	Redundancy A$m	Plant Closure A$m	Sale of property, plant and equipment A$m	Sale of Inventory A$m	Disposal of controlled entities A$m	Disposal of investments A$m	Asset impairments A$m	Reversal of impairments A$m	Other (a) A$m	Total A$m
PET	(0.1)	(2.7)	-	-	-	-	(3.3)	-	-	(6.1)
Australasia	(34.5)	(11.2)	8.5	-	-	-	(30.2)	-	-	(67.4)
Flexibles	(4.6)	(27.8)	1.1	-	-	-	-	-	-	(31.3)
Sunclipse	-	-	-	-	-	-	-	-	-	-
Asia	-	-	-	-	-	-	-	-	-	-
Corporate	-	-	-	-	6.8	-	-	-	-	6.8
	(39.2)	**(41.7)**	**9.6**	**-**	**6.8**	**-**	**(33.5)**	**-**	**-**	**(98.0)**

Includes impact of Fibre Packaging Australasia recovery of $45.0 million, the Flexible market sector rationalisation of $24.0 million and the PET business integration and restructure of $5.1 million, partially offset by the Closures business gain on dispo

All operations Cash flow by business group	PET A$m	Australasia A$m	Flexibles A$m	Sunclipse A$m	Asia A$m	Corporate A$m	Consolidated A$m
PBITDA	220.3	187.8	136.9	43.0	18.7	(26.1)	580.6
Interest	-	-	-	-	-	(94.1)	(94.1)
Tax	-	-	-	-	-	(34.5)	(34.5)
Base capital expenditure (net)	(62.9)	(62.6)	(27.4)	(2.2)	1.1	(1.2)	(155.2)
Cash significant items	(2.4)	(45.7)	(31.1)	-	-	-	(79.2)
(Increase)/decrease in working capital	51.0	(82.1)	(50.8)	2.6	1.3	11.1	(66.9)
Other items	-	-	-	-	-	(26.1)	(26.1)
Operating cash flow	**206.0**	**(2.6)**	**27.6**	**43.4**	**21.1**	**(170.9)**	**124.6**
Dividends paid	(3.1)	-	-	-	-	(153.5)	(156.6)
Free cash flow	**202.9**	**(2.6)**	**27.6**	**43.4**	**21.1**	**(324.4)**	**(32.0)**
Divestments	-	20.4	-	-	-	18.6	39.0
Growth capital expenditure	(38.0)	-	(0.8)	-	(19.4)	-	(58.2)
Share buy-backs [(1)]	-	-	-	-	-	(123.3)	(123.3)
Foreign exchange rate changes	-	-	-	-	-	(0.7)	(0.7)
Net cash generated	**164.9**	**17.8**	**26.8**	**43.4**	**1.7**	**(429.8)**	**(175.2)**
Reduction in net debt							**(175.2)**

(1) Comprises share buybacks and costs less employee share issues and partly paid shares.