

Amcor Flexibles Winterbourne Limited

**Directors' report and financial statements
for the year ended 30 June 2007**

Registered number 2456291

TUESDAY



ALXZYV7R

A41

04/12/2007

544

COMPANIES HOUSE

Contents

Directors, officers and advisers	1
Directors' report	2
Statement of directors' responsibilities in respect of directors' report and financial statements	4
Report of the independent auditors to the members of Amcor Flexibles Winterbourne Limited	5
Profit and loss account	7
Balance sheet	8

Directors, officers and advisers

Directors

David Maitland
Darren William Dean
Ian Philip Hayes

Secretary

Stanley James

Registered office

Hill House
1 Little New Street
London
EC4A 3TR

Auditors

KPMG LLP
100 Temple Street
Bristol
BS1 6AG
United Kingdom

Directors' report

The directors submit their report and audited financial statements for the year ended 30 June 2007

Results and dividends

The profit for the year after taxation amounted to £296,000 (2006 loss of £4,038,000) The directors do not recommend the payment of a dividend (2006 nil)

Principal activities

The principal activities of the company continued to be the manufacture, sale and distribution of specialised packaging primarily for use in the medical sector

Review of business

	2007	2006
<i>Key financial results</i>	£000	£000
Turnover	38,226	38,497
Gross profit	5,754	4,449
Margin	15.1%	11.6%
Operating loss before exceptional costs	(777)	(2,083)
Exceptional costs (note 9)	-	(1,470)
Profit after taxation (2006 Loss)	296	(4,038)
<i>Key non-financial performance indicators</i>	Number	Number
Number of employees	188	209
Number of workplace accidents requiring medical treatment		
- with no loss of production time	0	1
- with loss of production time	0	0

The year to 30 June 2007 was a year of many changes in the business which nevertheless maintained its turnover close to the 2006 level. Following the cost savings and business re-alignment referred to in our statement last year the business has moved to a lower cost platform.

Increases in selling prices have been necessary to recover some of the oil and energy based cost increases though these have been largely offset by more recent trends and further selling price increases will be necessary if the full benefit of the reconstruction is to be maintained.

The directors consider the results still to be unsatisfactory but feel confident that the actions taken and those in hand will return the business to profitability on an operating basis. It is envisaged that the full benefits of the cost savings and business re-alignment will be reflected in the results for the year to 30 June 2008.

Employment of disabled persons

It is the policy of the company to give full and fair consideration to applications for employment made by disabled persons having regard to their particular aptitudes and abilities. Wherever possible, arrangements are made for the continued employment of persons who have become disabled during service and for appropriate training, career development and promotion of disabled employees.

Directors' report *(continued)*

Supplier payment policy

It is the company policy to pay its suppliers in accordance with the terms of trade, which may be agreed at the time of order. At the year end, the amount owed to trade creditors by the company was equivalent to 65 (2006 43) days of purchases from suppliers.

Directors and their interest in shares

None of the directors have any notifiable interest in the shares of the company or other group companies.

Research and development

Expenditure on research and development activities is incurred in order to formulate new products. The costs are written off to the profit and loss account as incurred. Expenditure during the year amounted to £332,000 (2006 £460,000).

Political and charitable contributions

During the year, the company made charitable donations amounting to £1,850 (2006 £2,084), and political donations amounting to £Nil (2006 Nil).

Staff information, consultation and involvement

The company actively encourages the involvement of all its employees in the performance of the area of activity in which they are involved and aims to achieve a sense of shared commitment. The company distributes a weekly newsletter to all staff and holds regular briefing sessions at which staff are encouraged to raise issues with the directors and senior managers.

Disclosure of information to auditors

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

By order of the Board



Darren W. Dean
Director

Hill House
1 Little New Street
London
EC4A 3TR

28th November 2007

Statement of directors' responsibilities in respect of the directors' report and financial statements

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

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

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

In preparing these financial statements, the directors are required to

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

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



KPMG LLP

100 Temple Street
Bristol
BS1 6AG
United Kingdom

Report of the independent auditors to the members of Amcor Flexibles Winterbourne Limited

We have audited the financial statements of Amcor Flexibles Winterbourne Limited for the year ended 30 June 2007 which comprise the Profit and Loss Account the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 4.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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

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

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

Basis of audit opinion

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

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

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

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 30 June 2007 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements

KPMG LLP

KPMG LLP
Chartered Accountants
Registered Auditor

30 November 2007

Profit and loss account
for the year ended 30 June 2007

		2007	2006
	<i>Note</i>	£000	£000
Turnover	2	38,226	38,497
Cost of sales		(32,472)	(34,048)
Gross profit		5,754	4,449
Distribution costs		(2,431)	(2,273)
Administration expenses		(4,100)	(5,729)
Operating loss before exceptional items	3	(777)	(2,083)
Exceptional expenses included in administration expenses	9	-	(1,470)
Operating loss after exceptional items		(777)	(3,553)
Interest receivable and similar income	6	32	19
Interest payable and similar charges	7	(242)	(169)
Loss on ordinary activities before taxation		(987)	(3,703)
Tax on loss on ordinary activities	8	1,283	(335)
Profit for the financial year (2006 Loss)	17	296	(4,038)

All results relate to continuing operations. There are no recognised gains or losses other than the profit for the year.

Balance sheet

as at 30 June 2007

	Notes	2007 £000	2006 £000	2006 £000
Tangible fixed assets	9		11,952	11,370
Current assets				
Stocks	10	5,598		5,001
Debtors	11	11,959		9,918
Cash at bank and in hand		229		57
		<u>17,786</u>		<u>14,976</u>
Creditors amounts falling due within one year	12	<u>(20,706)</u>		<u>(17,346)</u>
Net current (liabilities)			<u>(2,920)</u>	<u>(2,370)</u>
Total assets less current liabilities			<u>9,032</u>	<u>9,000</u>
Provisions for liabilities	13		-	(264)
Net Assets			<u>9,032</u>	<u>8,736</u>
Capital and reserves				
Called up share capital	16	11,204		11,204
Share premium account	17	1,391		1,391
Capital reserve	17	82,220		82,220
Profit and loss account	17	(85,783)		(86,079)
Shareholders' funds	18		<u>9,032</u>	<u>8,736</u>

The financial statements were approved by the board of directors on 28th November 2007 and were signed on its behalf by



Darren W. Dean

Director

Notes

(forming part of the financial statements)

1 Accounting policies

The accounts have been prepared under the going concern concept. The company's parent has given the necessary assurances that sufficient resources will be made available for the foreseeable future to enable the company to meet its liabilities as they fall due.

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements, except as noted below.

In these financial statements the following new standards have been adopted for the first time:

- FRS20 'Share-based payments'

The accounting policies under this new standard are set out below. No prior year adjustment was required as the result of the adoption of this standard.

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards in the United Kingdom.

Cash flow statement

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

Turnover

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

Tangible fixed assets

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

Freehold buildings	-	2% per annum
Plant and equipment	-	8% to 25% per annum
Fixtures and fittings	-	15% per annum
Computer equipment	-	10% to 33% per annum

Freehold land is not depreciated.

A review for impairment of fixed assets is carried out if events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

Stocks and work-in-progress

Stocks and work-in-progress have been valued at the lower of cost, including applicable overheads, and net realisable value. In the case of manufactured products, cost includes all direct expenditure and production overheads based on the normal level of activity. Where necessary, provision is made for obsolete, slow moving and defective stocks.

Notes (continued)

1 Accounting policies (continued)

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Differences arising from fluctuations in exchange rates are taken to the profit and loss account.

Research and development expenditure

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

Taxation

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

Leases

Assets acquired under finance leases are capitalised and the capital element of outstanding lease rentals is included in creditors. Operating lease rentals are charged to the profit and loss account as incurred.

Pensions

The company participates in a defined contribution pension scheme operated by its parent. The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period. The assets of the scheme are held separately from those of the company in an independently administered fund.

A limited number of employees also participate in a defined benefit pension scheme operated by the company's parent. Details of this scheme and its assets are disclosed in the annual accounts of Amcor Flexibles UK Ltd.

Share based payments

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

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

No expense is recognised in respect of these options.

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

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

Notes (continued)

2 Turnover

An analysis of turnover by geographical area of destination

	2007 £000	2006 £000
United Kingdom	10,460	11,534
Rest of Europe	21,255	19,020
The Americas	1,730	1,935
Rest of the World	4,781	6,008
	<u>38,226</u>	<u>38,497</u>

All turnover and profit before taxation originates in the UK

3 Loss on ordinary activities before taxation

This is stated after charging	2007 £000	2006 £000
Depreciation	446	441
Impairment of fixed assets	-	1,470
Operating lease rentals – plant and machinery	137	101
Auditors remuneration	-	-
Research & development	332	460

Remuneration of the company's auditors for provision of audit services and of non-audit services for the current year is being borne by the company's parent

4 Employees

	2007 Number	2006 Number
Average number of employees by activity		
Production	142	157
Administration	46	52
	<u>188</u>	<u>209</u>
	£000	£000
Employee costs		
Wages and salaries	5,647	6,520
Social security costs	619	722
Pension costs	391	382
	<u>6,657</u>	<u>7,624</u>

Notes *(continued)*

5 Directors' emoluments

	2007	2006
	£000	£000
Salaries and benefits	-	-
Pension contributions	-	-
	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>

The directors received no remuneration from the company during the year

6 Interest receivable and similar income

	2007	2006
	£000	£000
Receivable on bank accounts	32	19
	<u>32</u>	<u>19</u>

7 Interest payable and similar charges

	2007	2006
	£000	£000
Payable to group undertakings	241	125
On bank loans, leases and other third parties	1	44
	<u>242</u>	<u>169</u>

Notes (continued)

8 Taxation (credit)/charge

Analysis of (credit) / charge in year

	2007		2006	
	£000	£000	£000	£000
<i>UK corporation tax</i>				
UK Corporation tax at 30% (2006 30%)	(1,409)		-	
Adjustment in respect of prior years	126		19	
	<hr/>		<hr/>	
Total current tax		(1,283)		19
<i>Deferred tax charge</i>				
Origination and reversal of timing differences	-		342	
Adjustment in respect of prior periods	-		(26)	
	<hr/>		<hr/>	
Total deferred tax		-		316
		<hr/>		<hr/>
Tax on loss on ordinary activities		(1,283)		335
		<hr/>		<hr/>

Factors affecting the current tax (credit) /charge for the year

The tax assessed for the year differs from the rate of corporation tax in the UK, 30% (2006 30%)
The differences are explained below

	2007 £000	2006 £000
Loss on ordinary activities before tax	(987)	(3,703)
	<hr/>	<hr/>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2006 30%)	(296)	(1,111)
<i>Effects of</i>		
Expenses not deductible for tax purposes	52	3
Capital allowances lower than depreciation	-	(307)
Other short term timing differences	-	(36)
Timing differences not recognised for deferred tax	(1,165)	823
Tax losses not recognised for deferred tax	-	628
Adjustment in respect of prior period	126	19
	<hr/>	<hr/>
Current tax (credit) / charge for period	(1,283)	19
	<hr/>	<hr/>

Notes (continued)

9 Tangible fixed assets

	Freehold land & buildings	Plant, machinery & vehicles	Total
	£000	£000	£000
Cost			
At 30 June 2006	14,478	30,053	44,531
Additions	-	1,028	1,028
	<hr/>	<hr/>	<hr/>
At 30 June 2007	14,478	31,081	45,559
	<hr/>	<hr/>	<hr/>
Depreciation			
At 30 June 2006	6,829	26,332	33,161
Charge for the period	101	345	446
	<hr/>	<hr/>	<hr/>
At 30 June 2007	6,930	26,677	33,607
	<hr/>	<hr/>	<hr/>
Net book value			
At 30 June 2007	7,548	4,404	11,952
	<hr/>	<hr/>	<hr/>
At 30 June 2006	7,649	3,721	11,370
	<hr/>	<hr/>	<hr/>

The net book value of freehold land & buildings at 30 June 2007 includes a value for land of £4,044,000 (2006 £4,044,000) which is not depreciated

An impairment review has been performed by the directors over the carrying value of the assets held in the company. Assets have been valued on an external sale basis, less any anticipated selling costs. As a result, no impairment has been made (2006 £1,470,000)

Notes (continued)

10 Stocks

	2007 £000	2006 £000
Raw materials	1,461	1,407
Work-in-progress	290	563
Finished goods and goods for resale	3,847	3,031
	<u>5,598</u>	<u>5,001</u>

11 Debtors

	2007 £000	2006 £000
Due within one year		
Trade debtors	5,707	5,854
Amounts due from group undertakings	4,998	3,018
Other debtors	1,254	1,046
Deferred tax asset (note 14)	-	-
	<u>11,959</u>	<u>9,918</u>

Amounts due from group undertakings include Group tax relief of £3,420,000 (2006 £2,137,000)

12 Creditors: amounts falling due within one year

	2007 £000	2006 £000
Trade creditors	5,673	4,394
Amounts due to group undertakings	11,825	8,695
Other taxation and social security costs	-	192
Other creditors	3,208	4,065
	<u>20,706</u>	<u>17,346</u>

Notes (continued)

13 Provisions for liabilities

	Balance at 1 July 2006 £000	Charged to profit & loss account £000	Utilised £000	Balance at 30 June 2007 £000
<i>Due within one year</i>				
Customer claims provision	264	(264)	-	-

14 Deferred taxation

	2007 £000	2006 £000
The deferred tax (asset) / provision at 28% (2006 30%) comprises		
Accelerated capital allowances		107
Other timing differences		(107)
Balance at 30 June 2007	-	-
The movements in deferred tax recognised during the period were as follows		
Provision at beginning of period brought forward		(316)
Current period charge		342
Adjustment in respect of prior years		(26)
Balance at 30 June 2007	-	-

The company has accumulated tax losses carried forward at 30 June 2007 of £3,146,000 (2006 £3,050,000) in respect of which no deferred tax asset is recognised. There is also an unrecognised deferred tax asset of £1,616,000 (2006 £2,887,000) arising from fixed asset impairments and other timing differences.

These deferred tax assets have not been recognised because of insufficient certainty over their recoverability in future periods.

Notes (continued)

15 Share based payment

a) Employee share option plan

In 1985, the ultimate parent established the Employee Share Option Plan ('ESOP'). Under the ESOP, partly paid shares or options over shares in the ultimate parent can be issued to staff members selected by the directors. The partly paid shares are issued at the closing market price at the time of issue on the allotment date. The call outstanding only becomes payable on termination, death or at the directors' discretion. Voting rights exercisable by holders of partly paid ordinary shares are reduced pro rata to the portion of the issue price paid upon those shares as per the Australian Securities Exchange Listing Rules. Options granted under the ESOP may be issued upon such terms and subject to such conditions as the directors of the Company determine at the time. Options granted under the ESOP are exercisable at a price equal to the closing market share price of Amcor Limited shares traded on the ASX at the date on which the options were granted or a weighted average market price during a period up to and including the date of grant. The options are granted with performance hurdles established by the directors. Options are granted under the ESOP at no consideration and carry no dividend entitlement or voting rights until they vest and are converted to ordinary shares on a one-for-one basis. The options are issued for a term of up to ten years, they cannot be transferred and are not quoted on any exchange. For the majority of options issued, executives and certain members of staff are generally only eligible to exercise the options if returns on average funds employed exceed targeted levels at the end of the financial reporting period in which the options were granted. For those options granted prior to 1 July 2006 the return on average funds employed is defined as Earnings Before Interest Tax and Significant items ('EBIT') divided by average funds employed. For those options granted subsequent to 1 July 2006 the options become exercisable based on the outcome of a Total Shareholder Return ('TSR') test.

2006/2007

Option (exercise price Australian dollars \$)	Outstanding at start of year	Granted during year	Exercised during year	Forfeited during year	Outstanding at end of year
2003 grant (\$7.87)*	13,350	-	-	-	13,350
2004 grant (\$6.84)	12,900	-	-	-	12,900
	26,250	-	-	-	26,250

* exercisable at year end

Weighted average exercise price	7.36	-	-	-	7.36
Weighted average contractual life remaining					2.9 years

2005/2006

Option (exercise price Australian dollars \$)	Outstanding at start of year	Granted during year	Exercised during year	Forfeited during year	Outstanding at end of year
2003 grant (\$7.87)	13,350	-	-	-	13,350
2004 grant (\$6.84)	12,900	-	-	-	12,900
	56,250	-	-	-	26,250

* exercisable at year end

Weighted average exercise price	7.36	-	-	-	7.36
Weighted average contractual life remaining					3.9 years

Notes (continued)

15 Share based payment (continued)

b) Long term stock incentive plan

In June 2006, the ultimate parent established the Amcor Limited Long Term Incentive Plan. Under the LTIP, performance options or performance rights over shares in the ultimate parent, or performance shares, can be issued to executive officers, senior executives and senior staff members selected by the directors of the ultimate parent. Options granted under the LTIP give the employee the right to acquire a share at a future point in time upon meeting specified vesting conditions that are time based and performance based and upon payment of an exercise price. The number of options that ultimately vest are based on performance over a period of four years from the date of grant and the outcome of a Total Shareholder Return ('TSR') test to be performed at a predetermined time. The relative performance of Amcor's average TSR is to be compared against the average TSR of a comparator group of companies similar to Amcor Limited and will determine the ultimate number of options to be received. The exact terms and conditions of the options granted are determined by the directors of the Company at the time of granting the option. Options granted under the LTIP are exercisable at a price equal to the closing market share price of Amcor Limited shares traded on the ASX at the date of the grant. The options are granted at no consideration and carry no dividend entitlement or voting rights until they vest and are exercised to ordinary shares on a one-for-one basis. Upon meeting the vesting conditions the award may be exercised up to one year following the end of the vesting period. Options that do not vest before the end of the vesting period will expire. Awards that have vested during the vesting period will remain exercisable until the expiry date, following which any vested awards that remain unexercised will expire. Any unvested awards will be forfeited if the employee voluntarily ceases employment or if the employee is dismissed for poor performance. Employees of the company received the first grant under this scheme during the year ended 30 June 2007. The scheme has two forms of options, those issued at with an exercise price of \$Nil and those for whom an exercise price is payable.

2006/2007

Option (exercise price Australian dollars \$)	Outstanding at start of year	Granted during year	Exercised during year	Forfeited during year	Outstanding at end of year
2006 grant (\$6.78 - \$7.19)	-	22,300	-	-	22,300
* exercisable at year end					
Weighted average exercise price (\$)	-	6.99	-	-	6.99
Weighted average contractual life remaining					4.4 years

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

2006/2007

Option (exercise price Australian dollars \$)	Outstanding at start of year	Granted during year	Exercised during year	Forfeited during year	Outstanding at end of year
2006 grant (\$Nil)	-	7,300	-	-	7,300
* exercisable at year end					
Weighted average exercise price (\$)	-	-	-	-	-
Weighted average contractual life remaining					4.4 years

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

Notes (continued)

15 Share based payment (continued)

c) Fair value of options and rights granted

Fair value of options

The fair value of each option granted is estimated on the date of grant by independent valuers, using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the vesting and performance criteria and where applicable, the market condition criteria, the impact of dilution, the non-tradable nature of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option

The following weighted average assumptions were used for options granted in the current and comparative period

	2007	2006
Expected dividend yield (%)	4.95	5.00
Expected price volatility of the company's shares (%)	21.00	22.00
Share price at grant date (\$)	6.97	6.69
Exercise price (\$)	7.08	6.78
Historical volatility (%)	21.00	22.00
Risk free interest rate (%)	5.92	5.40
Expected life of option (years)	4.80	5.50
	<u> </u>	<u> </u>

The dividend yield reflects the assumption that the current dividend payout will continue with no anticipated changes. The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may not necessarily be the actual outcome. For specific details of grant dates and exercise prices, refer to note 15 (a) and (b).

Fair value of rights

An independent valuer is used to identify the fair value of each right granted. The fair value of each grant is established at grant date using a Monte Carlo valuation model which simulates the date of vesting, the percentage vesting, the share price and total shareholder return. Once the simulated date of vesting is determined, a Black-Scholes methodology is utilised to determine the fair value of the rights granted.

16 Called up share capital

	2007	2006
	£000	£000
<i>Authorised</i>		
11,500,000 ordinary shares of £1 each	11,500	11,500
	<u> </u>	<u> </u>
<i>Allotted, called up and fully paid</i>		
11,204,002 ordinary shares of £1 each	11,204	11,204
	<u> </u>	<u> </u>

Notes (continued)

17 Movements on reserves

	Share premium account £000	Capital reserve £000	Profit and loss account £000	Total £000
At 30 June 2006	1,391	82,220	(86,079)	(2,468)
Profit for the financial year	-	-	296	296
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 June 2007	<u>1,391</u>	<u>82,220</u>	<u>(85,783)</u>	<u>(2,172)</u>

18 Reconciliation of movements in shareholders' funds

	2007 £000
Profit for the financial period	296
	<hr/>
Net (decrease) / increase in shareholders' funds	296
Opening shareholders funds	8,736
	<hr/>
Closing shareholders funds	<u>9,032</u>

19 Capital commitments

	2007 £000	2006 £000
Contracted but not provided for	-	726
	<hr/>	<hr/>

20 Commitments under operating leases

At 30 June 2007 the company had annual commitments under operating leases as follows

	Plant and machinery	
	2007 £000	2006 £000
Expiring within one year	22	-
Expiring between two and five years	115	129
	<hr/>	<hr/>
	<u>137</u>	<u>129</u>

Notes (continued)

21 Contingent liabilities

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

22 Related party transactions

The company has taken advantage of the exemption given by FRS 8 to subsidiary undertakings, 90% or more of whose voting rights are controlled within the group, by not disclosing information on related party transactions with entities that are part of the group, or investees of the group qualifying as related parties. The consolidated financial statements of Amcor Flexibles A/S, within which this company is included, can be obtained from the address in note 23.

23 Ultimate parent undertaking

The smallest and largest group in which the results of the company are consolidated is that headed by Amcor Limited, incorporated in Australia. The consolidated accounts of this group are available to the public and may be obtained from Amcor Limited, 679 Victoria Street, Abbotsford, Victoria 3067, Australia.