

# **Amcor Flexibles UK Limited**

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

**Registered number 2808801**

**TUESDAY**



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## **Directors, officers and advisers**

### **Directors**

D Y Maitland  
G L G Blatrix  
D T Johnson  
A B Nicholls  
W J Westwood

### **Secretary**

S W 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 present their annual report, together with the audited financial statements for the year ended 30 June 2007

### Principal activities

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

### Business review

	2007	2006
<i>Key financial results</i>	<b>£000</b>	<b>£000</b>
Turnover	197,338	212,160
Gross profit	34,940	38,114
Margin	17.7%	18.0%
Operating profit before exceptional costs	8,123	11,476
Exceptional costs (note 6)	(4,630)	(11,911)
Profit (loss) after taxation	2,997	(1,576)
<i>Key non-financial performance indicators</i>	<b>Number</b>	<b>Number</b>
Number of employees	1,286	1,427
Number of workplace accidents requiring medical treatment		
- with no loss of production time	17	24
- with loss of production time	3	6

The year to 30 June 2007 was, as expected, a year of significant change as the company worked through the strategic closure of the Bristol site. This project started at the end of the prior financial year and is targeted at putting in place a better platform for sustainable future profitability for Amcor's UK businesses.

UK sales fell by £14.8m largely as a result of bottom slicing unprofitable business following the closure. The majority of sales from Bristol were transferred to other Amcor Group businesses – including some outside the UK. The decision on location was based on improving customer service to Amcor's global customers.

Margins held up well despite continued significant pressure on raw material prices and some issues relating to waste as some business was transferred from Bristol.

During 2006/7, the business focussed hard on operational cost management and improved distribution costs by 0.4% improving operating profit by approx £1.5m.

Other Administration costs increased by £1.7m due to an increased allocation of the costs of the management, commercial and technical functions collected centrally by Amcor Flexibles.

Overall, operating profit (before exceptional costs) for the year was £8.1m (2006 £11.5m). The reduction in profit is due in the main to the lower sales arising from the closure of the Bristol site and increased corporate costs.

The profit after taxation for the year was £2,997,000 (2006 Loss £1,576,000). The directors do not propose a dividend payment (2006 £nil).

Further details of risk factors affecting the company are reported in the accounts of Amcor Limited, the ultimate parent company (see note 29).

## **Directors' report** *(continued)*

### **Research and development**

Research and development costs incurred during the year amounted to £1,395,000 (2006 £1,384,000). In accordance with the accounting policy described in note 1 to the financial statements, all costs have been included in the profit and loss account for the year.

### **Post balance sheet events**

On 5 October 2007, the Company announced its intention to close the Venus factory at Ilkeston in Derbyshire. Further information is disclosed in note 30 of the financial statements.

### **Accounting policies**

These financial statements have been prepared under full adoption of FRS 20 – Share Based Payments. Prior year comparatives have been restated where appropriate, and the effects of this restatement are set out in note 25 to the financial statements.

### **Directors and directors' interests**

The names of the directors appear on page 1.

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

### **Policy and practice on payment of creditors**

It is the Company's policy to pay its suppliers in accordance with the terms of trade, which may be agreed at the time of order. At the period end, the amount owed to trade creditors by the Company was equivalent to 67 (2006 52) days of purchases from suppliers.

### **Employees**

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

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

### **Political and Charitable contributions**

The Company made no political contributions during the year. Donations to UK charities amounted to £8,839 (2006 £4,304).

### **Disclosure of information to auditors**

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

**Directors' report** *(continued)*

**Auditors**

Pursuant to a shareholders' resolution, the Company is not obliged to reappoint its auditors annually and KPMG will therefore continue in office

By order of the Board



**David T Johnson**  
*Director*

Hill House  
1 Little New Street  
London  
EC4A 3TR

27 November 2007

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

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

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

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

In preparing these financial statements, the directors are required to

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

The directors 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

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

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

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 5.

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 it.

#### **Basis of audit opinion**

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

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



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

**Opinion**

In our opinion

- the financial statements give a true and fair view in accordance with 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*

	<i>Note</i>	2007 £000	2006 Restated £000
Turnover	2	197,338	212,160
Cost of sales		(162,398)	(174,046)
<b>Gross profit</b>		<b>34,940</b>	<b>38,114</b>
Distribution expenses		(7,234)	(8,778)
Administration expenses		(24,465)	(27,737)
<b>Operating profit before exceptional items</b>		<b>8,123</b>	<b>11,476</b>
Exceptional expenses included in administration expenses	6	(4,882)	(9,877)
<b>Operating profit</b>	3-5	<b>3,241</b>	<b>1,599</b>
Amounts written off investments in subsidiaries	6	-	(1,514)
Profit/ (loss) on disposal of fixed asset	6	252	(520)
Interest receivable and similar income	7	1,376	92
Interest payable and similar charges	8	(1,012)	(822)
Other finance income/ (cost)	24	363	(863)
<b>Profit/(loss) on ordinary activities before taxation</b>	3-5	<b>4,220</b>	<b>(2,028)</b>
Tax on profit/(loss) on ordinary activities	9	(1,223)	452
<b>Profit/(loss) for the financial year</b>	21	<b>2,997</b>	<b>(1,576)</b>

All amounts relate to continuing operations

**Balance sheet**  
*as at 30 June 2007*

	Note	2007	2006 Restated
		£000	£000
<b>Non-current assets</b>			
Goodwill	10	(776)	(932)
Intangible assets	10	7	15
Property, plant and equipment	11	54,348	59,198
Investments in subsidiaries	12	8,736	8,901
		<hr/> 62,315	<hr/> 67,182
<b>Current assets</b>			
Stocks	13	20,942	24,404
Debtors (including £482,000 (2006 £Nil) falling due in more than 1 year)	14	47,388	45,753
Cash at bank and in hand		45,503	8,047
		<hr/> 113,833	<hr/> 78,204
<b>Creditors: amounts falling due within one year</b>	15	<hr/> (98,851)	<hr/> (100,198)
<b>Net current assets/(liabilities) due within one year</b>		<hr/> 14,982	<hr/> (21,994)
<b>Total assets less current liabilities</b>		<hr/> 77,297	<hr/> 45,188
<b>Creditors: amounts falling due after more than one year</b>	16	(1,279)	(1,346)
<b>Provisions for liabilities</b>	17	(3,199)	(8,768)
<b>Net assets excluding pension liabilities</b>		<hr/> 72,819	<hr/> 35,074
<b>Pension liabilities</b>	24	(5,975)	(21,596)
<b>Net assets including pension liabilities</b>		<hr/> 66,844	<hr/> 13,478
<b>Capital and reserves</b>			
Called-up share capital	20	60,719	15,719
Profit and loss account	21	6,125	(2,241)
<b>Shareholders' funds</b>	22	<hr/> 66,844	<hr/> 13,478

The financial statements were approved by the board of directors on 27 November 2007 and were signed on its behalf by



**David T Johnson**  
*Director*

**Statement of total recognised gains and losses**  
*for the year ended 30 June 2007*

	<i>Note</i>	<b>2007</b> <b>£000</b>	<b>2006</b> <b>£000</b> Restated
<b>Profit/ (loss) for the financial year</b>		<b>2,997</b>	<b>(1,576)</b>
Credit to profit and loss accounts (FRS 20 charge)		67	42
Actuarial gain recognised in the pension scheme	24	7,988	5,694
Movement on deferred tax relating to actuarial gain and change in future tax rate		(2,686)	(1,708)
Total recognised gains and losses relating to the financial year		<b>8,366</b>	<b>2,452</b>
Prior year adjustment	25	35	
<b>Total gains and losses since last annual report</b>		<b>8,401</b>	

## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

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

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

- FRS 20 'Share-based payments'

The accounting policies under this new standard are set out below together with an indication of the effect of its adoption

#### ***Basis of preparation***

The company's financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules, modified by the revaluation of certain freehold and long leasehold properties

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

#### ***Investments***

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

#### ***Turnover***

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

#### ***Goodwill***

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

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

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

#### ***Tangible fixed assets***

Freehold and long leasehold property is carried at cost until professionally valued and is then stated as valued at open market value on an existing use basis. The remaining fixed assets are stated at historical cost. In adopting FRS 15, the directors have elected to retain the current valuation and carry this forward as the value to be written off in future.

Tangible fixed assets are stated at historical cost. The Company has applied the transitional rules contained in FRS 15 *Tangible Fixed Assets* to retain previous valuations as the basis on which certain freehold and long leasehold property assets are held and to carry this forward as the value to be written off in the future.

## Notes (continued)

### 1 Accounting policies (continued)

#### **Depreciation and amortisation**

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

Freehold and long leasehold property	2% per annum
Plant	7 – 25% per annum
Equipment, including computer equipment	20% - 33% per annum
Short leasehold property	Period of the lease
Capitalised development costs	20% per annum
Freehold land is not depreciated	

#### **Stocks**

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

#### **Government grants**

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

#### **Research and development**

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

#### **Taxation**

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

#### **Leased assets**

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

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

#### **Pensions**

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

##### **Defined benefit scheme**

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

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

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

## **Notes (continued)**

### **1 Accounting policies (continued)**

#### ***Pensions (continued)***

##### ***Defined contribution scheme***

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

##### ***Financial instruments***

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

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

##### ***Foreign currencies***

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

##### ***Share based payments***

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

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

No expense is recognised in respect of these options.

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

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

## Notes (continued)

### 2 Segmental information

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

#### Net assets

All net assets are held in the UK.

#### Geographical analysis

	2007 £000	%	2006 £000	%
<b>Turnover by destination</b>				
United Kingdom	154,265	78	164,104	77
Overseas				
Netherlands	8,307	4	9,267	4
France	6,271	3	6,708	3
Germany	6,232	3	7,758	4
Belgium	5,039	3	4,866	3
Ireland	4,529	2	4,731	3
Spain	3,721	2	2,649	1
Scandinavia	1,904	1	2,252	1
Italy	311	-	885	-
Rest of Europe	2,751	1	2,984	1
USA	1,642	1	2,630	1
Philippines	471	-	1,456	1
Rest of World	1,895	2	1,870	1
	<u>197,338</u>	<u>100</u>	<u>212,160</u>	<u>100</u>

All turnover and operating profit originates in the UK.



## Notes (continued)

### 3 Profit on ordinary activities before taxation

	2007	2006
	£000	£000
<i>Profit/(loss) on ordinary activities before taxation is stated after charging/(crediting.)</i>		
Depreciation of owned assets (see note 11)	5,683	6,043
Impairment of fixed assets (see notes 6)	-	828
(Profit)/loss on disposal of fixed assets (see note 6)	(252)	520
Amortisation of goodwill (see note 10)	(156)	(156)
Amortisation of intangible assets (see note 10)	6	6
Hire of plant and machinery – rentals payable under operating leases	694	588
Land and buildings – rentals payable under operating leases	965	920
Research and development	1,395	1,384

#### Auditors' remuneration

	2007	2006
	£000	£000
Audit of these financial statements	119	102
Amounts receivable by the auditors and their associates in respect of		
Audit of financial statements of subsidiaries pursuant to legislation	11	8

### 4 Employees

	2007	2006
	£000	Restated £000
Employee costs		
Wages and salaries	38,914	42,464
Social security costs	3,696	4,138
Pension costs	3,531	3,710
Share based payments	67	42
	46,208	50,354
Average number of employees	Number	Number
Packaging	1,286	1,427

## Notes (continued)

### 5 Directors' remuneration

	2007 £000	2006 £000
Salaries and benefits	397	335
Pension contributions	61	21
Bonuses	152	96
	<u>610</u>	<u>452</u>
Remuneration of the highest paid director	<u>260</u>	<u>260</u>
Number of directors who Are members of a defined benefit pension scheme	<u>2</u>	<u>1</u>
At the year-end, the highest paid director is a member of the defined benefit scheme		

### 6 Exceptional expenses

	2007 £000	2006 £000
<i>Operating expenses</i>		
Reorganisation of operations	4,882	9,049
Impairment of fixed assets	-	828
	<u>4,882</u>	<u>9,877</u>
<i>Non-operating expenses</i>		
(Profit)/ loss on disposal of fixed asset	(252)	520
Provision for diminution in value of investments	-	1,514
	<u>(252)</u>	<u>2,034</u>
Total non operating exceptional expenses	<u>(252)</u>	<u>2,034</u>
Total exceptional expenses	<u>4,630</u>	<u>11,911</u>

Exceptional expenses for the year comprises costs related to the closure of the Colodense factory in Bristol and associated restructuring which has taken place in the UK business

In accordance with FRS12, the cost of these initiatives has been charged against the profits for the year, to the extent that the company had entered an irrevocable commitment by 30th June 2007

### 7 Interest receivable and similar income

	2007 £000	2006 £000
Bank interest received	457	92
Inter-company interest	919	-
	<u>1,376</u>	<u>92</u>

**Notes (continued)**

**8 Interest payable and similar charges**

	2007 £000	2006 £000
Bank interest paid	271	138
Interest payable on intercompany loans	741	684
	<u>1,012</u>	<u>822</u>

**9 Taxation on profit on ordinary activities**

**Analysis of charge in year**

	2007 £000	2006 Restated £000	£000
<i>UK corporation tax</i>			
UK Corporation tax at 30% (2006 30%)	(3,037)	(347)	
Adjustment in respect of prior years	1,448	(564)	
	<u></u>	<u></u>	
Total current tax		(1,589)	(911)
<i>Deferred tax charge</i>			
Origination and reversal of timing differences	4,543	324	
Adjustment in respect of prior periods	(1,731)	135	
	<u></u>	<u></u>	
Total deferred tax		2,812	459
		<u></u>	<u></u>
<b>Tax on profit on ordinary activities</b>		1,223	(452)
		<u></u>	<u></u>

## Notes (continued)

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

#### Factors affecting tax charge for the year

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

The differences are explained below

	2007 £000	2006 £000 Restated
<b>Profit/(loss) on ordinary activities before tax</b>	<b>4,220</b>	<b>(2,028)</b>
<b>(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2006 30%)</b>	<b>1,266</b>	<b>(608)</b>
<i>Effects of</i>		
Expenses not deductible for tax purposes	331	131
Capital allowances in excess of depreciation	(1,904)	509
Other short term timing differences	(2,639)	(833)
Provision for diminution in value of investments	-	454
Adjustment in respect of prior periods	1,448	(564)
Impact of change in tax rates	(91)	-
<b>Total current tax credit</b>	<b>(1,589)</b>	<b>(911)</b>

### 10 Goodwill and intangible assets

	Goodwill £000	Intangible assets - capitalised development costs £000
<i>Cost</i>		
At 1 July 2006	(1,556)	60
Disposals	-	(32)
<b>At 30 June 2007</b>	<b>(1,556)</b>	<b>28</b>
<i>Amortisation</i>		
At 1 July 2006	624	(45)
Charge for the period	156	(6)
Disposals	-	30
<b>At 30 June 2007</b>	<b>780</b>	<b>(21)</b>
<i>Net book value</i>		
<b>At 30 June 2007</b>	<b>(776)</b>	<b>7</b>
<b>At 1 July 2006</b>	<b>(932)</b>	<b>15</b>

## Notes (continued)

### 11 Property, plant and equipment

	Freehold and long leasehold property £000	Plant and equipment £000	Total £000
<i>Cost or valuation</i>			
At 1 July 2006	14,382	116,711	131,093
Additions	144	3,730	3,874
Disposals	(80)	(30,453)	(30,533)
	<hr/>	<hr/>	<hr/>
At 30 June 2007	14,446	89,988	104,434
	<hr/>	<hr/>	<hr/>
<i>Consisting of assets at:</i>			
1991 valuation	2,758	-	2,758
Cost	11,688	89,988	101,676
	<hr/>	<hr/>	<hr/>
	14,446	89,988	104,434
	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>			
At 1 July 2006	2,102	69,793	71,895
Charge for period	392	5,291	5,683
Disposals	(67)	(27,425)	(27,492)
	<hr/>	<hr/>	<hr/>
At 30 June 2007	2,427	47,659	50,086
	<hr/>	<hr/>	<hr/>
<i>Net book value</i>			
At 30 June 2007	12,019	42,329	54,348
	<hr/>	<hr/>	<hr/>
At 1 July 2006	12,280	46,918	59,198
	<hr/>	<hr/>	<hr/>
Long leasehold	254		
Short leasehold	8		
Freehold	14,184		
	<hr/>		
	14,446		
	<hr/>		

The net book value of freehold land and buildings at 30 June 2007 includes a value for land of £4,456,000 (2006 £4,456,000) which is not depreciated

## Notes (continued)

### 11 Property, plant and equipment (continued)

If properties were accounted for at historical cost rather than at valuation, these assets would be presented as follows

	2007 £000	2006 £000
Cost	12,346	12,282
Aggregate depreciation	(2,308)	(2,061)
	<hr/>	<hr/>
Net book value	10,038	10,221
	<hr/>	<hr/>

Assets at 1991 valuation relates to assets carried at re-valued amounts which have been retained under the transitional provisions set out in FRS 15 *Tangible fixed assets*

### 12 Investments in subsidiaries

Subsidiary undertakings	2007 £000	2006 £000
<i>Cost</i>		
At 1 July 2006 and 30 June 2007	17,796	17,796
Disposals	(165)	-
	<hr/>	<hr/>
At 30 June 2007	17,631	17,796
	<hr/>	<hr/>
<i>Provision for diminution in value</i>		
At 1 July 2006	8,895	7,381
Charge for the period	-	1,514
	<hr/>	<hr/>
At 30 June 2007	8,895	8,895
	<hr/>	<hr/>
Net book value	8,736	8,901
	<hr/>	<hr/>

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

The subsidiary companies at 30 June 2007 were

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

**Notes (continued)**

**13 Stocks**

	2007 £000	2006 £000
Raw materials	5,553	5,665
Work in progress	2,261	3,274
Finished goods	13,128	15,465
	<u>20,942</u>	<u>24,404</u>

**14 Debtors**

	2007 £000	2006 £000
Trade debtors	33,312	33,079
Due from other group entities	9,073	8,270
Deferred tax asset	482	-
Other debtors	4,521	4,404
	<u>47,388</u>	<u>45,753</u>

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

**15 Creditors: amounts falling due within one year**

	2007 £000	2006 £000 Restated
Bank borrowings	-	369
Trade creditors	27,764	25,721
Due to other group entities	54,753	57,572
Corporation tax	130	891
Other creditors	16,071	15,512
Government grants	133	133
	<u>98,851</u>	<u>100,198</u>

**16 Creditors: amounts falling due in more than one year**

	2007 £000	2006 £000 Restated
Government grants	1,279	1,346
	<u>1,279</u>	<u>1,346</u>

## Notes (continued)

### 17 Provisions for liabilities

	Balance at 1 July 2006 (Restated)	Charged to profit & loss account	Utilised	Balance at 30 June 2007
	£000	£000	£000	£000
<i>Due within one year</i>				
Restructuring provision	6,280	4,630	(8,721)	2,189
Customer claims provision	554	165	(588)	131
Asset restoration provision	-	21	-	21
	<u>6,834</u>	<u>4,816</u>	<u>(9,309)</u>	<u>2,341</u>
<i>Due after one year</i>				
Property provision	983	-	(125)	858
Deferred tax	951	-	(951)	-
	<u>1,934</u>	<u>-</u>	<u>(1,076)</u>	<u>858</u>
	<u>8,768</u>	<u>4,816</u>	<u>(10,385)</u>	<u>3,199</u>

The deferred tax liability utilised in the year has been set against a deferred tax asset in accordance with FRS 19 and is included within note 14

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

### 18 Deferred taxation

	2007 £000	2006 £000 Restated
<i>Provision for deferred taxation at 28% (2006 30%) consists of the following amounts</i>		
Capital allowances in excess of depreciation	(1,833)	(986)
Other timing differences	2,315	35
	<u>482</u>	<u>951</u>
Net deferred tax asset/(liability)		



## Notes (continued)

### 18 Deferred taxation (continued)

The net deferred tax asset is shown in note 14

*The movements during the year on deferred tax provided were*

Balance at 1 July 2006	951	1,231
Current year charge	4,543	324
Prior year credit	(1,731)	113
Deferred tax on movement in pension deficit	(6,931)	(2,425)
Deferred tax on actuarial gain and change in future tax rate taken to statement of recognised gains and losses	2,686	1,708
	<hr/>	<hr/>
<b>Balance at 30 June 2007</b>	<b>(482)</b>	<b>951</b>
	<hr/>	<hr/>

The company has accumulated tax losses carried forward at 30 June 2007 of £3,627,000 (2006 £4,162,000) in respect of which no deferred tax asset was recognised

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

## Notes (continued)

### 19 Share based payments (continued)

2006/2007

Option (exercise price Australian dollars \$)	Outstanding at start of year	Granted during year	Exercised during year	Forfeited during year	Outstanding at end of year
2002 grant (\$8 20)*	189,200	-	-	(22,000)	167,200
2003 grant (\$7 87)*	129,050	-	-	(22,250)	106,800
2004 grant (\$6 84)	124,700	-	(8,600)	(12,900)	103,200
	<b>442,950</b>	<b>-</b>	<b>(8,600)</b>	<b>(57,150)</b>	<b>377,200</b>

\* exercisable at year end

Weighted average exercise price	7 72	-	6 84	7 76	7 73
Weighted average contractual life remaining					4 0 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
2002 grant (\$8 20)*	206,800	-	-	(17,600)	189,200
2003 grant (\$7 87)	137,950	-	-	(8,900)	129,050
2004 grant (\$6 84)	133,300	-	-	(8,600)	124,700
	<b>478,050</b>	<b>-</b>	<b>-</b>	<b>(35,100)</b>	<b>442,950</b>

\* exercisable at year end

Weighted average exercise price	7 73	-	-	7 78	7 72
Weighted average contractual life remaining					5 0 years

The weighted average share price at date of exercise of shares exercised during 2006/07 was \$7 33 No options were exercised in 2005/06

### 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, these issued at with an exercise price of \$Nil and those for whom an exercise price is payable

## Notes (continued)

### 19 Share based payments (continued)

2006/2007

Option (exercise price Australian dollars \$)	Outstanding at start of year	Granted during year	Exercised during year	Forfeited during year	Outstanding at end of year
2006 grant (\$6 78 - \$7 19)	-	244,800	-	(4,000)	240,800
* exercisable at year end					
Weighted average exercise price (\$)	-	7 01	-	7 19	7 01
Weighted average contractual life remaining					4 4 years

The fair value of the options issued was in the range of \$0 89 - \$1 07

2006/2007

Option (exercise price Australian dollars \$)	Outstanding at start of year	Granted during year	Exercised during year	Forfeited during year	Outstanding at end of year
2006 grant (\$Nil)	-	78,450	-	(1,350)	77,100
* exercisable at year end					
Weighted average exercise price (\$)	-	7 01	-	7 19	7 01
Weighted average contractual life remaining					4 4 years

The fair value of the options issued during the year was in the range \$4 12 - \$4 83

#### 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

The dividend yield reflects the assumption that the current dividend payout will continue with no anticipated changes. The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may not necessarily be the actual outcome. For specific details of grant dates and exercise prices, refer to note 19 (a) and (b).

## Notes (continued)

### 19 Share based payments (continued)

#### *Fair value of rights*

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

### 20 Called-up share capital

	2007	2006
	No. of shares	No. of shares
Ordinary shares of £1 each		
Authorised at the end of the year	60,719,011	15,719,011
	<u>60,719,011</u>	<u>15,719,011</u>
Allotted, called-up and fully paid at the end of the year	60,719,011	15,719,011
	<u>60,719,011</u>	<u>15,719,011</u>

During the year, the company issued 45,000,000 £1 ordinary shares for a consideration of £45 million settled in cash.

### 21 Reserves

	Profit and loss account £000
At beginning of year	(2,276)
Prior year adjustment (note 25)	35
	<u>(2,241)</u>
At 1 July 2006 (restated)	(2,241)
Profit for the year	2,997
FRS 20 charge credited to reserves	67
Actuarial gain on defined benefit pension fund	7,988
Deferred tax on actuarial gain and change in deferred tax rate	(2,686)
	<u>6,125</u>
At 30 June 2007	<u>6,125</u>

## Notes (continued)

### 22 Reconciliation of movement in shareholders' funds

	2007 £000	2006 £000 Restated
Profit/(loss) for the year	2,997	(1,576)
FRS 20 charge credited to reserves	67	42
Actuarial gain/(loss) on defined benefit pension fund	7,988	5,694
Deferred tax on actuarial gain/loss and change in deferred tax rate	(2,686)	(1,708)
Proceeds from issue of share	45,000	-
	<hr/>	<hr/>
Net increase in shareholders' funds	53,366	2,452
	<hr/>	<hr/>
Shareholders' funds at beginning of the year as previously stated	13,443	11,003
Prior year adjustment due to FRS 20	35	23
Shareholders' funds at beginning of year as restated	13,478	11,026
	<hr/>	<hr/>
	66,844	13,478
	<hr/>	<hr/>

### 23 Contingent liabilities

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

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

### 24 Pension schemes

#### Defined benefit scheme

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

The major assumptions used by the Actuary were

	30 June 2007	30 June 2006	30 June 2005
Rate of increase in salaries	4.90%	4.40%	4.10%
Rate of increase in pensions in payment and deferred pensions	3.40%	2.90%	2.60%
Discount rate applied to scheme liabilities	5.90%	5.20%	5.00%
Inflation assumption	3.40%	2.90%	2.60%

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

## 24 Pension schemes (continued)

### Plan assets and liabilities

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

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

	30 June 2007		30 June 2006		30 June 2005	
	Long-term rate of return %	Value £000	Long-term rate of return %	Value £000	Long-term rate of return %	Value £000
Equities	8.74	63,853	8.00	52,991	7.60	49,357
Gilts	5.24	31,926	4.50	26,495	4.10	22,697
Corporate Bonds	5.80	31,926	5.10	26,495	4.90	18,739
Total market value of assets		127,705		105,981		90,793
Present value of Plan liabilities		(136,004)		(136,832)		(129,727)
Deficit in the Plan		(8,299)		(30,851)		(38,934)
Related deferred tax asset		2,324		9,255		11,680
Net pension liability		(5,975)		(21,596)		(27,254)

	2007 £000	2006 £000
<b>Movement in deficit over the period</b>		
Deficit in Plan at beginning of period	(30,851)	(38,934)
Current service cost	(2,710)	(2,896)
Contributions	14,998	6,148
Past service costs	1,913	-
Other finance income/(costs)	363	(863)
Actuarial gain	7,988	5,694
Deficit in Plan at end of period	(8,299)	(30,851)

### Analysis of other pension costs charged in arriving at operating profit

Current service cost	2,710	2,896
Past service cost	(1,913)	-
Total operating charge	797	2,896

## Notes (continued)

### 24 Pension schemes (continued)

#### Analysis of amounts included in other finance costs

Expected return on pension plan assets	7,358	5,652
Interest on pension plan liabilities	(6,995)	(6,515)
Net return	363	(863)

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

Actual return less expected return on plan assets	3,355	4,902
Experience gains and losses on plan assets	6,121	126
Changes in assumptions underlying the present value of plan assets	(1,488)	666
Actuarial gain/(loss) recognised in statement of total recognised gains and losses	7,988	5,694

History of experience gains and losses	2007	2006	2005	2004	2003
Difference between the expected and actual return on scheme assets					
Amount (£000)	3,355	4,902	7,390	2,127	(5,132)
Percentage of year end scheme assets	2.6	4.6	8.1	2.8	(7.7)
Experience gains and losses on scheme liabilities					
Amount (£000)	6,121	126	6	(2,138)	(103)
Percentage of year end present value of scheme liabilities	4.5	0.1	0.0	(2.0)	(0.1)
Total amount recognised in statement of total recognised gains and losses					
Amount (£000)	7,988	5,694	(7,650)	(6,043)	(13,435)
Percentage of year end present value of scheme liabilities	5.9	4.2	(5.9)	(5.6)	(14.5)

#### Defined contribution scheme

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

The pension cost charge for the period represents contributions payable by the company to the scheme, and amounted to £1,075,000 (2006 £814,000).

There were no outstanding or prepaid contributions at the period-end.

## Notes (continued)

### 25 Prior year adjustment

As stated in the accounting policies the Company has adopted FRS 20 in these financial statements. This has made the following impact on the accounts:

<i>Profit and loss account</i>	2006 £000
Decrease in operating profit	(42)
Increase in tax credit	12
	<hr/>
Increase retained loss	(30)
	<hr/>
<i>Balance sheet</i>	
Decrease in provisions (deferred tax)	(35)
	<hr/>

The impact of the prior year adjustment on net assets at 30 June 2006 represents the inclusion of the deferred tax asset created on the FRS 20 charge in current and prior periods. The FRS 20 charge recorded in the profit and loss account is credited to the profit and loss reserve.

### 26 Capital commitments

	2007 £000	2006 £000
Contracted but not provided for	8	430
	<hr/>	<hr/>

### 27 Commitments under operating leases

	Land and buildings		Plant and equipment	
	2007 £000	2006 £000	2007 £000	2006 £000
Annual commitments on leases expiring				
Within one year	34	30	250	54
Between two and five years	37	106	455	505
After five years	887	784	14	-
	<hr/>	<hr/>	<hr/>	<hr/>
	958	920	719	559
	<hr/>	<hr/>	<hr/>	<hr/>

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

### 28 Related party transactions

The company has taken advantage of the exemptions available to wholly owned subsidiaries under Financial Reporting Standard 8. Accordingly, disclosure is not made of related party transactions with the company's parent company or fellow subsidiaries. The consolidated financial statements of Amcor Flexibles A/S, within which this company is included, can be obtained from the address in note 29.



**Notes** *(continued)*

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

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

**30 Post balance sheet events**

On 5 October 2007, the Company announced its intention to close the Venus factory at Ilkeston in Derbyshire with the immediate commencement of the consultation process. It is envisaged that production will cease in Spring 2008 followed by a short clean up period. Production will transfer to other company sites. No adjustment has been made in these accounts to reflect the financial impact of this announcement since this is a non-adjusting post balance sheet under Financial Reporting Standard 21 '*Events after the balance sheet date*'. It is estimated that the cost of this closure during 2007/08 will be £7.5m.