From the desk of the Managing Director

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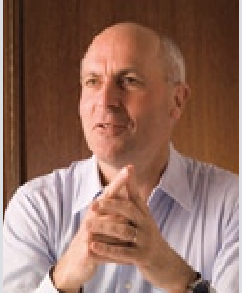


Dear co-workers,

Reflecting on 2007/08

Reaching world-class safety performance

Congratulations to everyone in Amcor Flexibles Food (AFF); together we have driven down Lost Time Injuries (LTIs) by 50%. In fact, 21 out of 27 plants had no LTIs at all this year which proves that our target of zero accidents is achievable.

We also managed to reduce our Recordable Case Frequency Rate (RCFRs) by 17%. An RCFR is an incident that requires medical treatment (for example stitches) but does not result in lost time.

This is an excellent performance and is very close to world-class benchmarks. It comes thanks to the massive efforts of all our employees in the last six months as well as the benefits of implementing a number of management actions including:

- ✓ An improved focus on machinery guarding
- ✓ Unscheduled safety audits being performed by many senior managers
- ✓ Zero tolerance to breaches of safety rules
- ✓ Re-emphasis on safety behaviour auditing
- ✓ Relentless emphasis on "near miss" reporting
- ✓ Excellent performance by sites to get slightly injured employees quick treatment and return to alternative duties where appropriate
- ✓ Strict adherence to glove and sharps policy
- ✓ Lotus accident reporting tool has focussed attention and raised awareness amongst management

We can be proud of these results, but there is no room for complacency. The safety and well-being of all our employees is paramount. In spite of what we have achieved, we regard even one injury as one too many.

The safety record for 2007/08 places us in a strong position to improve in 2008/09.

We have delivered

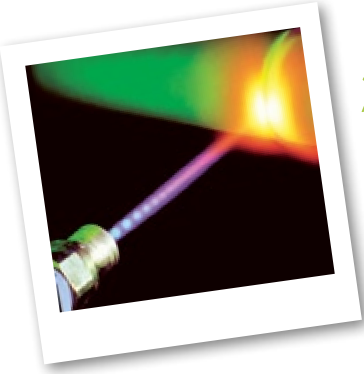
Despite a tough and demanding year, AFF hit its financial targets for the year 2007/08. What's more, we achieved close to 11% return on Amcor's investment and made significant improvements in reducing the amount of working capital tied up in the business. This gives the organisation an even stronger platform for the year ahead. Our return on Amcor investment is still far from the expected level of 15% but our progress to date clearly demonstrates that we have the potential to reach this target.

This achievement did not come without some hard-hitting challenges and I am conscious that it has been a difficult year. We had to deal with the weakening economic situation in Europe and our own internal activities such as Flex 1, our restructuring programme to create a fitter, more sustainable company. Yet we hit our targets because everyone played their part. I would like to thank each and every one of you for your contribution to these tremendous results.

Our growth strategy gained momentum. Building is complete on the new Reflex plant dedicated to PepsiCo in Poland which is operational and will formally open in September. This is being done in conjunction with Amcor Rentsch who are responsible for the management of this plant while AFF is providing support and resources.

And building has also started on another Flexibles plant in Poland, the AF Polska Greenfield site. Both these new plants will accelerate our growth in Central and Eastern Europe.

Finally we have started the financial year 2008/09 with a bang, having signed up a new contract with a customer which will bring around €15 million of additional sales in confectionery.



The way forward for 2008/09

The watch-words for the year 2008/09 are 'laser focus'.

Amcor Flexibles Food is starting see the benefit of the Amcor global 'Way Forward' initiative and the business is now gearing up to focus on profitable growth. All our business units will be focusing on achieving world-class operational performance.

It is this **laser focus** that will empower us to take the best decisions to achieve 2008/09 targets.

Our safety target this year is zero accidents. The AFF safety focus on changing behaviours in 2008/09 remains unchanged and we will not be happy to have even one accident. This year we want 12 months without a LTI. The time has come and we can do it! All our AFF sites will target **ZERO** LTIs and a RCFR of below 5.

Our financial targets are:

- ✓ To increase sales volume by 6%;
- ✓ To increase profits before tax by 10%;
- ✓ To raise the return on average funds employed (RoAFE) from 10.9% to 12.5% on our journey towards Amcor's 15% target. The RoAFE simply put is the percentage of return on Amcor's investment.

Growth is very important for us this year and we need to increase our market share. To increase our sales volume will require our sales team to be a lot more aggressive. Is it realistic to grow sales by 6%, given that the world economy is slowing down and AFF is operating in an ever tougher market? I am convinced it is. Our business is better positioned than ever before to do this. We know it will be challenging but we also know we can do it. Our new contract deal proves that organic growth is possible. We also have a couple of projects in the pipeline which will compensate for what will happen in the economy.

Now that the business is in good shape, our laser focused priorities are:

To grow

- ✓ To seize market share from our competitors in our selected markets;
- ✓ To push for growth in emerging markets such as Central and Eastern Europe.

To embed

- ✓ Value Plus must become a way of life for our commercial teams;
- ✓ To drive a performance-oriented culture through Talent Management.

To optimise

- ✓ To optimise our manufacturing footprint by completing Flex 1;
- ✓ To launch a Lean Manufacturing initiative.

To review

- ✓ To continuously review our overheads and costs.

Four key initiatives

We have four key initiatives in which we should channel all our activities. These are to become a way of life for all of us at AFF and, through continuous focus; they will become embedded into our company culture.

Growth

As mentioned above, we have set aggressive targets for growth for 2008/09 at 6%. This is substantially above the market rate of growth but we know that our organisation is in a good position to achieve its aims, thanks to our recent restructuring programme.

Value Plus

This global initiative is about building sales and marketing excellence and commercial capabilities while creating a deeper understanding of customer and market needs. The effort put into Value Plus is starting to bear fruit despite external factors such as raw material cost increases and currency deviations. We should not be discouraged. It is at times like these when we face adverse conditions, that we need more than ever to embed the Value Plus principles in our business.

Talent Management

Talent Management is about getting the right people in the right job. It's also about rewarding people who are successful and ensuring people develop to their full potential.

To give us the discipline required to drive forward the performance culture in the business, we are introducing the Human Resources Management System (HRMS). Everyone involved will be trained in its use.

Lean Manufacturing

Lean Manufacturing is our only new initiative this year. It's about improving our manufacturing efficiency. The principles include reducing costs, zero waste, zero waiting time, zero inventories, and tighter scheduling. AFF can save more than €20 million a year with this initiative.

Everyone has a part to play. This will entail reviewing the processes you are responsible for and finding better ways of doing things. The outcomes will considerably strengthen our competitive position and improve our impact on the environment.

The initiative will be introduced in waves – the first six plants (Halen, Crompton Road, Raackmann, Schüpbach, Barcelona and Ledbury) have already been selected. AFF is also recruiting engineers skilled in lean manufacturing to help and will have external consultants support with the initial start up.

Three core projects

Our projects support our initiatives and priorities. They are carefully planned to achieve particular aims and have an end. AFF has three core projects this financial year.

Flex 1

The Flex 1 re-positioning project is on track. So far it has involved two plant closures, two extrusion department closures, the closure of one customer service organisation, and the sale of two businesses. While these were painful and difficult decisions, they had a hugely positive impact in AFF profits for the financial year 2007/08. AFF is now far better placed both to ride out the decline in the world economy, and to grow in spite of it.

Project Swallow

This project was introduced to challenge everyone to reduce the selling, general and admin costs of the business from the existing level of 11.5% to 10% over three years.

Now into its second year, it is about reducing costs and also working smarter – so it ties in neatly with the Lean Manufacturing initiative. Consequently, this year, we will be reviewing all the business processes to find ways of improving them, streamlining them, or speeding them up.

Project Atlas

The purpose of Project Atlas is to ensure that our business has the right information at the right time across the value chain. This will enable us to be more competitive, innovative and increase our operational efficiency. AF Halen was the first plant to go live with this. Being the first site to run a new project is never easy, so a big 'thank you' to everyone who contributed to its success. The next site to go live will be AF Schüpbach.

Maximising opportunities

We are proud of what we achieved together last year. In 2007/08, we exceeded our safety targets; we achieved our financial targets; we invested in a new plant; we reduced costs – for instance, we have made good in-roads on our target to reduce our travel costs.

AFF has good, innovative products. We are recognised as an innovative company. We also have a winning team in which we will continue to invest.

Recently, the business has been focused on restructuring. We are now more competitive, though we will continue to work on this aspect of the business. This year, however, we want to focus on growth again. In spite of the declining world wide economy, we are well positioned to grow, thanks to the hard work and efforts of every single person in the business.

Meanwhile, inflation looks likely to continue to rise, but we have a strategy in place to manage the increase in prices to our customers that are crucial as a result of rising costs.

There are always opportunities in tough times. Success is about maximising those opportunities. 2008/09 looks set to be another successful year for AFF.

Together we are a winning team.

Gérard Blatrix

Our vision is to be the choice for customers who seek packaging solutions which are responsible, innovative and effective.

This means:

- We provide more than just packaging; we provide practical solutions to customers' problems.
- We are aware of the impact of our products on the environment, and constantly strive to reduce this.
- We are recognised as global leaders in developing new, better products, and we constantly strive to add value.
- We make quality products that offer value for money.