

Business Review

Australia

Warwick White Managing Director, Australia

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The Australian business delivered a significant improvement in second half trading with revenue growth of 8.9% driven by the combination of volume growth of 2.6% and revenue per case improvement of 6.2%.

The highlight for the year has been the success of new products led by Coca-Cola Zero. Since the launch in January, Coke Zero has received outstanding consumer acceptance and very high levels of repeat purchase. As a result, CCA's market share of the cola category has grown from 75% to 77%¹.

Coca-Cola Zero sales are already achieving more than 75% of Diet Coke monthly volumes, which is well ahead of expectations and for 2006 Coke trademark revenue grew by a record 9%. Over the past 12 months there has been a significant shift in consumption from sugar cola to non-sugar cola. The non-sugar cola category grew by 36% in 2006 and the category now represents 34% of total cola volumes, up from around 20% in 2000.

CCA's non-carbonated beverages delivered strong volume growth of 9% and now account for 22% of CCA's Australian volumes. Growth was led by water, with Mount Franklin and Pump both growing volumes around 15%, with the launch of Powerade Isotonic in May driving Powerade volume growth of 25%.

Note: all 2002-2003 numbers prepared under AGAAP. All 2004-2006 numbers prepared under AIFRS.

For 2006, margins were impacted by the unprecedented increase in cost of goods sold (COGS), a result of higher commodity input costs, which saw COGS increase by close to \$100 million. The 2006 Australian result includes a \$13.4 million profit on the sale of its Eastern Creek property, which was recognised in the first half, offset by a \$25.5 million write-down taken on assets including IT systems and vending machines in the second half. The impact of the \$25.5 million write-downs reduced second half EBIT growth from 16.7% to 5.0%.

1 Source: AC Nielsen foodstore data

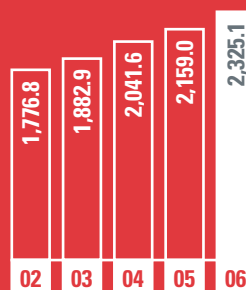
Year ended 31 December	2006	2005	Change
Trading revenue	2,325.1	2,159.0	7.7%
Revenue per unit case	\$7.01	\$6.70	4.6%
Volume (million unit cases)	331.5	322.0	3.0%
EBIT (\$ million)	433.9	425.2	2.0%
EBIT margin	18.7%	19.7%	-1.0 pts
Capital expenditure to revenue	5.8%	7.9%	-

Six successful new product launches in 2006 drove revenue growth of **7.7%**



Capital Employed

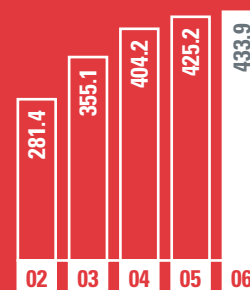
The Australian business represents 40% of CCA's capital employed.



Revenue \$M

Revenue increased 7.7% in 2006 and has increased at a CAGR² of 7.0% since 2002.

² Compound annual growth rate



EBIT¹ \$M

Earnings increased 2.0% in 2006 and have increased at a CAGR² of 11.4% since 2002.

¹ Before significant items
² Compound annual growth rate

New Zealand & Fiji



George Adams (left) Managing Director, New Zealand & Fiji
Craig Richardson (right) Chief Financial Officer, New Zealand & Fiji

New Zealand

The New Zealand operation delivered a substantial improvement in earnings in the second half, with local currency EBIT growing by close to 15%. For the full year, the New Zealand business reported EBIT broadly in line with 2005 in local currency after reporting a decline in earnings in the first half. Australian dollar declines in revenue, revenue per unit case and EBIT reflect the translation impact of the depreciation in the New Zealand dollar over the period.

As with Australia, the focus in New Zealand has been on the recovery of COGS increases, with price increases in February and November driving local currency revenue per case increases of over 5% for 2006. While volumes declined in the first half, the second half experienced volume growth.

The highlight for 2006 was the successful launch of Coca-Cola Zero in New Zealand. Coca-Cola Zero has been outselling Diet Coke since September and non-sugar cola volumes have grown by 24% in 2006 and now represent around 34% of cola volumes.

CCA's water and sports categories continue to perform well with Kiwi Blue and Powerade both growing volume by more than 20%. The juice category continues improve in profitability.

While volumes declined in 2006, a more rational competitive and pricing environment saw the category return to profitability.

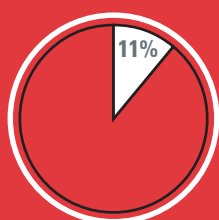
For 2006, the New Zealand result included approximately \$5 million of costs incurred in the first half relating to write-off of facilities in preparation for the automated warehousing development and obsolete inventory.

Fiji

Fiji experienced a small decline in earnings for the year as a result of reduced consumer demand following political unrest in the country and the civil unrest in Tonga which is supplied from Fiji.

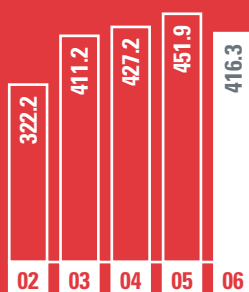
Year ended 31 December	2006	2005	Change
Trading revenue	416.3	451.9	-7.9%
Revenue per unit case	\$6.34	\$6.73	-5.9%
Volume (million unit cases)	65.7	67.1	-2.1%
EBIT (\$ million)	65.1	70.8	-8.1%
EBIT margin	15.6%	15.7%	-0.1 pts
Capital expenditure to revenue	14.0%	5.8%	-

Note: all 2002-2003 numbers prepared under AGAAP. All 2004-2006 numbers prepared under AIFRS.



Capital Employed

New Zealand & Fiji represent 11% of CCA's capital employed.



Revenue \$M

Revenue decreased 7.9% in 2006 but has increased at a CAGR² of 6.6% since 2002.

² Compound annual growth rate



EBIT¹ \$M

Earnings decreased 8.1% in 2006 but have increased at a CAGR² of 4.6% since 2002.

¹ Before significant items
² Compound annual growth rate

Trading improvement since June in New Zealand resulted in EBIT growth of close to **15%** for the second half.

South Korea

Peter Kelly (left) Regional Director, Asia
 Reg Randall (centre) Managing Director, South Korea
 David Gate (right) Chief Financial Officer, South Korea



South Korea

The South Korean business has been materially impacted by the previously announced product recall and associated negative media coverage following an extortion attempt in early July. Total volume in South Korea has declined by approximately 4% since the extortion, however the business was still able to achieve revenue growth (in local currency) in the second half. Based on current run rates it may take until late in 2007 for volumes to return to pre-extortion levels.

For 2006, underlying earnings, which excludes the \$13.9 million of costs directly incurred as a consequence of the extortion, showed a strong improvement in the first half. The full year result benefited from a combination of better revenue management, successful new product launches, and the initial cost reduction benefits from the early retirement plan which was completed in April 2006. The result also included a \$7.5 million profit on the sale of properties in the second half as a result of the continued asset reduction program in South Korea.

Reported revenue for South Korea increased by 12.8%, due in part to the 9% appreciation of the Korean Won. In local currency terms, revenue grew by 5% and revenue per unit case grew by 8%, reflecting price increases taken during 2006 to recover commodity driven cost increases.

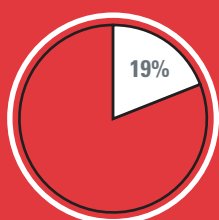
While trading conditions continued to be challenging in South Korea, solid progress has been made in broadening the brand portfolio into non-carbonated beverages with the launch in 2006 of Minute Maid flavour extensions, Haru green tea and flavour extensions for Powerade. South Korea also launched Coca-Cola Zero and flavour extensions for Fanta.

Year ended 31 December	2006	2005	Change
Trading revenue	711.5	630.7	12.8%
Revenue per unit case	\$5.81	\$5.01	16.0%
Volume (million unit cases)	122.5	126.0	-2.8%
EBIT (\$ million)¹	18.0	(9.2)	n/a
EBIT margin¹	2.5%	-1.5%	4.0 pts
Capital expenditure to revenue	2.5%	6.8%	-

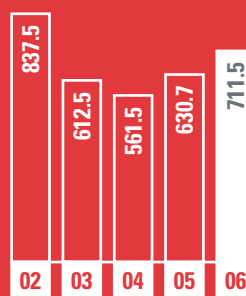
Note: all 2002-2003 numbers prepared under AGAAP. All 2004-2006 numbers prepared under AIFRS.

¹ Before significant items

Revenue per unit case increases of **16%** reflect successful new product launches and pricing improvements.



Capital Employed
 The South Korean business represents 19% of CCA's capital employed.



Revenue \$M
 Revenue increased 12.8% in 2006.



EBIT¹ \$M
 South Korea achieved a profit of \$18.0 million in 2006 after delivering an earnings loss in 2005.
¹ Before significant items

Indonesia & PNG

Peter Kelly (left) Regional Director, Asia

John Seward (centre) Managing Director, Indonesia & PNG

Craig Green (right) Chief Financial Officer, Indonesia



The region experienced a significant turnaround in profitability in the second half to deliver a full year profit of \$17.6 million after reporting a loss of \$11.6 million in the first half.

In the second half, Indonesia & PNG delivered earnings of \$29.2 million, only marginally behind the record result of \$30.6 million achieved for the 2005 second half.

Indonesia

In the first half of 2006, the Indonesian business was materially impacted by the removal of the government's fuel subsidy. The consequent 160% increase in the fuel price pushed inflation levels to 18%, leading to a 20% reduction in overall retail sales. As a consequence, demand for CCA beverages was also reduced and the business recorded an EBIT loss.

For the second half, the business recovered strongly which allowed it to deliver a profit for the full year. The combination of price increases, improved trading conditions and a recovery in consumer confidence and spending resulted in a significant improvement in margins in the second half.

In 2006, CCA introduced new products including Frestea Frutcy, Frestea Green Tea and Powerade Isotonik which all performed well, boosting overall market share in Indonesia as well as improving the revenue and EBIT mix of the product portfolio.

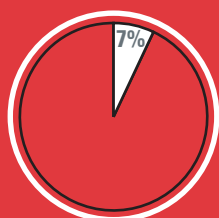
Indonesia's cost base was also higher year-on-year, reflecting a significant increase in COGS and the investment in sales force, distribution and cold drink coolers in 2005 to strengthen CCA's coverage of the market place. In addition, fuel price increases have driven significant increases in delivery and manufacturing costs. Initiatives to reduce operating costs in the second half have moderated the impact of cost increases with further benefits to flow through in 2007.

PNG

PNG delivered another solid full year result with local currency sales revenue growing by over 10% combined with solid EBIT margins.

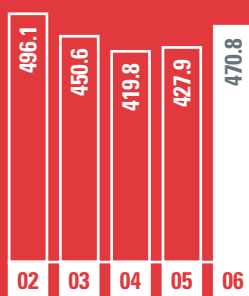
Year ended 31 December	2006	2005	Change
Trading revenue	470.8	427.9	10.0%
Revenue per unit case	\$4.25	\$3.45	23.2%
Volume (million unit cases)	110.7	124.0	-10.7%
EBIT (\$ million)	17.6	41.6	-57.7%
EBIT margin	3.7%	9.7%	-6.0 pts
Capital expenditure to revenue	8.2%	9.0%	-

Note: all 2002-2003 numbers prepared under AGAAP. All 2004-2006 numbers prepared under AIFRS.



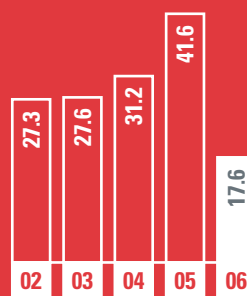
Capital Employed

Indonesia & PNG represent 7% of CCA's capital employed.



Revenue \$M

Revenue increased 10.0% in 2006.



EBIT¹ \$M

Earnings decreased 57.7% in 2006.

¹ Before significant items

Revenue per unit case increases of **10%** reflect price increases, mix improvements and new products.

SPC Ardmona

Nigel Garrard (left) Managing Director, SPC Ardmona
Steve Perkins (right) Chief Financial Officer, SPC Ardmona



SPC Ardmona (SPCA) delivered a strong full year EBIT of \$46.2 million on revenue of \$429.4 million, which was slightly ahead of expectations. The highlights were the continued strong performance of the fruit snacks business and strong growth of the international business which sources product from Spain and Thailand. Overall, the business achieved solid recovery of tin plate driven cost of goods increases despite high levels of price competition in the Australian market from imported tinned products.

The fruit snacks category has enjoyed the introduction of Goulburn Valley Fruit Snacks in new convenience packaging into the convenience and petroleum channel as well as solid growth in the education channel.

SPCA experienced difficult trading conditions in the tomato category and private label business with cheap imported product continuing to enter the Australian marketplace, putting pressure on category margins.

The \$15 million warehouse in Shepparton was completed in November 2006 and is expected to generate savings in excess of \$2 million per annum from 2007. In 2006, a number of programs to drive improvements in manufacturing efficiencies were implemented. These included optical grading of fruit to materially improve finished fruit quality while reducing

manufacturing costs and a major trial to process fruit direct to bulk storage. These will be scaled up for the 2007 season as bulk storage of processed fruit will shorten the fruit processing season and provide the flexibility of being able to package fruit to order.

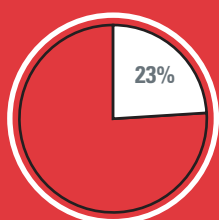
The Goulburn Valley was affected by a severe frost in September which will have an impact on the 2007 fruit intake. There is expected to be a small shortfall of fruit for 2007 which compares to an expected surplus to requirements before the impact of the frost.

SPCA has launched a \$1.75 million fund to aid drought-stricken farmers in the Goulburn Valley to assist its fruit suppliers with the additional costs of buying water. The funding will cover interest free advances to purchase water, subsidies on fruit delivered for processing and access to 1000 mega litres of water for irrigation.

Year ended 31 December	2006	2005	Change
Trading revenue	429.4	351.9	22.0%
EBIT (\$ million)	46.2	42.2	9.5%
EBIT margin	10.8%	12.0%	-1.2 pts
Capital expenditure to revenue	7.5%	6.2%	-

Note: all 2002-2003 numbers prepared under AGAAP. All 2004-2006 numbers prepared under AIFRS.

Earnings grew
9.5%
driven by
a strong
performance
from the
fruit snacks
business.



Capital Employed

SPC Ardmona represents 23% of CCA's capital employed.



Revenue \$M

Revenue increased 22.0% in 2006.



EBIT \$M

Earnings increased 9.5% in 2006.