

Chairman's Report

Coca-Cola Amatil delivered a solid net profit result for 2006, a year of significant increases in commodity driven input costs. Over the past four years, CCA has delivered average net profit after tax growth of 12.0% per annum (before significant items), underpinning the 15.1% per annum average increase in dividends paid to shareholders over that period.

CCA delivered a net profit this year of \$323.5 million, before significant items, up 0.9% on last year. Total trading revenue grew 8.2% to \$4,353.1 million and earnings before interest and tax (EBIT) grew 1.7% to \$580.5 million, before significant items. This was a solid financial result in a challenging year for CCA where increases in commodity input costs drove the cost of goods sold in the beverage business up by an unprecedented \$151.9 million.

The highlight for 2006 was the strong recovery in trading in the second half of the year. While the business recorded an earnings decline in the first half of the year, it regained momentum in the second half to deliver second half EBIT growth of 8.6%, before significant items. The improvement was delivered across the board with strong trading performances in Australia, New Zealand and Indonesia as strong revenue management and promotional discipline enabled the business to recover the commodity driven cost increases.

The business has also delivered another year of strong cash flow with free cash flow increasing by \$130.3 million to \$271.6 million. The significant increase was due to the strong operating performance in the second half which, combined with the proceeds from the sale of assets, more than offset the increased investment in capital projects as we develop our automated distribution facilities in Australia and New Zealand.

Details of CCA's 2006 performance and comments on future prospects are included in the reports that follow. I encourage you to read these reports.

Dividend

Our strong financial performance, combined with the confidence that CCA will continue to grow, enabled the Board to increase the final dividend to 18 cents a share, fully franked. This gives a total fully franked dividend for the year of 32.5 cents a share, a 3.2% increase on last year, representing a payout ratio of 75.4% of net profit, before significant items.

Corporate Governance

CCA has an ongoing commitment to transparency and good corporate governance. The Annual Report includes a number of statements on the robust corporate governance structure and risk management framework prevailing throughout CCA. CCA has always maintained a high level of corporate governance and we continue to refine our practices in this area each year.

The Coca-Cola Company

The Board is pleased with the strengthening of the relationship between CCA and The Coca-Cola Company (TCCC). TCCC holds 32% of the shares in CCA, and nominates two Non-Executive Directors of the current eight member Board. CCA's Related Party Committee, comprising the Independent Directors, reviewed all material transactions between CCA and TCCC in 2006 and is an important forum for dealing with governance issues.

Corporate Social Responsibility

CCA strongly supports social and environmental activities through its community and environmental programs. These programs help to sustain business performance by strengthening the communities in which we operate, improving business efficiency and developing relationships with stakeholders, and ultimately leading to increased shareholder returns. In 2006 we released our first sustainability report, Citizenship@CCA, measuring our achievements under four pillars – Environment, Marketplace, Workplace and Community. I encourage you to read this report which is available on our website www.ccamatil.com.

Employees

One of the underlying strengths of the Group is the quality of its people. Their commitment to CCA's core values underpins the results achieved this year.

On behalf of the Board, I would like to thank all employees for their special efforts and contributions in 2006.



David Gonski, AO
Chairman

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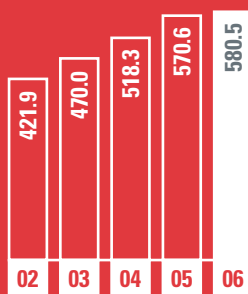


- 1 Compound annual growth rate.
2 All 2002-2003 numbers prepared under the previous framework of Australian Accounting Standards (AGAAP). All 2004-2006 numbers prepared under Australian equivalents to International Financial Reporting Standards (AIFRS).

Year ended 31 December		2006	2005	Change
Trading revenue – beverages and food	(\$ million)	4,353.1	4,021.4	8.2%
Earnings before interest and tax, before significant items	(\$ million)	580.5	570.6	1.7%
EBIT margin	(%)	13.3	14.2	-0.9pts
Net profit, before significant items	(\$ million)	323.5	320.5	0.9%
Net profit	(\$ million)	282.4	320.5	-11.9%
Operating cash flow	(\$ million)	468.4	436.7	7.3%
Return on average capital employed	(%)	16.3	17.5	-1.2pts
Total capital employed	(\$ million)	3,545.3	3,557.5	-0.3%
Net debt to book equity	(%)	141.1	149.7	-8.6pts
Capital expenditure to revenue	(%)	6.5	7.5	-1.0pts
Earnings per share, before significant items	(cents)	43.2	43.3	-0.2%
Earnings per share	(cents)	37.7	43.3	-12.9%
Dividends per share	(cents)	32.5	31.5	3.2%

Earnings before interest and tax²

▲
1.7%



EBIT (\$M) increased by 1.7% to \$580.5 million in 2006 and has grown at an average of 8.3%¹ per annum since 2002.

Before significant items

Net profit²

▲
0.9%

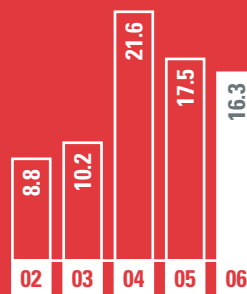


Net profit (\$M) grew 0.9% to \$323.5 million in 2006 and has grown at an average of 12.0%¹ per annum since 2002.

Before significant items

Return on capital employed²

▼
1.2pts

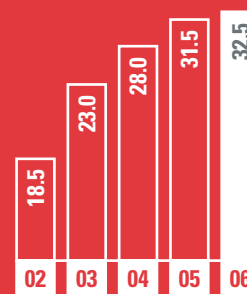


ROCE (%) declined from 17.5% in 2005 to 16.3% in 2006.

Before significant items

Dividends per share

▲
3.2%



Annual dividends per share (cents) have grown by 75.7% since 2002, or an average of 15.1%¹ per annum.