Group Managing Director's Review of Operations

In 2006, CCA continued to invest in its non-alcoholic beverage portfolio through product and package innovation, backed by up-weighted marketing programmes, to further strengthen its consumer franchise and brand leadership during this period of increased commodity input costs.

The highlight for the year has been the outstanding success of several new product launches led by Coca-Cola Zero, which has been the biggest beverage launch for CCA in 22 years, and an exceptional opportunity for the business to develop a major new segment.

In the 12 months since its Australian launch, Coca-Cola Zero has captured 13% of the cola category, with CCA's total cola market share growing from 75% to 77% in foodstores. Coca-Cola Zero is already tracking above 75% of Diet Coke monthly volumes, which is well ahead of expectations.

Coca-Cola trademark products have been supported by the introduction of slim line cans and the 385ml screw top glass bottle into the route trade, helping boost overall brand Coca-Cola revenue by 9% in 2006.

New product launches in the non-carbonated beverage segment, including Powerade Isotonic, Pumped and Goulburn Valley juice have all exceeded expectations and have established a very solid platform for volume and value growth in 2007.

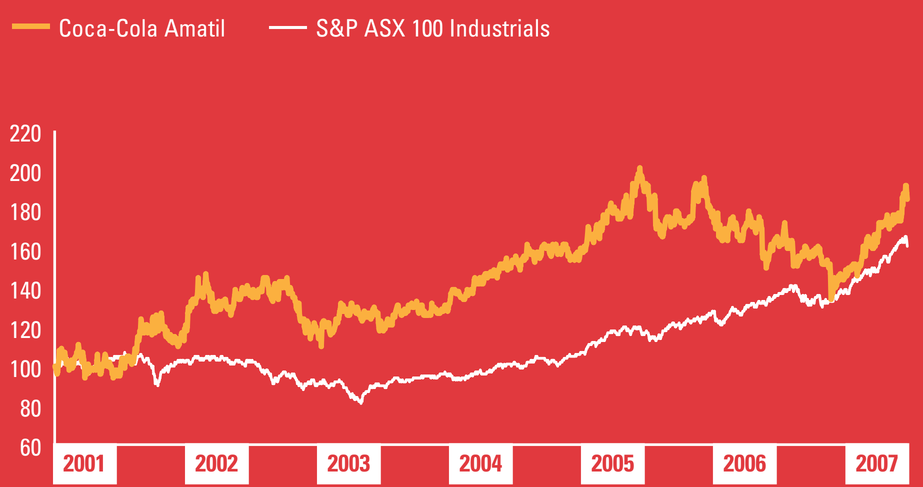
2006 Review

CCA's 2006 profit result has benefited from improved operational performance in the second half where EBIT grew by 8.6%. The second half trading was driven by the continued strong uptake of new products, pricing improvements as well as market share gains, particularly in Australia.

Australia achieved annual volume growth of 3.0% with solid revenue growth of 7.7%, driven by the successful launch of Coca-Cola Zero, Powerade Isotonic, Pumped and Goulburn Valley juice as well as the continued growth of water brands Mount Franklin and Pump. The second half performance was particularly pleasing and a significant improvement on the first half with revenue growth of 8.9%, a result of solid price recovery and a stronger market position. A $25.5 million write down was taken on assets including IT systems and vending machines in the second half, in order to drive faster execution of strategic priorities for the business in 2007. This reduced second half EBIT growth from 16.7% to 5.0%.

New Zealand & Fiji – In local currency, New Zealand EBIT was broadly flat for the year. After an earnings decline in the first half, second half trading improved significantly with local currency EBIT increasing by close to 15%. Coca-Cola Zero continues to perform well, outselling Diet Coke since

Share price – relative performance



CCA's share price and the S&P ASX 100 Industrials Index have been indexed to 100 from 1 January 2001 to 28 February 2007 to allow meaningful comparison.

Terry Davis
Group Managing Director

September and the launch of Powerade Isotonic has exceeded expectations. Fiji experienced a small decline in earnings for the year as a result of reduced consumer demand following political unrest in the country.

South Korea – The South Korean business delivered an improvement in underlying earnings for 2006, delivering earnings of $18.0 million after reporting a loss of $9.2 million in 2005. The earnings result excludes the costs directly incurred as a consequence of an extortion attempt in July 2006. The improved full year result was a combination of better revenue management, successful new product launches, and the cost reduction benefits from the early retirement plan which was completed in April 2006. The result also included the benefits of 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.

Indonesia & PNG – The region experienced a significant turnaround in profitability in the second half to deliver a full year EBIT of $17.6 million after reporting a loss of $11.6 million in the first half. The combination of better price realisation, improved trading conditions and a recovery in the economy resulted in second half earnings for Indonesia & PNG of $29.2 million, only marginally behind the record $30.6 million result achieved for the 2005 second half.

SPC Ardmona – The business delivered a strong result generating EBIT of $46.2 million which was ahead of expectations. The highlights were the continued strong performance of the fruit snacks business and strong growth of the international sales of product sourced from the Spain and Thailand facilities. Overall, the business achieved solid recovery of tin plate driven cost of goods increases despite higher levels of price competition in Australia from imported tinned products.

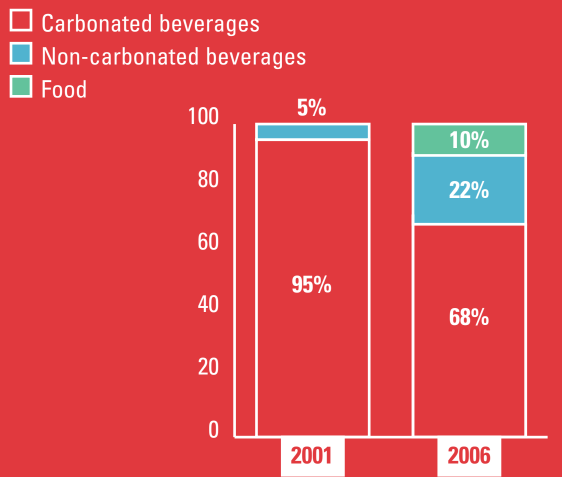
Costs and Insurance Claim Associated with South Korean Extortion

As mentioned above, CCA's South Korean operation was subject to an extortion attempt in July 2006. This resulted in a product recall of our major brand Coca-Cola and a subsequent loss of volume in the second half.

CCA is covered by an insurance policy for the reimbursement of product recall costs, brand rehabilitation costs and loss of gross profit incurred in excess of CCA's US$7.0 million deductible. The policy covers CCA for a 12 month period from the date of the extortion.

For the six months to December 2006, CCA reported $14.9 million in brand rehabilitation and product recall costs associated with the extortion. In addition, an interim payment for the insurance claim of $1.0 million was received in

Revenue split



CCA's expansion into non-carbonated beverages and food

By broadening its brand portfolio, CCA has grown its non-carbonated beverage business into bottled water, juice, sports drinks, coffee, ready-to-drink tea, and expanded into packaged ready-to-eat fruit and vegetable products.

Since 2001, revenue generated from non-carbonated beverages and food has grown from 5% to 32% of total revenue in 2006. Combined with strong cost discipline, EBIT margins have grown from 11.4% to 13.3% over that period.

Group Managing Director's Review of Operations continued

December 2006. These amounts have all been included as significant items for 2006. Any further brand rehabilitation costs which may be incurred and offsetting insurance proceeds will be recognised as significant items in 2007.

Insurance proceeds relating to the loss of gross profit, a result of volume losses since the extortion, will be recognised upon receipt. This is expected to be finalised no later than the second half of 2007 and insurance proceeds will be recorded as a credit to significant items.

Entry into Premium Alcohol Segment

In 2006, CCA expanded into the distribution of alcoholic beverages, forming a joint venture company with the world's second largest brewer SABMiller to sell premium beer Peroni Nastro Azzurro, Miller Genuine Draft and Pilsner Urquell in the Australian market. CCA also entered into an agreement with Jim Beam to manufacture Jim Beam & Cola, Australia's biggest selling alcoholic ready-to-drink beverage, and with spirits distributor Maxxium Australia to sell and distribute its product range. Maxxium's products include ABSOLUT VODKA, Remy Martin, Jim Beam and Cointreau.

CCA commenced distribution of beer in November 2006 and is on track to commence the manufacture of Jim Beam & Cola and sale and distribution of the Maxxium range in April 2007.

2007 Strategic Review

As part of the next three year business planning process, CCA is undertaking a strategic review of the business across all geographic locations. The review will establish the priorities for the business over the next three years with the detail of outcomes and priorities to be announced on 18 April 2007.

Capital Management

CCA's priorities for using its cash flow are to reinvest in value-adding growth opportunities and to pay out a high portion of profits to shareholders as dividends. The most significant use of cash over the next three years will be in the construction of automated warehouses in Sydney and Auckland for around $160 million. The success of CCA's first automated warehouse in Mentone in Victoria underpins our confidence that these investments will materially improve customer service levels while generating cost savings for CCA.

CCA is committed to maintaining the high dividend payout ratio. The current payout ratio of 75.4% of net profit, before significant items, is within the target payout range of 70% to 80%.

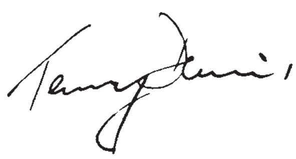
Our People

It is important that we recognise the efforts of more than 18,000 people who are the foundation of CCA. They have been integral in delivering this year's performance and positioning the Company to meet our future goals and aspirations. Our people are the face of our Company and our success would not be possible without their passion, commitment and dedication.

2007 Outlook

In 2006, the core focus for CCA was to recover commodity driven cost increases. This was successfully achieved throughout the second half of 2006 by successful execution of stronger revenue management initiatives. As a result, Group EBIT margins in the second half increased to a strong 14.3%, up from 14.2% in the second half of 2005.

We believe we have weathered the peak in commodity cost input increases. The business has experienced good price realisation in the year to date and as a result, we feel confident of an improved EBIT result in 2007. There will still be commodity driven cost increases in 2007 so the priority for this year will continue to be price realisation through higher levels of innovation backed by outstanding in-market execution.



Terry Davis
Group Managing Director