



A.B.N. 26 004 139 397

2012

Financial Results

For the financial year ended 31 December 2012
Incorporating the requirements of ASX Appendix 4E

CCA will host a presentation to analysts and media on 19 February 2013 at 10:00 a.m. (AEDT), which will be webcast with all presentation materials posted to CCA's website (www.ccamatil.com). A replay of the presentation, including the question and answer session, will be available on the website.

For more information about Coca-Cola Amatil, please visit www.ccamatil.com

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Coca-Cola Amatil Limited
A.B.N. 26 004 139 397

Preliminary Final Results
For the financial year ended 31 December 2012
compared to the prior financial year ended 31 December 2011

Results for announcement to the market

	Up/down	Movement	2012
Group results			
Trading revenue (\$M)	up	6.2%	to 5,097.4
Total revenue (\$M)	up	6.3%	to 5,175.0
Earnings before interest, tax and significant items (\$M) ^{1&2}	up	3.1%	to 895.5
Earnings before interest and tax (includes significant items)(\$M) ^{1&2}	down	12.6%	to 761.0
Profit after income tax attributable to members (before significant items)(\$M) ¹	up	5.0%	to 558.4
Profit after income tax attributable to members (includes significant items) (\$M) ¹	down	22.3%	to 459.9
Net profit for the period attributable to members (includes significant items) (\$M) ¹	down	22.3%	to 459.9

Group performance measures			
Earnings per share (before significant items) ^{1,3&4}	up	4.6%	to 73.4¢
Earnings per share (includes significant items) ^{1,3&4}	down	22.7%	to 60.4¢
Free cash flow (\$M) ⁴	up	20.0%	to 341.0
Return on invested capital ⁴	unchanged	–	at 17.1%
Net debt to total equity	down	7.2 points	to 78.5%
Net debt to capital employed	down	2.1 points	to 44.0%
Capital expenditure to trading revenue ⁴	up	1.6 points	to 9.1%
EBIT interest cover (before significant items) ¹	up	1.2 times	to 8.0 times

Dividends per share⁵			
2012 final dividend (franked to 75%)	up	4.9%	to 32.0¢
2012 special dividend (unfranked)			3.5¢
2012 interim dividend (franked to 100%)	up	9.1%	to 24.0¢
Total 2012	up	13.3%	to 59.5¢
Record date for determining entitlements to the 2012 final and special dividends			Thursday, 28 February 2013

¹ Amounts classified as significant items consist of:

	2012 \$M	2011 \$M
(Losses)/gains before income tax	(134.5)	1.6
Income tax benefit	36.0	58.2
(Losses)/gains after income tax	(98.5)	59.8

Refer to Notes 4c) and 5 respectively of the abbreviated financial report for further details. CCA has provided certain financial measures adjusted for amounts classified as significant items to assist investors and other users of this abbreviated financial report in their understanding of the financial performance of the Group.

² Refer to Note 2 of the abbreviated financial report for further details.

³ Earnings per share is based on a weighted average number of ordinary shares of 761.1 million (2011: 757.9 million).

⁴ Refer to Note 6 of the abbreviated financial report for further details.

⁵ Refer to Note 11 of the abbreviated financial report for further details.

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HIGHLIGHTS OF 2012 FULL YEAR RESULT

\$A million	2012	2011	Change
Trading revenue			
Non-Alcoholic Beverages	4,378.9	4,142.0	5.7%
Alcohol, Food & Services	718.5	659.2	9.0%
Total trading revenue	5,097.4	4,801.2	6.2%
EBIT (before significant items)	895.5	868.9	3.1%
Net finance costs	(111.9)	(127.8)	12.4%
Taxation expense (before significant items)	(225.0)	(209.1)	(7.6%)
Outside equity interests (Paradise Beverages)	(0.2)	-	
Net profit (before significant items)	558.4	532.0	5.0%
Significant items (after tax)	(98.5)	59.8	
Net profit (reported)	459.9	591.8	(22.3%)
EPS (before significant items) (cents)	73.4	70.2	4.6%
EPS (after significant items) (cents)	60.4	78.1	(22.7%)
Final ordinary dividend (cents per share)	32.0	30.5	4.9%
Total ordinary dividends (cents per share)	56.0	52.5	6.7%
Special dividend (cents per share)	3.5	-	
Total dividends (cents per share)	59.5	52.5	13.3%
Return on invested capital (before significant items)	17.1%	17.1%	0.0 pts
EBIT interest cover (before significant items)	8.0x	6.8x	1.2x

FINANCIAL HIGHLIGHTS

- Net profit after tax increased by 5.0% to \$558.4 million, before significant items. Net profit after tax (including significant items) decreased by 22.3% to \$459.9 million;
- Earnings per share increased by 4.6% to 73.4 cents per share, before significant items. Earnings per share (including significant items) decreased by 22.7% to 60.4 cents per share;
- Earnings before interest and tax increased by 3.1% to \$895.5 million, before significant items;
- Return on invested capital (ROIC) remained at 17.1%, before significant items, driven by productivity gains from the up-weighted capital investment programme;
- EBIT interest cover increased from 6.8 times to 8.0 times and net debt reduced by \$110.4 million to \$1.63 billion;
- Strong cash flow generation with operating cash flow, before significant items, increasing by \$128.1 million to \$794.3 million;
- Solid earnings growth and the strong cash flow generation supported the 4.9% increase in the final ordinary dividend to 32.0 cents per share. The final dividend is franked at 75% due to the impact of lower tax payments arising from the tax deductibility of significant items. Full year total ordinary dividends increased by 6.7%;
- In addition, a special unfranked dividend of 3.5 cents per share has been declared to broadly supplement the financial impact of the less than 100% franked final dividend. As a result, total dividends paid to shareholders increased by 13.3% to 59.5 cents per share; and
- The dividend payout ratio for full year ordinary dividends has increased from 74.9% to 76.4%.

OPERATIONAL HIGHLIGHTS

CCA's Group Managing Director, Mr Terry Davis said, "Given the difficult trading conditions experienced throughout the year, CCA has delivered another excellent result with 5.0% growth in net profit to \$558.4 million¹. The standout performer was once again Indonesia & PNG with double-digit volume and earnings growth while Australia delivered solid volume and earnings growth and increased market share despite a difficult trading environment. Earnings growth was moderated by disappointing performances from New Zealand and SPC Ardmona with the ongoing impact of the high Australian dollar on the competitiveness of SPC Ardmona leading to a write-down of assets and goodwill in the business.

"Material progress has been made in developing the alcoholic beverages platform for growth in anticipation of a re-entry to the Australian beer market in December 2013, and with the multi-year investment in developing the manufacturing and technology platform nearing completion, the business has commenced a major operational efficiency programme to target \$30-40 million of additional annual efficiency gains and cost out initiatives to be delivered progressively over the next three years.

"The increase in earnings and strong cash flow generation has once again supported an increase in the dividend ahead of earnings growth. 2012 full year dividends increased by 13.3% and include a special dividend to compensate shareholders for the final ordinary dividend being franked at 75%."

Key highlights:

- **Double-digit volume and earnings growth from Indonesia & PNG.** The volume increase of 10.3% and EBIT growth of 16.8% was driven by increased demand for commercial ready-to-drink beverages, brand and package innovation and the continued strong growth of Minute Maid Pulpy juice and sparkling beverages. In 2012, the business made significant investments in production capacity to support the ongoing growth of the business and in anticipation of a substantial new product and package pipeline for 2013;
- **Solid volume and earnings growth and market share gains from the Australian business.** Volume and EBIT growth of 3.3% delivered against the backdrop of a weak consumer spending environment and very poor weather in the first quarter. Despite sustained aggressive competitor discounting in the second half, market share increased in sparkling beverages and EBIT margins were maintained above 20%;
- **Material progress made in positioning the alcoholic beverages platform for growth.** CCA is the leading non-alcoholic beverages and spirits partner for the licenced trade in Australia. Significant progress was made in strengthening its brand portfolio including an agreement to form a beer manufacturing joint venture with Casella commencing December 2013 and a long-term exclusive agreement to distribute Rekorderlig cider in Australia from January 2014. Internationally, the acquisition of the Foster's Fiji brewery and distillery (renamed Paradise Beverages (Fiji)), and the commencement of distribution of premium beer for Grupo Modelo, Carlsberg and Molson Coors in Fiji, Papua New Guinea and the Pacific Islands;
- **Commencement of major operational efficiency programme.** With the multi-year investment in developing the manufacturing and technology platform nearing completion, the business commenced a major operational efficiency programme, targeting \$30-40 million of annual efficiency gains and cost out initiatives to be delivered progressively over the next three years; and
- **13.3% increase in full year dividends.** Solid earnings growth, strengthening of the balance sheet and strong cash flow generation has supported the 6.7% increase in full year ordinary dividends. In addition, a special unfranked dividend of 3.5 cents per share has been declared, taking full year dividends to shareholders to 59.5 cents per share, an increase of 13.3%.

¹ Before significant items

CCA GROUP EBIT SUMMARY

\$A million	2012	2011	% Change
Australia	627.4	607.2	3.3%
New Zealand & Fiji	70.1	79.5	(11.8%)
Indonesia & PNG	102.9	88.1	16.8%
Non-Alcoholic Beverages EBIT	800.4	774.8	3.3%
Alcohol, Food & Services	95.1	93.2	2.0%
Pacific Beverages – share of net profit	-	0.9	
Total EBIT (before significant items)	895.5	868.9	3.1%

Australia – The Australian business delivered solid volume and EBIT growth of 3.3% against a backdrop of weak consumer spending and very poor weather in the first quarter. Sustained deep discounting in sparkling beverages by the major competitor in the grocery channel throughout the second half resulted in lower than targeted price realisation and required additional investment in promotional activity. Despite a widening of the retail price gap of over 10 percentage points to the major competitor, sparkling beverage market share increased in the second half, demonstrating in particular the strength and resilience of the Coca-Cola brand. During 2012, a number of major capital projects were completed, including the commissioning of five new PET bottle production lines and a PET bottle preform and closure injection moulding plant.

New Zealand & Fiji – The New Zealand business delivered a disappointing result with a decline in volume and earnings. The business experienced a poor start to 2012 as New Zealand recorded one of the coolest and wettest summers on record and the economy and consumer confidence remained very soft throughout the year. In addition, volumes were impacted by a significant reduction in stock held by major customers as they focused on more efficient working capital management.

Indonesia & PNG – The volume increase of 10.3% and EBIT growth of 16.8% was driven by increased demand for commercial ready-to-drink beverages, brand and package innovation and the continued strong growth of Minute Maid Pulpy juice and the sparkling beverage category. In 2012, significant investments were made in production and distribution capacity in order to support the ongoing growth of the business and a substantial new product and package pipeline in 2013.

Alcohol, Food & Services – Alcohol, Food & Services earnings increased by 2.0% due to a solid result from spirits and alcoholic ready-to-drink beverages, partly offset by a decline in SPC Ardmona (SPCA) earnings. The ongoing impact of the high Australian dollar on the competitiveness of the SPCA business, the significant deflation of fresh fruit prices and the growth of imported grocery private label packaged fruit and vegetables has necessitated a second half significant write-down in SPCA assets and goodwill.

PRIORITIES & OUTLOOK FOR 2013

Trading outlook

CCA's Group Managing Director, Mr Terry Davis said, "The Australian business expects to again deliver revenue and earnings growth in 2013. In addition, we believe productivity and efficiency gains from the Project Zero investment programme will make a good contribution to earnings growth. We do however remain concerned by the generally weak consumer spending environment which has persisted for the last two years."

The strong momentum in Indonesia and PNG is expected to continue. Mr Davis said, "The outlook for growth continues to be positive with revenue expected to exceed \$1 billion for the first time in 2013. The successful completion of a number of large investments in manufacturing and distribution has materially increased our production capacity and will support the ongoing growth of the business and the strong pipeline of new products and packs that will be launched in 2013."

Medium term capital spend to reduce to \$350-420 million pa

Based on current forecasts, capital expenditure is expected to reduce from the 2012 peak levels to an average of \$350-420 million per annum over the next three years, with 2013 capex expected to be around \$420 million. The delivery of consistently strong results from Indonesia and PNG will drive a shift in the weighting of capex to this region. Mr Davis said, "The up-weighting of our investment in Indonesia and PNG will be a high priority as the growth outlook for both businesses continues to be favourable. For 2013 we expect capital expenditure in this region to increase to around \$200 million, which we expect will deliver a 45% increase in our one-way-pack production capacity in Indonesia and the placement of around 55,000 new cold drink cooler doors, representing a 20% increase in cooler doors in Indonesia by the end of the year."

\$30-40 million of annual efficiency gains and cost out initiatives targeted in the next phase of Project Zero

As the investment in the technology platform and the self-manufacture of PET bottles nears completion, the next phase of Project Zero initiatives will extend into driving productivity gains across the business. Mr Davis said, "We will seek to fully leverage the functionality of the new manufacturing and technology platforms which have been installed across the business over the past three years. At this stage we are targeting \$30-40 million of annual efficiency gains and cost out initiatives to be delivered progressively over the next three years, with a particular focus on further reducing the cost base of the under-performing SPC Ardmona business and the New Zealand beverage operations."

Dividends

The business expects to target the middle of the dividend payout ratio. Mr Davis said, "Given the continued strength of the balance sheet and financial ratios, we would expect to target the dividend payout ratio to the middle of our 70-80% target payout level for 2013."

Cost of goods sold

For 2013, CCA expects beverage COGS per unit case to increase by 2.5-3.0% on a constant currency basis.

Effective tax rate

The effective tax rate for 2013 is expected to be around 29%.

A trading update will be provided at the Company's Annual General Meeting on 7 May 2013.

DETAILED FINANCIAL COMMENTARY

CASH FLOW

\$A million	2012	2011	\$ Change
EBIT (before significant items)	895.5	868.9	26.6
Depreciation & amortisation	233.4	205.2	28.2
Change in working capital	33.2	(36.7)	69.9
Net interest paid	(104.0)	(118.4)	14.4
Taxation paid	(167.0)	(206.2)	39.2
Other	(96.8)	(46.6)	(50.2)
Operating cash flow (before significant items)	794.3	666.2	128.1
Capital expenditure	(464.8)	(361.2)	(103.6)
Cash impact of significant items	6.0	(24.4)	30.4
Other	5.5	3.6	1.9
Free cash flow	341.0	284.2	56.8
Net proceeds from sale of JV interest	288.6	-	288.6
Cash flow	629.6	284.2	345.4

CCA generated a strong cash flow of \$629.6 million, an increase of \$345.4 million, which includes net proceeds from the sale of CCA's joint venture interest in Pacific Beverages.

Operating cash flow, before significant items, increased by \$128.1 million to \$794.3 million primarily due to improvements in earnings, working capital as well as lower interest and tax payments.

Capital expenditure increased by \$103.6 million reflecting the acceleration of high-returning Project Zero investments and accelerated investment in manufacturing capacity and cold drink coolers in the fast-growing Indonesia & PNG business.

The \$6.0 million net cash inflow from significant items comprises \$34.2 million in after tax proceeds received from SABMiller for not proceeding with the acquisition of the Foster's Australian spirits business, net of \$28.2 million in net cash costs relating to current and prior year significant items.

CAPITAL EMPLOYED

\$A million	2012	2011	\$ Change
Working capital *	842.7	856.7	(14.0)
Property, plant & equipment	1,993.8	1,772.1	221.7
IBAs & intangible assets	1,533.9	1,507.2	26.7
Deferred tax liabilities	(157.7)	(153.8)	(3.9)
Derivatives – non-debt	(63.9)	(45.3)	(18.6)
Other net assets / (liabilities)	(437.7)	(159.7)	(278.0)
Capital employed	3,711.1	3,777.2	(66.1)
ROIC² %	17.1%	17.1%	0.0 pts

* 2011 working capital excludes \$24.5 million loan to Pacific Beverages

Capital employed decreased by \$66.1 million to \$3.71 billion with Group ROIC² remaining very strong at 17.1%.

Property, plant & equipment increased by \$221.7 million, a result of CCA's up-weighted Project Zero capital investment program and accelerated investment in Indonesia and PNG.

The increase in IBAs & intangible assets of \$26.7 million is mainly due to the continuing development and roll-out of the OAisys platform across the Group and goodwill arising from acquisitions less the write-down of goodwill in the SPCA business.

Non-debt derivative assets declined by \$18.6 million reflecting year end market valuations of commodity contracts, foreign exchange contracts and the interest rate portion of cross currency swaps.

Other net liabilities decreased by \$278.0 million reflecting the sale of CCA's 50% joint venture interest in Pacific Beverages to SABMiller in December 2011 for \$288.6 million.

BEVERAGE COST OF GOODS SOLD

On a constant currency³ basis, CCA's beverage COGS per unit case increased by approximately 3% for 2012.

² Before significant items

³ Constant currency COGS includes all USD currency hedging of commodity inputs but excludes the impact of translating local currency COGS into Australian dollars for reporting purposes.

NET DEBT & INTEREST COVER

\$A million	2012	2011	\$ Change
Net debt			
Interest bearing liabilities	2,787.2	2,309.2	478.0
Debt related derivatives – liabilities	173.3	123.1	50.2
Long-term deposits	(150.0)	-	(150.0)
Trade & other receivables *	-	(24.5)	24.5
Less: Cash assets	(1,178.0)	(664.9)	(513.1)
Net Debt	1,632.5	1,742.9	(110.4)
EBIT interest cover (before significant items)	8.0x	6.8x	1.2x

* Loan to Pacific Beverages

The balance sheet remains in a very strong position with net debt reducing by \$110.4 million to \$1.63 billion and EBIT interest cover increasing strongly, from 6.8x to 8.0x, before significant items. Net cash on hand and on deposit increased \$663.1 million with CCA holding funds on deposit with major Australian banks from the pre-funding of all debt maturing until late 2014 with deposit margins exceeding the cost of funds.

DEBT MATURITY PROFILE

The following table summarises CCA's drawn facility maturity profile as at 31 December 2012.

Maturity profile of drawn debt facilities						
Facility maturity year (Dec)	2013	2014	2015	2016	2017	2018+
% of total	11.8%*	23.5%	12.7%	17.8%	9.5%	24.7%

* Fully funded

CCA had total available debt facilities of approximately \$3.0 billion with an average maturity of 4.1 years as at 31 December 2012.

During 2012, CCA raised \$580 million in domestic and offshore debt to prefund 2014 debt maturities.

In January 2013, an additional \$100 million was raised in the Euro Medium Term Note market to prefund 2014 debt maturities. As a result, 2014 debt maturities have been fully funded to November 2014.

CAPITAL EXPENDITURE

\$A million	2013 Forecast	2012	2011	Change
Australia *	~190	281.4	229.1	52.3
New Zealand & Fiji *	~30	43.0	31.3	11.7
Indonesia & PNG *	~200	140.4	100.8	39.6
Capital expenditure	~420	464.8	361.2	103.6
Capital expenditure / trading revenue		9.1%	7.5%	1.6 pts
Capital expenditure / depreciation & amortisation		2.0x	1.8x	0.2x

* Geographic breakdown

Capital expenditure increased by \$103.6 million to \$464.8 million. The major areas of capital expenditure included Project Zero initiatives across the Group, an acceleration of high-returning PET bottle self-manufacture investments in Australia, manufacturing capacity expansion and cold drink cooler investment in Indonesia and PNG and the continued rollout of cold drink coolers.

Project Zero continues to deliver efficiency gains with expenditure on Project Zero initiatives exceeding \$270 million. The investment in PET bottle self-manufacture lines across the Group continued with five production lines completed in Australia, two in New Zealand and three lines in Indonesia. In addition, the business commissioned a PET bottle preform and bottle closure injection moulding plant at the Eastern Creek facility in NSW.

\$120 million was invested in cold drink equipment across the Group. CCA's cooler investment continues to be an important driver of cold drink market share gains in Australia with up-weighted investment in Indonesia and PNG significantly increasing the penetration of coolers in these countries.

SIGNIFICANT ITEMS

CCA recorded a net \$98.5 million after tax significant item expense for 2012. Significant items comprise:

- \$34.2 million in after tax cash proceeds from SABMiller for not proceeding with the acquisition of the Foster's Australian spirits business;
- \$13.3 million in after tax cash gain from The Coca-Cola Company for agreeing to replace the Kirks brand in the licensed channel with the Cascade brand;
- The ongoing impact of the high Australian dollar on the competitiveness of the SPCA business, the significant deflation of fresh fruit prices and the growth of imported grocery private label packaged fruit and vegetables has necessitated a non-cash write-down of goodwill in the business of \$48.0 million; and
- \$98.0 million of largely non-cash expenses relating to inventory and other asset write-downs and other business restructuring costs primarily associated with the ongoing transformation of SPCA.

DIVIDEND

Cents per share	2012	2011	Change
Interim ordinary dividend	24.0	22.0	9.1%
Franking %	100%	100%	
Final ordinary dividend	32.0	30.5	4.9%
Franking %	75%	100%	
Total ordinary dividends	56.0	52.5	6.7%
Payout ratio (ordinary dividends)	76.4%	74.9%	1.5 pts
Special dividend	3.5	-	-
Total dividends	59.5	52.5	13.3%

Solid earnings growth and the strong cash flow generation supported the 4.9% increase in the final ordinary dividend to 32.0 cents per share. The final ordinary dividend is franked at 75% due to the impact of lower tax payments arising from tax deductibility of significant items.

A special dividend of 3.5 cents per share has been declared to compensate for the reduction in franking and is unfranked. As a result, total dividends paid to shareholders increased by 13.3% to 59.5 cents per share.

The full year ordinary dividend payout ratio has increased from 74.9% to 76.4%.

The Record Date for determining dividend entitlements is 28 February 2013 and the final ordinary dividend and the special dividend will be paid on 2 April 2013.

TAXATION EXPENSE

\$A million	2012	2011	Change
Taxation expense (before significant items)	225.0	209.1	15.9
Effective tax rate (before significant items)	28.7%	28.2%	0.5 pts

CCA's effective tax rate before significant items was 28.7%. The effective tax rate for last year was lower as it included the benefits from R&D and investment tax allowances for the Australian based operations relating to 2010 qualifying capex spend.

DETAILED OPERATIONS REVIEW

AUSTRALIA

\$A million	2012	2011	Change
Trading revenue	3,027.9	2,880.7	5.1%
Revenue per unit case	\$8.67	\$8.52	1.8%
Volume (million unit cases)	349.3	338.3	3.3%
EBIT	627.4	607.2	3.3%
EBIT margin	20.7%	21.1%	(0.4) pts

The Australian business delivered strong revenue growth of 5.1%, volume growth of 3.3% and EBIT growth of 3.3% while maintaining non-alcoholic beverage market share. This solid result was delivered against the backdrop of a weak consumer spending environment, poor weather in the first quarter and aggressive competitor discounting throughout the second half.

Sustained deep discounting in sparkling beverages by the major competitor in the grocery channel throughout the second half resulted in lower than expected price realisation and required additional investment in promotional activity. Despite a widening of the retail price gap of over 10 percentage points to the major competitor, sparkling beverage market share increased in the second half, demonstrating the strength and resilience of the Coca-Cola brand. In addition, the business has retained its full investment in its alcoholic beverage sales capability in anticipation of a re-entry into the Australian beer market post December 2013, incurring over \$5 million in additional overhead costs in 2012.

The strong volume growth was driven by a strong summer promotional programme with Coke Zero the standout performer, growing by 12%. Mount Franklin grew strongly driven by successful promotional programs supporting the McGrath foundation while the launch of the colourful Jennifer Hawkins' "Cozi" range grew lightly sparkling volumes by over 50%. The launch of Powerade Zero drove volume growth of around 5% in sports drinks while the Grinders coffee business also delivered solid volume growth.

The business continued to invest around 30% of its annual capital spend on cold drink equipment, with continued focus on cooler innovation and new equipment to expand the brand portfolio offering to customers. For 2012, cooler numbers increased by 8.5% to 166,000 doors and as a consequence, shelf share in the route trade to has increased to 64.8% from 64% in 2011.

The execution of Project Zero continued to be a priority in 2012, increasing CCA's manufacturing and distribution capability. This major capital investment program remains on track and is delivering in line with expectations. Key investments for 2012 include the installation of five new PET bottle production lines in Western Australia, Queensland, NSW and Victoria, completion of the PET bottle preform and closure injection moulding plant at the Eastern Creek facility in NSW and the commissioning of a new warehouse in North Queensland.

The Australian business is now 70% self-sufficient in the manufacture of its PET bottles and shall be over 90% self-sufficient by the end of 2013.

NEW ZEALAND & FIJI

\$A million	2012	2011	Change
Trading revenue	402.8	415.8	(3.1%)
Revenue per unit case	\$6.72	\$6.46	4.0%
Volume (million unit cases)	59.9	64.4	(7.0%)
EBIT	70.1	79.5	(11.8%)
EBIT margin	17.4%	19.1%	(1.7) pts

New Zealand

The New Zealand business delivered a disappointing result with a decline in volume and earnings. The business experienced a poor start to 2012 as New Zealand recorded one of the coolest and wettest summers on record and the economy and consumer confidence remained very soft throughout the year. In addition, volumes were impacted by a significant reduction in stock held by major customers as they focused on more efficient working capital management.

The energy category has continued to grow in New Zealand with Mother growing volumes by over 5% driven by the successful "Mother made me do it" campaign. The Grinders coffee business also continued to grow driven by the expansion of its customer base.

The Christchurch PET bottle production line was commissioned in January and Auckland's second PET bottle production line commenced operation in May. Both lines are delivering efficiency gains in line with expectations with the New Zealand business now 100% self-sufficient in the blowing of its carbonated PET bottles.

The third stage of the OAisys customer service technology platform was successfully completed and the rebuild of the Christchurch distribution centre, which sustained severe earthquake damage, was completed in early July.

After nine years as Managing Director of CCA, New Zealand & Fiji, George Adams will repatriate back to Europe in order to pursue opportunities within the Coca-Cola system. George's successor, Barry O'Connell, will join CCA in April after 20 years with Coca-Cola Hellenic (CCHBC). Barry has a long track record of success and in his current role as General Manager for Austria & Slovenia, the Austrian business has been one of the best performing markets in CCHBC, delivering double-digit EBIT growth and significant market share gains over the last three years.

Fiji

The Fiji business, which represents less than 1% of group earnings, delivered improved volumes and earnings, a solid outcome given the impact of major floods and cyclones and the impact on the local economy from lower tourist numbers. The Fiji business completed the installation of a new juice line in July and launched a locally produced juice under the Minute Maid Pulp brand. Building on the launch success, the company is on track to achieve 40% share of the juice market in 2013.

INDONESIA & PNG

\$A million	2012	2011	Change
Trading revenue	948.2	845.5	12.1%
Revenue per unit case	\$5.66	\$5.57	1.6%
Volume (million unit cases)	167.4	151.7	10.3%
EBIT	102.9	88.1	16.8%
EBIT margin	10.9%	10.4%	0.5 pts

The Indonesian and PNG businesses continued to deliver both strong volume and revenue growth with EBIT growing 16.8% to \$102.9 million.

Indonesia

Strong volume growth of over 11% was driven by the continued success of one-way-pack (OWP) products, further brand and package innovation particularly in immediate consumption and continued strong performances from Minute Maid Pulpy and the sparkling beverage category.

Local currency revenue per unit case increased by over 4% as a result of the continued consumer-driven shift into the higher cost, higher margin OWP products and the success of a range of revenue management initiatives.

OWPs delivered volume growth of 19% supported by the acceleration of cold drink cooler placements, improved in-market execution, new products and packs and strong trade and consumer promotional programmes. CCA continues to maintain its very strong position in the modern food store channel with volume growth of over 20%.

The traditional channel delivered strong growth in OWP products driven by single serve sparkling soft drinks which more than offset the decline in the lower value returnable glass bottles. The launch of a range of smaller multi-pack package options for the traditional trade is making packs more affordable, enabling the business to drive penetration and increase transactions with these customers.

All of the major brands performed well with highlights being trademark Coca-Cola brands (Coke, Sprite and Fanta) and Frestea in OWP, both growing volumes by 23%. There were a number of new product launches including Minute Maid Pulpy Lemon and Burn Energy Drink, as well as new packaging launches with a number of innovative smaller, more affordable OWPs launched in the fast-growing tea and juice categories, targeted at increasing per capita consumption in the important C/D consumer groups.

The business continues to diligently deal with, and monitor, competitor pressures, proposed changes in labour costs and excise taxes as the business is established for the long term.

An important development in growing relevance with the customer base has been the expansion into the high volume water category. In February in-house production of the Ades water brand commenced with the launch of the Ades 'eco' bottle, a lightweight crushable PET bottle. The first high-speed water line in Cibitung will be commissioned by June 2013.

Material investments were made in production capacity. OWP PET production capacity increased by over 20% with the commissioning of three new multi-beverage PET bottle production lines, two in Jakarta and one in Medan.

In December, CCA acquired the PT San Miguel Indonesia Food and Beverages non-alcoholic beverage bottling assets in Jakarta following San Miguel's decision to exit the production of non-alcoholic beverages in Jakarta. Commissioned in 2006, the assets include a 20,000 sqm purpose built beverage production facility which includes a high speed PET bottling line and a 5,000 sqm warehouse. In addition, the 100,000 sqm land parcel acquired provides a valuable land bank for future expansion. The acquisition of this large and modern facility is a very important acquisition as it fast tracks the expansion plans for the Jakarta region, providing a well located complement to our Cibitung manufacturing operations, and was acquired at well below replacement construction cost.

In addition to the site's existing high-speed PET bottling line, the business will install an additional carbonated beverage PET line, increasing Indonesian PET production capacity by 20% over the next 12 months.

PNG

The PNG business delivered another solid earnings result with strong volume growth supported by the continued focus on driving per capita consumption through increased promotional activity and new cold drink cooler placements.

Increased PET bottle manufacturing capacity and continued improvements in production efficiencies also made a strong contribution to profit growth. The business added manufacturing capacity in Port Moresby with the commissioning of a new PET bottle production line, doubling PET bottle production capacity and further reducing reliance on the production facility in Lae.

In December CCA acquired an existing 18,000 sqm warehousing facility in Lae for A\$28 million. This warehousing facility is strategically important for the fast-growing PNG business as it adjoins the existing manufacturing and distribution operation and provides much needed warehousing space, guaranteeing future expansion capacity for both manufacturing and distribution in PNG for the next 10 years.

ALCOHOL, FOOD & SERVICES

\$A million	2012	2011	Change
Trading revenue	718.5	659.2	9.0%
EBIT (before significant items)	95.1	93.2	2.0%

Alcohol, Food & Services earnings increased by 2.0% due to a solid result from the growth in spirits and alcoholic ready-to-drink beverages, partly offset by a decline in SPC Ardmona (SPCA) earnings.

Alcohol

CCA reported a full 12 month contribution of sales and earnings from spirits and alcoholic ready-to-drink beverages as part of the new agreement with Beam, cycling a nine month contribution in 2011. Comparable earnings improved materially as a result of strong revenue management combined with a number of successful new product launches.

Beam earnings were driven by the success of Canadian Club, the introduction of new flavour extensions in the Beam range (Jim Beam Honey, Black Cherry and Devil's Cut) with Beam's value share of the Spirits category increasing by close to 1 percentage point.

Canadian Club delivered volume growth of 30% driven by the strong growth in ready-to-drink Canadian Club & dry, the launch of draught Canadian Club & dry and supported by the successful "Over Beer?" campaign.

Food

The strong Australian dollar continued to impact SPCA's competitiveness against cheap, lower quality imported brands and retailer private label categories in Australia, while a 20% deflation in fresh fruit prices also resulted in a shift from packaged to fresh fruit.

The restructuring of the SPC business continues with the consolidation of fresh fruit manufacturing into Shepparton, the restructuring of the international business as well as other initiatives to reduce the cost of doing business. By the end of the fruit picking season, the business also expects inventory levels to be back to optimal levels.

The ongoing impact of the high Australian dollar on the competitiveness of the SPCA business, the significant deflation of fresh fruit prices and the growth of imported grocery private label packaged fruit and vegetables has necessitated a second half significant write-down of SPCA assets and goodwill.

Services

The Services business achieved good earnings growth driven by improved earnings from refrigeration and equipment management services, higher demand for refrigeration servicing contracts and lower operating costs as a result of efficiency gains.

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This abbreviated financial report is based upon CCA's financial report for the financial year ended 31 December 2012 that has been audited.

Income Statement

Coca-Cola Amatil Limited and its subsidiaries

For the financial year ended 31 December 2012



	Refer Note	2012 \$M	2011 \$M
Revenue, excluding finance income			
Trading revenue		5,097.4	4,801.2
Other revenue		41.8	54.9
	3	5,139.2	4,856.1
Other income¹	4	53.2	212.8
Expenses, excluding finance costs			
Cost of goods sold		(2,839.3)	(2,684.3)
Selling		(692.0)	(651.7)
Warehousing and distribution		(390.8)	(362.3)
Administration and other ¹		(509.3)	(501.0)
		(4,431.4)	(4,199.3)
Share of net profit of joint venture entity accounted for using the equity method	9	–	0.9
Earnings before interest and tax		761.0	870.5
Net finance costs			
Finance income	3	35.8	11.8
Finance costs	4	(147.7)	(139.6)
		(111.9)	(127.8)
Profit before income tax	4	649.1	742.7
Income tax expense¹	5	(189.0)	(150.9)
Profit after income tax		460.1	591.8
Profit after income tax attributable to non-controlling interests		(0.2)	–
Profit after income tax attributable to members of the Company		459.9	591.8
¹ Includes amounts classified as significant items. Refer to Notes 4c) and 5 respectively for further details.			
		¢	¢
Earnings per share (EPS) for profit attributable to members of the Company			
Basic and diluted EPS	6	60.4	78.1

Notes appearing on pages 23 to 38 to be read as part of the financial statements.

Statement of Comprehensive Income

Coca-Cola Amatil Limited and its subsidiaries

For the financial year ended 31 December 2012



	2012 \$M	2011 \$M
Profit after income tax	460.1	591.8
Other comprehensive income		
Foreign exchange differences on translation of foreign operations	(16.4)	17.2
Transfer to the income statement	–	0.2
Cash flow hedges ¹	(17.9)	(59.9)
Other comprehensive income, after income tax	(34.3)	(42.5)
Total comprehensive income	425.8	549.3
Total comprehensive income attributable to non-controlling interests	(0.2)	–
Total comprehensive income attributable to members of the Company	425.6	549.3

¹ Stated net of \$7.9 million deferred tax (2011: \$26.2 million).

Statement of Financial Position

Coca-Cola Amatil Limited and its subsidiaries

As at 31 December 2012



	Refer Note	2012 \$M	2011 \$M
Current assets			
Cash assets		1,178.0	664.9
Trade and other receivables		959.5	864.4
Inventories		689.5	752.4
Prepayments		94.6	59.3
Derivatives	7	9.5	14.7
Other financial assets	8	–	288.6
Total current assets		2,931.1	2,644.3
Non-current assets			
Long term deposits		150.0	–
Other receivables		3.6	6.6
Investments in bottlers' agreements		905.2	899.6
Property, plant and equipment		1,993.8	1,772.1
Intangible assets		628.7	607.6
Prepayments		19.8	10.6
Defined benefit superannuation plans		15.0	14.5
Derivatives	7	50.4	73.7
Other financial assets	8	24.4	–
Total non-current assets		3,790.9	3,384.7
Total assets		6,722.0	6,029.0
Current liabilities			
Trade and other payables		806.3	735.6
Interest bearing liabilities		351.4	107.5
Current tax liabilities		54.5	44.8
Provisions		82.2	100.3
Accrued charges		412.6	351.7
Derivatives	7	42.2	48.5
Total current liabilities		1,749.2	1,388.4
Non-current liabilities			
Other payables		2.0	–
Interest bearing liabilities		2,435.8	2,201.7
Provisions		13.3	12.2
Deferred tax liabilities		157.7	153.8
Defined benefit superannuation plans		30.5	30.3
Derivatives	7	254.9	208.3
Total non-current liabilities		2,894.2	2,606.3
Total liabilities		4,643.4	3,994.7
Net assets		2,078.6	2,034.3
Equity			
Share capital	10	2,250.0	2,218.2
Shares held by equity compensation plans		(17.4)	(16.5)
Reserves		(128.8)	(91.5)
Accumulated losses		(30.4)	(75.9)
Equity attributable to members of the Company		2,073.4	2,034.3
Non-controlling interests		5.2	–
Total equity		2,078.6	2,034.3

Notes appearing on pages 23 to 38 to be read as part of the financial statements.

Statement of Cash Flows

Coca-Cola Amatil Limited and its subsidiaries

For the financial year ended 31 December 2012



	Refer Note	2012 \$M	2011 \$M
Inflows/(outflows)			
Cash flows from operating activities			
Receipts from customers (inclusive of goods and services taxes)		5,747.2	5,389.0
Payments to suppliers, governments and employees (inclusive of goods and services taxes)		(4,734.3)	(4,422.6)
Interest income received		35.6	11.8
Interest and other finance costs paid		(139.6)	(130.2)
Income taxes paid		(167.0)	(206.2)
Net cash flows from operating activities		741.9	641.8
Cash flows from investing activities			
Proceeds from –			
disposal of –			
property, plant and equipment		5.8	3.6
trademarks	4	5.2	–
rights to sell certain CCA branded products	4	19.0	–
other financial assets	8	288.6	–
discontinuation of business acquisition	4	34.2	–
repayment of loan by joint venture entity		24.5	6.0
Payments for –			
additions of –			
property, plant and equipment		(423.3)	(334.7)
customer lists		(0.3)	–
software development assets		(41.5)	(26.5)
other financial assets		(24.4)	–
acquisitions of entities and operations (net)	13	(116.0)	(11.6)
investments in long term deposits		(150.0)	–
loan made to joint venture entity		–	(11.5)
Net cash flows used in investing activities		(378.2)	(374.7)
Cash flows from financing activities			
Proceeds from issue of shares		–	3.1
Proceeds from borrowings		685.9	671.4
Borrowings repaid		(155.9)	(322.3)
Dividends paid	11	(382.6)	(343.7)
Net cash flows from financing activities		147.4	8.5
Net increase in cash and cash equivalents		511.1	275.6
Cash and cash equivalents held at the beginning of the financial year		664.9	381.6
Effects of exchange rate changes on cash and cash equivalents		1.3	7.7
Cash and cash equivalents held at the end of the financial year	12	1,177.3	664.9

Notes appearing on pages 23 to 38 to be read as part of the financial statements.

Statement of Changes in Equity

Coca-Cola Amatil Limited and its subsidiaries

For the financial year ended 31 December 2012



Equity attributable to members of the Company

	Refer Note	Share capital \$M	Shares held by equity compensation plans \$M	Reserves \$M	Accumulated losses \$M	Total \$M	Non- controlling interests \$M	Total equity \$M
At 1 January 2012		2,218.2	(16.5)	(91.5)	(75.9)	2,034.3	–	2,034.3
Profit		–	–	–	459.9	459.9	0.2	460.1
Other comprehensive income		–	–	(34.3)	–	(34.3)	–	(34.3)
Total comprehensive income		–	–	(34.3)	459.9	425.6	0.2	425.8
Transactions with equity holders –								
Movements in ordinary shares	10	31.8	–	–	–	31.8	–	31.8
Share based remuneration obligations		–	(0.9)	(3.0)	–	(3.9)	–	(3.9)
Dividends appropriated	11	–	–	–	(414.4)	(414.4)	–	(414.4)
Non-controlling interests on business combinations		–	–	–	–	–	5.0	5.0
Total of transactions with equity holders		31.8	(0.9)	(3.0)	(414.4)	(386.5)	5.0	(381.5)
At 31 December 2012		2,250.0	(17.4)	(128.8)	(30.4)	2,073.4	5.2	2,078.6
At 1 January 2011		2,180.2	(17.9)	(39.8)	(289.1)	1,833.4	–	1,833.4
Profit		–	–	–	591.8	591.8	–	591.8
Other comprehensive income		–	–	(42.5)	–	(42.5)	–	(42.5)
Total comprehensive income		–	–	(42.5)	591.8	549.3	–	549.3
Transactions with equity holders –								
Movements in ordinary shares	10	38.0	–	–	–	38.0	–	38.0
Share based remuneration obligations		–	1.4	(9.2)	–	(7.8)	–	(7.8)
Dividends appropriated	11	–	–	–	(378.6)	(378.6)	–	(378.6)
Total of transactions with equity holders		38.0	1.4	(9.2)	(378.6)	(348.4)	–	(348.4)
At 31 December 2011		2,218.2	(16.5)	(91.5)	(75.9)	2,034.3	–	2,034.3

Notes to the Financial Statements

Coca-Cola Amatil Limited and its subsidiaries

For the financial year ended 31 December 2012



1. Summary of Significant Accounting Policies

a) Basis of financial report preparation

This abbreviated financial report (financial report) is an extract of CCA's annual financial report that has been prepared in accordance with the Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

This financial report does not include all notes of the type normally included within the annual financial report, upon which this report is based. As a result this report should be read in conjunction with the 31 December 2012 annual financial report of CCA.

This financial report has been prepared on the basis of historical cost, except for financial assets and liabilities (including derivative financial instruments) which have been measured at fair value through the income statement.

This financial report is presented in Australian Dollars and all values are rounded to the nearest tenth of a million dollars, unless otherwise stated under the option available to the Company under ASIC Class Order No. 98/100. The Company is an entity to which the Class Order applies.

b) Statement of compliance

The Group has adopted all consequential amendments to Australian Accounting Standards which became applicable on 1 January 2012. There has been no effect on the financial statements of the Group.

CCA has amended the reporting of receipts from customers within the statement of cash flows to be inclusive of goods and services taxes, duties and excise taxes. This change has been made to be consistent with the generally accepted interpretation of AASB 107 Statement of Cash Flows requirements. The change adopted does not impact the net cash flows from operating activities.

In 2011, the Coca-Cola Amatil Limited Board of Directors made a formal written election to early adopt the following new and amended Australian Accounting Standards in the preparation of the Group's 2011 and 2012 financial statements –

AASB 10	Consolidated Financial Statements
AASB 11	Joint Arrangements
AASB 12	Disclosures of Interests in Other Entities
AASB 127	Separate Financial Statements
AASB 128	Investments in Associates and Joint Ventures
AASB 2011-7	Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards

Excluding the above mentioned standards, other Australian Accounting Standards and Interpretations that have been issued or amended but not yet effective have not been early adopted by the Group for the financial year ended 31 December 2012. It is considered early adoption of these standards would not have a material impact on the results of the Group, or the impacts have yet to be assessed.

1. Summary of Significant Accounting Policies continued

c) Comparative figures

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.

d) Use of estimates

The preparation of the financial statements requires management to make estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, revenues and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about the carrying values of assets and liabilities. Actual results may ultimately differ from estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

e) Principles of consolidation

Subsidiaries

The consolidated financial statements of the Group comprise those of the parent entity, Coca-Cola Amatil Limited, and its subsidiaries. Subsidiaries are all those entities over which the Group has the power to govern financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

The financial statements include the information and results of each subsidiary from the date on which the Company obtains control and until such time as the Company ceases to control the entity.

In preparing the consolidated financial statements, the effects of all transactions, balances and unrealised gains and losses on transactions between entities in the Group have been eliminated.

The financial statements of subsidiaries have been prepared for the same reporting period as that of the parent entity, using consistent accounting policies. Adjustments have been made to bring into line any dissimilar accounting policies that may exist across the Group.

Notes to the Financial Statements continued

Coca-Cola Amatil Limited and its subsidiaries

For the financial year ended 31 December 2012



2. Segment Reporting

The Group operates in four reportable segments, based on a combination of factors including geography, products and services. The Australia, New Zealand & Fiji and Indonesia & PNG segments derive their revenues from the manufacture, distribution and marketing of carbonated soft drinks and other alcohol free beverages.

The Alcohol, Food & Services segment manufactures and distributes premium spirits and beers, processes and markets fruit and other food products, and provides certain support services to the Group and third party customers.

The Group manages its net finance costs and income taxes on a Group basis. Segment performance (segment result) is evaluated on an earnings before interest, tax and significant items basis.

The accounting policies of each operating segment are the same as those described in Note 1. Inter-segment transactions are conducted on normal commercial terms and conditions.

Additions of non-current assets relating to CCA's Packaging Services business (included in Alcohol, Food & Services) are reported within the respective non-alcohol beverage business by country. Non-current assets, once available for use, are transferred to the respective Packaging Services business, where depreciation is also then recognised and reported.

The Group earned approximately 38.8% (2011: 37.0%) of its trading revenue from its top three customers, being Metcash Limited, Wesfarmers Limited and Woolworths Limited. These customers operated within the Australia, New Zealand & Fiji and Alcohol, Food & Services segments.

	2012 \$M	2011 \$M	2012 \$M	2011 \$M	2012 \$M	2011 \$M
	Trading revenue ¹		Other revenue		Total revenue, excluding finance income	
Non-Alcohol Beverage business						
Australia	3,027.9	2,880.7	11.5	29.9	3,039.4	2,910.6
New Zealand & Fiji	402.8	415.8	9.2	10.5	412.0	426.3
Indonesia & PNG	948.2	845.5	1.6	1.0	949.8	846.5
Alcohol, Food & Services business	718.5	659.2	19.5	13.5	738.0	672.7
Total CCA Group	5,097.4	4,801.2	41.8	54.9	5,139.2	4,856.1

Refer to the following page for footnote details.

Notes to the Financial Statements continued

Coca-Cola Amatil Limited and its subsidiaries

For the financial year ended 31 December 2012



2. Segment Reporting continued

	2012 \$M	2011 \$M	2012 \$M	2011 \$M	2012 \$M	2011 \$M
Segment result						
Non-Alcohol Beverage business						
Australia					627.4	607.2
New Zealand & Fiji					70.1	79.5
Indonesia & PNG					102.9	88.1
Alcohol, Food & Services business					95.1	93.2
Total operating segments					895.5	868.0
Share of net profit of joint venture entity					–	0.9
Total CCA Group					895.5	868.9

The reconciliation of segment result to CCA Group profit after income tax is shown below –

	CCA Group	
Segment result	895.5	868.9
Significant items ²	(134.5)	1.6
Earnings before interest and tax	761.0	870.5
Net finance costs ³	(111.9)	(127.8)
Profit before income tax	649.1	742.7
Income tax expense ³	(189.0)	(150.9)
Profit after income tax	460.1	591.8
Profit after income tax attributable to non-controlling interests	(0.2)	–
Profit after tax attributable to members of the Company	459.9	591.8

	Assets⁵		Liabilities⁵		Net assets⁵	
Non-Alcohol Beverage business						
Australia	2,498.6	2,392.8	978.6	934.4	1,520.0	1,458.4
New Zealand & Fiji	558.5	542.8	107.0	112.3	451.5	430.5
Indonesia & PNG	643.2	550.9	268.8	218.9	374.4	332.0
Alcohol, Food & Services business	1,669.3	1,559.8	328.5	292.1	1,340.8	1,267.7
Total operating segments	5,369.6	5,046.3	1,682.9	1,557.7	3,686.7	3,488.6
Other financial assets	24.4	288.6	–	–	24.4	288.6
Capital employed	5,394.0	5,334.9	1,682.9	1,557.7	3,711.1	3,777.2
Net debt ⁴	1,328.0	694.1	2,960.5	2,437.0	(1,632.5)	(1,742.9)
Total CCA Group	6,722.0	6,029.0	4,643.4	3,994.7	2,078.6	2,034.3

Notes to the Financial Statements continued

Coca-Cola Amatil Limited and its subsidiaries

For the financial year ended 31 December 2012



2. Segment Reporting continued

	2012 \$M	2011 \$M	2012 \$M	2011 \$M
	Depreciation and amortisation expenses		Additions of non-current assets ⁶	
Non-Alcohol Beverage business				
Australia	79.3	73.2	236.8	174.2
New Zealand & Fiji	20.3	18.0	38.3	36.1
Indonesia & PNG	39.5	40.3	163.8	68.5
Alcohol, Food & Services business	94.3	73.7	172.2	136.8
Total CCA Group	233.4	205.2	611.1	415.6
	Trading revenue by geography ⁷		Non-current assets by geography ⁶	
Australia	3,730.0	3,539.9	2,552.9	2,455.4
New Zealand & Fiji	419.1	415.8	462.3	380.0
Indonesia & PNG	948.3	845.5	536.9	443.9
Total CCA Group	5,097.4	4,801.2	3,552.1	3,279.3

¹ Details of the Group's trading revenue can be found in Note 3.

² Refer to Note 4c) for further details of significant items.

³ Net finance costs and income tax are managed on a Group basis and are not reported internally at a segment level.

⁴ Cash assets, debt related derivative assets and liabilities, loans and interest bearing liabilities are not included as part of segment assets and liabilities as they are managed on a Group basis.

⁵ Certain comparative amounts have been restated arising from a review of the classification of intercompany balances carried out during the financial year. There was no impact on Group totals arising from the restatement.

⁶ This disclosure comprises investments in bottlers' agreements, property, plant and equipment, intangible assets and other non-current financial assets.

⁷ The trading revenue recorded reflects the customer geographic location of revenue earned by the Group.

Notes to the Financial Statements continued

Coca-Cola Amatil Limited and its subsidiaries

For the financial year ended 31 December 2012



	2012 \$M	2011 \$M
3. Revenue		
Trading revenue		
Sales of products	5,007.9	4,719.7
Rental of equipment and processing fees	89.5	81.5
Total trading revenue	5,097.4	4,801.2
Other revenue		
Rendering of services	21.5	34.3
Miscellaneous rental and sundry income ¹	20.3	20.6
Total other revenue	41.8	54.9
Total revenue, excluding finance income	5,139.2	4,856.1
Interest income from –		
related parties	0.1	1.7
non-related parties	35.7	10.1
Total finance income	35.8	11.8
Total revenue	5,175.0	4,867.9

¹ Sundry income mainly relates to sales of materials and consumables and scrap sales.

4. Income Statement Disclosures

Profit before income tax includes the following specific expenses –

a) Finance costs

Interest costs from non-related parties	152.6	142.8
Other finance gains	(0.6)	(0.8)
Total finance costs	152.0	142.0
Amounts capitalised	(4.3)	(2.4)
Total finance costs expensed	147.7	139.6

b) Income statement disclosures (by nature)

Depreciation expense	211.8	185.2
Amortisation expense	21.6	20.0
Rentals – operating leases	83.0	78.8
Defined benefit superannuation plan expense	9.8	10.7
Defined contribution superannuation plan expense	57.3	52.1
Share based remuneration expense	14.5	14.8
Employee benefits expense	77.9	74.9
Net foreign exchange losses ¹	10.8	9.9

¹ These amounts are principally included in cost of goods sold. Cost of goods sold also includes compensating amounts relating to commodity pricing and hedging outcomes.

Notes to the Financial Statements continued

Coca-Cola Amatil Limited and its subsidiaries

For the financial year ended 31 December 2012



4. Income Statement Disclosures continued

	Refer Note	2012 \$M	2011 \$M
c) Significant items			
Alcohol strategy			
Following CCA's due diligence review of Foster's Australian spirits business, CCA elected not to proceed with the acquisition of this business and under the terms of CCA's Pacific Beverages sale agreement with SABMiller plc (SABMiller), CCA has received a payment of \$34.2 million from SABMiller. CCA has also recognised further restructuring expenses that are directly attributable to the alcohol strategy.			
Transactions with The Coca-Cola Company (TCCC)			
During the financial year, CCA sold certain of the Foster's non-alcoholic assets, including the Cascade trademark in relation to non-alcoholic products (as acquired by CCA from Foster's, also during 2012) to a subsidiary of TCCC. CCA has also agreed with TCCC to sell Cascade branded products in place of other existing CCA products in certain trade channels. Consequently, CCA received proceeds of \$24.2 million from a subsidiary of TCCC and incurred certain expenses that are directly attributable to the transactions.			
SPCA business restructure			
During the financial year, CCA continued to assess the appropriate structure of SPCA and the net realisable value of its inventories as part of the ongoing restructure of the business, as a consequence of the stronger Australian Dollar resulting in SPCA being non-competitive in many export markets, the movement of domestic grocery private label contracts to imported products and fresh fruit price deflation. This assessment has resulted in recognition of a write down of inventories and other assets and restructuring costs. As a result of CCA's impairment testing, an impairment charge of \$48.0 million against goodwill has also been recognised.			
As a result of the above transactions, CCA has recognised the following amounts in the income statement during the financial year –			
Gain on discontinuation of business acquisition		34.2	–
Revaluation to fair value of 50% interest in Pacific Beverages	8	–	213.0
Transfer from foreign currency translation reserve		–	(0.2)
Gain on Cascade related transactions		19.0	–
		53.2	212.8
Impairment charge on SPCA's goodwill		(48.0)	–
Write down of inventories to net realisable value		(100.4)	(108.3)
Write down of other assets, restructuring and other costs		(39.3)	(102.9)
Total net significant item (losses)/gains		(134.5)	1.6

Notes to the Financial Statements continued

Coca-Cola Amatil Limited and its subsidiaries

For the financial year ended 31 December 2012



5. Income Tax Expense

	2012	2011
a) Income tax expense		
	\$M	\$M
Current tax expense	188.8	234.0
Deferred tax expense/(benefit)	3.8	(71.5)
Adjustments to current tax of prior periods	(3.6)	(11.6)
Total income tax expense	189.0	150.9
Total income tax expense includes –		
Income tax benefit on significant items¹	(36.0)	(58.2)
b) Reconciliation of CCA's applicable (Australian) tax rate to the effective tax rate		
	%	%
Applicable (Australian) tax rate	30.0	30.0
Adjustments to current tax of prior periods	(0.6)	(1.6)
Adjustments to deferred tax assets – tax losses ¹	(1.6)	(8.2)
Impairment of goodwill	2.2	–
Non-allowable expenses	0.7	0.4
Overseas tax rates differential	(0.9)	(0.7)
Overseas withholding tax	(0.7)	(0.1)
Other	–	0.5
Effective tax rate	29.1	20.3
Effective tax rate (before significant items)	28.7	28.2

¹ Relates mainly to deferred tax assets arising from recognition of CCA's previously unrecognised capital losses, to the extent required to offset the capital gain arising from the gains on the 2012 discontinuation of a business acquisition, and the 2011 revaluation to fair value of CCA's 50% interest in Pacific Beverages respectively. These gains have been classified as significant items. Refer to Note 4c) and 8 for further details.

Notes to the Financial Statements continued

Coca-Cola Amatil Limited and its subsidiaries

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**6. Other Performance Measures**

	2012	2011
a) Net tangible asset backing per ordinary share		
	\$	\$
Excluding investments in bottlers' agreements (IBAs)	0.71	0.69
Including IBAs	1.90	1.88
b) Earnings per share (EPS)		
	¢	¢
Basic and diluted EPS	60.4	78.1
Before significant items – Basic and diluted EPS	73.4	70.2
The weighted average number of ordinary shares used to calculate EPS was –	M	M
Basic EPS	761.1	757.9
Diluted EPS	761.1	758.1
c) Free cash flow (FCF)		
FCF is calculated as the sum of cash flows from operating and investing activities, excluding those cash flows dealing with the joint venture entity's funding, acquisitions and disposals of entities, investments in long term deposits and other financial assets.		
	\$M	\$M
FCF ¹	341.0	284.2
¹ Includes proceeds from discontinuation of business acquisition and proceeds received in relation to the Cascade related transactions.		
d) Return on invested capital (ROIC)		
	%	%
ROIC is calculated as earnings before interest and significant items, after tax (EBIAT), divided by the average of net segment assets (capital employed) at the beginning and at the end of the annual period. EBIAT is derived by deducting from EBIT (before significant items) the applicable tax using the before significant items effective tax rate. Where material business acquisitions or disposals occur, the acquisition or disposal date net segment assets balance is used as the beginning or ending balance with an adjustment made to reflect the period of ownership respectively.		
ROIC	17.1	17.1
e) Capital expenditure (capex) compared to trading revenue		
Capex is defined as current period gross payments for property, plant and equipment and software development assets.		
Capex to trading revenue	9.1	7.5

Notes to the Financial Statements continued

Coca-Cola Amatil Limited and its subsidiaries

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7. Derivatives and Net Debt Reconciliation

	2012 \$M	2011 \$M
a) Derivatives as per the statement of financial position		
Derivative assets – current	(9.5)	(14.7)
Derivative assets – non-current	(50.4)	(73.7)
Derivative liabilities – current	42.2	48.5
Derivative liabilities – non-current	254.9	208.3
Total net derivative liabilities	237.2	168.4
Net derivative liabilities comprises –		
debt related	173.3	123.1
non-debt related	63.9	45.3
Total net derivative liabilities	237.2	168.4
b) Net debt reconciliation		
Cash assets	(1,178.0)	(664.9)
Receivables – current ¹	–	(24.5)
Long term deposits	(150.0)	–
Net derivative liabilities – debt related	173.3	123.1
Interest bearing liabilities – current	351.4	107.5
Interest bearing liabilities – non-current	2,435.8	2,201.7
Total net debt	1,632.5	1,742.9

¹ Loan to joint venture entity.

Notes to the Financial Statements continued

Coca-Cola Amatil Limited and its subsidiaries

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2012	2011
\$M	\$M

8. Other Financial Assets

Current

On 16 December 2011, CCA lost joint control of Pacific Beverages and discontinued equity accounting as at the date of loss of control. The 50% interest in Pacific Beverages as at the end of the 2011 financial year was classified as a current financial asset and was revalued to fair value through the income statement. Fair value was determined as being the sale price SABMiller paid to CCA for the 50% interest in Pacific Beverages on 13 January 2012.

Prior to 16 December 2011, this investment was classified as an equity accounted investment in joint venture entity by the Group.

Balance at the beginning of the financial year	288.6	–
Reclassification from investment in joint venture entity	–	75.6
Revaluation to fair value of 50% interest in Pacific Beverages	–	213.0
Disposal	(288.6)	–
Total movements	(288.6)	288.6
Balance at the end of the financial year	–	288.6

Non-current

In August 2012, CCA lent \$24.4 million to the Australian Beer Company, part of the Casella group. The loan will convert into an equity interest in the Australian Beer Company after the expiration of CCA's restraint on selling beer in Australia on 16 December 2013.

Convertible notes	24.4	–
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9. Investment in Joint Venture Entity

Carrying amount of investment in Pacific Beverages Pty Ltd¹	–	–
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¹ The amount was reclassified to other financial assets upon the discontinuation of equity accounting on 16 December 2011. Refer to Note 8 for further details.

The Company had a 50% interest in Pacific Beverages Pty Ltd. The principal activities of Pacific Beverages were the manufacture, importation and distribution of alcoholic beverages.

CCA lost joint control of Pacific Beverages on 16 December 2011 and discontinued equity accounting on that date. Prior to this date, the interest in Pacific Beverages was accounted for using the equity method of accounting. Information relating to the joint venture entity is set out below –

CCA Group's share of Pacific Beverages' revenue, expenses and results¹

Revenue ²	–	48.3
Expenses	–	(47.8)
Profit after income tax	–	0.9

¹ The comparative amounts are for the period to 16 December 2011.

² Beer sales revenue, excluding duties and excise taxes.

Notes to the Financial Statements continued

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10. Share Capital

	Refer Note	2012	2011
		\$M	\$M
Fully paid ordinary shares			
Balance at the beginning of the financial year		2,218.2	2,180.2
Shares issued in respect of –			
Dividend Reinvestment Plan	12	31.8	34.9
Executive Option Plan		–	3.1
Total movements		31.8	38.0
Balance at the end of the financial year		2,250.0	2,218.2
		No.	No.
Fully paid ordinary shares			
Balance at the beginning of the financial year		759,567,552	756,003,067
Shares issued in respect of –			
Dividend Reinvestment Plan		2,565,862	2,993,585
Executive Option Plan		–	570,900
Total movements		2,565,862	3,564,485
Balance at the end of the financial year		762,133,414	759,567,552

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding-up of the Company in proportion to the number of shares held. Every ordinary shareholder present at a meeting of the Company, in person or by proxy, is entitled to one vote, and upon a poll each ordinary share is entitled to one vote.

Ordinary shares have no par value.

All options in the CCA Executive Option Plan were either exercised or lapsed during the financial year ended 31 December 2011.

Dividend Reinvestment Plan

CCA's Dividend Reinvestment Plan (DRP) continues to be available to eligible shareholders. The DRP provides shareholders with the opportunity to receive fully paid ordinary shares, in lieu of cash dividends, at the price calculated using the daily volume weighted average market price of CCA shares during the 10 trading days commencing on the second trading day after the record date for the dividends. The record date for the dividend entitlements is 28 February 2013.

The last date for receipt of Election Notices under this Plan is 28 February 2013.

Notes to the Financial Statements continued

Coca-Cola Amatil Limited and its subsidiaries

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11. Dividends Appropriated and Proposed

a) Summary of dividends appropriated during the financial year

	2012		2011	
	¢	\$M	¢	\$M
Prior year final dividend (franked to 100%) ¹	30.5	231.7	28.0	211.8
Current year interim dividend (franked to 100%) ²	24.0	182.7	22.0	166.8
Total dividends appropriated		414.4		378.6
Dividends satisfied by issue of shares under the Dividend Reinvestment Plan		(31.8)		(34.9)
Dividends paid as per the statement of cash flows		382.6		343.7

¹ Paid on 3 April 2012 (2011: 5 April 2011).

² Paid on 2 October 2012 (2011: 4 October 2011).

b) Dividends declared and not recognised as liabilities

Since the end of the financial year, the Directors have declared the following dividends on ordinary shares –

	Rate per share ¢	Amount \$M	Date payable
2012 final dividend (franked to 75%)	32.0	243.9	2 April 2013
2012 special dividend (unfranked)	3.5	26.7	2 April 2013
Total	35.5	270.6	

The unfranked component of the dividends has been declared to be conduit foreign income.

12. Statement of Cash Flows Information

	Refer Note	2012 \$M	2011 \$M
a) Cash and cash equivalents			
Cash on hand and in banks		848.1	391.3
Short term deposits		329.9	273.6
Bank overdrafts		(0.7)	–
Total cash and cash equivalents		1,177.3	664.9
b) Non-cash investing and financing activities			
Dividends satisfied by the issue of shares under the Dividend Reinvestment Plan	10	31.8	34.9

Notes to the Financial Statements continued

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13. Business Combinations

a) Summary of acquisitions

Acquisition of a majority share of Paradise Beverages (Fiji) Ltd (formerly known as Foster's Group Pacific Limited)

As part of its overall alcohol strategy, CCA acquired an 89.6% shareholding in Paradise Beverages (Fiji) Ltd (Paradise Beverages) on 7 September 2012, for a purchase consideration of \$59.7 million.

Details of the fair value of the assets and liabilities of Paradise Beverages acquired and goodwill are as follows –

	\$M
Purchase of consideration – cash paid	59.7
Less: Fair value of net identifiable assets acquired (refer to c))	35.5
Goodwill	24.2

Other acquisitions

Other acquisitions include various individually immaterial acquisitions within the beverages industry. Details of the fair value of assets and liabilities acquired are as follows –

Purchase consideration – cash paid	58.3
Less: Fair value of net identifiable assets acquired (refer to c))	47.6
Net¹	10.7

¹ Consists of goodwill acquired of \$13.9 million and discount on acquisition of \$3.2 million recognised in the income statement. Other acquisition related costs of \$3.2 million have also been recognised in the income statement.

The revenue and profit contribution to the Group has not been disclosed as the structure of these businesses has changed since acquisition, and are immaterial to CCA.

Total goodwill recognised on acquisition for the financial year was \$38.1 million (2011: \$9.1 million).

	2012 \$M	2011 ¹ \$M
b) Purchase consideration		
The net cash outflow on acquisition is as follows –		
Cash paid	(118.0)	(11.6)
Net cash acquired	2.0	–
Net cash outflow	(116.0)	(11.6)

¹ Acquisition of a vending business.

Notes to the Financial Statements continued

Coca-Cola Amatil Limited and its subsidiaries

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13. Business Combinations continued

c) Assets and liabilities acquired

The fair value of the identifiable assets and liabilities of each acquisition as at the respective dates of acquisition are –

	Paradise Beverages Recognised on acquisition \$M	Other acquisitions Recognised on acquisition \$M	Total Recognised on acquisition \$M
Current assets	23.1	8.5	31.6
Non-current assets ¹	25.2	41.5	66.7
Total assets	48.3	50.0	98.3
Current liabilities	5.3	0.1	5.4
Non-current liabilities	2.5	2.3	4.8
Total liabilities	7.8	2.4	10.2
Net identifiable assets acquired	40.5	47.6	88.1
Less: Non-controlling interest	(5.0)	–	(5.0)
CCA Group's share of net identifiable assets acquired	35.5	47.6	83.1

¹ Includes property, plant and equipment acquired of \$55.4 million.

The amounts recognised on acquisition above represent provisional assessments of the fair values of assets and liabilities acquired. These amounts will be finalised within 12 months from the respective date of each acquisition.

14. Contingencies

	2012 \$M	2011 \$M
Contingent liabilities existed at the end of the period in respect of –		
termination payments under employment contracts	10.2	9.5
other guarantees	0.7	0.6
	10.9	10.1

Notes to the Financial Statements continued

Coca-Cola Amatil Limited and its subsidiaries

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15. Events after the Balance Date

No matters or circumstances have arisen since the end of the financial year that have significantly affected, or may significantly affect, the operations, the results of those operations or the state of affairs of the Group in subsequent financial periods.

16. Compliance Statement

This report is based upon accounts that have been audited. The auditor's report, which is unqualified, will be made available with the Company's Annual Report.