Non- Confidential
Attachment A-2.5

ANNUAL REPORT 2013

CCA
COCA-COLA AMATIL

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ANNUAL GENERAL MEETING

The Annual General Meeting will be held on Tuesday, 13th May 2014 at 10am in the Auditorium, Australian Securities Exchange, Exchange Centre, 20 Bridge Street, Sydney, NSW.

COCA-COLA AMATIL LIMITED ABN 26 004 139 397

CHAIRMAN'S REVIEW

FINANCIAL PERFORMANCE

Coca-Cola Amatil (CCA) reported net profit after tax of $502.8 million, before significant items, a decline of 9.6% on the 2012 full year result. After including the impact of significant items, reported net profit after tax declined by 82.5%, with a net significant write-down of $422.9 million primarily relating to the write down in the carrying value of the SPC Ardmona business.

Strong cash flow generation and the continued strength of the balance sheet and financial ratios supports the maintenance of full year ordinary dividends in line with last year. Total dividends, which includes the payment of special dividends, declined by 1.7% on last year.

CEO SUCCESSION

On 2 December 2013, CCA announced the appointment of new Group Managing Director Alison Watkins. Ms Watkins joined CCA on 3 March 2014, replacing long-serving Group Managing Director, Terry Davis.

Alison was most recently the Chief Executive Officer of GrainCorp where over three and a half years she successfully grew and diversified the business from being a largely domestic grain logistics business into Australia's leading listed international agriculture and food processing company. I believe Alison's skills and background will assist CCA to deliver strong performance outcomes from our existing operations and progress the strong development opportunities in our emerging businesses. The Board is confident that Alison's leadership credentials and focus on excellence position her well to drive further development and growth across the CCA Group.

In his 12 years as Group Managing Director, Terry Davis made a significant and lasting contribution in transforming CCA into a world-class, premium multi-beverage business and on behalf of the Board, I would like to thank Terry for his valuable service and to wish him well for the future. Terry will remain available for advice and special projects to Ms Watkins and the Board until the end of August 2014.

CHANGE IN DIRECTORS

After serving as a Non-Executive Director on the CCA Board since April 2004, Geoff Kelly retired from the Board in February 2014. Mr Kelly has served on the CCA Board as one of two nominees of The Coca-Cola Company (TCCC). We are sad to see Geoff go and thank him for his valuable contribution to CCA over the last ten years. Our Board will miss the benefit of his considerable business experience and guidance.

TCCC has nominated, and the CCA Board has appointed, Krishnakumar Thirumalai ("KK") as Geoff's replacement on the CCA Board. Mr Thirumalai currently serves as Region Director for the India and Bangladesh bottling operations. He has significant experience across developing and emerging markets in roles spanning marketing, sales, distribution and supply chain and has worked for over nine years in the Coca-Cola system both in bottling and with TCCC. We are delighted to have a person of KK's calibre and extensive experience join the CCA Board.

CCA'S RELATIONSHIP WITH THE COCA-COLA COMPANY

The CCA Board continues to have a strong and constructive relationship with TCCC, both as a shareholder and as the major supplier of ingredients for the majority of our non-alcoholic beverage products. As at 31 December 2013, TCCC held 29.2% of the shares in CCA and nominates two Non-Executive Directors to the current nine-member Board.

In 2013, CCA's Related Party Committee, comprising the Independent Non-Executive Directors, met on six occasions and reviewed all material transactions between CCA and TCCC ensuring that they are all at arm's length. The Related Party Committee remains an important forum for dealing with all related party governance issues.

CORPORATE SOCIAL RESPONSIBILITY

CCA believes in and 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 the Company operates, improving business efficiency and developing strong relationships with stakeholders, ultimately leading to increased shareholder returns. CCA's sustainability report, "Sustainability@CCA", measures the Company's achievements under four pillars – Environment, Marketplace, Workplace and Community.

David Gonski, AC
Chairman

MANAGING DIRECTOR'S REVIEW

The difficult trading conditions for the Australian beverage business in the grocery channel, combined with the impact on SPC Ardmona (SPCA) earnings from imported private label products and the significant slowdown in the PNG economy led to a reduction in earnings for 2013 of 6.9%. The positives for the year included the Australian beverage non-grocery channel which delivered volume and earnings growth, the strong return to growth by New Zealand and Fiji and CCA's re-entry into the Australian beer and cider market in mid-December.

Key points:

Difficult trading conditions in the Australian grocery channel resulted in a 9.3% decline in Australian beverage earnings. While the non-grocery channel delivered volume and earnings growth, grocery channel performance was impacted by aggressive competitor pricing, requiring higher levels of market support and promotional activity, which impacted price realisation and in turn profitability. In addition, the business was cycling the impact of a material reduction in retailer inventory levels.

While strong volume momentum continued for the Indonesian business, rapid cost inflation, currency depreciation and continued economic challenges in PNG impacted segment earnings. The Indonesia & PNG region delivered volume growth of 6.8% and an Australian dollar EBIT decline of 13.2%. Indonesian volumes grew by over 10% with 5% local currency EBIT growth driven by the successful launch of a number of new products and the rapid growth of the water business. Significant wage and fuel inflation in the second half however limited earnings growth. The PNG business experienced a significant decline in volumes and earnings due to a significant slowdown in economic activity caused by falling commodity prices, reduced mining activity and increased unemployment levels.

Strong return to growth in New Zealand with over 10% local currency EBIT growth. New Zealand & Fiji delivered 18.0% earnings growth with Australian dollar reported regional EBIT benefiting from around eight points of currency translation as a result of the appreciation of the New Zealand dollar. The New Zealand business experienced a solid recovery with a return to growth following a strong summer trading season. Momentum improved throughout the year as a result of a number of successful new product launches as well as benefitting from the improvement in economic conditions in New Zealand.

Material progress made in expanding the alcoholic beverages platform and the return to the premium beer and cider market in Australia in mid-December. In 2013, CCA extended the Beam partnership agreement to a new 10 year term to December 2023; established long-term exclusive agreements to distribute the Molson Coors range of premium beers in Australia, including Coors and Blue Moon, beers from the Boston Beer Company, America's largest selling craft brewer, including Samuel Adams; the C&C Group of beers and ciders in New Zealand and the Pacific region and developed a portfolio of Australian premium and craft beers. The successful start-up of brewing at the Australian Beer Company in both international and local beer and cider brands enabled the business to be in market on the 17th December with the expanded beer and cider range. Finally, the Fiji alcoholic beverage business is performing ahead of plan and has established an export business for the beer and Fiji rum portfolio.

Strong cash flow generation and the continued strength of the balance sheet and financial ratios supports the maintenance of full year ordinary dividends in line with last year. The final ordinary dividend has been maintained at 32.0 cents per share, franked at 75%, taking total full year ordinary dividends to shareholders to 56.0 cents per share, which is in line with last year.

Write down of SPC Ardmona assets. Following the completion of the Company's asset impairment testing process, a decision has been taken to write down the carrying value of SPCA by $404.0 million. This includes the write off of the remaining goodwill of $277.0 million, a $39.7 million write down in the value of brand names and an $87.3 million charge covering write downs in inventory and property, plant & equipment and recognition of the diminution in value of some onerous contracts.

While CCA has undertaken a substantial restructuring of the SPCA business with initiatives undertaken to materially reduce the cost of doing business, the write down of assets has been made having regard to the ongoing impact of the high Australian dollar and the associated impact on the business' competitiveness against imported packaged fruit and vegetable products.

These SPCA write downs are largely non-cash in nature and have minimal impact on operations, cash flow or the ability of CCA to pay dividends.

For more detail on operational performance and outlook, please refer to the Operating and Financial Review on pages 14 to 24.

Terry Davis

Terry Davis
Group Managing Director

FINANCIAL RESULTS

RESULTS AT A GLANCE

$A million	2013	2012	Change
Trading revenue			
Non-Alcoholic Beverages	**4,318.9**	**4,378.9**	(1.4%)
Alcohol, Food & Services	**717.5**	**718.5**	(0.1%)
Total trading revenue	**5,036.4**	**5,097.4**	(1.2%)
EBIT (before significant items)	**833.3**	**894.7**	(6.9%)
Net finance costs	**(124.8)**	**(114.1)**	(9.4%)
Taxation expense (before significant items)	**(205.0)**	**(224.1)**	(8.5%)
Outside equity interests (Paradise Beverages)	**(0.7)**	**(0.2)**	
Net profit (before significant items)	**502.8**	**556.3**	(9.6%)
Significant items (after tax)	**(422.9)**	**(98.5)**	
Net profit (reported)	**79.9**	**457.8**	(82.5%)
EPS (before significant items) (cents)	**65.9**	**73.1**	(9.8%)
EPS (after significant items) (cents)	**10.5**	**60.1**	(82.5%)
Total ordinary dividends per share (cents)	**56.0**	**56.0**	0.0%
Special dividends (cents per share)	**2.5**	**3.5**	
Total dividends per share (cents)	**58.5**	**59.5**	(1.7%)
Return on invested capital (before significant items)	**16.5%**	**17.1%**	(0.6) pts

2013 KEY ANNOUNCEMENTS

19 February 2013

CCA announced net profit after tax increased 5.0% to $558.4 million, before significant items, for the year ended 31 December 2012. Net profit after tax (including significant items) decreased by 22.3% to $459.9 million.

20 August 2013

CCA announced net profit after tax declined by 8.5% to $225.1 million, before significant items, for the half year ended 30 June 2013. Net profit after tax (including significant items) decreased by 12.3% to $215.9 million.

18 March 2013

CCA announced that Terry Davis has agreed to continue as Group Managing Director until 31 August 2014.

4 November 2013

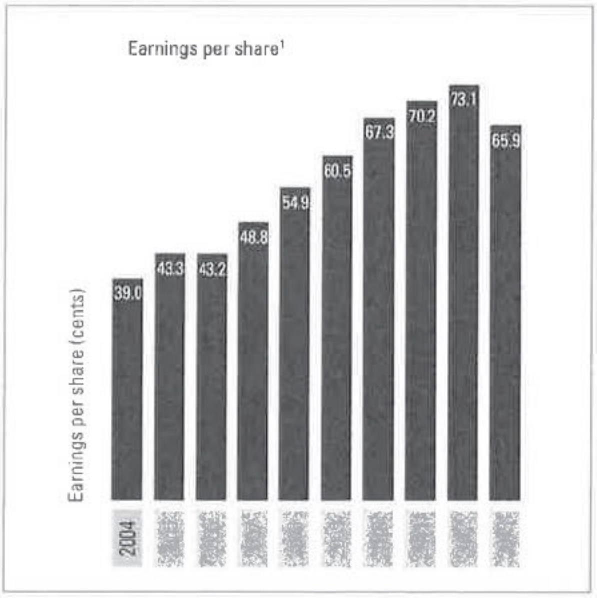
CCA provided a trading update.

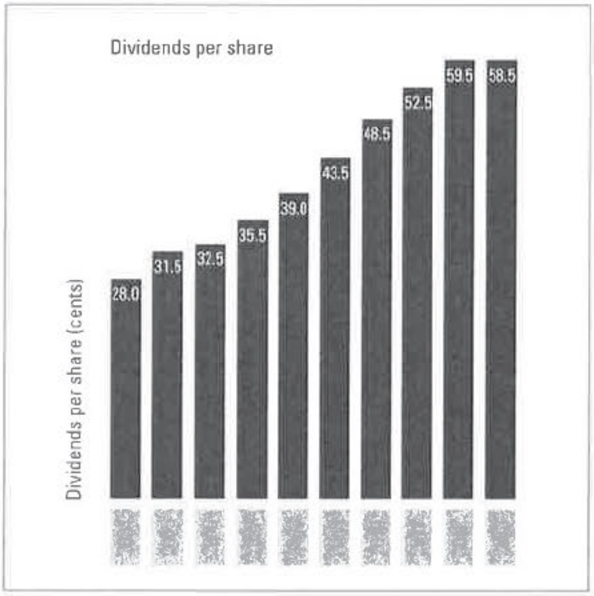
7 May 2013

CCA provided a trading update at the AGM.

2 December 2013

CCA announced the appointment of Alison Watkins as Group Managing Director.





1 Before significant items.

SPC Ardmona Ltd - Non Confidential

BOARD OF DIRECTORS

DAVID GONSKI, AC
Chairman, Non-Executive Director (Independent) – Age 60

Joined the Board in October 1997 – Chairman of the Related Party Committee and Nominations Committee and member of the Audit & Risk Committee, Compensation Committee and Compliance & Social Responsibility Committee.

Background: Solicitor for 10 years with the law firm of Freehills and thereafter a corporate adviser in the firm of Wentworth Associates cofounded by him, now part of the Investec group. He was Chairman of Investec Bank (Australia) Ltd until 31 March 2014.

Degrees: B Com; LLB (UNSW); FAICD (Life), FCPA.

Other Listed Company Boards: Director, Singapore Telecommunications Limited (SingTel) (appointed 1 March 2013). Australian and New Zealand Banking Group Ltd (appointed 27 Feb 2014).

Other Listed Company Directorships held in the last three years: Westfield Group (resigned 2011); ASX Limited (resigned March 2012); and Singapore Airlines Limited (resigned August 2012).

Government & Community Involvement: Chancellor of the University of New South Wales; Chairman, UNSW Foundation Limited, National E-Health Transition Authority and Sydney Theatre Company; Director, Infrastructure NSW and the Lowy Institute for International Policy; Member, ASIC External Advisory Panel; and Patron of the Australian Indigenous Education Fund.

TERRY DAVIS
Group Managing Director, Executive Director* – Age 56

Appointed in November 2001.

Background: Joined CCA in November 2001 as Group Managing Director after 14 years in the global wine industry with most recent appointment as the Managing Director of Beringer Blass (the wine division of Foster's Group Ltd).

Other Listed Company Boards: Seven Group Holdings Limited, Chairman of SGH Related Party Committee.

Government & Community Involvement: Council Member, University of New South Wales Council since 2006.

**Mr Davis retired from the Board with effect from 3 March 2014 and will remain available for advice and special projects to Ms Watkins and the Board until the end of August 2014.*

ILANA ATLAS
Non-Executive Director (Independent) – Age 59

Joined the Board in February 2011 – Member of the Compensation Committee, Audit & Risk Committee, Related Party Committee and Nominations Committee.

Background: Ms Atlas has extensive experience in business and has held executive and non-executive roles across many industry sectors. From 2003 to 2010 Ms Atlas held senior executive roles within Westpac Banking Corporation. She has been a practising lawyer for 22 years and is a former partner of Mallesons Stephen Jaques.

Degrees: Master of Laws (University of Sydney); Bachelor of Laws (Hons); Bachelor Jurisprudence (Hons) (University of Western Australia).

Other Listed Company Boards: Suncorp Group Limited and Westfield Holdings Limited.

Government & Community Involvement: Chair of the Bell Shakespeare Company, Director of Human Rights Law Centre Limited, Pro-Chancellor of the Australian National University and Director of the New South Wales Treasury Corporation.

CATHERINE BRENNER
Non-Executive Director (Independent) – Age 43

Joined the Board in April 2008 – Chair of the Compliance & Social Responsibility Committee and Member of the Compensation Committee, Related Party Committee and Nominations Committee.

Background: Ms Brenner is a former senior investment banker. Prior to this, Ms Brenner was a corporate lawyer.

Degrees: BEc; LLB (Macquarie University); MBA (Australian Graduate School of Management, UNSW).

Other Listed Company Boards: AMP Limited and Boral Limited.

Other Listed Company Directorships held in the last three years: Centennial Coal Company Limited (retired 2010).

Government & Community Involvement: Trustee of Sydney Opera House Trust and Council Member of Chief Executive Women.

ANTHONY (TONY) FROGGATT
Non-Executive Director (Independent) – Age 65

Joined the Board in December 2010 – Chairman of the Compensation Committee, Member of the Audit & Risk Committee, Related Party Committee and Nominations Committee.

Background: Mr Froggatt is a former Chief Executive Officer of Scottish & Newcastle plc, a global brewing company based in Edinburgh, UK. Prior to that, he held various senior management positions in Seagram Spirits & Wine Group, Diageo plc, H J Heinz and The Gillette Company. He is experienced in global business and brand development in both mature and developing markets, as well as having extensive marketing and distribution knowledge particularly in the international food and beverages sector.

Degrees: Bachelor of Laws degree from Queen Mary College, London; MBA from Columbia Business School, New York.

Other Listed Company Boards: Non-Executive Director, Brambles Limited.

Other Listed Company Directorships held in the last three years: AXA Asia Pacific Holdings Limited (retired March 2011) and Billabong International Limited (retired November 2013).

MARTIN JANSEN
Non-Executive Director (Nominee of TCCC) – Age 55

Joined the Board in December 2009 – Member of the Audit & Risk Committee.

Background: Martin Jansen is the Region Director, Bottling Investments Group for China and Southeast Asia, is responsible for The Coca-Cola Company's Bottling Investment interests in China, Singapore, Malaysia, Vietnam, Cambodia and Myanmar. Mr Jansen joined the Coca-Cola system in 1998 when he was appointed as the Chief Operating Officer for Coca-Cola Sabco. In 2001, he was appointed Chief Executive Officer leading an anchor bottler with operations in 12 countries in Africa and Asia.

Degree: Bachelor of Commercial Economics (HEAO Groningen, Netherlands); Graduate of the Executive Development Program at Northwestern University Kellogg School of Management.

Other Listed Company Boards: Director, Haad Thip Public Company Limited (Thailand bottling partner).

GEOFFREY KELLY
Non-Executive Director (Nominee of TCCC) – Age 69

Joined the Board in April 2004 – (having previously been a Director between 1996 and 2001). Member of the Compensation Committee.

Background: Joined The Coca-Cola Company in 1970 and has held legal positions with TCCC in the US, Asia and Europe. Mr Kelly retired as Senior Vice President and General Counsel, Chief Legal Officer of The Coca-Cola Company on 1 March 2012. He continues to provide consultancy services to that Company.

Degree: LLB (University of Sydney).

Government & Community Involvement: Director, Leadership Council for Legal Diversity and the University of Sydney USA Foundation; Advisory Board Director, YKK Americas; Past Chairman, Japan America Society of Georgia.

Mr Kelly retired from the Board on 18 February 2014.

WAL KING, AO
Non-Executive Director (Independent) – Age 69

Joined the Board in February 2002 – Member of the Related Party Committee, Nominations Committee and Compliance & Social Responsibility Committee.

Background: Mr King has worked in the construction industry for over 40 years and was Chief Executive Officer of Leighton Holdings Limited, a company with substantial operations in Australia, Asia and the Middle East, from 1987 until his retirement on 31 December 2010. He remains as a Consultant.

Degrees: B Eng; M EngSc and Honorary Doctor of Science (UNSW).

Other Listed Company Boards: Ausdrill Limited (Non-Executive Director and Deputy Chairman).

Government & Community Involvement: Deputy Chairman, University of New South Wales Foundation Limited; Director, Kimberley Foundation Australia Limited and Garvan Research Foundation; and Senior Adviser, CITIC Pacific Limited.

DAVID MEIKLEJOHN, AM
Non-Executive Director (Independent) – Age 72

Joined the Board in February 2005 – Chairman of the Audit & Risk Committee, and member of the Nominations Committee, Related Party Committee and Compliance & Social Responsibility Committee.

Background: Strong experience in finance and financial management and as a Company Director. Chief Financial Officer of Amcor Limited for 19 years until retirement in June 2000.

Degree: B Com; Dip Ed (University of Queensland); FAIM, FAICD, FCPA.

Other Listed Company Boards: Mirrabooka Investments Limited.

Other Listed Company Directorships held in the last three years: PaperlinX Limited (retired August 2011) and Australia and New Zealand Banking Group Ltd (retired December 2013).

Government & Community Involvement: Chairman of the Board of Governance of the Manningham Aged Care Centre.

KRISHNAKUMAR THIRUMALAI
Non-Executive Director (Nominee of TCCC) – Age 54

Joined the Board in March 2014

Background: Mr Thirumalai currently serves as Region Director for the India and Bangladesh bottling operations. He has significant experience across developing and emerging markets in roles spanning marketing, sales, distribution and supply chain and has worked for over 9 years in the Coca-Cola system, both in bottling and with TCCC. Prior to this, he had 21 years' experience in the confectionery and impulse food business.

Degree: BE (Hons) Electronics and Communication; Master of Business Administration (Indian Institute of Management, Bangalore); Graduate of the Advanced Management Program (Wharton Business School).

Government & Community Involvement: FMCG Committee of the Confederation of Indian Industry. Mr Thirumalai has also worked on developing an inclusive growth strategy for the Bottler in India involving developing model villages and career development centres for the communities around the TCCC-owned bottling plants operated in India.

ALISON WATKINS
Group Managing Director, Executive Director – Age 51**

Appointed in March 2014

Background: Joined CCA in March 2014 as Group Managing Director. Previously, Ms Watkins was Managing Director of GrainCorp Limited and held other executive and non-executive roles in food, beverage and retail.

Degrees: Bachelor of Commerce (University of Tasmania); FAICD; FCA; SFFin

Other Listed Company Directorships held in the last three years: Australia and New Zealand Banking Group Limited.

Government & Community Involvement: Director of the Centre for Independent Studies; Member of the Australian Government Takeovers Panel.

***Ms Watkins was appointed to the CCA Board and commenced in the role of Group Managing Director on 3 March 2014.*

GENERAL COUNSEL AND COMPANY SECRETARY
George Forster – Age 59

Mr Forster joined CCA in April 2005 as General Counsel. He was appointed Company Secretary in February 2007. Mr Forster holds Bachelor of Laws and Bachelor of Commerce degrees from the University of New South Wales and has extensive experience of over thirty years as a corporate and commercial lawyer, including having been a partner of Freehills in Sydney.

SENIOR MANAGEMENT

PETER KELLY
Managing Director – SPCA – Age 49

Appointed in April 2013

Background: Peter has spent 25 years with the Coca-Cola system, having joined The Coca-Cola Company in 1988 and then CCA in 1993. He has a strong track record of success in a cross section of business functions and has demonstrated breadth and depth of capability having held a number of key positions, including General Manager Grocery and Director of Operations and Logistics in CCA's Australian business before taking on the role of Regional Director for Asia with accountability for the Indonesian and PNG business units. Peter became the Managing Director of SPC Ardmona in April 2013.

BARRY O'CONNELL
Managing Director – New Zealand & Fiji – Age 47

Appointed in April 2013

Background: Barry has a proven track record of success and joined CCA after 20 years with Coca-Cola Hellenic (CCHBC) where he has held senior positions with increasing responsibility. Having started his career in a marketing role in Ireland, Barry went on to work in the startup of the CCHBC Russian franchise in 1997 before holding sales and marketing director's roles in both Ireland and Switzerland. He was then appointed to the role of General Manager for Austria & Slovenia, in 2009. Under Barry's leadership, 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.

NESSA O'SULLIVAN
Group Chief Financial Officer – Age 49

Appointed in September 2010

Background: A Fellow of the Institute of Chartered Accountants in Ireland and a graduate of University College Dublin. Nessa joined CCA in May 2005 as CFO for the Australian Beverage business. Prior to joining CCA Nessa held the role of CFO and VP for the Australia/ New Zealand region of Yum! Restaurants International. She spent 12 years with Yum! in senior roles in Finance, Strategic Planning and IT. Nessa holds dual Irish and Australian citizenship and has worked in Europe, the United States and Australia.

KADIR GUNDUZ
Managing Director – Indonesia & PNG– Age 47

Appointed in October 2013

Background: Kadir has had extensive experience with the Coca-Cola system having started his 20 plus year career with the bottler in his home country of Turkey in 1990. Most recently, as President and CEO of Aujan Coca-Cola Beverages Co. based in Dubai, Kadir delivered impressive market and financial results through both expansion and organic growth in a number of markets. Previously Kadir spent almost 3 years with CCHBC in Russia followed by 6 years with SABCO in increasingly senior leadership positions, including General Manager, Tanzania; Regional Manager, SWA/Cambodia & Laos; and finally Division Director, Asia.

WARWICK WHITE
Managing Director – Australasia* – Age 52

Appointed in November 2002

Background: Warwick has over 32 years in the Coca-Cola System and re-joined Coca-Cola Amatil in November 2002 as the Managing Director for the CCA Australian beverages business.

Prior to that, Warwick held marketing and general management roles within the Coca-Cola System. Immediately prior to joining CCA, Warwick was the Regional Director for Coca-Cola Hellenic Bottling Company with responsibility for Ireland, Poland, Hungary, Czech Republic and Slovakia. This was preceded by 14 years in Great Britain, Europe and Ireland in progressively more senior roles within the Coca-Cola System.

**Mr White will leave CCA effective 30 June 2014.*

JOHN MURPHY
Managing Director – Australian Beverages – Age 50

Appointed in July 2012

Background: John commenced with CCA in July 2010 as Managing Director of the Licensed/Alcohol division. His role was expanded to oversee the entire CCA beverage portfolio in Australia in July 2012. John's career in the Australian beverage industry spans 30 years, including Managing Director of Fosters in Australia. John was also CEO of Visy's Australasian packaging and recycling business and also as a Board member and advisor on a range of companies in the food, packaging and liquor industries. He has held a number of leadership roles during his career and was responsible for a significant period of time for the marketing and innovation of some of the country's most well-known and iconic beverage brands.

CORPORATE GOVERNANCE STATEMENT

At Coca-Cola Amatil (CCA), the Board of Directors is committed to achieving the highest standards in the areas of corporate governance and business conduct. This Corporate Governance Statement reports on the corporate governance principles and practices followed by CCA for the period 1 January 2013 to 31 December 2013 as required by the ASX Listing Rules.

The Company has followed all of the recommendations established in the ASX Corporate Governance Council's Principles and Recommendations, 2nd Edition.

The Policies and Board Committee Charters referred to in this Report may be accessed on the Company's website at www.ccamatil.com.

PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

The Role of the Board

The Board represents shareholders and has the ultimate responsibility for managing CCA's business and affairs to the highest standards of corporate governance and business conduct. The Board continues to operate on the principle that all significant matters are dealt with by the full Board and has specifically reserved the following matters for its decisions:

- the strategic direction of the Company;
- approving budgets and other performance indicators, reviewing performance against them and initiating corrective action when required;
- ensuring that there are adequate structures to provide for compliance with applicable laws;
- ensuring that there are adequate systems and procedures to identify, assess and manage risks;
- ensuring that there are appropriate policies and systems in place to ensure compliance;
- monitoring the Board structure and composition;
- appointing the Group Managing Director and evaluating his or her ongoing performance against predetermined criteria;
- approving the remuneration of the Group Managing Director and remuneration policy and succession plans for the Group Managing Director and senior management;
- ensuring that there is an appropriate focus on the interests of all stakeholders; and
- representing the interests of and being accountable to the Company's shareholders.

To assist in its deliberations, the Board has established five main committees which, apart from routine matters, act primarily in a review or advisory capacity on the matters set out in their respective Charters. These are the Related Party Committee; Nominations Committee; Compliance & Social Responsibility Committee; Audit & Risk Committee; and Compensation Committee. The Charters of each Committee are summarised in this report. The delegation of responsibilities to these Committees will only occur provided that sufficient systems are in place to ensure that the Board is meeting its responsibilities.

Role of Group Managing Director

The responsibility for implementing the approved business plans and for the day-to-day operations of CCA is delegated to the Group Managing Director who, with the management team, is accountable to the Board. The Board approves the Executive Chart of Authority which sets out the authority limits for the Group Managing Director and senior management.

Senior Executives' Performance Evaluation

Across all of CCA's Business Units, there is a strong performance management discipline, together with competitive reward and incentive programs. The Company's approach in recent years is to move to have a greater component of at-risk remuneration for senior executives.

Detailed business plans are prepared and approved by the CCA Board prior to the start of the calendar year. The senior executives are then measured against the achievement of these plans during and at the completion of the calendar year, and their annual at-risk remuneration reflects their business plan achievements. An evaluation of performance has been undertaken for all senior managers for 2013, and this has been in accordance with the above process.

PRINCIPLE 2 – STRUCTURE THE BOARD TO ADD VALUE

Composition of the Board

The composition of the Board is based on the following factors:

- the Chairman is a Non-Executive Director and is independent from The Coca-Cola Company;
- the Group Managing Director is the Executive Director;
- The Coca-Cola Company has currently nominated two Non-Executive Directors, (currently Martin Jansen and Krishnakumar Thirumalai (appointed in March 2014)). Note that Geoffrey Kelly retired from the Board in February 2014;
- the majority of the Non-Executive Directors are independent;
- one-third of the Board (other than the Group Managing Director) is required to retire at each Annual General Meeting and may stand for re-election. The Directors to retire shall be those who have been longest in office since their last election; and
- a Director who has been appointed by the Board to fill a casual vacancy is required to be considered for re-election by the shareholders at the next Annual General Meeting.

The Board was comprised of the following members during the period:

Name	Position	Independent	Appointed
David Gonski, AC	Chairman, Non-Executive Director	Yes	1997
Ilana Atlas	Non-Executive Director	Yes	2011
Catherine Brenner	Non-Executive Director	Yes	2008
Anthony (Tony) Froggatt	Non-Executive Director	Yes	2010
Wal King, AO	Non-Executive Director	Yes	2002
David Meiklejohn, AM	Non-Executive Director	Yes	2005
Martin Jansen*	Non-Executive Director	No	2009
Geoffrey Kelly**	Non-Executive Director	No	2004
Terry Davis***	Executive Director and Group Managing Director	No	2001
Alison Watkins****	Executive Director and Group Managing Director	No	2014
Krishnakumar Thirumalai*****	Non-Executive Director	No	2014

*Nominated by The Coca-Cola Company
**Nominated by The Coca-Cola Company – retired from the Board 18 February 2014
***Retired from the Board on 3 March 2014
****Appointed to the Board on 3 March 2014
*****Nominated by The Coca-Cola Company – appointed to the Board on 14 March 2014

Details of the skills, experience and expertise of each Director are set out on pages 4 and 5 of this Report. Attendance at Board and Committee meetings and the names of Committee members are included in the Directors' Report on page 25.

SPC Ardmona Ltd - Non Confidential

Directors – Independence

The majority of the Board are independent Directors. A Director is considered independent provided he or she is free of any business or other relationship with CCA or a related party which could reasonably be perceived to materially interfere with the exercise of their unfettered and independent judgement. A related party for this purpose would include The Coca-Cola Company.

When a potential conflict of interest arises, the Director concerned withdraws from the Board meeting while such matters are considered. Accordingly, the Director concerned neither takes part in discussions nor exercises any influence over the Board if a potential conflict of interest exists. Transactions with The Coca-Cola Company are reviewed by the Related Party Committee. Related party transactions are disclosed in Note 33 to the financial statements.

Related Party Committee

The Related Party Committee is comprised of all the independent Non-Executive Directors (and does not include any Directors who are or have been associated with a related party). The Group Managing Director and the Group Chief Financial Officer attend meetings by invitation.

The Committee reviews transactions between CCA and parties who may not be at arm's length ("related parties") to ensure that the terms of such transactions are no more favourable than would reasonably be expected of transactions negotiated on an arm's length basis. It meets prior to each scheduled Board meeting to review all material transactions of CCA in which The Coca-Cola Company, or any other related party, is involved.

Directors – Selection

The Board's Nominations Committee regularly reviews the composition of the Board to ensure that there is an appropriate mix of abilities, experience and diversity to serve the interests of all shareholders. Any recommendations are presented to the full Board.

The process of appointing a Director is that when a vacancy exists, or is expected, the Nominations Committee identifies candidates with the appropriate expertise and experience having regard to the skills that the candidate would bring to the Board and the balance of skills that the existing Directors hold. The Board reviews the candidates and the most suitable person is either appointed by the Board and comes up for re-election at the next Annual General Meeting or is recommended to shareholders for election at a shareholders' meeting.

Nominations Committee

The Nominations Committee is comprised of all the independent Non-Executive Directors (it does not include any Directors who are or have been associated with a related party).

The Committee reviews the Board's composition to ensure that it comprises Directors with the right mix of skills, experience, expertise and diversity to enable it to fulfil its responsibilities to shareholders. The Committee also reviews Board succession policy and identifies suitable candidates for appointment to the Board and reviews general matters of corporate governance. The Committee has also been given responsibility for reviewing the Company's standards of corporate governance.

Directors – Induction and Education

On appointment, each Non-Executive Director is required to acknowledge the terms of appointment as set out in their letter of appointment. The appointment letter covers, inter alia, the term of appointment, duties, remuneration including superannuation and expenses, rights of access to information, other directorships, dealing in CCA's shares, disclosure of Director's interests, insurance and indemnity and termination. The Director is provided with the Company's policies and Board Committee charters and briefed on the content by the Company Secretary.

An induction program is made available to newly appointed Directors covering such topics as the Board's role, Board composition and conduct, and the risks and responsibilities of company directors, to ensure that they are fully informed on current governance issues. The program also includes briefings on the culture and values of the Company, the roles and responsibilities of senior executives and the Company's financial, strategic, operational and risk management position.

Independent Professional Advice

For the purposes of the proper performance of their duties, Directors are entitled to seek independent professional advice at CCA's expense. Before doing so, a Director must notify the Chairman (or the Group Managing Director in the Chairman's absence) and must make a copy of the advice available to all Directors.

Directors – Performance Review

A review of the Directors' performance is undertaken at least every two years. If a majority of Directors considers a Director's performance falls below the predetermined criteria required, then the Director agrees to retire at the next Annual General Meeting and a resolution will be put to shareholders to vote on the re-election of that Director.

An independent external review of the Board was commissioned in the first half of 2013. The results of the review were considered by the Board during 2013 and suggested improvements, which were minor, are in the process of being implemented.

The previous external performance review took place in 2009. In 2011, the Board resolved that an internal review be undertaken by the Chairman with each Director individually and members of senior management to discuss the operation and composition of the Board. The process of Board performance will remain under continuous review.

Company Secretary

The Company Secretary is appointed by the Board and is accountable to the Board, through the Chairman, on all governance matters.

PRINCIPLE 3: PROMOTE ETHICAL AND RESPONSIBLE DECISION-MAKING

Code of Business Conduct

The Board recognises the need to observe the highest standards of corporate practice and business conduct. The Code of Business Conduct is reviewed regularly to ensure that the standards set in the Code reflect CCA's values, acknowledge our responsibilities to our stakeholders and to each other, and ensure that management and employees know what is expected of them and apply high ethical standards in all of CCA's activities.

The Audit & Risk Committee is responsible for ensuring that effective compliance policies exist to ensure compliance with the requirements established in the Code of Business Conduct. The Code contains procedures for identifying and reporting any departures from the required standards. CCA has also established a system for distribution of the Code at appropriate intervals to employees and for them to acknowledge its receipt.

The Code sets standards of behaviour expected from everyone who performs work for CCA – Directors, employees and individual contractors. It is also expected that CCA's suppliers will enforce a similar set of standards with their employees. The Code is available on our website at www.ccamatil.com.

Interests of Stakeholders

CCA acknowledges the importance of its relationships with its shareholders and other stakeholders including employees, contractors and the wider community. CCA believes that being a good corporate citizen is an essential part of business and pursues this goal in all the markets in which it operates. CCA publishes Sustainability@CCA Reports which focus on four pillars of commitment – Environment, Marketplace, Workplace and Community. These Reports can be viewed on the CCA website at www.ccamatil.com.

The Compliance & Social Responsibility Committee assists the Board in determining whether the systems of control, which management has established, effectively safeguard against contraventions of the Company's statutory responsibilities and there are policies and controls to protect the Company's reputation as a responsible corporate citizen.

Compliance & Social Responsibility Committee

The Compliance & Social Responsibility Committee comprises at least three Non-Executive Directors. The Committee regularly reviews and reports to the Board on compliance with laws, including work health and safety, environmental protection, product safety and trade practices.

The Committee also reviews policies reflecting on the Company's reputation, including quality standards, dealing in the Company's securities and disclosure. Its responsibilities include – Diversity: recommend to the Board measurable objectives to be set in accordance with the Diversity Policy and review and report to the Board, on an annual basis, on the effectiveness of the Diversity Policy; Social responsibility: review reports and make recommendations to the Board, where appropriate, in respect of political donations, community sponsorship and support and relevant social issues such as obesity, environmentally sustainable initiatives, and CCA's carbon footprint and other social issues that may be relevant to the Company.

Share Ownership and Dealings

Details of the shareholdings of Directors in the Company are set out in the Directors' Report on page 14. The Non-Executive Directors Share Plan was suspended on 1 September 2009 due to the change in taxation arrangements of share plans announced by the Australian Government during 2009.

Non-Executive Directors are encouraged to hold CCA shares, with shareholding guidelines introduced during 2010, based on length of time served as a CCA Director. See page 56 of the Remuneration Report for details.

Policy on Trading in CCA Shares

Directors, like all CCA employees, are subject to the Corporations Act 2001 which restricts their buying, selling or trading securities in CCA if they are in possession of unpublished inside information.

The Board has adopted a formal policy for share dealings by Directors and senior management. Under the policy, trading of CCA shares by Directors and Senior Management is prohibited at all times except for the four weeks commencing on the day after the release of the Half Year and Full Year results and the holding of the Annual General Meeting, unless exceptional circumstances apply. The policy prohibits speculative transactions involving CCA shares, the granting of security over CCA shares or entering into margin lending arrangements involving CCA Shares and reinforces the prohibition on insider trading contained in the Corporations Act 2001.

Diversity Report

CCA is committed to building a diverse workforce and developing capability and talent throughout the organisation, in all functions and at all levels. We are confident that attracting and retaining employees with a broad range of backgrounds, thinking, and a variety of work and life experiences, will optimise business results and deliver improved returns to shareholders. We believe that team effectiveness is maximised by encouraging a range of perspectives which challenge the status quo and build a platform for creativity. Our success will be determined by our ability to respond to challenges in the market and drive innovative solutions to ensure sustainable results. By seeking diversity of knowledge and opinions we harness our collective capabilities and make the best decisions with the widest range of inputs.

CCA has adopted the ASX Corporate Governance Council's recommendations on gender diversity, with regular reviews of strategy, initiatives and progress clearly defined in the Charter of the Compliance & Social Responsibility Committee of the Board. The gender agenda is steered from the top of the organisation by the Group Managing Director who clearly articulates expectations and has led by example, with female executives comprising 50% of his sole direct reports. Our commitment is evidenced in our Diversity Policy, our internal monitoring of progress against targets and our focus on ensuring workplace programs support and drive our performance and decision making. The aim of the Gender Diversity Policy is to outline the commitment held by CCA to creating fair, equitable, respectful workplaces where women are supported in an inclusive environment, are given recognition based on individual merit and are considered for opportunities to advance and succeed regardless of gender or term of employment.

CCA's annual pay parity review was again completed and the results presented to the Board. Overall there was no gender bias identified in the average salary increases in the March 2013 review. An additional analysis was conducted to review entry pay rates for graduates in each of the functions and, once again, it was established that no disparity exists.

Gender Diversity Targets

Diversity Targets and progress to date for the CCA Board and Senior Executives

	Female %
Board Directors	
2011 Actual	25
2012 Actual	25
2013 Actual	25
2014 Target	30
2016 Target	33
Senior Executives	
2011 Actual	16
2012 Actual	21
2013 Actual	20
2014 Target	19
2016 Target	22

Diversity Targets for CCA Group

	Total CCA Group %	Australia & New Zealand %	Indonesia, PNG & Fiji %
Female Managers			
2011 Actual	26	28	21
2012 Actual	27	30	22
2013 Actual	28	30	24
2014 Target	29	31	22
2016 Target	32	34	24

	Total CCA Group %	Australia & New Zealand %	Indonesia, PNG & Fiji %
Female All Employees			
2011 Actual	17	29	8
2012 Actual	17	29	9
2013 Actual	18	30	9
2014 Target	18	31	8
2016 Target	19	34	8

The developing markets of Indonesia, PNG and Fiji have a large combined workforce which includes a high manual labour component, resulting in a strong orientation to male employees in these countries; however the number of female managers has increased markedly in 2013 as a result of graduate and management development programs.

In line with CCA's ongoing commitment to gender equality and diversity, in March 2013 CCA's Group Managing Director, Terry Davis, signed the UN Women's Empowerment Principles, seven steps which global businesses are taking to advance and empower female employees.

The Women's Empowerment Principles – Equality Means Business – are produced and disseminated by the United Nations Entity for Gender Equality and the Empowerment of Women (UN Women) and the United Nations Global Compact. CCA endorses the guidelines for actions that all people can take in the workplace, marketplace and community to empower women and benefit companies and societies. In 2013, our CCA NZ business was the recipient of the prestigious White Camellia Award for Excellence in implementation of Women's Empowerment Principles.

Our commitment has been evidenced across the Group in various initiatives specific to the country and addressing local issues and opportunities. For example, in Papua New Guinea, where violence against women is prevalent, our team participated in "Women Arise" which focused on ways to help women address this issue. Events were held throughout the country in the majority of the 20 provinces. Sponsored by the local Executive Team, every female employee of CCA PNG was given time off and encouraged to participate in the program.

The CCA Diversity strategy calls out three key focus areas; sourcing, inclusion and retention. The associated strategies in relation to these key priorities underpin our focus and ability to provide a workplace that is fair and respectful and where equality of opportunity exists throughout all phases of the employment lifecycle.

CCA's Gender Diversity Policy includes:

- A strategy for sourcing, inclusion and retention of women.
- Setting company-wide goals for gender equality, including targets for participation of females at all layers of the organisation.
- A system of pay equity analysis.
- Clear workplace policies regarding appropriate workplace conduct, discrimination, and the provision of safe and healthy workplaces, as well as a flexible work options policy and access to a Corporate Family Program – an information resource for employees to get information on parenting and elder care.
- A zero-tolerance approach to all forms of violence at work, including verbal and/or physical abuse, and sexual harassment

Sourcing

Attracting and actively searching for the best and most diverse range of talent in the market continues to be a key priority for the business. The initiatives that have been adopted across the business in 2013 have included:

- Measurable gender-based targets are established for particular roles and areas of the business and managers will make every endeavour to incorporate women into the recruitment pool. Gender balanced recruitment panels are utilised and outcomes at each stage of the process tracked. They also ensure that all hiring and promotion continue to be merit-based.
- In 2013 external recruitment volumes reduced significantly (by around 50%) and therefore the opportunity to make substantial positive improvement to gender diversity through hiring was limited in the Australian Beverage business. Throughout this time CCA continued to focus on growing a pipeline of internal female managers and, in 2013, 40% of all internal promotions were female, a significant increase of approximately 13% versus 2012. The Australian business has also worked closely with our blue collar labour hire providers, and new performance measures were introduced in supplier agreements resulting in an additional 74 females being placed in non-traditional blue collar roles in the Australian business.

- Our external focus has included a range of initiatives that have been implemented, placing CCA in a strong position to attract female talent on those occasions when we do hire externally. This has included the introduction of targeted campaigns to grow interest in CCA's LinkedIn careers page. We have also focussed on the proactive identification of talented females in the Australian market; our external talent pipeline now comprises more than 50% female talent.
- Ongoing focus on attracting senior female talent in Indonesia has delivered progressively positive results over the last 3 years, with the percentage of female new hires into managerial positions increasing to 46% in 2013.
- Across the CCA Group we remain focussed on bringing graduates and interns in to the business. Females made up almost 40% of the graduate intake in the Australian business, whilst in NZ 54% of our current graduate program participants are female and we also established our first Female Engineering Internship. In Indonesia the Graduate Trainee Program continues to be a key initiative for building future leaders and has consistently achieved in excess of 50% female participation in recent years. CCA has also partnered with Melbourne Business School to connect with Indonesian students who are continuing education in Australia, but intending to return home to pursue their career. The first MBA graduate, a female, was appointed in November into an IT management position in Jakarta.
- We continue to support providing opportunities to our staff to access external education and in PNG five of our female employees are studying to achieve degrees through the Distance Learning Divine Word University in PNG. CCA has also provided scholarships in NZ and are in our fourth year of the First Foundation Scholarship in NZ supporting Female Polynesian students.
- In 2011 CCA joined the Australian Employment Covenant and committed to place 150 indigenous Australians into jobs. CCA Australia created employment opportunities for 34 new indigenous people during 2013 across areas such as our Graduate Program, Manufacturing, Warehousing, Finance, Human Resources, and Customer Service. Our participation in Indigenous careers days and the National Indigenous University Games resulting in a new pipeline of approximately 60 Indigenous University students who we will continue to engage with and advise of future vacancies.
- CCA has also partnered with Career Trackers, which is a national non-profit organisation that works with indigenous university students and private sector companies, to create career pathways through a structured internship program. CCA has commenced our first internship with Career Trackers in 2013 in the HR function in Sydney.

Inclusion

Inclusion in CCA means an environment that recognises and celebrates difference, therefore enabling our people to make a contribution to the business by offering unique perspectives and considering all viewpoints to arrive at the best decisions.

- In 2013, CCA improved its approach to Talent Management across the business, with the introduction of a new performance planning and talent management system and approach. The purpose is to drive business results by providing greater accountability for individual performance, clearer visibility of talent across the organisation, and more effective fact-based performance and development discussions between managers and their team members.
- Managers were provided with training as part of this initiative, including techniques for removing unconscious bias and focusing on evidence of performance, to ensure transparency and fairness when assessing performance and potential. As a result, we have objectively identified our high potential female employees and can ensure targeted and individual development plans are in place for each of them.
- CCA continued to work with Coca-Cola Foundation partners, AIME and the Clontarf Academy. CCA employees visited indigenous students in VIC, QLD, and NSW as part of AIME's 'Windows to the Future' sessions, to share their personal career stories working at CCA.
- Continued our focus on Diversity walks as part of our formal induction program in NZ as well as our new manager induction module focusing on Diversity.
- NZ Champions of Equality group chaired by our Marketing GM to build confidence in the female management population and encourage greater participation.
- CCA also featured in Australia's first ever Lesbian, Gay, Bisexual, Transgender and Intersex (LGBTI) recruitment guide, profiling Australian employers active in LGBTI inclusion. Two CCA employees were featured in the guide and shared their personal stories, highlighting CCA's focus on providing workplaces free from discrimination and harassment.

Retention

- Through the enhanced Performance and Talent process we have identified critical talent, including critical female talent, and have adopted a targeted retention approach for these employees. Our focus on retaining female employees has been supported in specific development programs including Career Conversations for Top Talent female managers, ATP, and provided industry networking opportunities such as Glass Elevator luncheons.
- In Fiji we have redesigned our Finance organisation to provide leadership opportunities to high potential finance managers. Following the acquisition of Paradise Beverages, we have provided an opportunity for our only female Senior Sales manager locally to take on a new and challenging role.
- CCA's approach to flexibility continued to grow in 2013, with the introduction of a new flexibility register to monitor the frequency and response to employee flexibility requests. Over 90% of all flexibility requests submitted in 2013 were approved, reflecting CCA's commitment to providing mutually beneficial working arrangements.
- Recognising the importance and increasingly involved role that fathers play in raising families, a new Dad's Information Pack was launched as part of CCA's Corporate Family Program. The Corporate Family Program information portals provide employees with information about parenting, senior living and caring for ageing loved ones; all received a combined total of over 6000 page hits throughout the year.
- A Parental Support Program was also established providing support for employees on parental leave and has resulted in a Maternity Leave return to work rate of 86% in 2013.

Further information on CCA Policies and further detail from our Sustainability Report can be found on our website at www.ccamatil.com.

PRINCIPLE 4: SAFEGUARD INTEGRITY IN FINANCIAL REPORTING

The Board has an Audit & Risk Committee which meets four times a year and reports to the Board on any matters relevant to the Committee's role and responsibilities. A summary of the Committee's formal Charter is set out below.

> Audit & Risk Committee
>
> The Audit & Risk Committee comprises at least three Non-Executive Directors, the majority of whom are Independent. The Group Managing Director and Group Chief Financial Officer attend meetings by invitation.
>
> The key responsibilities of the Committee are: Financial Reporting – review Financial Statements to ensure the appropriateness of accounting policies, and compliance with accounting policies and standards, compliance with statutory requirements and the adequacy of disclosure; Risk Management – ensure CCA has effective policies in place covering key risks including, but not limited to, overall business risk in CCA's operations, treasury risk (including currency and borrowing risk), procurement, insurance, taxation and litigation; Audit – review of the auditor's performance, the professional independence of the auditor, audit policies, procedures and reports, as a direct link between the Board and the auditor.
>
> The Committee approves the policies, processes and framework for identifying, analysing and addressing complaints (including whistleblowing) and reviews material complaints and their resolution.

PRINCIPLE 5: MAKE TIMELY AND BALANCED DISCLOSURE

CCA has a Disclosure & Communication Policy which includes the following principles, consistent with the continuous disclosure obligations under ASX Listing Rules that govern CCA's communication:

- CCA will, in accordance with ASX Listing Rules, immediately issue to ASX any information that a reasonable person would expect to have a material effect on the price or value of CCA's securities;
- CCA's Disclosure Committee manages the day-to-day continuous disclosure issues and operates flexibly and informally. It is responsible for compliance, coordinating disclosure and educating employees about CCA's communication policy; and
- all material information issued to the ASX, the Annual Reports, full year and half year results and presentation material given to analysts, is published on CCA's website (www.ccamatil.com).

The Company Secretary is the primary person responsible for communication with ASX. In the absence of the Company Secretary, the Investor Relations Manager is the contact. Only authorised spokespersons can communicate on behalf of the Company with shareholders, the media or the investment community.

PRINCIPLE 6: RESPECT THE RIGHTS OF SHAREHOLDERS

The rights of CCA's shareholders are detailed in CCA's Constitution. Those rights include electing the members of the Board. In addition, shareholders have the right to vote on important matters which have an impact on CCA. To allow shareholders to effectively exercise these rights, the Board is committed to improving the communication to shareholders of high quality, relevant and useful information in a timely manner.

CCA's Disclosure & Communication Policy requires that shareholders be informed about strategic objectives and major developments. CCA is committed to keeping shareholders informed and improving accessibility to shareholders through:

- Australian Securities Exchange (ASX) announcements;
- company publications (including the Annual Report and Shareholder News);
- webcasting analyst and media briefings;
- the Annual General Meeting;
- the Company website (www.ccamatil.com); and
- the Investor Relations contact number (+61 2 9259 6159).

CCA's shareholders are encouraged to make their views known to the Company and to directly raise matters of concern. From time to time, CCA requests meetings with its shareholders and shareholder interest groups to share views on matters of interest. The views of those parties are shared with the Board on a regular basis, both by the Chairman and management.

Shareholders are encouraged to attend CCA's Annual General Meeting and use this opportunity to ask questions. The Annual General Meeting will remain the main opportunity each year for the majority of shareholders to comment and to question CCA's Board and management. The external auditor attends the Annual General Meeting and is available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report.

PRINCIPLE 7: RECOGNISE AND MANAGE RISK

The Board has established a Risk Management Policy which formalises CCA's approach to the oversight and management of material business risks. The policy is implemented through a top down and bottom up approach to identifying, assessing, monitoring and managing key risks across CCA's business units. Risks, and the effectiveness of their management, are reviewed and reported regularly to relevant management, the Audit & Risk Committee and the Board. Management has reported to the Board that the Company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects.

The Board is responsible for ensuring that there are adequate systems and procedures in place to identify, assess, monitor and manage risks. CCA's Audit & Risk Committee reviews reports by members of the management team (and independent advisers, where appropriate) during the year and, where appropriate, makes recommendations to the Board in respect of:

- overall business risk in CCA's countries of operation;
- treasury risk (including currency and borrowing risks);
- procurement;
- insurance;
- taxation;
- litigation;
- fraud and code of conduct violations; and
- other matters as it deems appropriate.

The internal and external audit functions, which are separate and independent of each other, also review CCA's risk assessment and risk management.

In addition to the risk management duties of the Audit & Risk Committee, the Board has retained responsibility for approving the strategic direction of CCA and ensuring the maintenance of the highest standards of quality. This extends beyond product quality to encompass all ways in which CCA's reputation and its products are measured. The Board monitors this responsibility through the receipt of regular risk reports and management presentations.

Financial Reporting

In accordance with section 295A of the Corporations Act 2001, the Group Managing Director and Chief Financial Officer have provided a written Certificate to the Board that the Statutory Accounts of the Company comply with the relevant Accounting Standards and other mandatory reporting requirements in all material respects, that they give a true and fair view, in all material respects, of the financial position and performance of the Company, and that management's risk management and internal controls over financial reporting, which implement the policies and procedures adopted by the Board, are operating effectively and efficiently, in all material respects.

PRINCIPLE 8: REMUNERATE FAIRLY AND RESPONSIBLY

On an annual basis, the Compensation Committee reviews the nature and amount of the remuneration of the Group Managing Director and senior management and, where appropriate, makes recommendations to the Board. As noted in the Remuneration Report on page 49, the Committee draws on a range of services from external consultants to provide information, data and advice where appropriate in relation to remuneration quantum & structure and market practice. Where a consultant is providing a recommendation in accordance with the Corporations Act 2001, CCA has developed practices to select and engage a consultant:

- on how CCA is to receive the advice;
- on how to ensure independence from management; and
- on how the consultant interacts with management.

CCA recognises the importance of ensuring that any recommendations given in relation to the remuneration of KMP provided by remuneration consultants are provided independently of those to whom the recommendations relate.

Compensation Committee

The Compensation Committee comprises at least three Non-Executive Directors, the majority of whom are independent Directors. The Group Managing Director attends by invitation. Appropriate periods of time are set aside for only Committee members to be in attendance.

The Committee reviews matters relating to the remuneration of the Executive Director, senior management and Non-Executive Directors. It also reviews senior management succession planning, country retirement plans and remuneration by gender and considers diversity in the context of succession planning. The Committee obtains advice from external remuneration consultants to ensure that CCA's remuneration practices are in line with market conditions. On at least an annual basis, the Committee reviews the succession plans for the Group Managing Director and senior executives.

OTHER BOARD COMMITTEES

To assist in its deliberations, the Board has established a further two committees, the Administration Committee and the Securities Committee. These Committees are comprised of any two Directors or a Director and the Group Chief Financial Officer and meet as required. The Administration Committee's powers, while not limited, will generally be applied to matters of administration on behalf of the Board, including the execution of documents in the normal course of business. The Securities Committee attends to routine matters relating to the allotment of securities.

SPC Ardmona Ltd - Non Confidential

The Directors submit hereunder their Report for the financial year ended 31 December 2013.

NAMES AND PARTICULARS OF DIRECTORS

The names of the Directors of Coca-Cola Amatil Limited (Company, CCA or CCA Entity) in office during the financial year and until the date of this Report and each Director's holdings of shares and share rights in the Company are detailed below –

	Ordinary Shares No.	Long Term Incentive Share Rights Plan (LTISRP) share rights[1] No.
David Michael Gonski, AC	407,348	–
Ilana Rachel Atlas	5,000	–
Catherine Michelle Brenner	14,732	–
Terry James Davis	317,548	112,356
Anthony Grant Froggatt	19,151	–
Martin Jansen	10,173	–
Geoffrey James Kelly[2]	22,541	–
Wallace Macarthur King, AO	55,904	–
David Edward Meiklejohn, AM	25,497	–

1 Consists of unvested share rights in the 2012-2014 plan (adjusted to reflect Mr Davis' intention to retire in August 2014 and the pro-rata allocation under the plan rules).
2 Retired 18 February 2014.

Particulars of the qualifications, other directorships, experience and special responsibilities of each Director are set out on pages 4 and 5 of the Annual Report.

DIVIDENDS

	Rate per share ¢	Amount $M	Date paid or payable
Dividend declared on ordinary shares for 2013 (not recognised as liability) –			
Final dividend (franked to 75%)	32.0	244.3	1 April 2014
Dividends paid on ordinary shares in the financial year –			
Final dividend for 2012 (franked to 75%)	32.0	243.9	2 April 2013
Final special dividend for 2012 (unfranked)	3.5	26.7	2 April 2013
Interim dividend for 2013 (franked to 75%)	24.0	183.3	1 October 2013
Interim special dividend for 2013 (unfranked)	2.5	19.1	1 October 2013

PRINCIPAL ACTIVITIES

The principal activities of Coca-Cola Amatil Limited and its subsidiaries (Group or CCA Group) during the financial year ended 31 December 2013 were –

- the manufacture, distribution and marketing of carbonated soft drinks, still and mineral waters, fruit juices, coffee and other alcohol-free beverages;
- the processing and marketing of fruits, vegetables and other food products; and
- the manufacture and distribution of alcohol ready-to-drink products, and the distribution of premium spirits and beer brands.

OPERATING AND FINANCIAL REVIEW (OFR)

The Board presents the 2013 OFR with the objective of providing shareholders with an overview of the Company's businesses, operations, financial position and business strategies. This review also sets out material risks and prospects for future financial years.

The 2013 OFR has been prepared in accordance with section 299A of the Corporations Act 2001 and the Australian Securities and Investments Commission's Regulatory Guide 247 "Effective Disclosure in an Operating and Financial Review".

OPERATING AND FINANCIAL REVIEW (OFR) (CONTINUED)

A. Overview of CCA's businesses

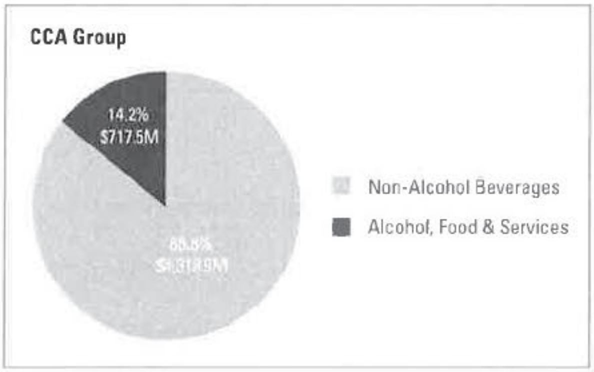
CCA's business comprises of –

- Non-Alcohol Beverages; and
- Alcohol, Food & Services.

The Non-Alcohol Beverages business is further categorised into the following geographic regions –

- Australia;
- New Zealand & Fiji; and
- Indonesia & PNG.

The relative sizes of these businesses, based on 2013 trading revenues is as follows –



Non-Alcohol Beverages

CCA is one of the largest bottlers of non-alcohol ready-to-drink beverages in the Asia-Pacific region and one of the world's top five Coca-Cola bottlers.

CCA produces the Australian market's number one cola brand, Coca-Cola, the number one bottled water brand, Mount Franklin and the number one sports beverage, Powerade Isotonic, and is market leader in non-sugar colas with Diet Coke and Coca-Cola Zero. Other CCA key non-alcohol beverage brands (including CCA owned brands and brands licensed from The Coca-Cola Company (TCCC)) in the markets in which it operates include Fanta, Sprite, Lift, Deep Spring, Pump, Nestea, Mother, Glaceau, Goulburn Valley Juice, Kiwi Blue and Frestea.

CCA's major shareholder, TCCC, owns approximately 29.2% of CCA's issued share capital and has two directors on CCA's nine member Board of Directors. Pursuant to the Bottler's and other agreements with TCCC, CCA manufactures, packages, distributes and markets the trademarked products of TCCC in designated sales territories while TCCC is responsible for the consumer marketing of TCCC trademarked products and the supply of proprietary concentrates and beverage bases to CCA. Further information of CCA's investment in bottler's agreements and relationships with TCCC can be found in Notes 11 and 33 to the financial statements.

Alcohol, Food & Services

CCA distributes a range of Beam Global premium spirits including Jim Beam, Canadian Club, Makers Mark and The Macallan. CCA also manufactures and distributes the best-selling ready-to-drink alcohol beverage, Jim Beam & Cola. CCA through its 89.6% owned subsidiary, Paradise Beverages (Fiji) Ltd, owns breweries in Fiji and Samoa and a distillery in Fiji, making Fiji Bitter, Vailima beer and Bounty Rum respectively.

In December 2013, CCA re-entered the premium beer and cider market in Australia with a joint venture with the Casella Group, Australian Beer Company Pty Ltd (ABC), for the manufacture and development of new beer and cider brands. CCA has a 50% equity interest in ABC.

In 2013, CCA also entered into a number of distribution agreements with international beer partners to distribute beer and cider branded products in Australia and other Pacific markets. Together with ABC, the portfolio of beer and cider brands to be distributed by CCA includes –

- Alehouse Australian Premium draught;
- ARVO;
- Blue Moon;
- Coors;
- Samuel Adams;
- Pressman's Cider; and
- Rekorderlig Cider.

CCA's Food business, SPC Ardmona (SPCA), operates predominantly in Australia and its activities include processing and marketing of packaged fruit and other food products under its key brand names, SPC, Ardmona, Goulburn Valley, IXL and Taylor's.

CCA's Services business provides certain support services to the Group and third party customers.

SPC Ardmona Ltd - Non Confidential

OPERATING AND FINANCIAL REVIEW (OFR) (CONTINUED)

A. Overview of CCA's businesses (continued)

Other information about CCA

Employees and customers

CCA employs approximately 15,000 people across the Group and has access to 270 million potential consumers through more than 600,000 active customers across the six countries within which it operates.

Potential consumers are represented by the approximate populations of each of the countries within which CCA operates, 2013 trading revenues have also been included for reference, as follows –

Country	Estimated population M	2013 Trading revenue $M
Australia	23.0	**3,617.3**
New Zealand, Fiji & Samoa	5.0	**499.9**
Indonesia & PNG	242.0	**919.2**
Total	270.0	**5,036.4**

Board of Directors and senior management

On 18 March 2013, CCA announced the retirement of Terry Davis, Group Managing Director to occur on 31 August 2014.

On 2 December 2013, CCA announced the appointment of Alison Watkins as CCA's Group Managing Director. Ms Watkins is expected to join CCA on 3 March 2014.

As a result of Ms Watkins appointment, Mr Davis will step down from his position of Group Managing Director on 3 March 2014, and remain available for advice and special projects to Ms Watkins and the CCA Board of Directors until 31 August 2014.

Further information on CCA's Board of Directors and senior management team (Key Management Personnel) can be found on pages 4 to 6 of the annual report.

Information concerning remuneration of Key Management Personnel, and general remuneration practises of CCA, can be found in the Remuneration Report, commencing on page 27 of the Directors' Report.

Corporate governance

Information of CCA's approach to Corporate Governance can be found in the front section of the annual report, commencing on page 7.

B. Review of operations

i) Highlights of the 2013 financial results

	2013 $M	2012 $M	Variance %
Trading revenue			
Non-Alcohol Beverage			
Australia	**2,947.2**	3,027.9	(2.7)
New Zealand & Fiji	**452.5**	402.8	12.3
Indonesia & PNG	**919.2**	948.2	(3.1)
Alcohol, Food & Services	**717.5**	718.5	(0.1)
Total trading revenue	**5,036.4**	5,097.4	(1.2)
Earnings before interest and tax (EBIT)[1]			
Non-Alcohol Beverage			
Australia	**566.0**	624.0	(9.3)
New Zealand & Fiji	**82.7**	70.1	18.0
Indonesia & PNG	**91.6**	105.5	(13.2)
Alcohol, Food & Services	**93.0**	95.1	(2.2)
Total EBIT[1]	**833.3**	894.7	(6.9)
Net finance costs	**(124.8)**	(114.1)	9.4
Income tax expense	**(205.0)**	(224.1)	(8.5)
Profit after income tax attributable to non-controlling interest	**(0.7)**	(0.2)	
Profit after income tax[1]	**502.8**	556.3	(9.6)
Significant items, after income tax	**(422.9)**	(98.5)	
Profit after income tax attributable to members of the Company	**79.9**	457.8	(82.5)

1 Before significant items. Refer to Note 4(i) for further details.

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OPERATING AND FINANCIAL REVIEW (OFR) (CONTINUED)

B. Review of operations (continued)

i) Highlights of the 2013 financial results (continued)

Trading revenue and EBIT

Refer to section ii) "2013 financial results by business" below for this commentary by business.

Net financing costs

Net financing costs increased by 9.4% ($10.7 million) in 2013 largely due to the lapping of a one-off interest income benefit in 2012 relating to the benefits of funds from the sale of CCA's interest in the Pacific Beverages Pty Ltd joint venture and the election not to proceed with the acquisition of Foster's Australian spirits business. Funds from these transactions were invested in the acquisition of the alcohol business in Fiji and Samoa (Paradise Beverages (Fiji) Ltd), up weighted capital investment in Australia and Indonesia and also used to fund dividend payments.

Pacific Beverages Pty Ltd was the joint venture entity CCA jointly owned with SABMiller plc, and its principle activities were the manufacture, importation and distribution of alcohol beverages. Refer to Note 9 to the financial statements for further details.

Income tax expense

The effective tax rate (before significant items) of 28.9% was 0.2 points higher than the previous financial year.

Significant items after tax

Profit after income tax includes a total significant item loss after income tax of $422.9 million (2012: $98.5 million loss). Refer to Notes 4c) and 5 to the financial statements for further details of the below and other significant items.

Write down of SPC Ardmona assets

Following the completion of the Company's asset impairment testing process, a decision has been taken to write down the carrying value of SPCA by $404.0 million. This includes the write off of the remaining goodwill of $277.0 million, a $39.7 million write down in the value of brand names and an $87.3 million charge covering write downs in inventory and property, plant & equipment and recognition of the diminution in value of some onerous contracts.

While CCA has undertaken a substantial restructuring of the SPCA business with initiatives undertaken to materially reduce the cost of doing business, the write down of assets has been made having regard to the ongoing impact of the high Australian dollar and the associated impact on the business' competitiveness against imported packaged fruit and vegetable products.

These SPCA write downs are largely non-cash in nature and have minimal impact on operations, cash flow or the ability of CCA to pay dividends.

Free cash flow

	2013 $M	2012 $M	Variance $M
EBIT	**367.9**	760.2	(392.3)
Depreciation and amortisation expenses	**251.5**	233.4	18.1
Impairment of fixed assets	**44.3**	23.0	21.3
Impairment of intangibles	**316.7**	48.0	268.7
Other income	–	(53.2)	53.2
Operating EBITDA	**980.4**	1,011.4	(31.0)
Change in working capital	**30.3**	14.0	16.3
Net interest paid	**(121.9)**	(104.0)	(17.9)
Taxation paid	**(168.5)**	(167.0)	(1.5)
Other	**12.8**	(12.5)	25.3
Operating cash flow	**733.1**	741.9	(8.8)
Capital expenditure	**(392.5)**	(464.8)	72.3
Proceeds from sale of non-current assets and other	**5.5**	64.2	(58.7)
Additions of other non-current assets	**(4.5)**	(0.3)	(4.2)
Free cash flow	**341.6**	341.0	0.6

The business delivered free cash flow of $341.6 million, a $0.6 million increase on last year despite a reduction in earnings.

Operating cash flow reduced by $8.8 million to $733.1 million reflecting the impact of lower earnings and higher net interest payments, partly offset by improvements in working capital.

Net interest payments increased by $17.9 million. Prior year net interest paid includes an $8 million one-off interest income benefit arising from the timing of receipt of proceeds from the sale of CCA's interest in a joint venture and other related transactions.

The $25.3 million increase in other operating cash flows primarily reflects reduced prepayments, a result of improved cash management and increased customer rebates, reflecting the timing of promotional activity in the grocery channel.

Capital expenditure reduced by $72.3 million reflecting the lower capital needs of the business as the major Project Zero investment programme nears completion in Australia.

OPERATING AND FINANCIAL REVIEW (OFR) (CONTINUED)

B. Review of operations (continued)

i) Highlights of the 2013 financial results (continued)

Earnings per share

Earnings per share (before significant items) decreased by 9.8% to 65.9 cents per share, due mainly to a 9.6% decrease in profit after income tax and before significant items.

Dividends

The continued strength of the balance sheet has supported the maintenance of the final ordinary dividend at 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. The unfranked portion of the dividend will be paid out of the conduit foreign income account.

Total ordinary dividends have been maintained at 56.0 cents per share, with the full year ordinary dividend payout ratio increasing from 76.4% to 85.1%.

ii) 2013 financial results by business

Further information of financial results by business, can be found in Note 2 to the financial statements. CCA uses earnings before interest, tax and significant items to define its financial results by business or operating segment, these results and related commentary are as follows –

Non-Alcohol Beverage business

Australia	2013	2012	Variance
Trading revenue ($M)	**2,947.2**	3,027.9	(2.7%)
Volume (million unit cases)	**338.2**	349.3	(3.2%)
EBIT ($M)[1]	**566.0**	624.0	(9.3%)

1 Before significant items. Refer to Note 4(i) for further details.

Difficult trading conditions in the Australian grocery channel resulted in a 9.3% decline in Australian beverage earnings. While the non-grocery channel delivered volume and earnings growth, the grocery channel was impacted by aggressive competitor pricing, requiring higher levels of market support and promotional activity, which impacted price realisation and in turn profitability. In addition, the grocery channel was cycling the impact of a material reduction in retailer inventory levels since December 2012.

Key highlights included the performance of the bottled water portfolio with Mount Franklin "Lightly Sparkling" volumes growing by over 50%. Overall Mount Franklin brand volumes grew by around 9% resulting in an increase in the volume share of the highly price competitive water category in the grocery channel by one percentage point. Pump bottled water grew volumes by 10% and frozen beverage volumes grew by over 30% with over 7,500 machines now installed. While the overall performance of the CSD category was disappointing, highlights included the continued growth in portion control packs and the continued shift to low calorie offerings. Mini-can volumes grew by around 70% and Coke Zero grew its share of the cola category. Diet Coke and Coke Zero combined now represent 32% of Brand Coca-Cola volumes, up 2.1 points from five years ago.

The business completed the rollout of four PET bottle self-manufacture lines with two in Queensland, one in Victoria and one in Western Australia. A final "warm fill" line will be installed in Western Australia in 2015 to complete the transformation of CCA's PET bottle manufacturing infrastructure. In addition, the Bayswater and Adelaide production plants were upgraded to enable the manufacture of the Cascade product range.

In 2013, the business commenced a major operational efficiency programme aimed at fully leveraging the multi-year investment made in production, warehousing and IT with a range of cost out and business restructuring initiatives. The investment in PET blowfill lines has increased production capacity across the business, which enabled the closure of the Peats Ridge bottling operations and the transfer of PET bottling production at the Smithfield, NSW to larger facilities. Restructuring of operations to deliver improved customer service levels, leverage automation benefits and site consolidation has resulted in a headcount reduction of over 200 full time positions, representing 4.5% of the workforce. The business expects to deliver $30-40 million of annual efficiency gains and cost out initiatives over three years with around $10 million delivered in the second half of 2013.

New Zealand & Fiji	2013	2012	Variance
Trading revenue ($M)	**452.5**	402.8	12.3%
Volume (million unit cases)	**61.5**	59.9	2.7%
EBIT ($M)	**82.7**	70.1	18.0%

In Australian dollars, New Zealand & Fiji delivered 18.0% earnings growth driven by improved performances from both New Zealand and Fiji as well as a currency benefit on translation from the appreciation of the New Zealand dollar. Local currency regional EBIT increased by around 10%.

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B. Review of operations (continued)

ii) 2013 financial results by business (continued)

New Zealand

The New Zealand business experienced a solid recovery with a return to growth following a strong summer trading season. Momentum improved throughout the year as a result of a number of successful new product launches as well as benefiting from the improved economic conditions.

Highlights for the year included the relaunch of Lift Plus as a price fighter energy drink, driving energy drink volume growth of 11% with the brand gaining significant market share across all segments of the market. Keri Pulpy was successfully launched in February driving total Keri juice growth of over 11%.

The successful implementation of Project Zero initiatives continues to reduce the cost base in New Zealand. The benefits of automation in the supply chain and the implementation of the SAP IT system have driven operational efficiencies including a 10% reduction in headcount since 2012.

Fiji

The Fiji business delivered strong volume and earnings growth as it cycles the impact of major floods last year and continues to benefit from the strong growth of Minute Maid Pulpy.

Indonesia & PNG	**2013**	**2012**	Variance
Trading revenue ($M)	**919.2**	948.2	(3.1%)
Volume (million unit cases)	**178.7**	167.4	6.8%
EBIT ($M)	**91.6**	105.5	(13.2%)

The Indonesian & PNG region delivered 6.8% volume growth with double digit volume growth in Indonesia moderated by a decline in PNG volumes, a result of a slowdown in the economy due to falling commodity prices and reduced mining activity. In Australian dollars earnings declined by 13.2% with a solid local currency performance from Indonesia offset by the impact on translation of the devaluation in the Indonesian Rupiah and a significant earnings decline in PNG.

Indonesia

Indonesian volumes grew by over 10% with 5% local currency EBIT growth driven by the successful launch of a number of new products and the rapid growth of the water business. Significant wage and fuel inflation in the second half however limited local currency earnings growth.

One-way-packs (OWPs) delivered volume growth of 20% with both the modern food store and general trade performing well supported by the acceleration of cold drink cooler placements, improved in-market execution, new products and packs and a strong promotional programme. The launch of more affordable brand and package options in the general trade market is helping to support growth in the core carbonated beverage category, improving the relevance of CCA products to Indonesian consumers and enabling the business to drive penetration and increase transactions with customers. Pleasingly, the strong growth in OWP in the general trade more than offset the impact of the continuing decline in lower value returnable glass bottles. Returnable glass bottles now represent only 13% of Indonesia's pack mix.

Highlights include the strong growth of single serve carbonated beverages in OWP which grew by over 20% as a result of the successful launch of the 425ml package and the launch of Fanta Royal in the fourth quarter. OWP Frestea grew over 15% driven by the launch of the 300ml PET pack and cups. The Minute Maid brand continues to grow strongly supported by new product launches including Minute Maid Aloe Vera and Minute Maid Nutriboost which both exceeded expectations. An important development in growing relevance with the customer base has been the continued expansion into the high volume water category. CCA installed its first dedicated high speed water line in May for production of the Ades water brand with overall water volumes growing by over 50%.

Earnings were impacted by significant wage and fuel inflation, a direct result of an approximate 35% increase in minimum wages and the over 30% reduction in fuel subsidies. In addition, the 20-25% reduction in the Indonesia Rupiah is having a material impact on foreign denominated input costs. While the increase in minimum wages is very positive for driving demand for commercial beverages in the medium term, the immediate impact of these cost increases limited earnings growth in the second half.

In local currency, revenue per unit case reduced by around 2% from last year. The revenue per case benefit of the increase in the mix of OWP products was offset by an increase in the mix of lower value, lower cost bottled water.

The Indonesian business has continued to rapidly expand its sales, manufacturing and distribution footprint across all major population centres. CCA now has 36 beverage production lines, 85 sales and distribution centres, over 260,000 cold drink coolers in the market and directly employs nearly 8,000 permanent staff.

PNG

The PNG business experienced a significant decline in volumes and earnings due to a slowdown in economic activity caused by falling commodity prices, reduced mining activity, increased competition and increased unemployment levels.

OPERATING AND FINANCIAL REVIEW (OFR) (CONTINUED)

B. Review of operations (continued)

ii) 2013 financial results by business (continued)

Alcohol, Food & Services business	2013	2012	Variance
Trading revenue ($M)	**717.5**	718.5	(0.1%)
EBIT ($M)[1]	**93.0**	95.1	(2.2%)

1 Before significant items. Refer to Note 4c) for further details.

Alcohol, Food & Services earnings declined by 2.2% with the growth in earnings from alcoholic beverages more than offset by the decline in earnings from SPCA.

Alcohol beverages

The Beam business delivered solid earnings growth driven by improved mix despite the impact of a soft spirits market on volumes. With the recent extension of the Beam distribution agreement through until 2023, CCA has continued to drive its extensive Spirits and alcoholic ready-to-drink (ARTD) portfolio in Australia. The Jim Beam brand innovated with the launch of a number of Super Premium products including Jim Beam Distillers Masterpiece and Jim Beam Signature Craft. 2013 also saw the launch of Jim Beam and Canadian Club Draught products, quickly securing over 650 taps in the On Premise market. The Canadian Club brand continues its strong performance in the market with growth of 24%, making it the Number 4 ARTD in Australia. The Australian Beam portfolio was extended with the launch of Marker 46 and Knob Creek in the premium bourbon sector, Stolen Rum in the growing flavoured Rum Category, Vodka O (the Number 3 Vodka in the Australian market) and Tequila Blu in the light spirits market.

2013 includes the first full year result from Paradise Beverages (three months in 2012). Strong progress has been made on the revitalisation of Paradise Beverages in Fiji in both the beer and rum operations with capital upgrades well advanced, a strong new product pipeline and the establishment of an export business for the Fiji beer and rum portfolio.

CCA re-entered the beer and cider market in Australia in mid-December with strong support from customers and consumers. The brand portfolio includes Molson Coors range of premium beers, including Coors and Blue Moon, America's largest selling craft beer, Samuel Adams, Swedish cider Rekorderlig as well as a range of Australian Beer Company beverages including Alehouse Australian Premium draught, an on-premise only premium draught beer in both mid and full strength, and Pressman's cider, an Australian craft cider.

SPC Ardmona

The business continued to restructure its production operations with initiatives being undertaken to materially reduce the cost of doing business. However, the high Australian dollar relative to the South African Rand and the Euro as well as the high cost of operating in Australia continued to materially impact SPCA's competitiveness against imported packaged fruit and vegetables. While volumes and earnings declined for the full year, second half earnings delivered an improvement over the first half.

A highlight for the year was gaining the commitment from its major customers to convert to 100% Australian grown produce for multi-serve packaged fruit. In addition, the anti-dumping commission has found that 56% of Italian tinned tomatoes have been dumped into the Australian market, damaging our business, and has imposed an immediate tariff penalty on these imports which will improve SPCA's competitive position in the market.

Services

The Services business achieved good earnings growth driven by improved earnings from refrigeration and equipment management services and the delivery of lower operating costs for servicing the CCA fleet of coolers.

C. Financial position

CCA manages its overall financial position (balance sheet) by segregating net assets into two main categories, being capital employed and net debt. Capital employed is managed at the operations' level of the business, and net debt is managed by CCA's centralised Group Treasury function. The Group's total net assets as at the end of the financial year is shown below –

	2013 $M	2012 $M	Variance $M
Capital employed	**3,499.1**	3,696.0	(196.9)
Net debt	**(1,759.3)**	(1,632.5)	(126.8)
Net assets	**1,739.8**	2,063.5	(323.7)

Details of movements in capital employed and net debt are included below in sections i) and ii).

OPERATING AND FINANCIAL REVIEW (OFR) (CONTINUED)

C. Financial position (continued)

i) Capital employed

	2013 $M	2012 $M	Variance $M
Working capital[1]	**812.4**	842.7	(30.3)
Property, plant and equipment	**2,062.2**	1,993.8	68.4
Investments in bottlers agreements (IBAs) and intangible assets	**1,264.8**	1,533.9	(269.1)
Deferred tax liabilities	**(173.1)**	(151.8)	(21.3)
Net derivative liabilities – non debt related	**(32.2)**	(63.9)	31.7
Other net liabilities[2]	**(435.0)**	(458.7)	23.7
Capital employed	**3,499.1**	3,696.0	(196.9)

1 Working capital is defined as current trade and other receivables plus inventories, and less current trade and other payables.
2 Mainly comprising of prepayments, employee expense obligations, current tax liabilities, and accrued charges.

Capital employed decreased by $196.9 million to $3,499.1 million with Group return on invested capital (before significant items) remaining strong at 16.5%.

The decrease in capital employed was largely driven by the write down of the SPCA intangibles, inventories and other assets which more than offset the impact of up-weighted capital investment over the past 12 months.

The net reduction in IBAs & intangible assets reflects the write down of $316.7 million of SPCA intangible assets, partly offset by the investment in the SAP IT platform into the Indonesian business.

Non-debt derivative liabilities decreased by $31.7 million reflecting the market valuations of commodity contracts, foreign exchange contracts and the interest rate portion of cross currency swaps.

ii) Net debt

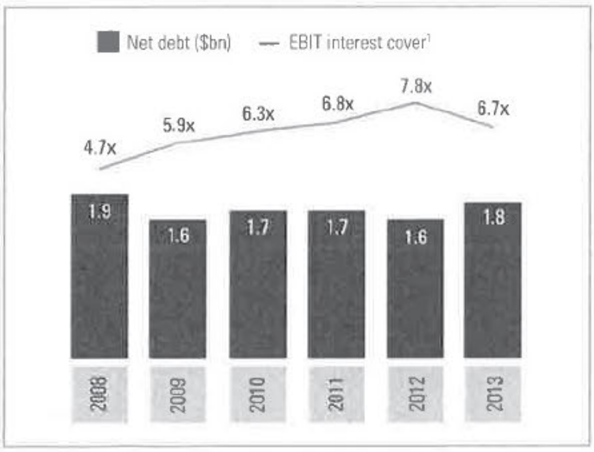
	2013 $M	2012 $M	Variance $M
Cash assets and long term deposits	**(1,425.9)**	(1,328.0)	(97.9)
Net derivative liabilities – debt related	**76.8**	173.3	(96.5)
Interest bearing liabilities	**3,108.4**	2,787.2	321.2
Net debt	**1,759.3**	1,632.5	126.8

The balance sheet remains in a very strong position. Net debt increased by $126.8 million to $1.76 billion.

In 2012, CCA received a one-off $8 million interest income benefit as a result of the timing of the receipt of $220 million in sales proceeds from the sale of CCA's interest in a joint venture and other related transactions. This interest income benefit reduced net financing costs and increased EBIT interest cover by 0.5x in 2012.

Long term deposits and cash assets have increased by $97.9 million to $1.4 billion as a result of favourable borrowing terms which have enabled the pre-funding of all future debt maturities to March 2016. The funds raised have been placed on deposit and are earning interest income in excess of the related borrowing costs.

CCA's net debt level (as shown below) remains broadly flat over the past 6 years, despite material investment in capital expenditure and increased dividend payout ratios. Further, CCA's EBIT (before significant items) interest cover (also shown below) indicates CCA's ability to cover its net interest costs.



1 Before significant items.

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OPERATING AND FINANCIAL REVIEW (OFR) (CONTINUED)

C. Financial position (continued)

iii) Significant unrecognised assets

As referenced in section A) above, CCA has a number of significant products in its portfolio that are sold under brands owned by CCA. These brands include Mount Franklin, Deep Spring and Kirks in Australia, Deep Spring and Pump in New Zealand, and Juicy and Sunfresh in Fiji.

As these brands were internally generated, purchased in prior periods for immaterial amounts, or historically amortised in total through the income statement, the statement of financial position of CCA for the financial year ended 31 December 2013, in accordance with accounting standards, does not contain any asset values for these brands.

D. Strategy, prospects for future financial years and risks

The following information is provided to enable users of CCA's annual report to make informed assessments about CCA strategies and prospects for future financial years. Information that could result in likely material detriment to CCA, owing to its commercially sensitive or confidential nature, or which could provide a third party a commercial advantage has not been included.

Further, the information contained in this section has been provided on the basis of business plans, strategies (and related risks) as previously approved by the Company's Board of Directors. In the future, changes to the business plans and related risks may occur. CCA will provide suitable updates to shareholders in this regard, as required.

i) Business strategies

CCA's strategies have been guided by three key business priorities. These are –

1. Continue to invest and grow the core Australian and New Zealand non-alcohol beverage businesses by –
   - Strengthening CCA's market leadership position with innovative new products and packages;
   - Continuing the cold drink cooler placement programme to drive greater availability and sales of cold beverages; and
   - Delivering efficiency gains by leveraging the investments made over the past few years on state-of-the-art production and IT infrastructure.
2. Accelerate the growth of the Indonesian business by –
   - Expanding the brand portfolio to meet the needs of the growing "middle class" population;
   - Developing lower priced entry packs through returnable-glass and small PET bottles to increase per capita consumption of the C and D level (income demographic) consumer groups; and
   - Further increasing production capacity, the cold drink cooler footprint and sales & distribution capability to meet growing demand.
3. Leverage CCA's best in class sales, distribution and logistics to grow premium alcohol beverages in Australia and New Zealand.
   - CCA has a proven track record in adding value to premium alcohol beverage brands (with reference to CCA's prior equity investment in Pacific Beverages Pty Ltd); and
   - CCA re-entered the beer and cider market in Australia in December 2013 with leading international premium brands including a range of Molson Coors and Samuel Adams beers, Rekorderlig cider and a portfolio of Australian premium and craft beers.

ii) Sustainability strategy

CCA has a sustainability strategy that focuses on targets, accountability, transparency and ethical performance across four pillars: Environment, Market Place, Workplace and Community. These are reported across the Group in the Sustainability Reports and are described further below –

Environment

CCA minimises its impact on climate change through focus on minimising water and energy use and improving recycling rates. Examples of this focus include –

- \$450m investment in PET bottle self-manufacture or "Blowfill" (bottle design, construction and filling) technology, resulting in the reduced use of raw materials, mainly PET resin, decreased water use and less energy consumed in the production process, resulting in an average 20% reduction in the carbon footprint of our PET bottles;
- Supplying our customers and our business with the most energy efficient cold drink equipment in the global market;
- CCA opposes national Container Deposit Legislation as an inefficient tax on beverages and instead supports industry plans to focus on away- from- home recycling through a national roll out of a public place recycling strategy and other initiatives to improve recovery and recycling of beverage containers; and
- Sustainable use of water sources and targets for water efficiency in production facilities, governed by the Company's Water Policy.

Market place

- Providing consumers with product choice through CCA's zero and low calorie beverages, including a portfolio of spring water options; and varied portion sizes; and
- Providing comprehensive consumer information and education about kilojoules, nutrition and physical activity.

OPERATING AND FINANCIAL REVIEW (OFR) (CONTINUED)

D. Strategy, prospects for future financial years and risks (continued)

ii) Sustainability strategy (continued)

Work place

- A strong focus on a safe workplace through the internal "Live Safe" program;
- Fostering a culture that promotes inclusion and diversity – refer to the Corporate Governance section of the annual report, commencing on page 7 of the annual report; and
- Training and development – fostering an environment that supports and encourages growth of employee skills through various systems, internal processes, and implementation of a performance based culture.

Community

CCA contributes to the economic and social development of local communities in every country we operate in through a raft of means including:

- Financially supporting community causes through Coca-Cola Foundations;
- Workplace giving programs, where staff donations to charities are matched by CCA;
- Staff volunteering for charity and community organisations via CCA's Volunteer Policy;
- Donations of food and beverages to Foodbank Australia; and
- Natural disaster relief via financial and product donations.

CCA's sustainability reports are available on its website, www.ccamatil.com.

iii) Prospects for future financial years

Australia

We remain concerned by the generally weak consumer confidence and spending environment and the continued softness of the carbonated beverage category in the grocery channel. While we are aware that our major competitor has taken price increases outside of the grocery channel, we note that their pricing in the grocery channel since January has declined. It is too early to determine the market pricing over the important Easter trading period. As in prior years, a first half 2014 trading update will be provided at the AGM in May.

Following the disappointing result in 2013, the business shall undertake a comprehensive review of the operating cost structure to adapt to a more competitive landscape. This review will be in addition to the major operational efficiency programme announced in February 2013 and will seek to right-size the business to lower the cost of production and distribution while better leveraging the investments made over the past few years on state-of-the-art production and IT infrastructure.

Indonesia

The Indonesian business expects to again deliver volume growth of over 10% in 2014. While the commercial beverage market continues to grow rapidly, the challenges for all beverage manufacturers in 2014 will be managing high levels of cost inflation driven by increases in wages and fuel, as well as the impact on costs from the 20-25% depreciation of the Rupiah. While the medium term outlook for volume and earnings growth in Indonesia continues to be positive, 2014 local currency earnings growth is expected to be impacted by high cost inflation.

Looking forward, we remain positive about the prospects for Indonesia and will continue to invest in production and distribution capacity and cold drink coolers to meet increasing demand while delivering productivity improvements which are expected to moderate the impact of inflation driven cost increases in 2014. There is a strong pipeline of new beverages and packs to be launched over the next 12 months and this is being supported by strong investment and execution of consumer marketing initiatives by TCCC.

Alcohol beverages

Over the past 12 months CCA has made significant progress in developing the alcoholic beverages portfolio, securing access to a world-class, low cost brewery, entering into long term exclusive agreements to distribute Rekorderlig cider, the Molson Coors premium beers, the Boston Beer Company premium beers and the C&C Group's beer and cider portfolio in New Zealand and the Pacific region. Together with our own domestic premium and craft beer portfolio, the expanded alcoholic beverages business is targeting to generate around 1% in incremental earnings growth in 2014.

SPC Ardmona

On 13 February, a $100 million co-investment between CCA and the Victorian Government to revitalise the SPC Ardmona business was announced. CCA will invest $78 million and the Victorian Government will invest $22 million for investment in innovation and efficiency measures for SPCA over the next three years. SPCA has been severely damaged in recent times by a perfect storm created by external economic factors. The high Australian dollar has enabled a flood of cheap imported product to be sold in Australia below the cost of production here while decimating SPCA's export markets. In addition to this investment, CCA will continue to seek the removal of unfair structural barriers which are not only damaging the food processing sector, but impacting the entire manufacturing industry in Australia. Specifically, CCA will seek measures to prevent the dumping of cheap imports, the levelling of the playing field with respect to tariffs on imports and the enforcement of standards and inspection measures to prevent imports which may have unsafe levels of contaminants like lead.

Capital Expenditure

Group capital expenditure is expected to reduce to around $350 million in 2014 with around 50% of Group capex to be invested in Indonesia & PNG to increase production capacity and cold drink cooler penetration.

OPERATING AND FINANCIAL REVIEW (OFR) (CONTINUED)

D. Strategy, prospects for future financial years and risks (continued)

iv) Business and sustainability risks

CCA is exposed to a range of market, operational, financial and political risks, in some cases these risks are beyond the Company's control. The Company has risk management and internal control systems in place to mitigate business risks, which could have an adverse effect on CCA's prospects for future financial years. The nature and potential impact of these risks change over time.

For further information of CCA's risk management framework, refer to page 13 for discussion of CCA's approach under Principle 7 to the ASX Corporate Governance Council's Principles and Recommendations, 2nd edition, being "Recognition and Management of Risk".

CCA's key business risks include, but are not limited to –

- Adverse economic conditions and subdued consumer confidence;
- Competitive threats;
- Relationship with TCCC;
- Occupational Health & Safety Risk; and
- Natural disasters.

Adverse economic conditions and subdued consumer confidence

The retail environment in Australia remains challenging as consumer spending is subdued across a number of areas, particularly in relation to food and beverage retailing. Adverse unemployment forecasts and expectations are negatively impacting consumer demand (unemployment is at a decade high of around 6%). The economic outlook for Indonesia is likely to remain weaker than the trend as the economy adjusts to higher levels of inflation and the 20% depreciation of the Rupiah against the United States Dollar in 2013, which will impact consumer spending, while the PNG economy has shown no signs of improvement as falling commodity prices and reduced mining activity and investment continue to impact the government revenues and unemployment levels.

Competitive threats

The beverages business is highly competitive in each country in which the Group operates. Increased competitor activity continues to place pressure on earnings. CCA works closely with key partners, including TCCC, to innovate and establish pricing strategies to strengthen its competitive position.

Relationship with TCCC

CCA's beverage business, of which TCCC branded products form the majority, accounts for approximately 90% of CCA's earnings. The relationship with TCCC is a fundamental component to the ongoing success of CCA.

Occupational Health & Safety Risk

CCA values safety and is committed to ensuring that a robust OH&S framework is employed across the Group. While CCA has historically experienced low injury rates, the risk of serious injury through industrial and traffic accidents remains in all CCA markets due to the nature of the manufacturing and distribution business.

Natural disasters

CCA operates in environments that are susceptible to natural disasters (such as flood, fire and earthquakes) which have the potential to cause business disruption. Business continuity frameworks and insurance cover is in place to reduce the impact, to the extent possible of any major disruption to the business caused by natural disasters.

Capital and financial risk management

Information concerning CCA's capital and financial risk management can be found in Note 32 to the financial statements.

Further disclosure

Further information of strategy, prospects for future financial years and risks has not been disclosed, as in the opinion of the Directors, such disclosure would unreasonably prejudice the interests of the Group, by providing information to competitors which CCA regards as being commercially sensitive to the business.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

In the opinion of the Directors, other than as referred to in the OFR in this Directors' Report, there have been no other significant changes in the Group's state of affairs or principal activities during the 12 months to 31 December 2013.

ENVIRONMENTAL REGULATION AND PERFORMANCE

Management of environmental issues is a core component of operational management within the Group's businesses. The Group is committed to understanding and minimising any adverse environmental impacts of its beverage and food manufacturing activities, recognising that the key areas of environmental impact are water use, energy use and post-sale to consumer waste.

Group policy is to ensure all environmental laws and permit conditions are observed. The Group monitors its environmental issues at an operational level, overlaid with a compliance system overseen by the Compliance & Social Responsibility Committee. Although the Group's various operations involve relatively low inherent environmental risks, matters of non compliance are identified from time to time and are corrected as part of routine management, and typically notified to the appropriate regulatory authority.

DIRECTORS' MEETINGS

The number of Directors' meetings (including meetings of Committees of Directors) and the number of meetings attended by each of the Directors of the Company during the financial year are detailed below –

	Board of Directors		Audit & Risk Committee[1]		Compliance & Social Responsibility Committee[2]		Compensation Committee[3]		Related Party Committee[4]		Nominations Committee[5]		Other Committees[6]
	Meetings held while a Director	No. of meetings attended	Meetings held while a member	No. of meetings attended	Meetings held while a member	No. of meetings attended	Meetings held while a member	No. of meetings attended	Meetings held while a member	No. of meetings attended	Meetings held while a member	No. of meetings attended	No. of meetings attended
D.M. Gonski, AC	6	6	4	4	4	4	4	4	6	6	1	1	–
I.R. Atlas	6	6	4	4	–	–	4	3	6	6	1	1	–
C.M. Brenner	6	6	–	–	4	4	4	4	6	6	1	1	–
T.J. Davis	6	6	4*	4*	4*	4*	4*	4*	6*	6*	1*	1*	5
A.G. Froggatt	6	6	4	4	–	–	4	4	6	6	1	1	–
M. Jansen[7]	6	6	4	4	–	–	–	–	–	–	–	–	–
G.J. Kelly[7]	6	6	–	–	–	–	4	4	–	–	–	–	–
W.M. King, AO	6	5	–	–	4	2	–	–	6	5	1	1	–
D.E. Meiklejohn, AM	6	6	4	4	4	4	–	–	6	6	1	1	–

1 The Audit & Risk Committee reviews matters relevant to control systems so as to effectively safeguard the Company's assets, accounting records held to comply with statutory requirements and other financial information. It consists of five Non-Executive Directors. Refer to the Corporate Governance Statement on page 7 of the Annual Report for further details on this and other Committees.
2 The Compliance & Social Responsibility Committee reviews systems of control so as to effectively safeguard against contraventions of the Company's statutory responsibilities and to ensure there are policies and procedures in place to protect the Company's reputation as a responsible corporate citizen. It consists of four Non-Executive Directors.
3 The Compensation Committee reviews matters relevant to the remuneration of Executive Directors and senior Company executives. It consists of five Non-Executive Directors.
4 The Related Party Committee reviews agreements and business transactions with related parties. It consists of all the Non-Executive Directors who are not associated with a related party.
5 The Nominations Committee reviews the composition of the Board, including identifying suitable candidates for appointment to the Board, and reviews general matters of corporate governance. It consists of all the independent Non-Executive Directors.
6 Committees were created to attend to allotments of securities and administrative matters on behalf of the Board. A quorum for these Committees was any two Directors, or any one Director and the Group Chief Financial Officer.
7 Non-residents of Australia.
* Mr T.J. Davis attended by invitation.

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COMMITTEE MEMBERSHIP

As at the date of this Report, the Company had an Audit & Risk Committee, a Compliance & Social Responsibility Committee, a Compensation Committee, a Related Party Committee and a Nominations Committee of the Board.

Members acting on the Committees of the Board during the financial year were –

Audit & Risk	Compliance & Social Responsibility	Compensation	Related Party	Nominations
D.E. Meiklejohn, AM[1]	C.M. Brenner[1]	A.G. Froggatt[1]	D.M. Gonski, AC[1]	D.M. Gonski, AC[1]
I.R. Atlas	D.M. Gonski, AC	I.R. Atlas	I.R. Atlas	I.R. Atlas
A.G. Froggatt	W.M. King, AO	C.M. Brenner	C.M. Brenner	C.M. Brenner
D.M. Gonski, AC	D.E. Meiklejohn, AM	D.M. Gonski, AC	A.G. Froggatt	A.J. Froggatt
M. Jansen		G.J. Kelly	W.M. King, AO	W.M. King, AO
			D.E. Meiklejohn, AM	D.E. Meiklejohn, AM

1 Chairman of the relevant Committee.

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

The Company has paid the premium for Directors' and officers' liability insurance in respect of Directors and executive officers of the Company and its subsidiaries as permitted by the Corporations Act 2001. The terms of the policy prohibit disclosure of details of the insurance cover and premium.

SHARE RIGHTS

Details of movements in share rights during the financial year are included in Note 23 to the financial statements.

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, with the exception of the following –

SPC Ardmona

On 13 February 2014, a $100 million co-investment between CCA and the Victorian Government to revitalise the SPCA business was announced. CCA will invest $78 million and the Victorian Government will invest $22 million for investment in innovation and efficiency measures for SPCA over the next three years.

ROUNDING

The Company is of a kind referred to in the Australian Securities and Investments Commission (ASIC) Class Order No. 98/100 and, in accordance with this Class Order, amounts in this Report and the financial statements have been rounded off to the nearest tenth of a million dollars, unless otherwise stated.

REMUNERATION REPORT

This remuneration report outlines CCA's remuneration philosophy and practices together with details of the specific remuneration arrangements that apply to key management personnel (KMP) in accordance with the requirements of the Corporations Act 2001.

For the purpose of this report, KMP of the Group are defined as the Non-Executive Directors and any Senior Executive. The term Senior Executive refers to the Group Managing Director and those persons having authority and responsibility for planning, directing and controlling the major activities of the Company and the Group, directly or indirectly.

CCA's KMP for 2013 are –

KMP Non-Executive Directors		
D.M. Gonski, AC	Chairman	
I.R. Atlas	Director	
C.M. Brenner	Director	
A.G. Froggatt	Director	
M. Jansen	Director	
G.J. Kelly	Director	Retired 18 February 2014
W.M. King, AO	Director	
D.E. Meiklejohn, AM	Director	

KMP Executive Directors		
T.J. Davis	Executive Director and Group Managing Director	
G. Adams	Former Managing Director, New Zealand & Fiji	Ceased to be KMP on 7 April 2013 Resigned on 30 June 2013
K. Gunduz	Managing Director, Indonesia & PNG	Appointed as KMP on 1 November 2013
P.N. Kelly	Managing Director, SPCA	Appointed as KMP on 1 April 2013
J. Murphy	Managing Director, Australian Beverages	
B. O'Connell	Managing Director, New Zealand & Fiji	Appointed as KMP on 8 April 2013
N.I. O'Sullivan	Group Chief Financial Officer	
V. Pinneri	Director – New Ventures (former Managing Director, SPCA)	Ceased to be KMP on 31 March 2013
E. Rey	Former Managing Director, Indonesia & PNG	Ceased to be KMP on 31 October 2013
W.G. White	Managing Director, Australasia	

There were no other changes to KMP during the reporting period, or after the reporting date up to the date the financial report was authorised for issue.

The incoming Group Managing Director Ms Alison Watkins has completed a review of the Australasian business management structure in conjunction with Managing Director Australasia Mr Warwick White and has decided to simplify the reporting structure. Mr John Murphy, Managing Director Australian Beverages, Mr Barry O'Connell, Managing Director New Zealand & Fiji and Mr Peter Kelly, Managing Director SPC Ardmona will report directly to Ms Watkins. The position of Managing Director Australasia will not be replaced and Mr Warwick White will leave the business. These changes will be effective as of 3 March 2014, the date of Ms Watkins' commencement, and Mr White will leave CCA on 30 June 2014.

The information contained in this remuneration report has been audited as required by section 308(3C) of the Corporations Act 2001. Refer to the audit opinion on page 119.

The remuneration report is in six sections as follows –

A. Remuneration Strategy

B. Remuneration Structure

- a) Fixed Remuneration
- b) Variable/At Risk Remuneration
  - i) Short Term Incentive Plan (STIP)
  - ii) Executive Retention Share Plan (ERSP)
  - iii) Long Term Incentive Share Rights Plan (LTISRP)
- c) Performance of CCA and the Link to Reward
- d) Remuneration Consultants

C. Summary of Employment Contracts

D. Statutory Remuneration of Senior Executives

E. Remuneration of Non-Executive Directors

F. Policy on Trading in CCA's Shares.

REMUNERATION REPORT (CONTINUED)

A. Remuneration Strategy

The Compensation Committee (Committee) is responsible for reviewing the nature and amount of the Group Managing Director's and other Senior Executives' remuneration. The Board (on the recommendations of the Committee) has set a remuneration strategy that supports and drives the achievement of CCA's strategic objectives. By establishing a remuneration structure that motivates and rewards executives for achieving key targets linked to CCA's business objectives, the Board is confident that its remuneration strategy focuses CCA's people on creating superior shareholder wealth, in line with CCA's strategic intent.

The following diagram illustrates how CCA's remuneration strategy and the structure the Board has implemented to achieve this strategy align with CCA's business objectives –

CCA's Strategic Business Objectives		
Continue to provide sustainable returns to shareholders that are superior to those of CCA's competitors.	Invest in CCA's capacity and encourage business growth.	Conduct business and operate within the community as a good corporate citizen.

Remuneration Components		
Base (Fixed) Remuneration • Base level of reward; • Set at a competitive market level and reviewed annually in light of data sourced from external remuneration suppliers and/or recommendations from remuneration consultants; and • Dependent on employee's experience, knowledge, skills, level of responsibility and general performance.	**Short Term Incentive** • Determined by reference to achievement of pre-determined business performance and individual performance measures; • Business performance measures include volume (that aligns to trading revenue) and EBIT or net profit after tax (NPAT); • Individual performance measures focus on team performance and individual contributions; and • Delivered in cash annually if pre-determined stretching targets are met, with a proportion deferred into CCA shares for a specified period.	**Long Term Incentives** Long Term Incentive Share Rights Plan • Set by reference to CCA's peer group of companies in the external market; • Determined by CCA's performance against financial performance measures of total shareholder return (TSR) and earnings per share (EPS); • No value derived unless CCA meets or exceeds performance measures – greater rewards available for exceeding the minimum performance threshold; and • Delivered in equity to align shareholder and executive interests. Executive Retention Share Plan • Award of shares offered to small number of key Senior Executives to incentivise continued employment with CCA; and • Shares vest if participating Senior Executives remain employed for a set number of years from grant date (normally three years).

CCA's Renumeration Strategy	
Attract, motivate, retain and reward top calibre executives to deliver superior performance by: • providing competitive remuneration, linked to the value executives will bring to CCA (with total remuneration for the Group Managing Director and Senior Executives targeted at the 75th percentile of comparable positions in comparable companies) given the achievement of stretching targets; and • providing executives with the opportunity to achieve further incentives based on individual performance and the achievement of demanding and stretching targets.	**Align executive rewards to CCA's performance and shareholder interests by:** • assessing incentives against multiple financial and non-financial business measures that are aligned with CCA's strategy; and • making significant components of total remuneration dependent on CCA's performance (with the proportion of equity-based at risk component of remuneration increasing as a Senior Executive's potential impact on the performance of the business increases).

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A. Remuneration Strategy (continued)

There are a number of principles which underpin CCA's remuneration strategy –

- remuneration will be competitively set to attract, motivate and retain top calibre executives;
- remuneration will incorporate, to a significant degree, variable pay elements for short term and long term performance, which will –
  - link executive reward with the strategic goals and performance of the Group;
  - align the interests of executives with those of shareholders;
  - reward the Group Managing Director and Senior Executives for Group, business unit (where applicable) and individual performance against appropriate benchmarks and targets; and
  - ensure total remuneration is competitive by market standards;
- remuneration will be reviewed annually by the Committee through a process that considers Group, business unit (where applicable) and individual performance. The Committee will also consider and will take into account market comparisons for similar roles, together with the level of responsibility of the individual, particularly as CCA is in a unique position in Asia/Pacific of having to compete for senior talent within the global Coca-Cola system;
- remuneration strategy will complement and reinforce the Company's Code of Business Conduct and succession planning; and
- remuneration and terms and conditions of employment will be specified in an individual letter of employment and signed by the Company and the executive. The relationship between remuneration and potential annual and long term incentive payments is established for each level of executive management by the Committee. For executives, potential incentive payments as a proportion of total potential remuneration increase with seniority and responsibility within the organisation.

The Committee's Charter is available on CCA's website at www.ccamatil.com.

B. Remuneration Structure

As depicted above, CCA's executive remuneration is structured as a mixture of fixed remuneration (which includes base salary and benefits such as superannuation) and variable remuneration, through at risk short term incentive plan (STIP) and long term incentive (LTI) components (Long Term Incentive Share Rights Plan or LTISRP and Executive Retention Share Plan or ERSP).

While the fixed remuneration is designed to provide for predictable base levels of remuneration, the STIP and LTI components reward executives when certain pre-determined stretching performance conditions and/or service conditions are met or exceeded.

The Company's remuneration structure is designed to provide flexibility to individual remuneration packages for the Group Managing Director and Senior Executives based on their actual performance, importance and contribution to the success of the business and the extent to which they are in a position to influence Company performance.

CCA continues to review and adapt its remuneration approach to comply with all current legislation, and aims to be at the forefront of corporate governance in contemporary remuneration practices and taking into account any feedback from stakeholders, particularly shareholders.

The Group Managing Director's and Senior Executives' total remuneration is targeted at the 75th percentile of comparable positions in comparable companies, which is achieved when individual and Company performance targets are met. CCA's individual and Company performance targets are considered by the Board to be consistently demanding and achieving these challenging targets requires high calibre executives to be attracted to and retained within CCA, as well as being appropriately rewarded, hence the targeting at the 75th percentile.

Comparable companies historically have included companies broadly between half and twice the scale of CCA, having regard to enterprises with comparable revenues, market capitalisation, operating profit, total assets and net assets. These comparator definitions have thus resulted in comparator groups for the Group Managing Director remuneration review being defined as companies ranked on the Australian Securities Exchange (ASX) by market capitalisation in the ASX 50, with a sub peer group of ASX companies ranked between number 15 and 40. An alternate peer group was also utilised in the 2013 review comprising ASX 100 companies with revenues between 50% to 200% of those of CCA.

The Company's approach in recent years is to have a greater component of at risk remuneration for Senior Executives and executives represented by CCA shares. At risk remuneration as a percentage of total remuneration is broadly dependent on the importance of the individual to the success of the business and their potential to impact business performance.

CCA Senior Executives are also encouraged to hold CCA shares to further align their interests with those of the Company and its shareholders, with the following shareholding guidelines based on length of employment. These amounts are as follows –

- upon reaching five years of employment, to hold equivalent of at least 40% of annual base salary in CCA shares;
- upon reaching 10 years of employment, to hold equivalent of at least 60% of annual base salary in CCA shares; and
- upon reaching 15 years of employment, to hold equivalent of at least 100% of annual base salary in CCA shares.

Changes to Remuneration Structure and Approach during 2013

In 2013, there were no significant changes to the remuneration structure, nor were there significant changes to the quantum of fixed remuneration, on-target STIP and on-target LTISRP for Senior Executives.

REMUNERATION REPORT (CONTINUED)

B. Remuneration Structure (continued)

CCA announced to the ASX on 18 March 2013 that Mr Davis would retire as Group Managing Director on 31 August 2014. The changes to the employment arrangements relating to Mr Davis which were announced on 18 March 2013 are detailed on page 50 in this report. CCA subsequently announced to the ASX on 2 December 2013 that Alison Watkins will join CCA as the new Group Managing Director on 3 March 2014 and will replace Terry Davis, who will step down on this date, but who will remain available for advice and special projects to Ms Watkins and the Board until the end of August 2014.

On the basis that Ms Watkins commences her role as Group Managing Director on 3 March 2014, it is envisaged that Mr Davis will cease to be KMP from that date.

Two changes to remuneration components in 2013 are as follows –

a) Deferred STIP – Increase to Forfeiture/Clawback Period

Currently for approximately 30 Senior Executives including all KMP Senior Executives there is a mandatory deferral, with 15% of pre-tax STIP deducted from the post-tax STIP payment (that equates to approximately 28% of post-tax STIP being deferred) into CCA shares under the Executive Post-tax Share Purchase Plan.

A minor change to the existing deferred STIP arrangement is to commence from 2014. This change will be applicable to any 2013 STIP paid in early 2014.

As noted on page 34, under the Executive Post-tax Share Purchase Plan, STIP deferred shares transfer to the executive at the end of the 12 month holding period, except –

- if the executive's employment is terminated for cause (or if the executive has already left CCA's employment and has breached the Company's Code of Business Conduct), in which case all shares are forfeited (i.e. the portion of the STIP deferred into shares can be clawed back); or
- subject to an exercise of discretion by the Board, if the executive takes up employment with a material competitor, supplier or customer of the Company, the shares are also forfeited. Previously, this forfeiture was for a six month period, and this has now been increased to a 12 month period. This period will now be the same length as the forfeiture period for termination for cause or breaching the Code of Business Conduct.

b) Dividends Earned on Unvested Retention Shares

As noted in last year's report, the Committee approved a change for any new participants in a retention share plan from the beginning of 2013 whereby shares purchased from dividends reinvested via the Dividend Reinvestment Plan (DRP) are held under holding restriction, and if any unvested ERSP shares are forfeited due to resignation or termination with cause, then the shares purchased from the dividends paid to the executive on these unvested ERSP shares are also forfeited.

Prior to this change at the beginning of 2013, the executive would still have been entitled to retain the dividends on unvested retention shares, even if the retention shares were forfeited. There is only one Senior Executive who currently has unvested retention shares granted prior to 2013 (J. Murphy, Managing Director, Australian Beverages) and who is therefore entitled to retain any dividends paid on unvested shares if they are forfeited. Mr Murphy's retention shares vest on 24 February 2014.

The remuneration mix (i.e. the relative proportions of total remuneration received as fixed and variable/at risk remuneration) for those executives with ongoing employment at the end of 2013 are set out in the following table –

Name	Position	Fixed remuneration %	Variable remuneration[1] %
KMP Senior Executives			
T.J. Davis	Executive Director and Group Managing Director	52	48
K. Gunduz[2]	Managing Director, Indonesia & PNG	58	42
P.N. Kelly	Managing Director, SPCA	54	46
J. Murphy	Managing Director, Australian Beverages	55	45
B. O'Connell	Managing Director, New Zealand & Fiji	71	29
N.I. O'Sullivan	Group Chief Financial Officer	47	53
V. Pinneri	Director – New Ventures (former Managing Director, SPCA)	50	50
E. Rey[2]	Former Managing Director, Indonesia & PNG	64	36
W.G. White	Managing Director, Australasia	37	63

1 The percentage of each component of remuneration is calculated with reference to target performance outcomes in both STIP and LTISRP measures – for more information on performance measurement levels, see the following sections on the STIP and LTISRP.
2 Fixed remuneration for Mr Gunduz and Mr Rey, while in Asia, includes expatriate costs.

B. Remuneration Structure (continued)

a) Fixed Remuneration

Components of fixed remuneration	Fixed remuneration comprising base salary, benefits (including superannuation) and applicable fringe benefits tax (reflecting CCA's total cost to the Company approach) is determined on an individual basis, considering the size and scope of the individual's role, the importance of the role to the Company and the demand for the role in the market place. It may also include deferred remuneration, which is either a once off payment in cash or a once off award of CCA shares made at the completion of a specified employment period. Base salary is reviewed annually through a process that ensures an executive's fixed remuneration remains competitive in the market place and reflects their skills, knowledge, accountability and general performance. This process involves market based reviews, externally benchmarked to equivalent and comparable companies in Australia and where applicable other markets where CCA operates.
Review of fixed remuneration	Fixed remuneration does not vary over the course of a year due to performance. Remuneration packages (including fixed and variable components and benefits) are reviewed annually and no component is guaranteed to increase.
Benchmarks for setting fixed remuneration	The Committee obtains data from external remuneration consultants on the comparable level of fixed remuneration, and considers international and local market practices and market comparisons for similar roles, together with the level of responsibility, performance and potential of the executive (for further detail on how this data is obtained, refer to the section on Remuneration Consultants on page 49).

b) Variable/At Risk Remuneration

At risk remuneration, which comprises both short (annual) and long term incentives, is an integral part of CCA's approach to providing competitive performance based remuneration. The at risk components of the Group Managing Director's and other Senior Executives' remuneration are intended to ensure that an appropriate proportion of their remuneration is linked to growth in shareholder value and the achievement of key operational targets and are described further below.

i) STIP

Overview	The STIP provides the opportunity for executives to earn an annual incentive upon the achievement of targets set at the beginning of the financial year, which is delivered to Senior Executives as a combination of cash and deferred shares. The Board annually invites the Group Managing Director and other Senior Executives to participate in the STIP. The on-target STIP amounts are set by reference to companies comparable to CCA. The incentives are included in the executive's remuneration package at an on-target value, which assumes 100% achievement of the targets. Company performance targets are reviewed and approved by the Committee prior to the start of the financial year, and are clearly defined, measurable and stretching taking into account both prior year achievements and prevailing market conditions. Further detail regarding STI deferral into CCA shares is provided on page 34.

REMUNERATION REPORT (CONTINUED)

B. Remuneration Structure (continued)

b) Variable/At Risk Remuneration (continued)

i) STIP *(continued)*

Objectives

The STIP's key objectives are set each year to emphasise team performance and to identify and reward individual contributions.

Performance conditions

Payments from the STIP are based on the performance of the Group or business unit (BU) and the individual's performance over the past financial year. The calculation of the STIP award is as follows –

- business performance is weighted at 70% of the award. Group business performance is based on achievement of key performance drivers of volume and NPAT before significant items targets against budget (with achievement against prior year also taken into account), based on a pre-determined formula, with volume achievement weighted at 30% and NPAT achievement weighted at 70%. Individual beverage business units, excluding SPCA (mentioned below), are assessed on their business unit specific volume and EBIT targets and are weighted at between 30% and 50% for volume and 50% and 70% for EBIT.

  The combination of volume and NPAT/EBIT achievement against stretch targets are direct measures of Company performance, which if achieved will in turn provide shareholders with increased returns on their investment.

  The SPCA business is based on 80% on achieving EBIT targets and 20% on growing snacking trading revenue.

  A minimum of 90% of budgeted EBIT or NPAT (and volume where applicable) must be achieved for an award to be made (unless the Board determines otherwise), and 100% achievement will result in the target award, with awards increasing for out-performance.

  Country Managing Directors are assessed 80% on their country or business unit results and 20% on the Group results;
- individual performance is weighted at 30% of the award based on achievement of pre-determined key performance indicators (KPIs). KPIs relate to the achievement of various financial and non-financial measures that vary by country and individual. Financial measures can include KPIs such as return on invested capital, trading revenue growth and indirect expense management. Other KPI measures can include growth in customer numbers, customer relationship management, cold drink equipment placement and new product development. Employee metrics, including employee engagement, occupational health and safety, diversity, and turnover, and adherence to risk and compliance policies are also commonly used as measures across all countries.

  The selection and weighting of each metric are based on the business objectives of each country or business unit and correlate to the growth targets for that country or business unit. The selection of the metrics and the achievement of the metrics (that are specific to each country and market) are commercially sensitive, and the overall assessments for each of the KMP are not disclosed. Full achievement of all KPIs will result in a maximum 30% being awarded; and
- an individual performance factor of between 0% to 130% is then applied to the total of the two components above; that is an assessment of how an executive achieved their KPIs, that takes into account adherence to CCA's core values and behaviours, with the average of the individual performance factors for all executives in the plan balancing to 100%.

REMUNERATION REPORT (CONTINUED)

B. Remuneration Structure (continued)

b) Variable/At Risk Remuneration (continued)

i) STIP *(continued)*

Performance conditions (continued)

For the Group Managing Director and other Senior Executives, the 2013 STIP weightings for each performance condition are summarised as follows –

Name	Group NPAT %	BU EBIT %	Volume Group %	Volume BU %	BU other[1] %	Individual performance %
KMP Senior Executives						
T.J. Davis	49	–	21	–	–	30
K. Gunduz	10	28	4	28	–	30
P.N. Kelly	10	45	4	–	11	30
J. Murphy	10	39	4	17	–	30
B. O'Connell	10	39	4	17	–	30
N.I. O'Sullivan	49	–	21	–	–	30
V. Pinneri	10	45	4	–	11	30
E. Rey	10	28	4	28	–	30
W.G. White	10	39	4	17	–	30

1. Snacking revenue.

For the Group Managing Director and Senior Executives, the current STIP ranges (as a percentage of base pay) are set out in the table below –

Name	Position	On-target STIP award as a percentage of base pay %	Maximum STIP award as a percentage of base pay %
KMP Senior Executives			
T.J. Davis	Executive Director and Group Managing Director	76	136
K. Gunduz	Managing Director, Indonesia & PNG	70	128
P.N. Kelly	Managing Director, SPCA	76	136
J. Murphy	Managing Director, Australian Beverages	42	75
B. O'Connell	Managing Director, New Zealand & Fiji	40	71
N.I. O'Sullivan	Group Chief Financial Officer	64	113
V. Pinneri	Director – New Ventures (former Managing Director, SPCA)	80	143
E. Rey	Former Managing Director, Indonesia & PNG	55	100
W.G. White	Managing Director, Australasia	102	181

REMUNERATION REPORT (CONTINUED)

B. Remuneration Structure (continued)

b) Variable/At Risk Remuneration (continued)

i) STIP *(continued)*

Process of assessing performance conditions	The Committee approved performance measures are designed to align Senior Executives' rewards to the key performance drivers of the Company. The Committee annually reviews the ongoing appropriateness of the STIP, its rules and the degree of difficulty in meeting targets. The Committee reviews actual performance against targets, considers individual performance and takes into account relevant factors affecting the business, and approves all incentive payments prior to payment being made in March of the following year. At the completion of the financial year, the Committee relies on audited financial results for calculating the business performance conditions and payments in accordance with the STIP rules. The individual performance and individual performance factors of Senior Executives are assessed by the executives' manager and approved by Group Managing Director. The individual performance factor takes account of the Senior Executive demonstrating adherence to CCA's values and behaviours during the period. The Group Managing Director's individual performance and individual performance factor are assessed by the Chairman and approved by the Board. The Committee believes these methods of assessment provide an appropriate and objective assessment of performance.
Mandatory Senior Executive deferral into CCA shares – Executive Post-tax Share Purchase Plan	For STIP awards from 2012 onwards for a group of approximately 30 Senior Executives including all KMP Senior Executives, 15% of any pre-tax actual incentive is deducted from their post-tax incentive payment and allocated to an Executive Post-tax Share Purchase Plan (EPTSPP) for the purpose of acquiring shares in the Company. For Australian executives at the top marginal tax rate, this will equate to approximately 28% of their post-tax incentive being deducted from the short term incentive (STI) award in order to purchase shares in the Company. The shares are purchased on market and trading of these shares is restricted for 12 months, irrespective of whether the executive is employed by CCA during this holding period. This assists in increasing the shareholding by Senior Executives and better aligning the executives to the Company. The shares will transfer to the executive at the end of the 12 month holding period except if the executive's employment is terminated for cause (or if the executive has already left CCA's employment, had breached the Company's Code of Business Conduct and that would have resulted in the same outcome), in which case all shares will be forfeited. The shares are also subject to an exercise of discretion by the Board relating to forfeiture and release and additional limited forfeiture conditions apply, including not taking up employment with a material competitor, supplier or customer of the Company during the 12 month holding period. No Senior Executive who participated in the first year of the STIP deferral has had their shares forfeited, as there has been no breach of the Company's Code of Business Conduct and none has taken up employment with a material competitor, supplier or customer of the Company during the 12 month period.
Mandatory senior manager deferral into CCA shares	For Australian senior managers who are not KMP Senior Executives and are not participating in the above EPTSPP, a portion of the incentive is deferred, with 20% of the pre-tax actual incentive paid (up to target – and 100% of over target) to a maximum of $5,000 sacrificed into CCA shares. These shares are required to be held in trust for a period of 17 months, or until the executive leaves the employment of CCA. For senior managers outside of Australia, there is no deferral into shares. In both STI deferral plans above where shares are purchased from earned STI, dividends are payable to the Senior Executive.

B. Remuneration Structure (continued)

b) Variable/At Risk Remuneration (continued)

CCA's ERSP and LTISRP constitute the primary LTI components of Senior Executive at risk remuneration.

ii) ERSP

Overview	The ERSP complements the LTISRP and is intended to encourage and motivate retention of certain key executives. The ERSP offers an award of shares at the end of a two or three year period to a small number of key executives who are critical to retain in their particular business unit with no performance hurdles attached, so as to guarantee an award to executives who remain employed by the Company at the end of this period. While it is recognised that this award alone does not guarantee retention and that senior executive retention varies among individuals for many diverse and complex reasons (including, among other things, meaningful career paths, succession planning and employee engagement), offering a tangible reward in the form of CCA shares does provide a direct incentive for participants to remain employed with the Group until vesting date. Once the shares vest, there is no holding restriction. Dividends are paid to participants on unvested shares, with dividends required to be reinvested into CCA shares via the DRP. Under the 2010-2012 ERSP, if the ERSP shares are forfeited, the Senior Executive is entitled to retain the dividends. The Committee approved a change for any new participants in a retention share plan from 2013 which requires that shares purchased from dividends reinvested via the DRP are held under holding restriction, and if any unvested ERSP shares are forfeited due to resignation or termination with cause, then the shares purchased from the dividends paid to the executive on these unvested ERSP shares are also forfeited.
ERSP participants	With relatively high executive retention in Australia and New Zealand at present, there are no plans to commence a retention share offering to all Senior Executives. Any awards in 2014 will be on a case by case basis in order to retain an individual key executive who is viewed as essential to the success of the business unit. In early 2012, one Senior Executive (J. Murphy, Managing Director, Australian Beverages) was offered a two year retention award, with 16,493 CCA shares being purchased and held in trust on his behalf until these shares vest in February 2014. During 2013, a second Senior Executive (W. White, Managing Director, Australasia) was offered a three year retention award effective 1 July 2013, with 61,778 CCA shares being purchased and held in trust on his behalf until these shares vest in July 2016.

REMUNERATION REPORT (CONTINUED)

B. Remuneration Structure (continued)

b) Variable/At Risk Remuneration (continued)

iii) LTISRP

Overview

The LTISRP offers participating executives a right to an ordinary share in the Company, subject to the achievement of applicable performance measures or hurdles. On-target total remuneration for an executive is premised on achieving the threshold performance (i.e. 51st percentile for TSR and for the 2013-2015 LTISRP achieving at least 6% average annual growth in EPS).

The minimum EPS performance hurdle of achieving at least 6% average annual growth in EPS for the 2013-2015 LTISRP was set at the beginning of the plan period in early 2013, and took account of the prevailing market and economic conditions at the time. The Board considered it to be a stretching but achievable minimum hurdle for the three year period. No award is made for this hurdle under the plan if less than the 6% average annual growth is achieved over the three year period.

For each performance hurdle, an appropriate vesting scale rewards a greater number of shares for over-achievement of the minimum threshold. (Details of the vesting scale for the most recent plan are set out below). Both threshold and maximum LTISRP amounts are set by reference to CCA's peer group of companies in the external market (these companies are listed below).

Any awards under the LTISRP are made in accordance with the LTISRP rules. The share rights are offered to the executives at no cost. At the end of the performance period, subject to the satisfaction of the performance hurdles, any shares allocated will be acquired by the LTISRP trustee by purchasing shares on the ASX at the prevailing market price or by subscribing for new shares at no cost to the executive. To date, all awards of shares earned by executives have been purchased on market. This generally occurs in February of the following year for any awards that vest.

Participation

The Board annually invites the Group Managing Director and other Senior Executives to participate in the LTISRP. Pursuant to ASX Listing Rule 10.14, the practice has been that approval is sought from shareholders every year at the Annual General Meeting to allow Mr Davis in his role as Group Managing Director, and as an Executive Director of the Company, to participate in the LTISRP.

Objectives

The LTISRP provides a mechanism for executives to increase their holding of CCA shares. This ensures better alignment between executives' and shareholders' interests by creating a direct link between the Company's financial performance, the value created for shareholders and the reward earned by key executives over the longer term. In addition, the LTISRP assists in retaining Senior Executives.

Performance conditions

With respect to the 2011-2013, 2012-2014 and 2013-2015 performance periods, half of the awards are subject to a relative TSR measure and half of the awards are subject to the achievement of an average annual growth in EPS over the performance period.

The dual group wide performance conditions of TSR and EPS have been in place since the 2007-2009 plan. The Board considers the combination of a relative hurdle requiring an above median performance (TSR) and achieving minimum absolute hurdle (EPS) to be an appropriate combination of stretch financial hurdles and they are relevant direct measurements of the Company performance. If these performance conditions are achieved over a three year period, in turn, shareholders will be provided with increased returns on their investment over the corresponding period. The Board also believes that a return on invested capital measure is more appropriate to be considered on a country by country basis and taken into account over a shorter time period within the STIP assessment. Hurdles and vesting scales are reviewed each year prior to that year's grants being made, to ensure that the performance conditions applying to a grant are appropriate and continue to effectively incentivise executives.

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B. Remuneration Structure (continued)

b) Variable/At Risk Remuneration (continued)

iii) LTISRP *(continued)*

Performance conditions (continued)

TSR performance condition

The TSR performance condition is subject to the measurement of CCA's TSR for a three year period, and the performance condition applies to two peer groups detailed on page 39. Half of the TSR performance will be measured against peer group 1 and half will be measured against peer group 2. TSR represents the change in the value of CCA's share price over a period, plus reinvested dividends, expressed as a percentage of the opening value of the share. TSR has been chosen as a performance hurdle because, in the opinion of the Committee, it provides the most direct link to shareholder return.

Two peer groups have been adopted to measure TSR performance (each weighted equally), with peer group 1 reflecting comparable ASX 100 companies listed on the ASX (excluding banking and mining stocks) and peer group 2 representing selected consumer staples and food and beverages companies. Both peer groups are considered appropriate to benchmark CCA's relative performance, given CCA's size and position within both the ASX 100 and the consumer staples peer groups.

EPS performance condition

The EPS performance condition is subject to the measurement of CCA's average annual growth in EPS for a three year period. Basic EPS is determined by dividing CCA's NPAT before significant items by the weighted average number of CCA's ordinary shares on issue during the financial year. Growth in EPS will be measured by comparing the EPS in the year of issue and the measurement year. The EPS hurdle is a stretching and "line of sight" hurdle for Plan participants, as the achievement of the hurdle directly correlates to improved shareholder value and the Committee considers it a most appropriate key indicator of the financial success of the business. Achieving the EPS target will have a positive impact on TSR.

The performance rights vest after three years provided the vesting conditions are met.

Process for assessing performance conditions

At the completion of the relevant plan period, an external consultant performs the TSR calculations to ensure independence in accordance with a pre-determined TSR methodology and the LTISRP rules. For those plans subject to an EPS performance measure, the Committee relies on audited financial results and the award of shares is calculated in accordance with the LTISRP rules. The Committee reviews the calculations and approves all awards prior to any vesting of shares to Plan participants. The calculation and awards to KMP have been audited.

The Committee believes this method of assessment provides an appropriate and objective assessment of performance.

Treatment of awards on cessation and change of control

If a participating executive ceases to be employed before the end of the performance period by reason of death, disablement, retirement or redundancy, or for any other reason approved by the Board, shares offered to the executive in respect of that performance period will be allocated in the following proportions, subject to the Board's discretion –

- if more than one-third of the performance period has elapsed, the number of shares to be allocated will be pro-rated over the performance period and the performance condition will apply as at the end of the performance period; or
- where less than one-third of the performance period has elapsed, no shares will be allocated.

In the event of a change of control of the Company prior to the end of a performance period, the threshold number of shares offered to the executive in respect of the performance period will be allocated to the executive irrespective of whether either of the performance conditions is satisfied.

REMUNERATION REPORT (CONTINUED)

B. Remuneration Structure (continued)

b) Variable/At Risk Remuneration (continued)

iii) LTISRP *(continued)*

Treatment of awards on cessation and change of control (continued)

Due to the change by the Australian Government in the taxation of share plans, no restriction exists for the participants in the selling of vested shares in all subsequent plans to the 2010-2012 plan, apart from those employees covered under the Policy on Trading in CCA's Shares, detailed in Section F.

Details of the 2013 offering

Vesting scale

One vesting scale is in place for the Plan. The same scale has applied since it was introduced for the 2011-2013 LTISRP and provides for a graduated scale awarding a greater proportion of the maximum award once the minimum thresholds have been achieved and a lesser proportion closer to the maximum. The Board considers this graduated scale to be appropriate to motivate and reward.

The vesting scale as is as follows –

	% of the maximum award
Component A – relative TSR, for each of peer group 1 and/or 2 –	
• no portion will vest if performance is below the 51st percentile	0
• at 51st percentile, 100.0% of threshold or target award will vest	51
• at 55th percentile, 127.5% will vest	65
• at 60th percentile, 156.9% will vest	80
• at 65th percentile, 176.5% will vest	90
• at 70th percentile, 186.3% will vest and	95
• at 75th percentile and above, 196.1% will vest	100
(pro-rata vesting between two points occurs on a straight line basis).	
Component B – average annual growth in EPS, over the performance period –	
• no portion will vest if EPS average annual growth is less than 6.0%	0
• at 6.0% average annual growth, 100.0% of threshold or target award will vest	51
• at 8.0% average annual growth, 117.6% will vest	60
• at 8.5% average annual growth, 127.5% will vest	65
• at 9.0% average annual growth, 137.3% will vest	70
• at 9.5% average annual growth, 147.1% will vest	75
• at 10.0% average annual growth, 152.0% will vest	77.5
• at 13.5% average annual growth, 186.3% will vest	95
• at 15.0% average annual growth, 193.6% will vest	98.75
• at 15.5% average annual growth, 195.1% will vest and	99.5
• at 16.0% average annual growth and above, 196.1% will vest	100
(pro-rata vesting between two points occurs on a straight line basis).	

Retesting

For the 2013-2015 LTISRP, there is no retesting if the plan does not vest at the first testing date.

REMUNERATION REPORT (CONTINUED)

B. Remuneration Structure (continued)

b) Variable/At Risk Remuneration (continued)

iii) LTISRP *(continued)*

TSR peer group for 2013 offering

Two peer groups have been adopted to measure TSR performance (each weighted equally), with peer group 1 reflecting comparable ASX 100 companies listed on the ASX and peer group 2 representing selected consumer staples and food and beverages companies.

Peer group 1 comprises the following companies –

Adelaide Brighton Limited	Crown Limited	Ramsay Health Care Limited
AGL Energy Limited	CSL Limited	ResMed Inc
ALS Limited	David Jones Limited	Seek Limited
Amcor Limited	Downer EDI Limited	Sims Metal Management Limited
Ansell Limited	Duet Group	Sonic Healthcare Limited
APA Group	Echo Entertainment Group Limited	SP AusNet
Aristocrat Leisure Limited	Fairfax Media Limited	Spark Infrastructure Group
Arrium Limited	Flight Centre Limited	Sydney Airport
Asciano Limited	Harvey Norman Holdings Limited	Tabcorp Holdings Limited
Aurizon Holdings Limited	Incitec Pivot Limited	Tatts Group Limited
BlueScope Steel Limited	James Hardie Industries plc	Telstra Corporation Limited
Boral Limited	Leighton Holdings Limited	Toll Holdings Limited
Brambles Limited	Monadelphous Group Limited	Transurban Group
Caltex Australia Limited	Myer Holdings Limited	UGL Limited
Carsales.com Limited	News Corporation	WorleyParsons Limited.
Coca-Cola Amatil Limited	Orica Limited	
Cochlear Limited	Primary Health Care Limited	
Computershare Limited	Qantas Airways Limited	

Peer group 2 comprises the following companies –

Australian Agricultural Company Limited	Frankland River Olive Company Limited	Select Harvests Limited
Australian Vintage Limited	Freedom Foods Group Limited	Tandou Limited
Bega Cheese Limited	Gage Roads Brewing Co Limited	Tassal Group Limited
Brand New Vintage Limited	Goodman Fielder Limited	Treasury Wine Estates Limited
Buderim Ginger Limited	GrainCorp Limited	Warrnambool Cheese & Butter Factory Company Holdings Limited
Capilano Honey Limited	Metcash Limited	Webster Limited
Clean Seas Tuna Limited	Oz Brewing Limited	Wesfarmers Limited
Coca-Cola Amatil Limited	Patties Foods Ltd	Woolworths Limited
Elders Limited	PrimeAg Australia Limited	Yowie Group Ltd.
Farm Pride Foods Limited	Refresh Group Limited	
FFI Holdings Limited	Ridley Corporation Limited	

The company listings are as at the commencement of the plan on 1 March 2013.

REMUNERATION REPORT (CONTINUED)

B. Remuneration Structure (continued)

c) Performance of CCA and the Link to Reward

The following details the link between CCA's performance and the rewards granted to executives under the STIP and the LTISRP.

STIP

As discussed above, the STIP operates to create a clear connection between executives' and CCA's annual performance, motivating and rewarding executives for high performance during the financial year.

The two key financial indicators for the Beverage business used to assess performance under the STIP are volume that aligns to trading revenue and CCA's NPAT. The table below shows CCA Group performance against these two criteria over the past five years –

Financial year end 31 December	2009	2010	2011	2012	**2013**
Trading revenue ($M)	4,436.0	4,490.3	4,801.2	5,097.4	**5,036.4**
Volume (million unit cases)	555.1	550.8	564.4	591.3	**595.5**
NPAT ($M) – before significant items	449.0	506.6	532.0	556.3	**502.8**
Closing share price ($)	11.53	10.86	11.51	13.45	**12.03**
In accordance with the STIP rules, the following results have been achieved –					
CCA Group STIP business performance (as per STIP performance conditions) (%)	132	112	100	105	**nil**

The Group business performance factors for the STIP are a result of the actual achievements of the Group against the pre-determined volume and NPAT targets and the corresponding payment due in relation to the payment scale.

As can be seen from the table above, despite the challenging global economic climate, CCA's volume performance has consistently improved over the last five years, and the combined volume and financial performance is reflected in the awards granted to executives for 2013.

The combination of business performance and consideration of individual performance for STIP has resulted in an average incentive payment in relation to the on-target award for KMP and executives as follows –

	2013 Average %	2012 Average %
• CCA Group	**nil**	108
• Australia	**nil**	44
• New Zealand	**92**	nil
• Fiji	**58**	77
• Paradise Beverages	**106**	nil
• Indonesia	**66**	117
• PNG	**nil**	84
• SPCA	**nil**	nil

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REMUNERATION REPORT (CONTINUED)

B. Remuneration Structure (continued)

c) Performance of CCA and the Link to Reward (continued)

STIP *(continued)*

The relative proportions of available STIP received and forfeited by Senior Executives are shown in the table below. Specific details of the value of these awards can be found in the table of remuneration details on page 55. To the extent that STIP become payable, they are generally paid in March of the following year.

	2013 bonus maximum award	
Name	**% vested**	**% forfeited**
KMP Senior Executives		
T.J. Davis	**nil**	**100**
G. Adams	**25**	**75**
K. Gunduz	**nil**	**100**
P.N. Kelly	**nil**	**100**
J. Murphy	**nil**	**100**
B. O'Connell	**42**	**58**
N.I. O'Sullivan	**nil**	**100**
V. Pinneri	**nil**	**100**
E. Rey	**nil**	**100**
W.G. White	**nil**	**100**

REMUNERATION REPORT (CONTINUED)

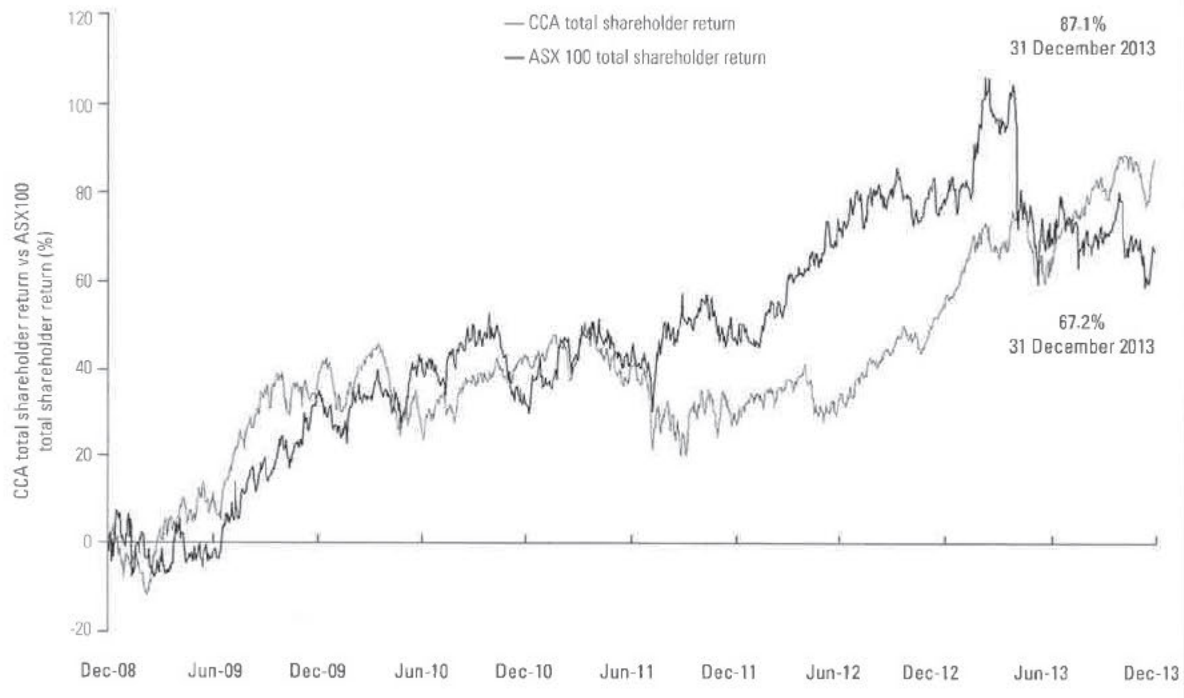
B. Remuneration Structure (continued)

c) Performance of CCA and the Link to Reward (continued)

LTISRP

Remuneration outcomes under the LTISRP are directly linked to the value created for CCA shareholders, based on two measures: TSR and the average annual growth in EPS. This operates as a means of rewarding executives for achieving sustainable long term growth.

CCA's TSR is assessed relative to CCA's peer group of companies. The graph below follows CCA's TSR over the past five years against the average TSR of Australia's top 100 companies by market capitalisation (S&P/ASX 100) (peer group 1) –



Data Source: Bloomberg

As this graph indicates, CCA's TSR has increased by 67.2% compared to the ASX 100 TSR which increased by 87.1% over the same period.

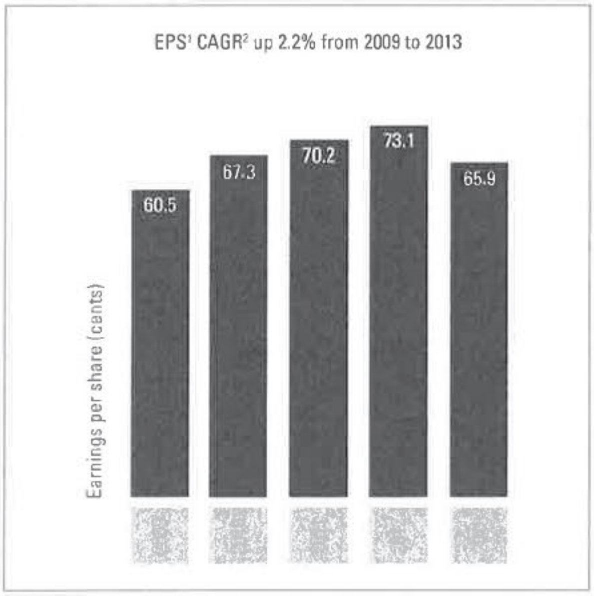
REMUNERATION REPORT (CONTINUED)

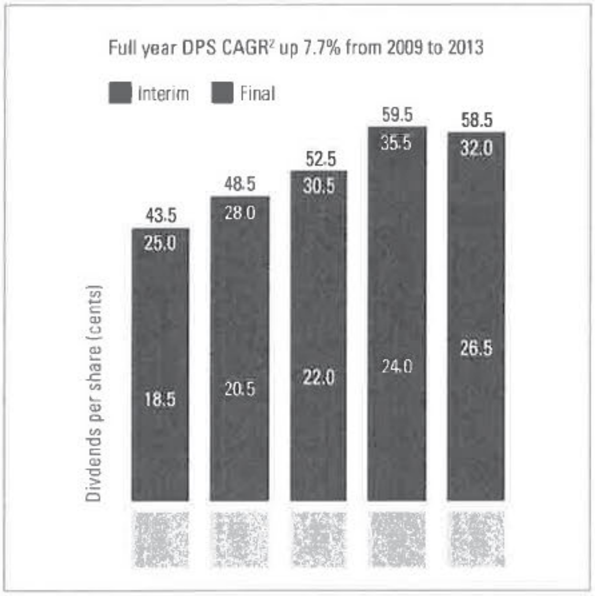
B. Remuneration Structure (continued)

c) Performance of CCA and the Link to Reward (continued)

***LTISRP** (continued)*

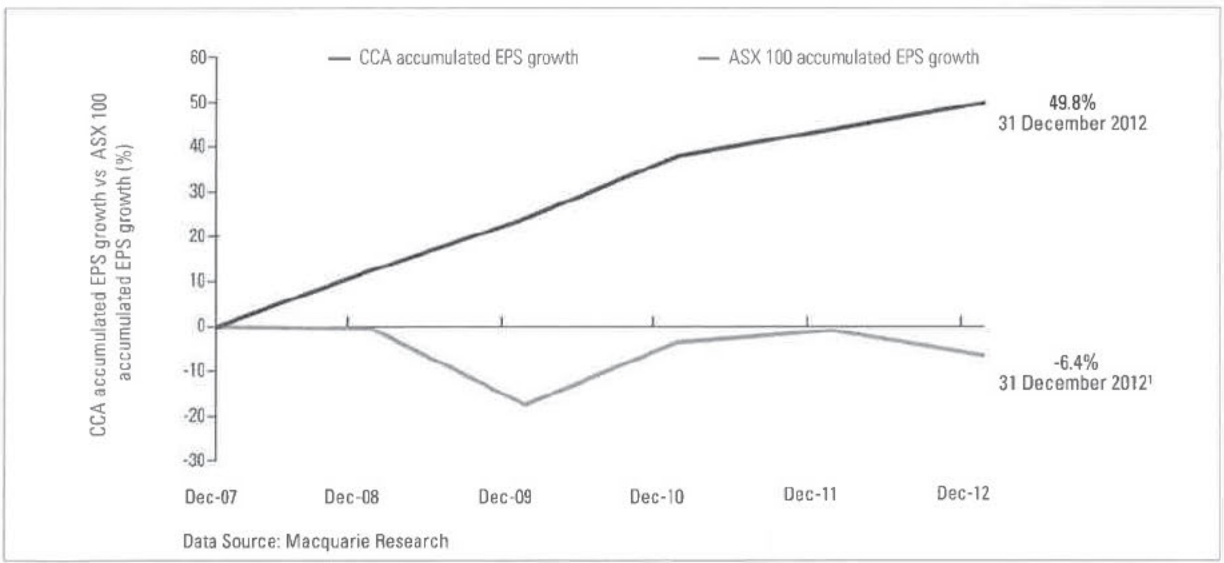
Compared to the 2009 financial year, CCA's EPS and dividends per share (DPS) compound annual growth rate (CAGR) has increased, as shown in the graphs below –





1 Before significant items.
2 CAGR – compound annual growth rate.

The graph below compares CCA's accumulated EPS growth over the five year period 2008-2012 against that of the ASX 100 companies –



1 2013 results for ASX 100 companies are not yet available for comparison.

The earnings data used in preparation of the above excludes significant items and has been adjusted for comparative companies to align with a December year end, if applicable.

As the graph indicates, over the five years, CCA's accumulated EPS growth has increased 49.8% compared to the ASX 100 EPS which decreased 6.4% over the same period.

However, CCA's average annual growth in EPS for the 2011-2013 period of (0.5)% is below the 2011-2013 LTISRP minimum EPS hurdle of 7%, and therefore half of the 2011-2013 LTISRP award that relates to the EPS hurdle did not vest.

DIRECTORS' REPORT (CONTINUED)

COCA-COLA AMATIL LIMITED
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

REMUNERATION REPORT (CONTINUED)

B. Remuneration Structure (continued)

c) Performance of CCA and the Link to Reward (continued)

***LTISRP** (continued)*

The following table outlines the performance of each of the completed LTISRPs since 2003, correlating to the performance of the share price and TSR, as detailed above –

				Performance (% of maximum)		Overall payout of maximum award[1]
Plan	**Hurdles**	**Retest period**	**Status**	**TSR**	**NPAT/EPS growth**	**%**
2003-2005[2]	TSR only	1 year	Complete	30th percentile Did not vest	n/a	–
2004-2006[2]	TSR and NPAT growth (minimum = 10.0%)	1 year	Complete	46th percentile Did not vest	10.1% average, Vested at 67.3%	**33.7**
2005-2007[2]	TSR and NPAT growth (minimum = 8.0%)	2 years	Complete	After retests – 82nd percentile Vested at 100.0%	10.3% average, Vested at 72.4%	**97.7**
2006-2008[2]	TSR (2 peer groups) and NPAT growth (minimum = 8.0%)	1 year	Complete	Peer group 1 = 89th percentile Peer group 2 = 81st percentile Combined vested at 100.0%	9.3% average, Vested at 89.2%	**94.6**
2007-2009	TSR (2 peer groups) and EPS growth (minimum = 8.2%)	1 year	Complete	Peer group 1 = 94th percentile Peer group 2 = 100th percentile Combined vested at 100.0%	13.1% average, Vested at 94.8%	**97.4**
2008-2010	TSR (2 peer groups) and EPS growth (minimum = 8.2%)	1 year	Complete	Peer group 1 = 100th percentile Peer group 2 = 95th percentile Combined vested at 100.0%	11.3% average, Vested at 73.9%	**87.0**
2009-2011	TSR (2 peer groups) and EPS growth (minimum = 7.0%)	1 year	Complete	Peer group 1 = 88th percentile Peer group 2 = 71st percentile Combined vested at 95.8%	8.6% average, Vested at 58.2%	**77.0**
2010-2012	TSR (2 peer groups) and EPS growth (minimum = 7.5%)	1 year	Complete	Peer group 1 = 75th percentile Peer group 2 = 71st percentile Combined vested at 95.3%	6.7% average, EPS hurdle did not vest	**47.6**
2011-2013	TSR (2 peer groups) and EPS growth (minimum = 7.0%)	1 year	Complete	Peer group 1 = 50th percentile Peer group 2 = 48th percentile Did not vest	(0.5)% average, EPS hurdle did not vest	–

1 The percentage of this payment that was not achieved (and was therefore forfeited) was 100% less the percentage shown in this column. For further information on the 2011-2013 LTISRP, refer to the table showing share based compensation benefits on page 48.
2 The above table excludes the Component C awards offered only to Mr Davis for 2003 to 2006 inclusive. Details of these awards can be found in the remuneration reports for those years.

REMUNERATION REPORT (CONTINUED)

B. Remuneration Structure (continued)

c) Performance of CCA and the Link to Reward (continued)

LTI

A summary of the terms of each grant of share rights or shares affecting remuneration in the current or a future reporting period is set out below –

Name	Grant date	Vesting date	Expiry date	Performance measure	Fair value at grant date per share right[1] $	Performance achieved	% vested of maximum award
LTISRP – Performance rights							
T.J. Davis	4 May 2011	31 Dec 2013	31 Dec 2013	EPS	10.49	(0.5)% cumulative average annual growth	–
				TSR – peer group 1	7.58	50th percentile	–
				TSR – peer group 2	7.87	48th percentile	–
	15 May 2012	31 Dec 2014	31 Dec 2014	EPS	11.50	To be determined	n/a
				TSR – peer group 1	7.61	To be determined	n/a
				TSR – peer group 2	8.94	To be determined	n/a
All other Senior Executives	1 Mar 2011	31 Dec 2013	31 Dec 2013	EPS	10.41	(0.5)% cumulative average annual growth	–
				TSR – peer group 1	7.24	50th percentile	–
				TSR – peer group 2	7.70	48th percentile	–
	1 Mar 2012	31 Dec 2014	31 Dec 2014	EPS	10.51	To be determined	n/a
				TSR – peer group 1	6.10	To be determined	n/a
				TSR – peer group 2	7.94	To be determined	n/a
	1 Mar 2013	31 Dec 2015	31 Dec 2015	EPS	12.84	To be determined	n/a
				TSR – peer group 1	7.39	To be determined	n/a
				TSR – peer group 2	8.74	To be determined	n/a
ERSP – Retention shares							
J. Murphy	22 Feb 2012	23 Feb 2014	n/a	2 years service	12.13	To be determined	n/a
N.I. O'Sullivan	1 Jan 2011	31 Dec 2013	n/a	3 years service	10.86	Service period completed	100
V. Pinneri	1 Mar 2010	28 Feb 2013	n/a	3 years service	11.07	Service period completed	100
W.G. White	1 Jul 2013	30 Jun 2016	n/a	3 years service	12.53	To be determined	n/a
W.G. White	1 Jul 2010	30 Jun 2013	n/a	3 years service	11.90	Service period completed	100

1 Fair values vary due to differing dates of grants.

As the rewards received under the LTISRP are dependent on long term performance, these grants are still to be tested. The percentage of grants that will vest will be determined based upon CCA's long term performance at the end of each performance period.

REMUNERATION REPORT (CONTINUED)

B. Remuneration Structure (continued)

c) Performance of CCA and the Link to Reward (continued)

***LTI** (continued)*

Further details of the Group Managing Director's and other Senior Executives' right to allocations of shares under the LTISRP are outlined in the table below –

			Number of share rights			
Name	**Plan**	**Grant date**	**Maximum granted**	**Vested amount**	**Lapsed amount**	**Unvested (maximum)**
KMP Senior Executives						
T.J. Davis[1]	2011-2013	4 May 2011	247,844	–	247,844	–
	2012-2014	15 May 2012	220,307	–	–	220,307
G. Adams[2]	2011-2013	1 Mar 2011	13,141	–	13,141	–
	2012-2014	1 Mar 2012	7,884	–	–	7,884
P.N. Kelly	2011-2013	1 Mar 2011	26,471	–	26,471	–
	2012-2014	1 Mar 2012	26,471	–	–	26,471
	2013-2015	1 Mar 2013	24,304	–	–	24,304
J. Murphy	2011-2013	1 Mar 2011	22,078	–	22,078	–
	2012-2014	1 Mar 2012	36,569	–	–	36,569
	2013-2015	1 Mar 2013	33,575	–	–	33,575
B. O'Connell	2013-2015	1 Mar 2013	15,686	–	–	15,686
N.I. O'Sullivan	2011-2013	1 Mar 2011	52,353	–	52,353	–
	2012-2014	1 Mar 2012	62,941	–	–	62,941
	2013-2015	1 Mar 2013	69,330	–	–	69,330
V. Pinneri	2011-2013	1 Mar 2011	25,490	–	25,490	–
	2012-2014	1 Mar 2012	25,490	–	–	25,490
	2013-2015	1 Mar 2013	23,404	–	–	23,404
E. Rey	2011-2013	1 Mar 2011	26,471	–	26,471	–
	2012-2014	1 Mar 2012	35,522	–	–	35,522
	2013-2015	1 Mar 2013	33,333	–	–	33,333
W.G. White	2011-2013	1 Mar 2011	75,343	–	75,343	–
	2012-2014	1 Mar 2012	102,010	–	–	102,010
	2013-2015	1 Mar 2013	93,669	–	–	93,669

1 2012-2014 plan maximum has been adjusted to reflect Mr Davis' intention to retire in August 2014 and the pro-rata allocation under the plan rules.
2 2011-2013 and 2012-2014 plan maximums have been adjusted to reflect a pro-rata allocation under the plan rules.

The share rights are offered to the Senior Executives at no cost. Share rights do not carry any voting or dividend rights and will automatically be exercised once the vesting conditions have been met. Vested shares will be acquired by the LTISRP trustee by purchasing shares at no cost to the Senior Executive. This generally occurs in February of the following year for any awards that vest.

REMUNERATION REPORT (CONTINUED)

B. Remuneration Structure (continued)

c) Performance of CCA and the Link to Reward (continued)

***LTI** (continued)*

The values attributed to movements in share rights during the year are as follows –

	Value of share rights			
	2013-2015 plan		2011-2013 plan	
Name	At grant date $	Maximum $	At date vested $	At date lapsed[1] $
KMP Senior Executives				
T.J. Davis	n/a	n/a	–	2,257,239
G. Adams	n/a	n/a	–	117,482
P.N. Kelly	177,588	254,038	–	236,649
J. Murphy	245,332	350,941	–	197,375
B. O'Connell	114,622	163,953	–	–
N.I. O'Sullivan	506,563	724,676	–	468,038
V. Pinneri	171,006	244,631	–	227,878
E. Rey	243,551	348,415	–	236,649
W.G. White	684,413	979,078	–	673,565

1 Lapsed value is calculated using the maximum value less the vested amount.

All values are calculated in accordance with AASB 2 Share-based Payment. The value assumes a performance achievement at the maximum level, other than the value at grant date.

REMUNERATION REPORT (CONTINUED)

B. Remuneration Structure (continued)

c) Performance of CCA and the Link to Reward (continued)

***LTI** (continued)*

The years in which vesting will occur and the maximum total value of the grant that may vest if Senior Executives achieve optimum performance are contained in the table below –

	Share based compensation benefits				
Name	**Year granted**	**% vested**	**% forfeited**	**Financial years in which rights may vest**	**Maximum total value of grant yet to vest $[1]**
KMP Senior Executives					
T.J. Davis	2012	–	–	2014	1,570,601
	2011	–	100	2013	–
G. Adams	2012	–	–	2014	50,655
	2011	–	100	2013	–
P.N. Kelly	2013	–	–	2015	194,843
	2012	–	–	2014	170,073
	2011	–	100	2013	–
J. Murphy	2013	–	–	2015	269,164
	2012	–	–	2014	234,949
	2011	–	100	2013	–
J. Murphy – ERSP	2012	–	–	2014	16,665[2]
B. O'Connell	2013	–	–	2015	125,759
N.I. O'Sullivan	2013	–	–	2015	555,810
	2012	–	–	2014	404,400
	2011	–	100	2013	–
N.I. O'Sullivan – ERSP	2011	100	–	2013	–
V. Pinneri	2013	–	–	2015	187,629
	2012	–	–	2014	163,776
	2011	–	100	2013	–
V. Pinneri – ERSP	2010	100	–	2013	–
E. Rey	2013	–	–	2015	267,231
	2012	–	–	2014	228,226
	2011	–	100	2013	–
W.G. White	2013	–	–	2015	750,928
	2012	–	–	2014	655,417
	2011	–	100	2013	–
W.G. White – ERSP	2013	–	–	2016	645,000[2]
	2010	100	–	2013	–

1 No grants will vest if the performance conditions are not satisfied, hence the minimum value of the grants yet to vest is nil. The maximum value of grants yet to vest has been estimated based on the fair value per grant at the maximum achievement of the vesting scale less amounts already expensed.

2 The minimum value of the grant is nil as no shares will vest if the service criteria are not met. The maximum value of the grant yet to vest has been estimated based on the fair value per grant less amounts already expensed.

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B. Remuneration Structure (continued)

d) Remuneration Consultants

The Committee draws on a range of services from external consultants to provide information, data and advice where appropriate in relation to remuneration quantum, structure and market practice.

In accordance with the Corporations Act 2001, where a consultant is providing a recommendation, CCA has established practices –

- to select and engage a consultant;
- on how CCA is to receive the advice;
- on how to ensure independence from management; and
- how the consultant interacts with management.

CCA recognises the importance of ensuring that any recommendations given in relation to the remuneration of KMP provided by remuneration consultants are provided independently of those to whom the recommendations relate.

The Committee has directly engaged PricewaterhouseCoopers (PwC) independent of management to advise the Committee on the Group Managing Director's and the Non-Executive Directors' remuneration data and benchmarking, effective from 1 January 2012, and also to review contemporary remuneration market practices in ASX 50 companies that may impact KMP.

PwC reported directly to the Board through the Committee. PwC was permitted to speak with management throughout the engagement to understand CCA's processes, practices and other business issues and to obtain CCA's management perspective. However, PwC was not permitted to provide any member of management with a copy of their draft or final report that contained remuneration recommendations.

Under the terms of the engagement, PwC provided remuneration recommendations as defined in section 9B of the Corporations Act 2001 and was paid $11,000 (including GST) for the 2013 year for these services. In addition to providing remuneration recommendations, PwC provided advice on a range of other matters for the 2013 year, including internal audit consulting, accounting and expatriate tax advice, and in total PwC was paid $1,180,374 (including GST) for their services to CCA, in addition to the payment for the remuneration recommendations.

PwC has confirmed to the Board that the recommendations relating to remuneration have been made free from undue influence by the member(s) of KMP to whom the recommendation relates.

As a consequence of the above, the Board is satisfied that the remuneration recommendations that were made by PwC were free from any undue influence from any member of KMP.

Management also appoints external firms from time to time to assist with remuneration benchmarking, data provision and the like; however, PwC was the only remuneration consultant appointed by the Committee in 2013. No other remuneration consultant provided remuneration recommendations during the financial year in relation to KMP.

Listed below are the primary consultants in preparation of proposals for the Committee –

Consultants	Services provided	Type of service
PwC	Group Managing Director remuneration data and benchmarking	Providing remuneration recommendation
	Non-Executive Director remuneration data and benchmarking	Providing remuneration recommendation
Mercers	Executive and employee remuneration – market data	Providing factual data only
	LTISRP (TSR reporting and peer group detail)	Providing factual data only
Hay	Executive and employee remuneration – market data	Providing factual data only

REMUNERATION REPORT (CONTINUED)

C. Summary of Employment Contracts

The following are the principal details of the employment contracts for KMP Senior Executives as at 31 December 2013 –

T.J. Davis – Group Managing Director

The following discussion and table set out the principal details of the Group Managing Director's employment contract with CCA, as at 31 December 2013.

Mr Davis commenced employment with CCA on 12 November 2001. Given the outstanding success of CCA during Mr Davis' tenure, his remuneration package has increased during this period to be broadly in line with CCA's agreed remuneration position of the 75th percentile. In line with the market movement, his standard fixed remuneration elements increased by 3.0% on 1 January 2013.

On 18 March 2013, CCA announced to the ASX that Mr Davis had agreed to continue as Group Managing Director until 31 August 2014, at which time he will retire. CCA announced the following arrangements relating to Mr Davis.

In accordance with Mr Davis' employment arrangements, on the basis that Mr Davis' role as Group Managing Director will cease on 31 August 2014 –

- as it is anticipated that Mr Davis will be working out his entire 12 month notice period, it is anticipated that he will not be entitled to any payment in lieu of notice on cessation of his role as Group Managing Director;
- CCA has determined not to invite Mr Davis to participate in its long term incentive plan for 2013 or 2014 but instead increased Mr Davis' target short term incentive for each of these years by $750,000;
- any short term incentive Mr Davis receives in respect of the 2014 calendar year will be reduced by a pro-rata amount (i.e. to take into account the fact that he will be serving as Group Managing Director for 8/12th of the performance period);
- Mr Davis will not be eligible for any retention payments that had previously been part of his remuneration package. Instead, Mr Davis has received a comparable increase in his fixed remuneration of $385,000 effective from 1 December 2012. Further, Mr Davis' fixed remuneration was increased as part of his normal annual review effective from 1 January 2013;
- under the terms of the 2012-2014 LTISRP, the CCA Board may grant Mr Davis a pro-rata award (or a cash payment in lieu of such an award) if it considers it is fair to do so; and
- on the basis that Mr Davis' role as Group Managing Director will cease prior to the end of the performance period, and having regard to the terms of the 2012-2014 LTISRP, the Board expects to grant Mr Davis the right to a pro-rata amount of his unvested 2012-2014 LTISRP entitlement and make a cash payment to Mr Davis in lieu of such an award in accordance with the terms of that Plan, payable after Mr Davis ceases his role as Group Managing Director.

C. Summary of Employment Contracts (continued)

Obligations and entitlements on completion of employment	Restraints following completion of employment Upon completion of his role as Group Managing Director, Mr Davis will be paid $150,000 per annum for a three year period providing he does not work, consult, or take up board positions with pre-determined competitor companies in Australia. At the end of this period, Mr Davis will be entitled to any accrued but untaken annual and long service leave; however, the payment in respect of his long service leave accrual will be calculated as at the date his role as Group Managing Director ends. See also CCA announcement on page 50 in relation to payments under the LTISRP on cessation of employment.
Primary benefits	Vehicle benefits, car parking, leave loading, Company products, health assessment and home assistance allowance. As part of the arrangement for Mr Davis to join CCA in November 2001, he was offered a company superannuation benefit that is payable at a rate of 20% on base salary, 20% on any actual STIP earned and 20% on the cash equivalent of any LTISRP that vested during a year. It was agreed with Mr Davis in late 2010 that the superannuation benefit for the LTISRP would cease from the 2011-2013 LTISRP onwards. Mr Davis can elect to have the superannuation benefit paid into a superannuation fund of his choice, or receive the benefit as taxable income, as long as the Superannuation Guarantee (SG) obligations are met. This superannuation benefit is taken into account in Mr Davis' remuneration package and the amounts relating to the current year are disclosed on page 55.

A.M. Watkins – Group Managing Director (designate)

On 2 December 2013, CCA announced to the ASX that Ms Watkins had been appointed as Group Managing Director to replace Terry Davis and is expected to join CCA on 3 March 2014.

Group Managing Director – Terms of Employment

The following are the key terms and conditions agreed between CCA and Ms Watkins in respect of her employment:

Fixed Remuneration

Total fixed remuneration of $2.2 million per annum (inclusive of superannuation and other fringe benefits).

Short Term Incentive Plan

Entitlement to receive a pro-rata short term incentive (STI) for the 2014 calendar year with an on-target value of $1.5 million.

Long Term Incentive Share Rights Plan

Subject to the approval by CCA's shareholders at the 2014 Annual General Meeting, Ms Watkins will be granted a long term incentive (LTI) award with a target value of $1.25 million, which may vest subject to the terms of the CCA Long Term Incentive Share Rights Plan.

Entitlements on Cessation of the Engagement

Either Ms Watkins or CCA may terminate her employment by giving the other 12 months notice.

CCA may end Ms Watkins' employment without notice for cause.

If Ms Watkins' employment is terminated for cause or because she resigns, she forfeits any entitlement to unvested STI and LTI.

If Ms Watkins' employment ends for any other reason, then the Board has discretion to forfeit a pro-rata amount of any unvested STI and LTI and the balance may vest subject to the achievement of the relevant performance conditions.

Post-employment Restraint

Ms Watkins is restricted from competing with the CCA Group and/or soliciting its customers and/or employees for 12 months from the last date she works for CCA.

REMUNERATION REPORT (CONTINUED)

C. Summary of Employment Contracts (continued)

Other Senior Executives

All other CCA Senior Executives have agreements in place which set out the basic terms and conditions of employment. The following table provides a summary of some of the key terms of these agreements –

Term of contract	Notice period and termination payments Termination by CCA	Termination by employee	Other payments related to service	Restraint following termination	Change of control
K. Gunduz Managing Director, Indonesia & PNG					
Open ended	3 months notice If terminated (without cause[1]) and no suitable alternative position is available, 4 months fixed remuneration in lieu of notice and severance.[2]	3 months notice	–	6 months[3]	–
P.N. Kelly Managing Director, SPCA					
Open ended	2 months notice If terminated (without cause[1]) and no suitable alternative position is available, 12 months fixed remuneration in lieu of notice and severance[2].	2 months notice	–	–	If there is a change of control of CCA, CCA may terminate Mr Kelly's employment by providing not less than 12 months fixed remuneration, inclusive of notice and severance.
J. Murphy Managing Director, Australian Beverages					
Open ended	1 month notice If the Company terminates Mr Murphy's employment (other than for cause[1]), Mr Murphy will receive 5 months fixed remuneration in lieu of notice and severance.[2] If terminated (without cause[1]) before 24 February 2014, Mr Murphy will receive the award of ERSP shares that would have vested on this date.	1 month notice	Will receive 16,493 ERSP shares (valued at $200,000 at time of acquisition in 2012), if employed by CCA as at 24 February 2014. Mr Murphy is entitled to receive dividends on those ERSP shares prior to vesting.	6 months[3]	–
B. O'Connell Managing Director, New Zealand & Fiji					
Open ended	1 month notice If terminated (without cause[1]) and no suitable alternative position is available, 6 months fixed remuneration in lieu of notice and severance.[2]	1 month notice	–	6 months[3]	–

Refer to the following page for footnote details.

C. Summary of Employment Contracts (continued)

Other Senior Executives (continued)

Term of contract	Notice period and termination payments: Termination by CCA	Termination by employee	Other payments related to service	Restraint following termination	Change of control
N.I. O'Sullivan Group Chief Financial Officer					
Open ended	2 months notice If terminated (without cause[1]) and no suitable alternative position is available, an amount based on 11 months fixed remuneration in lieu of notice and severance.[2]	2 months notice	As Ms O'Sullivan was employed by CCA on 1 January 2014, she received 23,020 ERSP shares (valued at $250,000 at time of granting in 2011). Ms O'Sullivan was entitled to receive dividends on those ERSP shares prior to vesting.	6 months[3]	If, on a change of control of CCA, there is a fundamental change[4] in Ms O'Sullivan's role, she will be entitled to resign but will receive benefits as if her role had been terminated by CCA.
V. Pinneri Director – New Ventures					
Open ended	1 month notice If terminated (without cause[1]) and no suitable alternative position is available, 12 months fixed remuneration in lieu of notice and severance[2].	1 month notice	–	6 months[3]	If, on a change of control of CCA, there is a fundamental change[4] in Mr Pinneri's role, he will be entitled to resign but will receive benefits as if his role had been terminated by CCA.
E. Rey Former Managing Director, Indonesia & PNG					
Open ended	1 month notice If terminated (without cause[1]) and no suitable alternative position is available, 4 months fixed remuneration in lieu of notice and severance.[2]	1 month notice	–	6 months[3]	–
W.G. White Managing Director, Australasia					
Open ended	4 months notice If the Company terminates Mr White's employment (other than for cause[1]), Mr White will receive a maximum of 12 months fixed remuneration in lieu of notice and severance.[2] If terminated (without cause[1]) before 1 July 2016, Mr White will receive a pro-rata ERSP award of shares that would have vested on this date.	4 months notice	Will receive 61,778 ERSP shares (valued at $774,000 at time of acquisition in 2013), if employed by CCA as at 1 July 2016. Mr White is not entitled to receive dividends on those ERSP shares prior to vesting if he resigns or is terminated with cause.	6 months[3]	If, on a change of control of CCA, there is a fundamental change[4] in Mr White's role, he will be entitled to resign but will receive benefits as if his role had been terminated by CCA.

1 Where termination is in circumstances other than those related to fraud, dishonesty, serious misconduct or unacceptable performance and where no suitable alternative position is available.
2 Calculated at CCA's current policy of one month severance for every year of completed service with CCA, to a maximum of 12 months inclusive of both notice and severance.
3 Restriction from competing with the CCA Group and/or soliciting the CCA Group's customers and suppliers to cease or reduce the amount of business undertaken with CCA.
4 This applies if, within six months of a change of control, there is a material change in the relevant Senior Executive's responsibilities and upon being informed of such a change, the Board does not rectify the situation.

REMUNERATION REPORT (CONTINUED)

C. Summary of Employment Contracts (continued)

Other Senior Executives (continued)

Other Senior Executives receive superannuation contributions and other benefits under the terms of their employment and these are summarised in the table below. The benefits are accounted for in the calculation of the Senior Executives' fixed remuneration. For Australian Senior Executives, superannuation can be "cashed down" to not less than 10% of base or the SG maximum contribution limit.

	K. Gunduz	**P. Kelly**	**J. Murphy**	**B. O'Connell**	**N.I. O'Sullivan**	**V. Pinneri**
Superannuation[1]	SG maximum amount	24%	9.25% (to SG maximum for base salary)	8.5%	14% (to SG maximum for base salary)	14%
Primary benefits[2]	Standard benefits, expatriate benefits.[3]	Standard benefits, car parking, leave loading, health assessment, home assistance allowance.	Company products and superannuation insurance.	Standard benefits, medical insurance, partial subsidy for home leave, housing school fees.	Standard benefits, car parking, health assessment, home assistance allowance.	Standard benefits, health assessment.

	E. Rey	**W.G. White**
Superannuation[1]	14%	14%
Primary benefits[2]	Standard benefits, expatriate benefits.[3]	Standard benefits, car parking, leave loading, health assessment, home assistance allowance.

1 Superannuation refers to company superannuation. The amount of superannuation paid to Senior Executives is calculated as a percentage of base salary and actual STIP earned up to target, and for Australian Senior Executives, any over-target incentive has company superannuation at the SG rate of 9.25%. For Mr Gunduz, Mr Murphy and Ms O'Sullivan, their superannuation on base salary is capped to the SG maximum contribution rate. Mr Kelly's superannuation is calculated as a percentage of base salary and is paid into a defined benefit scheme at an assessed rate.

2 Standard benefits include Company products, club membership, vehicle benefits, superannuation insurance and participation in Employees Share Plan (ESP). The ESP is open to all full and part time employees of the CCA Group on a voluntary basis, with the employee contributing up to 3% of base salary, and the company matching in shares with the shares vesting if they have been held for two years (or earlier for qualifying reasons of death, total and permanent disability, retirement or redundancy).

3 Expatriate benefits include medical insurance, subsidised housing and utilities, home leave, school fees, host country or cost of living allowance and environmental or hardship allowance.

REMUNERATION REPORT (CONTINUED)

D. Statutory Remuneration of Senior Executives

The following table has been prepared in accordance with section 300A of the Corporations Act 2001; amounts are paid or payable for services provided during the financial year. Details of each Senior Executive's remuneration during the financial year are set out below –

		Fixed					Variable – performance related				Total remuneration		
		Short term			Post employment		Short term		Share based payments			Performance related	LTISRP related
	Year	Salary $	Non-monetary benefits[1] $	Other[2] $	Superannuation on base[3] $	Sub total fixed $	STIP[4] $	Superannuation on STIP[5] $	LTISRP[6] $	ESP/ERSP[7] $	$	%	%
KMP Senior Executives													
T.J. Davis Executive Director and Group Managing Director	**2013**	**2,737,733**	**172,313**	–	**547,547**	**3,457,593**	–	**338,351**[5]	**(99,282)**	–	**3,696,662**	**6**	**(3)**
	2012	2,343,383	283,399	352,300	462,260	3,441,342	2,423,800	947,562[5]	1,143,939	–	7,956,643	57	14
K. Gunduz[8] Managing Director, Indonesia & PNG	**2013**	**62,429**	**84,579**	–	**8,740**	**155,748**	–	–	–	**1,873**	**157,621**	**1**	–
P.N. Kelly[8] Managing Director, SPCA	**2013**	**369,013**	**65,808**	–	**88,563**	**523,384**	–	–	**39,475**	**11,071**	**573,930**	**9**	**7**
J. Murphy Managing Director, Australian Beverages	**2013**	**816,083**	**550**		**17,122**	**833,755**	–	–	**80,310**	**100,000**	**1,014,065**	**18**	**8**
	2012	792,692	550	–	16,123	809,365	161,700	22,638	123,787	83,334	1,200,824	33	10
B. O'Connell[8] Managing Director, New Zealand & Fiji	**2013**	**272,930**	**265,894**	–	**22,517**	**561,341**	**122,558**	**10,111**	**38,207**	**12,221**	**744,438**	**25**	**5**
N.I. O'Sullivan Group Chief Financial Officer	**2013**	**976,000**	**89,003**	–	**17,122**	**1,082,125**	–	–	**158,792**	**122,330**	**1,363,247**	**21**	**12**
	2012	816,667	92,080	–	16,123	924,870	606,200	82,488	244,317	224,637	2,082,512	56	12
W.G. White Managing Director, Australasia	**2013**	**695,450**	**127,320**	–	**97,363**	**920,133**	–	–	**216,824**	**278,540**	**1,415,497**	**35**	**15**
	2012	671,400	205,810	–	93,996	971,206	381,000	53,340	378,112	277,498	2,061,156	53	18
Former KMP Senior Executives													
G. Adams[8]	**2013**	**92,727**	**39,460**	–	**12,982**	**145,169**	**50,456**	**7,064**	**(16,101)**	**3,631**	**190,219**	**24**	**(8)**
	2012	298,176	82,587	–	41,745	422,508	–	–	67,996	8,946	499,450	15	14
V. Pinneri[8]	**2013**	**89,525**	**11,288**	–	**12,534**	**113,347**	–	–	**12,671**	**5,761**	**131,779**	**14**	**10**
	2012	356,083	45,150	–	49,852	451,085	–	–	108,371	29,135	588,591	23	18
E. Rey[8]	**2013**	**334,485**	**341,265**	–	**46,828**	**722,578**	–	–	**64,258**	**10,034**	**796,880**	**9**	**8**
	2012	393,823	411,339	–	55,135	860,297	270,300	37,842	129,671	11,815	1,309,925	34	10
Total KMP Senior Executives	**2013**	**6,446,375**	**1,197,480**	–	**871,318**	**8,515,173**	**173,014**	**355,526**	**495,164**	**545,461**	**10,084,338**		
Total KMP Senior Executives	2012	5,672,224	1,120,915	352,300	735,234	7,880,673	3,843,000	1,143,870	2,196,193	635,365	15,699,101		

1 Non-monetary benefits includes the value of vehicle benefits, club membership, Company product and where applicable expatriate benefits.
2 Represents the estimated present value of accrued benefits payable under the employment contract terms for Mr Davis less amounts accrued in prior periods.
3 Superannuation benefits are provided through an accumulation superannuation plan.
4 The minimum STIP value is nil and the maximum value is what was actually paid.
5 Superannuation on annual cash incentive and, for Mr Davis, on shares purchased for the 2010-2012 LTISRP.
6 Represents the estimated fair value of CCA shares offered in the LTISRP calculated by multiplying the threshold number of shares by the fair value of the shares at grant date and amortised over the performance period. The EPS portion of the 2011-2013 and 2012-2014 plans have been reversed as actual and management estimates of non-achievement, respectively, of the required performance targets.
7 ESP/ERSP include the following –
- ESP amounts represent the Company's matching contribution; and
- shares purchased for the ERSP are amortised over the vesting period. The expense recognised in the current financial year for the relevant KMP was Mr Murphy $100,000 (2012: $83,334), Ms O'Sullivan $93,050 (2012: $200,137), Mr White $257,676 (2012: $257,356) and Mr Pinneri $3,075 (2012: $18,452).

8 Amounts are calculated from the date the individual was appointed to the KMP position or up to the date the individual ceased to hold the KMP position. Mr Gunduz was appointed as KMP on 1 November 2013, Mr Kelly was appointed as KMP on 1 April 2013, Mr O'Connell was appointed as KMP on 8 April 2013, Mr Adams ceased to be KMP on 7 April 2013, Mr Pinneri ceased to be KMP on 31 March 2013 and Mr Rey ceased to be KMP on 31 October 2013.

REMUNERATION REPORT (CONTINUED)

E. Remuneration of Non-Executive Directors

The remuneration of Non-Executive Directors takes into account the size and complexity of CCA's operations, their responsibility for the stewardship of the Company and their workloads. It comprises Directors' fees (base plus Board Committee fees), superannuation contributions and retirement benefits.

a) Directors' Fees

Total fees are not to exceed the annual limit of $2.3 million as previously approved by shareholders in May 2011. Based on advice received from external remuneration consultants (via the Compensation Committee), Non-Executive Director fees are set and approved by the Executive Director. No element of remuneration is performance related.

The average increase in Director base fees for the last five years has been 3.9% per annum. As a consequence, the base fee has fallen below the median of peer companies and it is the Board's intention to apply above average increases over a similar time period going forward, to bring the Director base fee closer to the median.

The annual Directors' fees (excluding superannuation contributions) payable to Non-Executive Directors for the financial year ended 31 December 2013 were as follows –

	$
Chairman	462,300
Director (base fee)	159,550
Audit & Risk Committee – Chairman	33,000
Audit & Risk Committee – member	18,350
Compliance & Social Responsibility Committee – Chairman	24,500
Compliance & Social Responsibility Committee – member	14,750
Compensation Committee – Chairman	24,500
Compensation Committee – member	14,750

No fees are payable in respect of membership of any other Board Committees. The Chairman of the Board does not receive any Committee fees.

b) Non-Executive Directors Share Plan

In prior years, Non-Executive Directors agreed to apply a minimum of 25% of their fees to purchase ordinary shares in the Company. The trustee of the Non-Executive Directors Share Plan will hold the shares until the beneficiary ceases to be a Director of the Company. From 1 September 2009, the Plan was suspended due to the change in taxation arrangements of share plans announced by the Australian Government during 2009.

c) Superannuation Contributions

Contributions required under SG legislation are made by the Company on behalf of Non-Executive Directors.

d) Retirement Benefits

There is no current scheme for the payment of retirement benefits. On 3 May 2006, shareholders agreed to the accrued benefits under the prior scheme being used to purchase shares in the Company. The shares are held by the trustee of the Non-Executive Directors' Retirement Share Trust for Messrs Gonski and King until they cease to be a Director of CCA. In accordance with the terms of the prior scheme, these Non-Executive Directors will not have their shares transferred to them until the time of their retirement. Further details on these shares are included in Note 23 to the financial statements.

e) CCA Shareholding Guidelines

Non-Executive Directors are encouraged to hold CCA shares, with the following shareholding guideline introduced during 2010, based on length of time served as a Director –

- upon reaching five years, to hold equivalent of at least 20% of annual Director fees in CCA shares;
- upon reaching 10 years, to hold equivalent of at least 40% of annual Director fees in CCA shares; and
- upon reaching 15 years, to hold equivalent of at least 60% of annual Director fees in CCA shares.

REMUNERATION REPORT (CONTINUED)

E. Remuneration of Non-Executive Directors (continued)

The following table has been prepared in accordance with section 300A of the Corporations Act 2001; amounts are paid or payable for services provided during the financial year –

		Short Term		Post employment	Total
	Year	Base fees $	Committee fees $	Superannuation $	$
KMP Non-Executive Directors					
D.M. Gonski, AC	**2013**	**462,300**	–	**17,122**	**479,422**
Chairman	2012	436,100	–	16,123	452,223
I.R. Atlas	**2013**	**159,550**	**33,100**	**17,122**	**209,772**
	2012	150,500	31,200	16,064	197,764
C.M. Brenner	**2013**	**159,550**	**39,250**	**17,122**	**215,922**
	2012	150,500	37,000	16,123	203,623
A.G. Froggatt	**2013**	**159,550**	**42,850**	**17,122**	**219,522**
	2012	150,500	40,400	16,123	207,023
M. Jansen	**2013**	**159,550**	**18,350**	**16,233**	**194,133**
	2012	150,500	17,300	15,102	182,902
G.J. Kelly	**2013**	**159,550**	**14,750**	**15,905**	**190,205**
	2012	150,500	13,900	14,796	179,196
W.M. King, AO	**2013**	**159,550**	**14,750**	**15,905**	**190,205**
	2012	150,500	13,900	14,796	179,196
D.E. Meiklejohn, AM[1]	**2013**	**159,550**	**47,750**	**17,122**	**224,422**
	2012	150,500	43,900	16,123	210,523
Total KMP Non-Executive Directors	**2013**	**1,579,150**	**210,800**	**133,653**	**1,923,603**
Total KMP Non-Executive Directors	2012	1,489,600	197,600	125,250	1,812,450

1 Mr Meiklejohn can elect to have the superannuation benefit paid into a superannuation fund of his choice, or receive the benefit as taxable income, as long as the SG obligations are met. In 2012, Mr Meiklejohn elected to receive part of his superannuation as taxable income, which ceased from 1 July 2013, given the change in the SG legislation.

F. Policy on Trading in CCA's Shares

If a CCA employee has price sensitive inside information, the person is prohibited by law from buying, selling or dealing in the Company's securities until after the relevant information has become available to persons who ordinarily invest in securities. Not only must persons who possess price sensitive inside information not trade in the Company's securities until that information becomes generally available, but they must not pass on or communicate that information to other persons, including family members and friends. If they do, then the person who passes on the information and the person who uses it in share trading both commit offences under the Corporations Act 2001.

Under CCA's Policy on Trading in CCA's Shares, Directors, executives and nominated senior managers are also prohibited from short term or speculative trading in the Company's shares and transactions in the derivative markets.

The prohibition on short term or speculative trading includes direct dealings in the Company's shares and transactions in the derivative markets involving exchange traded options, share warrants and similar instruments.

The entering into of all types of "protection arrangements" for any CCA shares (or CCA products in the derivative markets) that are held directly or indirectly by Directors, executives or nominated senior managers (including both in respect of vested and unvested shares in any Director or employee share plan) are prohibited at any time, irrespective of whether such protection arrangements are entered into during trading windows or otherwise.

The entering into of any margin lending arrangement involving CCA shares, during or outside a trading window, is also prohibited.

While trading is unlawful at any time if an employee has price sensitive inside information, CCA limits the times when Directors and senior management may buy, sell or deal in shares to those periods when the market is likely to be most fully informed.

For Directors and senior management trading of CCA shares is prohibited at all times except for the four weeks commencing on the day after the release of the half year and full year results and the holding of the Annual General Meeting. This exception does not apply to a Director or senior manager who possesses price sensitive inside information. That Director or senior manager is prohibited from trading CCA shares even within the specified four week periods.

The Policy has been formally circulated to all Directors, executives and nominated senior managers. Failure to comply with the Policy will be regarded as a breach of the CCA Code of Business Conduct and will attract a penalty that may include termination of employment depending on the severity of the breach.

The movement of shares during the reporting period held directly, indirectly or beneficially, by the Group Managing Director is disclosed in Note 30 to the financial statements.

AUDITOR INDEPENDENCE AND NON-AUDIT SERVICES

Auditor independence

The following independence declaration has been obtained from the Company's auditor, Ernst & Young –

EY
Building a better working world

Ernst & Young
680 George Street
Sydney NSW 2000 Australia
GPO Box 2646 Sydney NSW 2001

Tel: +61 2 9248 5555
Fax: +61 2 9248 5959
ey.com/au

Auditor's independence declaration to the Directors of Coca-Cola Amatil Limited

In relation to our audit of the financial report of Coca-Cola Amatil Limited for the financial year ended 31 December 2013, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

Ernst & Young

Ernst & Young

M Wright

Michael Wright
Partner
Sydney
18 February 2014

Non-audit services

The following non-audit services were provided by the Company's auditor, Ernst & Young (Australia). The Directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The nature and scope of each type of non-audit service provided mean that auditor independence was not compromised.

Ernst & Young received or is due to receive the following amounts for the provision of non-audit services –

Other assurance services	$350,000
Tax compliance services	$86,000

Signed in accordance with a resolution of the Directors.

David M. Gonski, AC
Chairman
Sydney
18 February 2014

Terry J. Davis
Group Managing Director
Sydney
18 February 2014

INCOME STATEMENT

COCA-COLA AMATIL LIMITED AND ITS SUBSIDIARIES
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

	Refer Note	2013 $M	(Restated)[1] 2012 $M
Revenue, excluding finance income			
Trading revenue		**5,036.4**	5,097.4
Other revenue		**47.3**	41.8
	2&3	**5,083.7**	5,139.2
Other income[2]	4	**–**	53.2
Expenses, excluding finance costs			
Cost of goods sold		**(2,842.9)**	(2,839.3)
Selling		**(662.8)**	(692.0)
Warehousing and distribution		**(400.9)**	(390.8)
Administration and other[2]		**(809.2)**	(510.1)
		(4,715.8)	(4,432.2)
Earnings before interest and tax		**367.9**	760.2
Net finance costs			
Finance income	3	**36.2**	35.9
Finance costs	4	**(161.0)**	(150.0)
		(124.8)	(114.1)
Profit before income tax	4	**243.1**	646.1
Income tax expense[2]	5	**(162.5)**	(188.1)
Profit after income tax		**80.6**	458.0
Profit after income tax attributable to non-controlling interests		**(0.7)**	(0.2)
Profit after income tax attributable to members of the Company		**79.9**	457.8

		¢	¢
Earnings per share (EPS) for profit attributable to members of the Company			
Basic and diluted EPS	25	**10.5**	60.1

1. Profit after income tax had been restated by $2.1 million (decrease). Refer to Note 1z) for further details.
2. Includes amounts classified as significant items. Refer to Notes 4c) and 5 respectively for further details.

Notes appearing on pages 64 to 117 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 2013

	Refer Note	2013 $M	(Restated)[1] 2012 $M
Profit after income tax		**80.6**	458.0
Other comprehensive income			
Items to be reclassified to the income statement in subsequent periods –			
Foreign exchange differences on translation of foreign operations	22	**13.6**	(15.9)
Cash flow hedges	22	**30.1**	(25.8)
Income tax effect relating to cash flow hedges	22	**(9.1)**	7.9
		34.6	(33.8)
Items not to be reclassified to the income statement in subsequent periods –			
Actuarial valuation reserve	22	**31.7**	0.8
Income tax effect	22	**(9.1)**	(0.4)
		22.6	0.4
Other comprehensive income, after income tax		**57.2**	(33.4)
Total comprehensive income		**137.8**	424.6
Total comprehensive income attributable to non-controlling interests		**(1.0)**	(0.2)
Total comprehensive income attributable to members of the Company		**136.8**	424.4

1 Refer to Note 1z) for further details.

Notes appearing on pages 64 to 117 to be read as part of the financial statements.

STATEMENT OF FINANCIAL POSITION

COCA-COLA AMATIL LIMITED AND ITS SUBSIDIARIES
AS AT 31 DECEMBER 2013

	Refer Note	2013 $M	(Restated)[1] 2012 $M
Current assets			
Cash assets	6	**1,425.9**	1,178.0
Trade and other receivables	7	**958.7**	959.5
Inventories	8	**657.9**	689.5
Prepayments		**87.1**	94.6
Current tax assets		**4.7**	–
Derivatives	31	**24.0**	9.5
Total current assets		**3,158.3**	2,931.1
Non-current assets			
Long term deposits		**–**	150.0
Other receivables	7	**7.2**	3.6
Investment in joint venture entity	10	**26.4**	–
Investments in bottlers' agreements	11	**931.8**	905.2
Property, plant and equipment	12	**2,062.2**	1,993.8
Intangible assets	13	**333.0**	628.7
Prepayments		**20.3**	19.8
Defined benefit superannuation plans	19	**17.9**	1.7
Derivatives	31	**51.3**	50.4
Other financial assets	9	**–**	24.4
Total non-current assets		**3,450.1**	3,777.6
Total assets		**6,608.4**	6,708.7
Current liabilities			
Trade and other payables	15	**804.2**	806.3
Interest bearing liabilities	16	**731.0**	351.4
Current tax liabilities		**53.8**	54.5
Provisions	17	**68.6**	82.2
Accrued charges		**430.1**	412.6
Derivatives	31	**25.1**	42.2
Total current liabilities		**2,112.8**	1,749.2
Non-current liabilities			
Other payables	15	**0.8**	2.0
Interest bearing liabilities	16	**2,377.4**	2,435.8
Provisions	17	**14.8**	13.3
Deferred tax liabilities	18	**173.1**	151.8
Defined benefit superannuation plans	19	**30.5**	38.2
Derivatives	31	**159.2**	254.9
Total non-current liabilities		**2,755.8**	2,896.0
Total liabilities		**4,868.6**	4,645.2
Net assets		**1,739.8**	2,063.5
Equity			
Share capital	20	**2,271.7**	2,250.0
Shares held by equity compensation plans	21	**(16.0)**	(17.4)
Reserves	22	**(82.6)**	(127.9)
Accumulated losses		**(439.5)**	(46.4)
Equity attributable to members of the Company		**1,733.6**	2,058.3
Non-controlling interests		**6.2**	5.2
Total equity		**1,739.8**	2,063.5

1 Refer to Note 1z) for further details.

Notes appearing on pages 64 to 117 to be read as part of the financial statements.

SPC Ardmona Ltd - Non Confidential

STATEMENT OF CASH FLOWS

COCA-COLA AMATIL LIMITED AND ITS SUBSIDIARIES
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

	Refer Note	2013 $M	2012 $M
Inflows/(outflows)			
Cash flows from operating activities			
Receipts from customers (inclusive of goods and services taxes)		**5,871.5**	5,747.2
Payments to suppliers, governments and employees (inclusive of goods and services taxes)		**(4,848.0)**	(4,734.3)
Interest income received		**34.2**	35.6
Interest and other finance costs paid		**(156.1)**	(139.6)
Income taxes paid		**(168.5)**	(167.0)
Net cash flows from operating activities	6	**733.1**	741.9
Cash flows from investing activities			
Proceeds from –			
disposal of –			
property, plant and equipment		**5.5**	5.8
trademarks	13	**–**	5.2
rights to sell certain CCA branded products	4	**–**	19.0
other financial assets	9	**–**	288.6
discontinuation of business acquisition	4	**–**	34.2
repayment of loan by joint venture entity		**–**	24.5
investments in long term deposits		**300.0**	–
Payments for –			
additions of –			
property, plant and equipment		**(369.4)**	(423.3)
brand names and trademarks		**(4.5)**	–
customer lists		**–**	(0.3)
software development assets		**(23.1)**	(41.5)
other financial assets		**–**	(24.4)
acquisitions of entities and operations (net)	29	**–**	(116.0)
investments in long term deposits		**(150.0)**	(150.0)
Net cash flows used in investing activities		**(241.5)**	(378.2)
Cash flows from financing activities			
Proceeds from borrowings		**659.4**	685.9
Borrowings repaid		**(457.3)**	(155.9)
Dividends paid	24	**(451.3)**	(382.6)
Net cash flows (used in)/from financing activities		**(249.2)**	147.4
Net increase in cash and cash equivalents		**242.4**	511.1
Cash and cash equivalents held at the beginning of the financial year		**1,177.3**	664.9
Effects of exchange rate changes on cash and cash equivalents		**4.7**	1.3
Cash and cash equivalents held at the end of the financial year	6	**1,424.4**	1,177.3

Notes appearing on pages 64 to 117 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 2013

		Equity attributable to members of the Company						
	Refer Note	Share capital $M	Shares held by equity compensation plans $M	Reserves[1] $M	Accumulated losses $M	Total $M	Non-controlling interests $M	Total equity $M
At 1 January 2013		**2,250.0**	**(17.4)**	**(127.9)**	**(46.4)**	**2,058.3**	**5.2**	**2,063.5**
Profit		–	–	–	**79.9**	**79.9**	**0.7**	**80.6**
Other comprehensive income		–	–	**56.9**	–	**56.9**	**0.3**	**57.2**
Total comprehensive income		–	–	**56.9**	**79.9**	**136.8**	**1.0**	**137.8**
Transactions with equity holders –								
Movements in ordinary shares	20	**21.7**	–	–	–	**21.7**	–	**21.7**
Share based remuneration obligations	21&22	–	**1.4**	**(11.6)**	–	**(10.2)**	–	**(10.2)**
Dividends appropriated	24	–	–	–	**(473.0)**	**(473.0)**	–	**(473.0)**
Total of transactions with equity holders		**21.7**	**1.4**	**(11.6)**	**(473.0)**	**(461.5)**	–	**(461.5)**
At 31 December 2013		**2,271.7**	**(16.0)**	**(82.6)**	**(439.5)**	**1,733.6**	**6.2**	**1,739.8**
At 1 January 2012		2,218.2	(16.5)	(91.5)	(75.9)	2,034.3	–	2,034.3
Adoption of revised accounting standard[2]		–	–	–	(13.9)	(13.9)	–	(13.9)
Restated 1 January 2012		2,218.2	(16.5)	(91.5)	(89.8)	2,020.4	–	2,020.4
Profit		–	–	–	457.8	457.8	0.2	458.0
Other comprehensive income		–	–	(33.4)	–	(33.4)	–	(33.4)
Total comprehensive income		–	–	(33.4)	457.8	424.4	0.2	424.6
Transactions with equity holders –								
Movements in ordinary shares	20	31.8	–	–	–	31.8	–	31.8
Share based remuneration obligations	21&22	–	(0.9)	(3.0)	–	(3.9)	–	(3.9)
Dividends appropriated	24	–	–	–	(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)	(127.9)	(46.4)	2,058.3	5.2	2,063.5

1 Refer to Note 22.
2 AASB 119 Employee Benefits which became applicable on 1 January 2013.

Notes appearing on pages 64 to 117 to be read as part of the financial statements.

SPC Ardmona Ltd - Non Confidential

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This consolidated financial report was authorised for issue in accordance with a resolution of the Coca-Cola Amatil Limited Board of Directors on 18 February 2014.

Coca-Cola Amatil Limited is a for profit company limited by shares that is incorporated and domiciled in Australia, whose shares are publicly traded on the ASX. The Company does not have a parent entity. The nature of the operations and principal activities of the Group are described in the Directors' Report.

a) Basis of financial report preparation

This general purpose financial report 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 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

This financial report complies with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

The Group has adopted all consequential amendments to Australian Accounting Standards which became applicable on 1 January 2013. The Group applies, for the first time, certain standards and amendments that require restatement of previous financial statements. These include the revised AASB 119 Employee Benefits (refer to Note 1z)) and the amended AASB 101 Presentation of Financial Statements. There is no material effect on the financial statements of the Group in relation to AASB 13 Fair Value Measurement and the amended AASB 7 Financial Instruments: Disclosures.

Australian Accounting Standards and Interpretations that have been issued or amended but are not yet effective have not been early adopted by the Company or the Group for the financial year ended 31 December 2013. Those are outlined in the table below –

Reference	Title	Summary	Application date of standard[1]	Impact on the Group's financial report	Application date for the Group
AASB 9	Financial Instruments	Adjusts the classification and measurement of financial assets and liabilities.	1 Jan 2015	The impact of the standard is yet to be assessed.	1 Jan 2015
AASB 2011-4	Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements	Removal of key management personnel disclosure requirements from AASB 124 Related Party Disclosures.	1 Jul 2013	Disclosure changes only.	1 Jan 2014
AASB 2012-3	Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities	New guidance to address inconsistencies identified in applying some of the offsetting criteria of AASB 132 Financial Instruments: Presentation.	1 Jan 2014	Disclosure changes only.	1 Jan 2014
AASB 2013-3	Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets	New guidance to clarify the disclosure requirements in respect of fair value less costs of disposal.	1 Jan 2014	Disclosure changes only.	1 Jan 2014
AASB 2013-4	Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting	Amendments to AASB 139 Financial Instruments: Recognition and Measurement to permit the continuation of hedge accounting in circumstances where a derivative, which has been designated as a hedging instrument, is novated from one counterparty to a central counterparty as a consequence of laws or regulations.	1 Jan 2014	The impact of the standard is yet to be assessed.	1 Jan 2014
AASB 2013-5	Amendments to Australian Accounting Standards – Investment Entities	New guidance on investments held by a reporting entity which meet the definition of an investment entity.	1 Jan 2014	The impact of the standard is yet to be assessed.	1 Jan 2014

1 Application date for the annual reporting periods beginning on or after the date shown in the above table.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

c) 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.

The key estimates and assumptions that have or could have the most significant effect on the amounts recognised in the financial statements relate to the following areas –

i) Impairment testing of investments in bottlers' agreements and intangible assets with indefinite lives

The Group determines whether investments in bottlers' agreements and intangible assets with indefinite lives are impaired at each annual balance date. These calculations involve an estimation of the recoverable amount of the cash generating unit to which investments in bottlers' agreements and intangible assets with indefinite lives are allocated;

ii) Estimation of useful lives of assets

The estimation of useful lives of assets has been based on historical experience. In addition, the condition of assets is assessed at least annually and considered against the remaining useful life. Adjustments to useful lives are made when considered necessary;

iii) Share based payments

As disclosed in Note 1v), the Group measures the cost of equity settled transactions by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an external valuer using the Monte Carlo simulation methodology and the Black Scholes model; and

iv) Income taxes

The Group is subject to income taxes in Australia and other jurisdictions in which CCA operates. Significant judgement is required in determining the Group's current tax assets and liabilities. Judgement is also required in assessing whether deferred tax assets and liabilities are recognised in the statement of financial position. Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. Changes in circumstances will alter expectations, which may impact the amount of tax losses and temporary differences not yet recognised.

d) Principles of consolidation

i) Subsidiaries

The consolidated financial statements of the Group comprise those of the parent entity, Coca-Cola Amatil Limited, and its subsidiaries. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Group controls an investee if and only if the Group has –

- power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- exposure, or rights, to variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect its returns.

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 the Company's separate financial statements (refer to Note 34), investments in subsidiaries are measured initially at cost and subsequently at cost less impairment.

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.

ii) Joint venture entity

The investment in the joint venture entity was accounted for in the consolidated financial statements using the equity method and was carried at cost by the parent entity in its separate financial statements. Under the equity method, the share of profits or losses of the joint venture entity was recognised in the income statement, and the share of movements in reserves was recognised in the statement of comprehensive income. Refer to Note 10 for further details.

e) Segment reporting

An operating segment is a component of the Group –

- that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group); and
- whose operating results are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance.

f) Foreign currency translation

i) Functional and presentation currency

Both the functional and presentation currency of Coca-Cola Amatil Limited and its Australian subsidiaries is Australian Dollars. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

ii) Transactions and balances

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date. Exchange rate gains or losses are brought to account in determining the net profit or loss in the period in which they arise, as are exchange gains or losses relating to cross currency swap transactions on monetary items.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

f) Foreign currency translation (continued)

ii) Transactions and balances (continued)

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

On consolidation, the assets and liabilities of foreign subsidiaries are translated by applying the rate ruling at balance date and revenue and expense items are translated at the average rate calculated for the period. The exchange differences arising on the retranslation are taken directly to equity within the foreign currency translation reserve. On disposal of a foreign subsidiary, accumulated exchange differences are recognised in the income statement as a component of the gain or loss on disposal.

g) Revenue

Revenue is recognised and measured at the fair value of the consideration received or receivable to the extent that it is probable that economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is recognised net of discounts, allowances and applicable amounts of value added taxes such as the Australian goods and services tax. The following specific recognition criteria must also be met before revenue is recognised –

i) Sale of goods and materials

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and the amount of revenue can be measured reliably;

ii) Rendering of services

Revenue from installation and maintenance of equipment is recognised when the services have been performed and the amount can be measured reliably;

iii) Interest income

Interest income is recognised as the interest accrues, using the effective interest method; and

iv) Rental income

Rental income arising from equipment hire is accounted for on a straight line basis over the term of the rental contract.

h) Finance costs

Finance costs are recognised as expenses in the period in which they are incurred, except where they are included in the costs of qualifying assets.

i) Income tax

i) Current tax

Current tax asset or liability represents amounts receivable or payable in relation to income taxes attributable to taxable profits of the current or prior financial years, less instalments of income tax paid. The tax rates and laws used to compute current taxes are those that are enacted or substantially enacted as at the reporting date.

ii) Deferred tax

Deferred tax is provided using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amount used for taxation purposes, using the tax rates which are enacted or substantially enacted as at the reporting date.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax liabilities are recognised for all taxable temporary differences except for those arising from the initial recognition of assets and liabilities that affect neither accounting nor taxable profits and those temporary differences relating to investments in subsidiaries where the timing of the reversal can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset only when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

iii) Tax consolidation

The Company and its wholly owned Australian resident subsidiaries have formed a tax consolidated group. CCA is the head entity of the tax consolidated group. Details relating to the tax funding agreements are set out in Note 5.

j) Cash assets

Cash assets comprise cash on hand, deposits held at call with financial institutions and other short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

k) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for doubtful receivables.

Collectibility of trade receivables is reviewed on an ongoing basis. The carrying amount of trade receivables is reduced through the use of an allowance account and the amount of the loss is recognised in the income statement.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

l) Inventories

Inventories including raw materials, work in progress and finished goods are stated at the lower of cost (including fixed and variable factory overheads where applicable) and net realisable value. Cost is determined on the basis of first-in-first-out, average or standard, whichever is the most appropriate in each case.

Net realisable value is the estimated selling price in the ordinary course of business, less the cost of completion and selling expenses.

Costs of inventories include the transfer from equity of gains or losses on qualifying cash flow hedges relating to inventory purchases.

m) Business combinations

Business acquisitions are accounted for using the acquisition method. The cost of acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value, and the amount of any non-controlling interest in the acquiree. For each business acquisition, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition related costs are expensed as incurred.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the gain is recognised in the income statement.

n) Financial assets

The Group classifies its financial assets as either "financial assets at fair value through the income statement" or as "loans and receivables". The classification depends on the purpose for which the financial asset was acquired.

When financial assets are recognised initially, they are measured at fair value. In the case of financial assets not measured at fair value, they are taken through the income statement, along with directly attributable transaction costs.

Recognition and derecognition

All regular purchases and sales of financial assets are recognised on the trade date, that is the date the Group commits to purchase the asset. Regular purchases and sales of financial assets under contracts that require delivery of the assets within the period are established generally by regulation or convention in the market place. Financial assets are derecognised when the right to receive cash flows from the financial assets has expired or been transferred.

i) Financial assets at fair value through the income statement

Financial assets at fair value through the income statement are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are classified as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Loans and receivables are included in trade and other receivables in the statement of financial position. Loans and receivables are classified as current assets, except for those with maturities greater than 12 months after the balance date which are classified as non-current assets.

The fair value of all financial assets is based on an active market price. If the market for a financial asset is not active, the Group establishes fair value by using valuation techniques such as discounted cash flow analysis and option pricing models. These include reference to the fair values of recent arm's length transactions, involving the same instruments or other instruments that are substantially the same.

o) Investments in bottlers' agreements

Investments in bottlers' agreements are carried at cost.

Investments in bottlers' agreements are not amortised as they are considered to have an indefinite life but are tested annually for any impairment in the carrying amount. Refer to Note 14 for details of impairment testing of investments in bottlers' agreements.

p) Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and impairment. Subsequent expenditure is added to the carrying value of the asset when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing asset, will flow to the Group. All other subsequent expenditure is expensed in the period in which it is incurred.

Property, plant and equipment, other than freehold land, is depreciated or amortised on a straight line basis at various rates dependent upon the estimated average useful life for that asset to the Group. The estimated useful lives of each class of asset for the current and prior year are as follows –

Freehold and leasehold buildings	20 to 50 years
Plant and equipment	3 to 15 years

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the income statement in the financial year the item is derecognised.

q) Leased assets

Leases are classified at their inception as either finance or operating leases based on the economic substance of the arrangement so as to reflect the risks and benefits incidental to ownership.

Finance leases are those which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of the leased property. There are no material finance leases within the Group.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

q) Leased assets (continued)

Operating leases are those where the lessor effectively retains substantially all the risks and benefits incidental to ownership of the leased property. Operating lease payments are charged to the income statement on a straight line basis over the lease term. Refer to Note 4 for further details. Lease income from operating leases is recognised as income on a straight line basis over the lease term. Refer to Note 3 for further details.

r) Intangible assets

i) Identifiable intangible assets

Intangible assets acquired separately are capitalised at cost and from a business combination are capitalised at fair value as at the date of acquisition. Following initial recognition, the cost model is applied to each class of intangible asset. The useful lives of these intangible assets are assessed to be either finite or indefinite. Where amortisation is charged on assets with finite lives, this expense is taken to the income statement and charged on a straight line basis.

Intangible assets with indefinite lives are tested for impairment at least annually at the cash generating unit level. Useful lives are also examined on an annual basis and adjustments, where applicable, are made on a prospective basis.

Intangible assets, excluding software development assets, created within the business are not capitalised and costs are taken to the income statement when incurred.

Software development costs incurred on an individual project are carried forward when future recoverability can reasonably be assured. Following the initial recognition of software development assets, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and impairment. Any costs carried forward are amortised over the assets' useful lives.

The carrying value of software development assets is reviewed for impairment annually when an asset is not in use or more frequently when an indicator of impairment arises during a reporting period indicating that the carrying value may not be recoverable.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the income statement when the asset is derecognised.

The estimated useful lives of existing finite lived intangible assets for the current and prior year are as follows –

Customer lists	5 years
Brand names and trademarks	40 to 50 years
Software development assets	3 to 10 years

ii) Goodwill

Goodwill is the excess of the cost of an acquisition over the fair value of the net assets acquired. Goodwill is not amortised but will be tested annually or more frequently if required, for any impairment in the carrying amount. Impairment is determined by assessing the recoverable amount of the cash generating unit to which the goodwill relates.

Goodwill arising on the acquisition of subsidiaries is treated as an asset of the subsidiary. These balances are denominated in the currency of the subsidiary and are translated to Australian Dollars on a consistent basis with the other assets and liabilities held by the subsidiary.

Goodwill is allocated to cash generating units for the purpose of impairment testing. Refer to Note 14 for details.

s) Impairment of assets

At each reporting date, the Group assesses whether there is an indication that an asset may be impaired. Where an indicator of impairment exists or where annual impairment testing for an asset is required, the Group makes a formal estimate of the recoverable amount. An impairment loss is recognised for the amount by which the carrying amount of an asset exceeds the recoverable amount, which is defined as the greater of an asset's fair value less costs to sell, or value in use. For the purpose of assessing impairment, assets are grouped at the level for which there are separately identifiable cash flows.

An impairment loss is recognised in the income statement. Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

t) Trade and other payables

Trade and other payables are carried at amortised cost. Liabilities are brought to account for amounts payable in relation to goods received and services rendered, whether or not billed at the reporting date.

u) Provisions

Provisions are recognised when a present legal or constructive obligation has arisen as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where there is an expectation that a provision is to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. Where material, the effect of the time value of money is taken into account in measuring provisions by discounting the expected future cash flows at a rate which reflects both the risks specific to the liability, and current market assessments of the time value of money.

v) Employee benefits

i) Wages and salaries, annual leave, sick leave and other benefits

Liabilities are raised for employee benefits accumulated as a result of employees rendering services up to balance date including related on-costs. The benefits include wages and salaries, annual leave, sick leave, incentives, compensated absences and other benefits, which are charged against profit in their respective expense categories when services are provided or benefits vest with the employee. The provision for employee benefits is measured at the remuneration rates expected to be paid when the liability is settled.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

v) Employee benefits (continued)

ii) Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields on high quality corporate bonds (at the reporting date) with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows. In the absence of a deep market in such bonds, the market yields on government bonds are used.

iii) Pensions and post-retirement benefits

The Group operates a number of defined benefit and defined contribution superannuation plans. The defined benefit plans are made up of both funded and unfunded plans. The assets of funded schemes are held in separate trustee-administered funds and are financed by payments from the relevant subsidiaries. Contributions to defined benefit plans are based on regular advice from independent qualified actuaries.

For defined contribution plans, the relevant subsidiaries pay contributions to the plans on a mandatory or contractual basis.

For defined benefit plans, actuarial gains and losses are recognised within other comprehensive income, with no subsequent recycling to the income statement. The time value amounts recognised in the income statements as net finance costs are calculated using the applicable discount rate to measure the net defined benefit liability or asset. Past service cost is recognised in income statement within service cost. Refer to Note 19 for further details of the Group's defined benefit plans.

The Group's contributions made to defined contribution plans are recognised as an expense when they fall due.

iv) Equity compensation plans

Employer contributions to the Employees Share Plan are charged as an expense over the vesting period. Any amounts of unvested shares held by the related trust are controlled by the Group until they vest and are recorded at cost in the statement of financial position within equity as shares held by equity compensation plans until they vest. The amounts relating to the unvested obligation are recorded at reporting date within the share based remuneration reserve until they vest. No gain or loss is recognised in the income statement on the purchase, sale, issue or cancellation of CCA's own equity instruments.

Shares granted by CCA to employees of subsidiaries are recognised in the Company's separate financial statements as an additional investment in the subsidiary with a corresponding credit to the share based remuneration reserve. As a result, the expense recognised by CCA in relation to equity settled awards only represents the expense associated with grants to employees of the Company. The expense recognised by the Group is the total expense associated with all such awards.

Shares granted under the Long Term Incentive Share Rights Plan are measured by reference to the fair value of the shares at the date at which they are granted. The fair value is determined by an external valuer using the Monte Carlo simulation methodology (for shares with a TSR performance condition) and the Black Scholes model (for shares with an EPS performance condition). The fair value of shares is charged as a share based remuneration expense over the vesting period together with a corresponding increase in the share based remuneration reserve, ending on the date on which the relevant employees become entitled to the award. Refer to Note 23 for further details of the Long Term Incentive Share Rights Plan.

The cumulative expense recognised for equity settled transactions at each reporting date until vesting date reflects the extent to which the vesting period has expired and CCA's best estimate of the number of equity instruments that will ultimately vest. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The income statement charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is only conditional upon a market condition.

w) Derivative financial instruments

The Group seeks to actively manage its exposures to interest rates, foreign exchange and commodities by using derivative financial instruments to hedge these risks arising from its operating, investing and financing activities. This is achieved through a process of identifying, recording and communicating all financial exposures and risk in the Group which forms the basis for any decision to implement risk management strategies.

The Group at inception, documents the transaction and the relationship between the hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The process includes linking all derivative financial instruments designated to specific firm commitments or forecast transactions. The Group also assesses both at the hedge inception and on an ongoing basis, whether the derivative financial instruments that are used in hedge accounting are highly effective in offsetting changes in fair value or cash flows of hedged items.

Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured to fair value. On subsequent revaluation, the derivatives are carried as assets when their fair value is positive and as liabilities when their fair value is negative.

The Group designates its derivatives as either –

- hedges for fair value of recognised assets and liabilities (fair value hedges); or
- hedges for interest rate, foreign currency and commodity risks associated with recognised assets and liabilities or highly probable forecast transactions (cash flow hedges).

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

w) Derivative financial instruments (continued)

Fair value hedges

During the financial year, the Group held cross currency swaps to mitigate exposures to changes in the fair value of foreign currency denominated debt from fluctuations in foreign currency and interest rates. The hedged items designated were a portion of the Group's foreign currency denominated borrowings. The changes in fair values of the hedged items resulting from movements in exchange rates and interest rates are offset against the changes in the value of the cross currency swaps. The objective of this hedging is to convert foreign currency borrowings to local currency borrowings. Hence, at inception, no significant portion of the change in fair value of the cross currency swap is expected to be ineffective.

Gains or losses from remeasuring the fair value of the hedge instruments are recognised within net finance costs in the income statement and are offset with the gains and losses from the hedged item where those gains or losses relate to the hedged risks. The hedge relationship is expected to be highly effective because the notional amount of the cross currency swaps coincides with that of the underlying debt, and all cash flow and reset dates coincide between the borrowing and the swaps.

The effectiveness of the hedging relationship is tested prospectively and retrospectively by means of cumulative dollar offset effectiveness calculations. The primary objective is to determine if changes to the hedged item and the derivative are highly correlated and, thus supportive of the assertion that there will be a high degree of offset in fair values achieved by the hedge.

Cash flow hedges

Cash flow hedges are used to hedge future cash flows or a probable transaction that could affect the gain or loss in the income statement relating to the Group's ongoing business activities. The gain or loss on effective portions of the hedging instrument is recognised directly in equity, while the ineffective portion is recognised in the income statement. Amounts recognised in equity are transferred to the income statement as and when the asset is consumed. If the forecast transaction is revoked or no longer expected to occur, amounts previously recognised in equity are immediately transferred to the income statement. The derivative financial instruments are in a hedge relationship and are initially recognised in equity. Any gain or loss is reclassified to the income statement when the Group exercises, terminates, or revokes designation of the hedge relationship.

Offsetting of derivative financial assets and derivative financial liabilities

The Group presents all its derivative financial assets and derivative financial liabilities arising from fair value measurement on a gross basis. The net movement on the derivative financial assets and derivative financial liabilities are disclosed under Note 31a).

x) Interest bearing liabilities

Interest bearing liabilities are initially recognised at fair value of the consideration received, net of transaction costs associated with the borrowing.

After initial recognition, interest bearing liabilities are subsequently measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any issue costs, and any discount or premium on settlement.

Fair value hedging is applied to certain interest bearing liabilities (refer to Note 1w)). In such instances, the resulting fair value adjustments mean that the carrying value differs from amortised cost.

Interest bearing liabilities are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

y) Comparative figures

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

z) Impact of adoption of the revised AASB 119 Employee Benefits

Defined benefit superannuation plans

The Group operates two defined benefit plans, which are the CCA Superannuation Plan and the CCBI Superannuation Plan. The revised AASB 119 has been applied retrospectively from 1 January 2012 resulting in the restatement of comparative information presented within this report. As a result of applying the revised AASB 119 –

- actuarial gains and losses are now recognised within other comprehensive income. Previously, these amounts were recognised applying the "corridor" method, whereby these amounts were recorded within the defined benefit superannuation asset and liability account, and were amortised to the income statement when cumulative amounts exceeded 10% of the defined benefit obligation or fair value of plan assets;
- time value amounts recognised in the income statement are now classified as net finance costs (previously they were classified within defined benefit superannuation plan expense); and
- expected returns on plan assets are no longer recognised; instead, an interest income is recognised, calculated employing the applicable discount rate used to measure the net defined benefit liability or asset.

The impact from adoption of the revised AASB 119 on the income statement and the statement of financial position comparatives, is shown below –

	Cumulative impacts – increase/(decrease)	
	1 January 2012 $M	31 December 2012 $M
Impact on the income statement		
EBIT of Non-Alcohol Beverages business[1]		
Australia	–	(3.4)
Indonesia & PNG	–	2.6
Total EBIT	–	(0.8)
Net finance costs	–	2.2
Profit before income tax	–	(3.0)
Income tax benefit	–	0.9
Profit after income tax	–	(2.1)
Impact on the statement of financial position		
Net defined benefit superannuation liabilities	19.4	21.0
Deferred tax liabilities	(5.5)	(5.9)
Net liabilities	13.9	15.1
Retained earnings (opening balance)	(13.9)	(13.9)
Reserves	–	0.9
Total equity	(13.9)	(13.0)

1 Restatement of defined benefit superannuation plan expense.

There was no restatement impact on the statement of cash flows. Earnings per share for profit attributable to members of the Company for the financial year ended 31 December 2012 has decreased by 0.3 cents.

A statement of financial position as at 1 January 2012 has not been presented as the impact from the adoption of the revised AASB 119 is not material, as shown above.

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 debt, net finance costs and income taxes on a Group basis and these measures are therefore not reported internally at a segment level. Segment results are evaluated on an earnings before interest, tax and significant items basis. Segment net assets are evaluated on a capital employed basis. Capital employed represents total assets and liabilities, excluding those assets and liabilities relating to net debt. Net debt comprises cash assets, long term deposits, debt related derivative assets and liabilities and interest bearing liabilities. Segment information as provided to CCA's Group Managing Director is disclosed in this Note.

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 35.6% (2012: 38.8%) 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.

	2013 $M	2012 $M	2013 $M	2012 $M	2013 $M	2012 $M
	Trading revenue[1]		Other revenue		Total revenue, excluding finance income	
Non-Alcohol Beverage business						
Australia	**2,947.2**	3,027.9	**10.9**	11.5	**2,958.1**	3,039.4
New Zealand & Fiji	**452.5**	402.8	**8.1**	9.2	**460.6**	412.0
Indonesia & PNG	**919.2**	948.2	**3.8**	1.6	**923.0**	949.8
Alcohol, Food & Services business	**717.5**	718.5	**24.5**	19.5	**742.0**	738.0
Total CCA Group	**5,036.4**	5,097.4	**47.3**	41.8	**5,083.7**	5,139.2

	Segment result[2]	
Non-Alcohol Beverage business		
Australia	**566.0**	624.0
New Zealand & Fiji	**82.7**	70.1
Indonesia & PNG	**91.6**	105.5
Alcohol, Food & Services business	**93.0**	95.1
Total CCA Group	**833.3**	894.7

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

	CCA Group	
Segment result[2]	**833.3**	894.7
Significant items[3]	**(465.4)**	(134.5)
Earnings before interest and tax	**367.9**	760.2
Net finance costs[4]	**(124.8)**	(114.1)
Profit before income tax	**243.1**	646.1
Income tax expense[4]	**(162.5)**	(188.1)
Profit after income tax	**80.6**	458.0
Profit after income tax attributable to non-controlling interests	**(0.7)**	(0.2)
Profit after tax attributable to members of the Company	**79.9**	457.8

Refer to the following page for footnote details.

2. SEGMENT REPORTING (CONTINUED)

	2013 $M	2012 $M	2013 $M	2012 $M
			Segment capital employed	
Non-Alcohol Beverage business				
Australia			**1,495.9**	1,510.6
New Zealand & Fiji			**507.3**	451.5
Indonesia & PNG			**475.0**	367.4
Alcohol, Food & Services business			**994.5**	1,342.1
Total operating segments			**3,472.7**	3,671.6
Investment in joint venture entity			**26.4**	–
Other financial assets			**–**	24.4
Total CCA Group			**3,499.1**	3,696.0

The reconciliation of segment capital employed to CCA Group net assets is shown below –

	CCA Group	
Segment capital employed	**3,499.1**	3,696.0
Net debt[4]	**(1,759.3)**	(1,632.5)
Net assets	**1,739.8**	2,063.5

The reconciliation of CCA Group net assets to total assets and liabilities is shown below –

Total assets	**6,608.4**	6,708.7
Total liabilities	**(4,868.6)**	(4,645.2)
Net assets	**1,739.8**	2,063.5

	Depreciation and amortisation expenses		Additions and acquisitions of non-current assets[5]	
Non-Alcohol Beverage business				
Australia	**80.2**	79.3	**112.4**	236.8
New Zealand & Fiji	**25.0**	20.3	**19.3**	38.3
Indonesia & PNG	**38.0**	39.5	**146.6**	163.8
Alcohol, Food & Services business	**108.3**	94.3	**92.0**	172.2
Total CCA Group	**251.5**	233.4	**370.3**	611.1

	Trading revenue by geography[6]		Non-current assets by geography[5]	
Australia	**3,617.3**	3,730.0	**2,187.1**	2,552.9
New Zealand & Fiji	**499.9**	419.1	**547.9**	462.3
Indonesia & PNG	**919.2**	948.3	**618.4**	536.9
Total CCA Group	**5,036.4**	5,097.4	**3,353.4**	3,552.1

1 Details of the Group's trading revenue can be found in Note 3.
2 Segment results are evaluated on an earnings before interest, tax and significant items basis.
3 Refer to Note 4(c) for further details of significant items.
4 Net debt, finance costs and income taxes are managed on a Group basis and are not reported internally at a segment level.
5 This disclosure comprises investment in joint venture entity, investments in bottlers' agreements, property, plant and equipment, intangible assets and other non-current financial assets.
6 This disclosure reflects the customer geographic location of trading revenue earned by the Group.

	Refer Note	2013 $M	2012 $M
3. REVENUE			
Trading revenue			
Sales of products		**4,955.1**	5,007.9
Rental of equipment and processing fees		**81.3**	89.5
Total trading revenue		**5,036.4**	5,097.4
Other revenue			
Rendering of services		**24.6**	21.5
Miscellaneous rental and sundry income[1]		**22.7**	20.3
Total other revenue		**47.3**	41.8
Total revenue, excluding finance income		**5,083.7**	5,139.2
Interest income from –			
related parties	33	**–**	0.1
non-related parties		**36.1**	35.7
defined benefit superannuation plans	19b)	**0.1**	0.1
Total finance income		**36.2**	35.9
Total revenue		**5,119.9**	5,175.1

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 –

	Refer Note	2013 $M	2012 $M
a) Finance costs			
Interest costs from –			
non-related parties		**160.3**	152.6
defined benefit superannuation plans	19b)	**2.4**	2.3
Other finance losses/(gains)		**2.3**	(0.6)
Total finance costs		**165.0**	154.3
Amounts capitalised		**(4.0)**	(4.3)
Total finance costs expensed		**161.0**	150.0
b) Income statement disclosures (by nature)			
Depreciation expense	12	**226.5**	211.8
Amortisation expense	13	**25.0**	21.6
Rentals – operating leases		**82.2**	83.0
Defined benefit superannuation plan expense	19b)	**10.7**	10.6
Defined contribution superannuation plan expense		**56.8**	57.3
Share based remuneration expense	22b)	**8.9**	14.5
Employee benefits expense		**52.6**	77.9

4. INCOME STATEMENT DISCLOSURES (CONTINUED)

	2013 $M	2012 $M
Profit before income tax includes the following specific expenses –		
c) Significant items		
Gains		
Discontinued acquisition of Foster's Australian spirits business	–	34.2
Sale to TCCC of certain of the Foster's non-alcohol assets, including the Cascade trademark in relation to non-alcohol products (as acquired by CCA from Foster's)	–	19.0
Expenses		
Impairment of assets[1] –		
inventories	**(33.7)**	(100.4)
property, plant and equipment	**(40.0)**	(20.9)
intangible assets	**(316.7)**	(48.0)
Other items –		
onerous and impaired contracts	**(50.7)**	–
employee redundancy, write downs of other assets and restructuring costs	**(24.3)**	(18.4)
Total net significant item expenses	**(465.4)**	(134.5)

1 Mainly relating to SPCA, which is part of the Alcohol, Food & Services business.

Australian operations restructuring

CCA has carried out further restructuring activities during the financial year, resulting in recognition of expenses in connection with the following areas –

i) SPCA due to the continued challenging and competitive conditions experienced by the business, mainly arising from high average Australian Dollar exchange rates across the financial year and the associated impact on the business's competitiveness against imported packaged fruit and vegetables. As a result of these conditions and of CCA's annual impairment testing, further impairments of SPCA's inventories, property, plant and equipment and intangible assets (comprising goodwill and brands) were recognised during the financial year;

ii) Non-Alcohol Beverages Australia comprising site and management rationalisations in the 2013 financial year; and

iii) Reviews to identify onerous and impaired customer and supplier contracts.

5. INCOME TAX EXPENSE

	Refer Note	2013 $M	2012 $M
a) Income tax expense			
Current tax expense		**165.9**	188.8
Deferred tax (benefit)/expense	18d)	**(1.6)**	2.9
Adjustments to current tax of prior periods		**(1.8)**	(3.6)
Total income tax expense		**162.5**	188.1
Total income tax expense includes –			
Income tax benefit on significant items[1]		**(42.5)**	(36.0)

1 Refer to Note 5b) for further details.

b) Reconciliation of CCA's applicable (Australian) tax rate to the effective tax rate

	2013	2012
Profit before income tax	**243.1**	646.1
	%	%
Applicable (Australian) tax rate	**30.0**	30.0
Adjustments to current tax of prior periods	**(0.7)**	(0.6)
Adjustments to deferred tax assets – tax losses[1]	**–**	(1.6)
Impairment of intangible assets[2]	**39.1**	2.2
Non-allowable expenses	**2.9**	0.7
Overseas tax rates differential	**(1.8)**	(0.9)
Overseas withholding tax	**(2.7)**	(0.7)
Effective tax rate	**66.8**	29.1
Effective tax rate (before significant items)	28.9	28.7

1 Deferred tax assets arising from the 2012 recognition of CCA's previously unrecognised capital losses, to the extent required to offset the capital gain arising from a gain on discontinuation of a business acquisition. This gain was classified as a significant item. Refer to Notes 4c) and 18d) for further details.
2 Relates to SPCA; refer to Note 4c) for further details.

c) Australian tax consolidation

CCA has formed a consolidated group for income tax purposes with each of its wholly owned Australian resident subsidiaries. The entities within the tax consolidated group have entered a tax funding agreement whereby each subsidiary will compensate CCA for the amount of tax payable that would be calculated as if the subsidiary was a tax paying entity.

CCA, as the head entity, and the subsidiaries in the tax consolidated group continue to account for their own current and deferred tax amounts. The amounts are measured as if each entity in the tax consolidated group continues to be a stand-alone taxpayer in its own right. The current tax balances are then transferred to CCA (being the head entity) via intercompany balances.

The method used to measure current and deferred tax amounts is summarised in Note 1i).

6. CASH AND CASH EQUIVALENTS

	Refer Note	2013 $M	2012 $M
Cash on hand and in banks		**529.3**	848.1
Short term deposits		**896.6**	329.9
Total cash assets		**1,425.9**	1,178.0

Cash at bank earns interest at floating rates based on daily bank deposit rates. The carrying amounts of cash and cash equivalents represent fair value.

Short term deposits are made for varying periods, depending on the immediate cash requirements of the Group, and earn interest at the respective short term deposit rates.

a) Reconciliation to cash and cash equivalents at the end of the financial year

The above figures are reconciled to cash and cash equivalents at the end of the financial year as shown in the statement of cash flows as follows –

	Refer Note	2013 $M	2012 $M
Cash assets		**1,425.9**	1,178.0
Bank overdrafts	16	**(1.5)**	(0.7)
Cash and cash equivalents held at the end of the financial year		**1,424.4**	1,177.3

b) Non-cash investing and financing activities

	Refer Note	2013 $M	2012 $M
Dividends satisfied by the issue of shares under the Dividend Reinvestment Plan	24a)	**21.7**	31.8

c) Reconciliation of earnings before interest and tax to net cash flows from operating activities

	Refer Note	2013 $M	2012 $M
Earnings before interest and tax		**367.9**	760.2
Adjustments for –			
Depreciation and amortisation expenses		**251.5**	233.4
Impairment charges of –			
property, plant and equipment[1]	12	**44.3**	23.0
intangible assets[1]	13	**316.7**	48.0
(Profit)/loss from –			
discontinuation of business acquisition	4c)	**–**	(34.2)
Cascade related transactions	4c)	**–**	(19.0)
Changes in working capital[2]		**30.3**	14.0
Net interest and other finance costs paid		**(121.9)**	(104.0)
Income taxes paid		**(168.5)**	(167.0)
Other items	6d)	**12.8**	(12.5)
		365.2	(18.3)
Net cash flows from operating activities		**733.1**	741.9

1 Comprises mainly of amounts classified as significant items; refer to Note 4c) for further information.
2 Working capital is defined as current trade and other receivables plus inventories and less current trade and other payables.

d) Other items

Other items comprise of the following amounts –

	2013 $M	2012 $M
Profit from disposal of property, plant and equipment	**(0.2)**	(0.6)
Movements in –		
items taken into changes in working capital –		
foreign exchange	**(4.9)**	(3.2)
property, plant and equipment additions related payables	**28.7**	(17.3)
acquisitions related	**–**	19.2
	23.8	(1.3)
prepayments	**8.6**	(39.1)
provisions	**(13.6)**	(16.8)
accrued charges	**2.3**	51.4
sundry items	**(8.1)**	(6.1)
Total other items	**12.8**	(12.5)

e) Risk exposure

CCA Group's exposure to interest rate risk is disclosed in Note 32. The maximum exposure to credit risk at the reporting date is the carrying amount of each class of cash and cash equivalents.

7. TRADE AND OTHER RECEIVABLES

	Refer Note	2013 $M	2012 $M
Current			
Trade receivables		**889.8**	887.2
Allowance for doubtful receivables	7a)	**(10.8)**	(6.7)
		879.0	880.5
Amounts due from related entities (trade)	33	**2.0**	6.8
Amounts due from related entities (non-trade)	33	**31.8**	20.0
Other receivables		**46.0**	52.3
Allowance for doubtful receivables		**(0.1)**	(0.1)
		79.7	79.0
Total trade and other receivables (current)		**958.7**	959.5
Non-current			
Amounts due from related entities (non-trade)	33	**0.3**	0.6
Other receivables		**6.9**	3.0
Total other receivables (non-current)		**7.2**	3.6

a) Impaired trade receivables

Movements in the allowance for trade receivables are as follows –

	2013 $M	2012 $M
At 1 January	**(6.7)**	(4.1)
Charge	**(5.9)**	(4.8)
Written off	**2.4**	2.3
Acquisitions of entities and operations	**–**	(0.1)
Net foreign currency and other movements	**(0.6)**	–
	(10.8)	(6.7)

b) Analysis of receivables

As at 31 December 2013, the analysis of trade receivables (net of allowance) that were past due but not impaired is as follows –

		Past due but not impaired			
	Neither past due nor impaired $M	Less than 31 days overdue $M	More than 30 but less than 91 days overdue $M	More than 90 days overdue $M	Total $M
2013	**790.5**	**58.6**	**22.2**	**7.7**	**879.0**
2012	778.1	59.7	33.1	9.6	880.5

As at 31 December 2013, trade receivables of $88.5 million (2012: $102.4 million) were past due but not impaired. These amounts relate to a number of independent customers for whom there is no recent history of material defaults.

All other receivables do not contain impaired assets and are not past due. Based on the credit history of these other receivables, it is expected that these amounts will be received when due.

Refer to Note 32 on credit risk of trade and other receivables.

c) Related party receivables

For terms and conditions relating to related party receivables, refer to Note 33.

	2013 $M	2012 $M

8. INVENTORIES

	2013 $M	2012 $M
Raw materials at cost	**220.6**	255.1
Raw materials at net realisable value	**4.7**	4.5
	225.3	259.6
Finished goods at cost	**346.6**	344.7
Finished goods at net realisable value	**10.5**	11.1
	357.1	355.8
Other inventories at cost[1]	**66.0**	65.7
Other inventories at net realisable value[1]	**9.5**	8.4
	75.5	74.1
Total inventories	**657.9**	689.5

1 Other inventories include work in progress and spare parts (manufacturing and cold drink equipment).

9. OTHER FINANCIAL ASSETS

Current

The 50% interest in Pacific Beverages Pty Ltd was sold to SABMiller on 13 January 2012. Previously, CCA lost joint control of Pacific Beverages and discontinued equity accounting as at 16 December 2011. The 50% interest in Pacific Beverages as at the end of the 2011 financial year was classified as a current financial asset and revalued to fair value through the income statement.

	2013 $M	2012 $M
Balance at the beginning of the financial year	–	288.6
Disposal	–	(288.6)
Balance at the end of the financial year	–	–

Non-current

In August 2012, CCA lent $24.4 million to Australian Beer Company Pty Ltd (Australian Beer Company), then part of the Casella group. The loan was converted into an equity interest in Australian Beer Company after the expiration, on 16 December 2013, of CCA's restraint on selling beer in Australia. Refer to Note 10 for further details.

	2013 $M	2012 $M
Convertible notes	–	24.4

10. INVESTMENT IN JOINT VENTURE ENTITY

	2013 $M	2012 $M
Carrying amount of investment in Australian Beer Company Pty Ltd	**26.4**	–

The Company has a 50% interest in Australian Beer Company. On 17 December 2013, the loan to Australian Beer Company was converted into a 50% interest in the company. The principal activity of Australian Beer Company is the manufacture of alcohol beverages.

The interest in Australian Beer Company is accounted for in the consolidated financial statements using the equity method of accounting. The majority of the carrying amount of the investment in Australian Beer Company is represented by property, plant and equipment assets.

11. INVESTMENTS IN BOTTLERS' AGREEMENTS

	2013 $M	2012 $M
Balance at the beginning of the financial year	**905.2**	899.6
Net foreign currency and other movements	**26.6**	5.6
Balance at the end of the financial year	**931.8**	905.2

The bottlers' agreements reflect a long and ongoing relationship between the Group and TCCC. As at 31 December 2013, there were agreements for the six territories in place throughout the Group, at varying stages of their, mainly, 10 year terms. These agreements are all on substantially the same terms and conditions, with performance obligations relating to manufacture, distribution and marketing.

All of the Group's present bottlers' agreements, the first of which was issued in 1939, that have expired have been renewed or extended at the expiry of their legal terms. No consideration is payable upon renewal or extension.

In assessing the useful life of bottlers' agreements, due consideration is given to the Group's history of dealing with TCCC, established international practice of that company, TCCC's equity in the Group, the participation of nominees of TCCC on the Company's Board of Directors and the ongoing strength of TCCC brands. In light of these considerations, no factor can be identified that would result in the agreements not being renewed or extended and accordingly bottlers' agreements have been assessed as having an indefinite useful life.

Bottlers' agreements acquired from a business combination are capitalised at fair value as at the date of acquisition. Following initial recognition, the cost less impairment model is utilised for measurement.

All bottlers' agreements were tested for impairment and no impairment losses were expensed for the financial year. A description of management's approach to ensuring each investment in bottlers' agreement is not recognised above its recoverable amount is disclosed in Note 14.

12. PROPERTY, PLANT AND EQUIPMENT

	Refer Note	Freehold and leasehold land $M	Freehold and leasehold buildings[1] $M	Plant and equipment $M	Property, plant and equipment under construction $M	Total property, plant and equipment $M
At 1 January 2013						
Cost (gross carrying amount)		**201.9**	**388.3**	**2,846.8**	**224.5**	**3,661.5**
Accumulated depreciation and impairment		**–**	**(99.6)**	**(1,568.1)**	**–**	**(1,667.7)**
Net carrying amount		**201.9**	**288.7**	**1,278.7**	**224.5**	**1,993.8**
For the year ended 31 December 2013						
At 1 January 2013, net of accumulated depreciation and impairment		**201.9**	**288.7**	**1,278.7**	**224.5**	**1,993.8**
Additions		**0.3**	**–**	**3.4**	**337.0**	**340.7**
Disposals		**–**	**–**	**(5.3)**	**–**	**(5.3)**
Depreciation expense	4b)	**–**	**(21.0)**	**(205.5)**	**–**	**(226.5)**
Impairment charge[2]		**–**	**–**	**(44.3)**	**–**	**(44.3)**
Transfer out of property, plant and equipment under construction and reclassifications		**17.0**	**50.6**	**248.4**	**(316.0)**	**–**
Net foreign currency and other movements		**3.0**	**0.4**	**(1.9)**	**2.3**	**3.8**
At 31 December 2013, net of accumulated depreciation and impairment		**222.2**	**318.7**	**1,273.5**	**247.8**	**2,062.2**
At 31 December 2013						
Cost (gross carrying amount)		**222.2**	**440.4**	**3,014.9**	**247.8**	**3,925.3**
Accumulated depreciation and impairment		**–**	**(121.7)**	**(1,741.4)**	**–**	**(1,863.1)**
Net carrying amount		**222.2**	**318.7**	**1,273.5**	**247.8**	**2,062.2**
At 1 January 2012						
Cost (gross carrying amount)		186.0	334.8	2,554.9	225.1	3,300.8
Accumulated depreciation and impairment		–	(72.0)	(1,456.7)	–	(1,528.7)
Net carrying amount		186.0	262.8	1,098.2	225.1	1,772.1
For the year ended 31 December 2012						
At 1 January 2012, net of accumulated depreciation and impairment		186.0	262.8	1,098.2	225.1	1,772.1
Additions		–	–	7.0	433.6	440.6
Acquisition of entities and operations		15.4	14.0	25.1	0.9	55.4
Disposals		(0.1)	(0.5)	(4.6)	–	(5.2)
Depreciation expense	4b)	–	(14.2)	(197.6)	–	(211.8)
Impairment charge[2]		–	(11.6)	(11.4)	–	(23.0)
Transfer out of property, plant and equipment under construction and reclassifications		1.9	40.7	382.2	(424.8)	–
Net foreign currency and other movements		(1.3)	(2.5)	(20.2)	(10.3)	(34.3)
At 31 December 2012, net of accumulated depreciation and impairment		201.9	288.7	1,278.7	224.5	1,993.8
At 31 December 2012						
Cost (gross carrying amount)		201.9	388.3	2,846.8	224.5	3,661.5
Accumulated depreciation and impairment		–	(99.6)	(1,568.1)	–	(1,667.7)
Net carrying amount		201.9	288.7	1,278.7	224.5	1,993.8

1 Freehold and leasehold buildings include improvements made to buildings.
2 Relates mainly to SPCA. Refer to Note 4c) for further details of significant items. Through management's ongoing assessment of the recoverable amount of the above, these impairment charges have been identified.

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13. INTANGIBLE ASSETS

	Refer Note	Customer lists $M	Brand names and trademarks $M	Software development assets $M	Goodwill $M	Other $M	Total intangible assets $M
At 1 January 2013							
Cost (gross carrying amount)		**12.2**	**120.8**	**205.3**	**432.5**	**2.0**	**772.8**
Accumulated amortisation and impairment		**(8.1)**	**(8.6)**	**(79.4)**	**(48.0)**	**–**	**(144.1)**
Net carrying amount		**4.1**	**112.2**	**125.9**	**384.5**	**2.0**	**628.7**
For the year ended 31 December 2013							
At 1 January 2013, net of accumulated amortisation and impairment		**4.1**	**112.2**	**125.9**	**384.5**	**2.0**	**628.7**
Additions		**–**	**4.5**	**23.1**	**–**	**–**	**27.6**
Amortisation expense	4b)	**(1.1)**	**(0.4)**	**(23.3)**	**–**	**(0.2)**	**(25.0)**
Impairment charge[1]		**–**	**(39.7)**	**–**	**(277.0)**	**–**	**(316.7)**
Net foreign currency and other movements		**–**	**14.3**	**4.1**	**–**	**–**	**18.4**
At 31 December 2013, net of accumulated amortisation and impairment		**3.0**	**90.9**	**129.8**	**107.5**	**1.8**	**333.0**
At 31 December 2013							
Cost (gross carrying amount)		**5.6**	**139.7**	**233.0**	**432.5**	**2.0**	**812.8**
Accumulated amortisation and impairment		**(2.6)**	**(48.8)**	**(103.2)**	**(325.0)**	**(0.2)**	**(479.8)**
Net carrying amount		**3.0**	**90.9**	**129.8**	**107.5**	**1.8**	**333.0**
At 1 January 2012							
Cost (gross carrying amount)		8.7	120.1	157.5	396.4	–	682.7
Accumulated amortisation and impairment		(7.3)	(8.2)	(59.6)	–	–	(75.1)
Net carrying amount		1.4	111.9	97.9	396.4	–	607.6
For the year ended 31 December 2012							
At 1 January 2012, net of accumulated amortisation and impairment		1.4	111.9	97.9	396.4	–	607.6
Additions		0.3	–	41.5	–	–	41.8
Disposals		–	(5.2)	–	–	–	(5.2)
Acquisitions of entities and operations		3.2	5.5	0.1	38.1	2.0	48.9
Amortisation expense	4b)	(0.8)	(0.3)	(20.5)	–	–	(21.6)
Impairment charge[1]		–	–	–	(48.0)	–	(48.0)
Net foreign currency and other movements		–	0.3	6.9	(2.0)	–	5.2
At 31 December 2012, net of accumulated amortisation and impairment		4.1	112.2	125.9	384.5	2.0	628.7
At 31 December 2012							
Cost (gross carrying amount)		12.2	120.8	205.3	432.5	2.0	772.8
Accumulated amortisation and impairment		(8.1)	(8.6)	(79.4)	(48.0)	–	(144.1)
Net carrying amount		4.1	112.2	125.9	384.5	2.0	628.7

1 Relates to SPCA. Refer to Note 4(c) for further details of significant items.

The useful life of customer lists is finite and amortisation is on a straight line basis.

In assessing the useful life of SPCA brand names, due consideration is given to the existing longevity of SPCA brands, the indefinite life cycle of the industry in which SPCA operates and the expected usage of the brand names in the future. In light of these considerations, no factor could be identified that would result in the brand names having a finite useful life and accordingly SPCA brand names have been assessed as having an indefinite useful life.

Other brand names have been assessed as having finite useful lives and are amortised on a straight line basis.

Software development assets represent internally generated intangible assets with finite useful lives and are amortised on a straight line basis.

All intangible assets with finite useful lives were assessed for indicators of impairment and all intangible assets with indefinite useful lives were tested for impairment at 31 December 2013. Refer to Note 14 for further details of impairment testing of intangible assets with indefinite lives.

14. IMPAIRMENT TESTING OF INVESTMENTS IN BOTTLERS' AGREEMENTS AND INTANGIBLE ASSETS WITH INDEFINITE LIVES

Investments in bottlers' agreements (IBAs) and intangible assets deemed to have indefinite lives have been identified for each of the Group's cash generating units (CGUs).

A segment level summary of IBAs and intangible assets deemed to have indefinite lives is presented below –

	IBAs $M	Brand names and trademarks $M	Goodwill $M	Total IBAs and intangible assets with indefinite lives $M
As at 31 December 2013				
Non-Alcohol Beverage business				
Australia	**691.9**	–	**45.2**	**737.1**
New Zealand & Fiji	**201.8**	–	**8.7**	**210.5**
Indonesia & PNG	**37.2**	–	**15.3**	**52.5**
Alcohol, Food & Services business[1]	**0.9**	**71.6**	**38.3**	**110.8**
Total	**931.8**	**71.6**	**107.5**	**1,110.9**
As at 31 December 2012				
Non-Alcohol Beverage business				
Australia	691.9	–	46.1	738.0
New Zealand & Fiji	173.1	–	7.5	180.6
Indonesia & PNG	40.2	–	16.3	56.5
Alcohol, Food & Services business	–	98.3	314.6	412.9
Total	905.2	98.3	384.5	1,388.0

1 All goodwill relating to SPCA has been impaired.

a) Impairment testing methodology

Impairment testing is carried out by CCA by comparing an asset's recoverable amount to its carrying amount. The recoverable amount is determined as the greater of fair value less costs to sell, and value in use. Impairments of SPCA's goodwill and brand names have been recognised during the financial year. Refer to Note 4c) for further details.

Investments in bottlers' agreements and goodwill

CCA determines the recoverable amounts by utilising a discounted cash flow methodology covering a 15 year period with an appropriate residual value at the end of that period, for each CGU. The methodology utilises cash flow forecasts longer than five years in order to minimise reliance on residual values and is based primarily on business plans presented to the Board.

Brand names and trademarks with indefinite useful lives

Value in use is calculated using a "relief from royalty" discounted cash flow methodology covering a 10 year period with an appropriate residual value at the end of that period. The methodology utilises notional royalty cash flows longer than five years in order to minimise reliance on residual values and is based primarily on three year business plans prepared by management. Following the $39.7 million (2012: nil) impairment to SPCA's brand names recognised during the financial year, any change in the key assumptions in the future could result in the requirement to recognise a further impairment (where material).

b) Impairment testing key assumptions

The key assumptions on which management has based its cash flow forecasts to undertake impairment testing are described below. These assumptions have been risk weighted where appropriate. The key assumptions are management's best estimates based on past and current experience and external sources of information.

Investments in bottlers' agreements and goodwill

i) EBIT margins

EBIT margins are based primarily on three year business plans presented to the Board. Beyond those periods, margins have been adjusted to reflect management's views of sustainable long term EBIT margins;

ii) Volumes

Volumes are based on three year business plans presented to the Board. Beyond those periods, volumes are adjusted based on forecast per capita consumption, population growth rates and market share assumptions which are benchmarked against external sources;

14. IMPAIRMENT TESTING OF INVESTMENTS IN BOTTLERS' AGREEMENTS AND INTANGIBLE ASSETS WITH INDEFINITE LIVES (CONTINUED)

Investments in bottlers' agreements and goodwill *(continued)*

iii) Pricing

Pricing is based on three year business plans presented to the Board. Beyond those periods, pricing is determined with reference to long term inflation forecasts; and

iv) Capital expenditure

Capital expenditure is based on three year business plans presented to the Board. Beyond those periods, capital expenditure is determined as a percentage of sales revenue consistent with historical expenditure.

Brand names and trademarks with indefinite useful lives

i) Sales

Sales are based on three year business plans reviewed by management. Beyond those periods, sales are projected based on business plan targets and management expectations; and

ii) Royalty rates

Royalty rates are based on market rates for comparable brands adjusted for costs associated with maintaining the brand.

Discount and forecast terminal growth rates

i) Discount rates

Discount rates used are the weighted average cost of capital for the Group in each CGU, risk adjusted where applicable. The local currency discount rates used for Australia, New Zealand, Fiji, Indonesia and PNG based CGUs are 7.2%, 7.1%, 9.1%, 11.2% and 10.4% (2012: 7.2%, 7.1%, 10.6%, 10.3% and 11.6%) per annum respectively; and

ii) Forecast terminal growth rates

Forecast terminal growth rates are used in the calculation of the terminal value of each CGU and brand names with indefinite useful lives. For the purpose of impairment testing, real annual growth rates of nil to 2.0% (2012: nil to 2.0%) have been used.

15. TRADE AND OTHER PAYABLES

	Refer Note	**2013 $M**	2012 $M
Current			
Trade payables		**568.8**	553.1
Amounts due to related entities (trade)	33	**103.9**	99.4
Other payables		**131.5**	153.8
Total trade and other payables (current)		**804.2**	806.3
Non-current			
Other payables		**0.8**	2.0

Related party payables

For terms and conditions relating to related party payables, refer to Note 33.

16. INTEREST BEARING LIABILITIES

The following table sets out significant terms of the major components of interest bearing liabilities –

Type of interest bearing liability/country	2013 $M	2012 $M	Interest rate p.a. 2013 %	Interest rate p.a. 2012 %	Denomination	Maturity date
Current						
Unsecured						
Bonds						
Australia	**255.3**	171.0	**6.3**	3.5	Australian Dollar	May 14
Australia	**–**	123.0	**–**	0.8	Japanese Yen	–
Australia	**448.8**	–	**3.3**	–	United States Dollar	Nov 14
	704.1	294.0				
Loans						
Australia	**0.8**	0.9	**6.9**	6.9	Australian Dollar	Dec 14
Bank loans						
Indonesia	**24.5**	55.8	**8.7**	6.4	Indonesian Rupiah	Jan 14
Bank overdrafts	**1.5**	0.7	**9.5**	9.5	Samoan Tala	–
Finance lease	**0.1**	–	**–**	–	New Zealand Dollar	–
Total interest bearing liabilities (current)	**731.0**	351.4				
Non-current						
Unsecured						
Bonds						
Australia	**1,535.8**	1,336.3	**4.2**	4.6	Australian Dollar	Jan 15 to Jul 22
Australia	**139.0**	145.2	**3.8**	3.8	Japanese Yen	Aug 21 to Jun 36
Australia	**308.6**	650.1	**5.2**	4.1	United States Dollar	Mar 16 to Apr 16
New Zealand	**46.1**	39.5	**3.9**	4.0	New Zealand Dollar	Aug 18
New Zealand	**45.0**	45.0	**6.7**	6.7	Australian Dollar	Jan 15 to Jul 21
New Zealand	**56.1**	48.2	**4.3**	4.3	United States Dollar	Sep 23
	2,130.6	2,264.3				
Loans						
Australia	**2.5**	3.3	**6.9**	6.9	Australian Dollar	Apr 15 to Apr 18
Bank loans						
New Zealand	**92.2**	84.6	**3.1**	3.1	New Zealand Dollar	Oct 17
Indonesia	**152.0**	83.6	**8.0**	8.5	Indonesian Rupiah	Jul 15 to May 17
	244.2	168.2				
Finance lease	**0.1**	–	**–**	–	New Zealand Dollar	–
Total interest bearing liabilities (non-current)	**2,377.4**	2,435.8				

a) Interest rate, foreign exchange and liquidity risk

Further details regarding interest rate, foreign exchange and liquidity risk are disclosed in Note 32.

b) Fair value

Details regarding the fair value of interest bearing liabilities are disclosed in Note 32.

16. INTEREST BEARING LIABILITIES (CONTINUED)

c) Financing facilities

The following financing facilities are available as at balance date –

	2013 $M	2012 $M
i) Bank loan facilities		
Total arrangements	**314.7**	257.9
Used as at the end of the financial year	**(268.7)**	(224.0)
Unused as at the end of the financial year	**46.0**	33.9
ii) Overdraft facilities		
Total arrangements	**22.8**	6.2
Used as at the end of the financial year	**(1.5)**	(0.7)
Unused as at the end of the financial year	**21.3**	5.5

d) Defaults or breaches

During the current and prior financial year, there were no defaults or breaches to the terms and conditions of any of the Group's borrowings.

17. PROVISIONS

	2013 $M	2012 $M
Current		
Employee benefits	**63.6**	75.8
Onerous contracts	**5.0**	6.4
Total provisions (current)	**68.6**	82.2
Non-current		
Employee benefits	**14.8**	13.3
Total provisions (non-current)	**14.8**	13.3

18. DEFERRED TAX LIABILITIES

	Refer Note	2013 $M	2012 $M
a) Deferred taxes			
Deferred tax liabilities		**173.1**	151.8

b) Movements in net deferred tax liabilities for the financial year

	Refer Note	2013 $M	2012 $M
Balance at the beginning of the financial year		**151.8**	148.3
(Credited)/charged to the income statement as deferred tax (benefit)/expense	18d)	**(1.6)**	2.9
Charged/(credited) to equity	22c)	**18.1**	(9.8)
Acquisitions of entities and operations		**–**	3.1
Net foreign currency movements		**1.4**	(1.7)
Other[1]		**3.4**	9.0
Balance at the end of the financial year		**173.1**	151.8

1 Prior year amounts relate to transfers to current tax liabilities of capital losses recognised in deferred tax benefit to offset the capital gains arising from significant items. Refer to Notes 5b) and 18d) for further details.

c) Deferred taxes are attributable to the following

	2013 $M	2012 $M
Allowances for current assets	**(14.8)**	(13.5)
Accrued charges and employee expense obligations	**(35.9)**	(45.7)
Other deductible items[1]	**(35.7)**	(41.0)
Investments in bottlers' agreements	**129.9**	130.1
Property, plant and equipment and intangible assets	**78.4**	70.4
Retained earnings balances of overseas subsidiaries[2]	**11.5**	16.0
Other taxable items[1]	**39.7**	35.5
Net deferred tax liabilities	**173.1**	151.8

1 Mainly relates to derivative balances.
2 Represents withholding taxes payable on unremitted retained earnings of overseas subsidiaries.

d) Movements in deferred taxes, reflected in deferred tax (benefit)/expense, are attributable to the following

	Refer Note	2013 $M	2012 $M
Allowances for current assets		**(0.3)**	1.8
Accrued charges and employee expense obligations		**(5.9)**	9.1
Other deductible items		**0.2**	1.2
Property, plant and equipment and intangible assets		**8.8**	3.8
Retained earnings balances of overseas subsidiaries		**(4.5)**	(5.1)
Tax losses[1]		**–**	(9.8)
Other taxable items		**0.1**	1.9
Net deferred tax (benefit)/expense	18b)	**(1.6)**	2.9

1 Relates to capital and other tax losses recognised and derecognised respectively as part of the significant items. Refer to Notes 4c) and 5b) for further details.

e) Deductible temporary differences not recognised, as realisation of the benefits represented by these balances is not considered to be probable

	2013 $M	2012 $M
Capital losses – no expiry date	**716.3**	716.3
Tax losses – no expiry date	**4.5**	2.4
Tax losses – 2024 to 2026 expiry	**11.5**	5.2
Other items – no expiry date	**38.4**	31.7
Deductible temporary differences not recognised	**770.7**	755.6
Potential tax benefit	**231.2**	226.7

19. DEFINED BENEFIT SUPERANNUATION PLANS

The Group sponsors a number of superannuation plans that incorporate defined contribution and defined benefit categories. The defined benefit plans are the CCA Superannuation Plan (CCASP), which is predominantly Australian based, and the CCBI Superannuation Plan (CCBISP), which is Indonesian based (Plans). The defined benefit category for the CCASP is closed to new entrants. The Plans provide benefits for employees or their dependants on retirement, resignation or death, in the majority of cases in the form of lump sum payments.

The obligation to contribute to the various Plans is covered by a combination of trust deeds, legislation and regulatory requirements. Contributions to the Plans are made at levels necessary to ensure that the Plans have sufficient assets to meet their vested benefit obligations. The rate of contribution is based on a percentage of employees' salaries and wages and is regularly reviewed and adjusted based on actuarial advice.

The comparative amounts in this Note have been revised following adoption of the revised AASB 119 Employee Benefits on 1 January 2013.

The following sets out details in respect of the defined benefit superannuation plans only –

		CCASP		CCBISP		CCA Group	
	Refer Note	2013 $M	2012 $M	2013 $M	2012 $M	2013 $M	2012 $M
a) Balances recognised in the statement of financial position							
Present value of funded defined benefit obligations at the end of the financial year	19d)	**120.8**	137.7	**30.5**	38.2	**151.3**	175.9
Fair value of plan assets at the end of the financial year	19e)	**(138.7)**	(139.4)	**–**	–	**(138.7)**	(139.4)
Net defined benefit (assets)/liabilities		**(17.9)**	(1.7)	**30.5**	38.2	**12.6**	36.5
These amounts are disclosed as –							
Defined benefit liabilities		**–**	–	**30.5**	38.2	**30.5**	38.2
Defined benefit assets		**(17.9)**	(1.7)	**–**	–	**(17.9)**	(1.7)
Net defined benefit (assets)/liabilities		**(17.9)**	(1.7)	**30.5**	38.2	**12.6**	36.5
b) Expense recognised in the income statement							
Service cost	4b)	**7.7**	7.9	**3.0**	2.7	**10.7**	10.6
Interest income on defined benefit superannuation assets	3	**(0.1)**	(0.1)	**–**	–	**(0.1)**	(0.1)
Interest cost on defined benefit superannuation liabilities	4	**–**	–	**2.4**	2.3	**2.4**	2.3
Expense recognised in the income statement		**7.6**	7.8	**5.4**	5.0	**13.0**	12.8
c) Amounts recognised in other comprehensive income							
Actuarial (gains)/losses – experience		**(3.3)**	1.2	**1.7**	0.2	**(1.6)**	1.4
Actuarial (gains)/losses – financial assumptions		**(9.4)**	2.2	**(9.6)**	2.7	**(19.0)**	4.9
Actuarial (gains)/losses arising during the financial year		**(12.7)**	3.4	**(7.9)**	2.9	**(20.6)**	6.3
Return on plan assets greater than interest income		**(11.1)**	(7.1)	**–**	–	**(11.1)**	(7.1)
Remeasurement effects recognised in other comprehensive income		**(23.8)**	(3.7)	**(7.9)**	2.9	**(31.7)**	(0.8)

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19. DEFINED BENEFIT SUPERANNUATION PLANS (CONTINUED)

	CCASP		CCBISP[1]		CCA Group	
	2013 $M	2012 $M	**2013 $M**	2012 $M	**2013 $M**	2012 $M
d) Change in defined benefit obligations						
Present value of defined benefit obligations at the beginning of the financial year	**137.7**	128.0	**38.2**	35.9	**175.9**	163.9
Service cost	**7.7**	7.9	**3.0**	2.7	**10.7**	10.6
Interest cost on defined benefit obligations	**4.4**	4.6	**2.4**	2.3	**6.8**	6.9
Actuarial (gains)/losses – experience	**(3.3)**	1.2	**1.7**	0.2	**(1.6)**	1.4
Actuarial (gains)/losses – financial assumptions	**(9.4)**	2.2	**(9.6)**	2.7	**(19.0)**	4.9
Benefits paid from plan assets or by plan employer (respectively)	**(15.4)**	(4.9)	**(2.6)**	(1.9)	**(18.0)**	(6.8)
Administrative expenses paid	**(1.0)**	(0.7)	**–**	–	**(1.0)**	(0.7)
Taxes refunded/(paid)	**0.1**	(0.6)	**–**	–	**0.1**	(0.6)
Net foreign currency movements	**–**	–	**(2.6)**	(3.7)	**(2.6)**	(3.7)
Present value of defined benefit obligations at the end of the financial year	**120.8**	137.7	**30.5**	38.2	**151.3**	175.9
e) Change in plan assets						
Fair value of plan assets at the beginning of the financial year	**(139.4)**	(128.8)	**–**	–	**(139.4)**	(128.8)
Interest income on plan assets	**(4.5)**	(4.7)	**–**	–	**(4.5)**	(4.7)
Return on plan assets greater than interest income	**(11.1)**	(7.1)	**–**	–	**(11.1)**	(7.1)
Employer contributions	**–**	(5.0)	**–**	–	**–**	(5.0)
Benefits paid from plan assets	**15.4**	4.9	**–**	–	**15.4**	4.9
Administrative expenses paid	**1.0**	0.7	**–**	–	**1.0**	0.7
Taxes (refunded)/paid	**(0.1)**	0.6	**–**	–	**(0.1)**	0.6
Fair value of plan assets at the end of the financial year	**(138.7)**	(139.4)	**–**	–	**(138.7)**	(139.4)

1 The CCBISP has no plan assets. PT Coca-Cola Bottling Indonesia and PT Coca-Cola Distribution Indonesia, in total, accrue CCBISP's liabilities as per the actuarial assessment.

	%	%	%	%
f) Plan assets				
The percentage invested in each asset class at the reporting date (including pension assets) was –				
Equity instruments	**38.2**	34.0	**–**	–
Debt instruments	**28.1**	20.9	**–**	–
Real estate	**4.7**	3.9	**–**	–
Cash and cash equivalents	**13.4**	25.4	**–**	–
Other	**15.6**	15.8	**–**	–

g) Principal actuarial assumptions				
The following table sets out the principal actuarial assumptions used as at the reporting date in measuring the defined benefit obligations of each plan (per annum basis) –				
Discount rate	**4.3**	3.4	**9.3**	6.3
Future salary increases	**3.8**	3.8	**5.0**	5.0
Future inflation	**2.5**	2.5	**5.5**	5.5
Future pension increases	**2.5**	2.5	**–**	–

The present value of defined benefit obligations is determined by discounting the estimated future cash flows using a discount rate based on government guaranteed securities with similar due dates to these expected cash flows. For the Australian and Indonesian based plans, 10 year Australian and 17 year Indonesian government bond rates are used respectively, as they have the closest terms obtainable from the bond markets to match the terms of the respective defined benefit obligations.

h) Fair values of the Plans' assets

The fair values of the Plans' assets include no amounts relating to –

- any of the Company's own financial instruments; and
- any property occupied by, or other assets used by, the Company.

19. DEFINED BENEFIT SUPERANNUATION PLANS (CONTINUED)

i) Expected future contributions

	CCASP	
	2014 $M	2013 $M
Expected future contributions	5.4	5.9

While expected employer contributions are based on a percentage of employees' salaries and wages, CCA's funding policy is intended to ensure that the levels of the Australian based plans' assets are sufficient to meet their vested benefit obligations. The amount of contributions may vary to that expected, due to material changes in economic assumptions and conditions, based on regular actuarial advice. Company contributions are agreed between the Plan trustees and the Company, following advice from the Plan actuary at least every three years (or more frequently if circumstances require this).

Vested benefit obligations represent the estimated total amount that the Plans would be required to pay if all defined benefit members were to voluntarily leave the Plans on the particular valuation date. However, the liability recognised in the statement of financial position is based on the projected benefit obligation which represents the present value of employees' benefits accrued to date assuming that employees will continue to work and be members of the Plans until their exit. The projected benefit obligation takes into account future increases in an employee's salary and provides a longer term view of the financial position of the Plans.

j) Maturity profile of defined benefit obligations

The weighted average durations of the defined benefit obligation for CCASP and CCBISP are 9.5 years and 16.8 years, respectively.

20. SHARE CAPITAL

	Refer Note	**2013 No.**	2012 No.	**2013 $M**	2012 $M
a) Issued capital					
Fully paid ordinary shares					
Balance at the beginning of the financial year		**762,133,414**	759,567,552	**2,250.0**	2,218.2
Issued in respect of Dividend Reinvestment Plan	20b)	**1,456,835**	2,565,862	**21.7**	31.8
Balance at the end of the financial year		**763,590,249**	762,133,414	**2,271.7**	2,250.0

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.

b) Dividend Reinvestment Plan

CCA's 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 dividend. The record date for the final dividend entitlement is 27 February 2014.

For the 2013 final dividend, shares will be acquired on market and transferred to participants to satisfy any shares to be provided under this plan.

Details of shares issued under the DRP during the financial year are as follows –

	2013			2012		
	Shares issued No.	**Issue price $**	**Proceeds $M**	Shares issued No.	Issue price $	Proceeds $M
Prior year final dividend	**1,456,835**	**14.90**	**21.7**	1,751,455	11.85	20.7
Current year interim dividend	–	–	–	814,407	13.62	11.1
Total	**1,456,835**		**21.7**	2,565,862		31.8

c) Earnings per share (EPS)

Details of the Company's consolidated EPS, including details of the weighted average number of shares used to calculate EPS, can be found in Note 25.

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	Refer Note	2013 $M	2012 $M

21. SHARES HELD BY EQUITY COMPENSATION PLANS

	Refer Note	2013 $M	2012 $M
Balance at the beginning of the financial year		**(17.4)**	(16.5)
Shares vested		**9.8**	6.4
Share based payments[1]		**(8.4)**	(7.3)
Total movements		**1.4**	(0.9)
Balance at the end of the financial year		**(16.0)**	(17.4)

1 Shares purchased on market for Employees Share Plan and Executive Retention Share Plan.

The shares held by equity compensation plans account is used to record the balance of CCA ordinary shares which as at the end of the financial year have not vested to Group employees, and therefore are controlled by the Group. The majority of these shares are held by the Employees Share Plan, with the remainder held by other CCA share plans.

Refer to Note 23 for further information of CCA share plans.

22. RESERVES

a) Reserves at the end of the financial year

	Refer Note	2013 $M	2012 $M
Foreign currency translation reserve		**(93.5)**	(106.8)
Share based remuneration reserve		**11.3**	22.9
Cash flow hedging reserve		**(23.4)**	(44.4)
Actuarial valuation reserve		**23.0**	0.4
Total reserves		**(82.6)**	(127.9)

b) Movements

Foreign currency translation reserve

	Refer Note	2013 $M	2012 $M
Balance at the beginning of the financial year		**(106.8)**	(90.9)
Translation of financial statements of foreign operations		**13.6**	(15.9)
Attributable to non-controlling interests		**(0.3)**	–
Balance at the end of the financial year		**(93.5)**	(106.8)

The foreign currency translation reserve is used to record foreign exchange differences arising from translation of the financial statements of foreign operations.

Share based remuneration reserve

	Refer Note	2013 $M	2012 $M
Balance at the beginning of the financial year		**22.9**	25.9
Expense recognised		**8.9**	14.5
Deferred tax adjustment	22c)	**0.1**	2.3
Shares vested		**(9.8)**	(6.4)
Share based payments[1]		**(10.8)**	(13.4)
Total movements		**(11.6)**	(3.0)
Balance at the end of the financial year		**11.3**	22.9

1 Shares purchased on market for Long Term Incentive Share Rights Plan.

The share based remuneration reserve is used to record the following share based remuneration obligations to employees and other amounts in relation to CCA ordinary shares –

- as held by the Employees Share Plan, which have not vested to employees as at the end of the financial year;
- to be purchased by the Long Term Incentive Share Rights Plan with respect to unvested incentives for Senior Executives, and for completed plans where awards conditional upon a market condition have not been met; and
- as held by the Executive Retention Share Plan, which have not vested to Senior Executives as at the end of the financial year.

Refer to Note 23 for further information of CCA share plans.

	Refer Note	2013 $M	2012 $M
22. RESERVES (CONTINUED)			
b) Movements (continued)			
Cash flow hedging reserve			
Balance at the beginning of the financial year		**(44.4)**	(26.5)
Revaluation of cash flow hedges to fair value		**29.9**	(26.5)
Transfer to the income statement		**0.2**	0.7
Deferred tax adjustment	22c)	**(9.1)**	7.9
Total movements		**21.0**	(17.9)
Balance at the end of the financial year		**(23.4)**	(44.4)

The cash flow hedging reserve is used to record adjustments to revalue cash flow hedges to fair or market value, where the derivative financial instruments qualify for hedge accounting. Upon realisation of the underlying hedged transactions in future financial years, these revaluation adjustments are reversed from the cash flow hedging reserve and taken to the income statement.

Actuarial valuation reserve			
Balance at the beginning of the financial year		**0.4**	–
Revaluation		**31.7**	0.8
Deferred tax adjustment		**(9.1)**	(0.4)
Total movements		**22.6**	0.4
Balance at the end of the financial year		**23.0**	0.4

The actuarial valuation reserve is used to record remeasurements of defined benefit superannuation plan assets and liabilities relating to actuarial gains and losses and the returns on plan assets in excess of or less than interest income.

c) Reserve movements attributable to deferred taxes			
Share based remuneration reserve	22b)	**0.1**	2.3
Cash flow hedging reserve	22b)	**(9.1)**	7.9
Actuarial valuation reserve		**(9.1)**	(0.4)
Total	18b)	**(18.1)**	9.8

23. EMPLOYEE OWNERSHIP PLANS

The Company has eight share and option plans for employees and Directors of the Group: the Employees Share Plan, the Long Term Incentive Share Rights Plan, the Executive Salary Sacrifice Share Plan, the Executive Retention Share Plan and the Executive Post-tax Share Purchase Plan, which are active; and the Non-Executive Directors Share Plan, the Non Executive Directors' Retirement Share Trust and the Executive Option Plan which are inactive. All options in the CCA Executive Option Plan have either been exercised or have lapsed.

Fully paid ordinary shares issued under these Plans rank equally with all other existing fully paid ordinary shares, in respect of voting rights and dividends and future bonus and rights issues.

Employees Share Plan

The Employees Share Plan (ESP) provides employees with an opportunity to contribute up to 3% of their base salary to acquire shares in the Company. The Plan is administered by a trustee which acquires (and holds in trust) shares for the benefit of participants. These shares are acquired through issues of shares to the trustee (the issue price is the weighted average price of a specified five day period prior to issue) or are purchased on market at the prevailing market price. Shares that have been forfeited under the terms of the Plan are also utilised. For every share acquired with amounts contributed by each participant, a matching share is acquired by the trustee. These matching shares, which under normal circumstances vest with the employee after a period of two years from their date of issue (acquisition or utilisation), are acquired with contributions made by the employing entities. Vesting of matching shares with employees does not involve any performance hurdles.

Members of the Plan receive dividends on both vested and unvested shares held on their behalf by the trustee.

As at the end of the financial year, the total number of employees eligible to participate in the Plan was 14,500 (2012: 15,154).

As at the end of the financial year, the number of shares in the ESP, both vested and unvested, was 5,396,964 (2012: 6,088,937). The number of shares vested to employees was 4,145,667 (2012: 4,805,564).

All shares were purchased on market during the financial year. No shares were issued under the Plan during the financial year.

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23. EMPLOYEE OWNERSHIP PLANS (CONTINUED)

Long Term Incentive Share Rights Plan

The Long Term Incentive Share Rights Plan (LTISRP) provides Senior Executives with the opportunity to be rewarded with fully paid ordinary shares, providing the Plan meets minimum pre-determined hurdles, as an incentive to create long term growth in value for CCA shareholders. The Plan is administered by a trustee which acquires (and holds in trust) shares for the benefit of participants. These shares are purchased on market or issued to the trustee once the Plan vests.

Senior Executives are invited to participate in the Plan at the invitation of the Compensation Committee. The Committee specifies the performance criteria, covering a three year period, for each annual plan.

Half the grant is subject to a TSR performance condition and the other half is subject to an EPS performance condition. Employees must also meet the service condition of being employed at the end of the three year plan period unless the employment ceased because of death, total and permanent disability, retirement or redundancy or any other reason as determined by the Board in its absolute discretion. In such cases, for employees who have been employed for a period of 12 months or greater within the performance period, there can be a pro-rata award based on the number of completed months employed during the performance period, with the final award being determined at the completion of the performance period. Any unvested share rights are forfeited. No dividends are received on the share rights during the performance period.

The estimated fair value of shares offered in the LTISRP is calculated by multiplying the threshold number of shares by the fair value of the shares at grant date and expensed over the performance period.

For the financial year, the inputs used for valuing the share rights offered under the 2013-2015 plan were: $14.44 share price for the share rights offered on 1 March 2013; risk-free rate of 2.73% based on Australian Government bond yields for periods matching the expected life of the plan (as at offer date); expected volatility of 18% based on the rolling one year historical volatility of CCA's share price and volatility implied in the pricing of traded options; and dividend yield of 4.24% based on the consensus broker forecasts divided by the share price at grant date.

Dividends are payable to participants of the Plan only once the rights vest into shares.

Set out below are details of share rights granted under the Plan –

Sub-plan	Grant date	Opening balance	Granted	Vested	Lapsed and forfeited	Closing balance	Weighted average fair value $
For the year ended 31 December 2013							
2011-2013	1 March 2011	**1,360,845**	–	–	**(1,360,845)**	–	–
2011-2013	4 May 2011	**247,844**	–	–	**(247,844)**	–	–
2012-2014	1 March 2012	**1,469,030**	–	–	**(169,097)**	**1,299,933**	**8.77**
2012-2014	15 May 2012	**247,844**	–	–	**(27,537)**	**220,307**	**9.89**
2013-2015	1 March 2013	–	**1,324,953**	–	**(64,647)**	**1,260,306**	**10.45**
		3,325,563	**1,324,953**	–	**(1,869,970)**	**2,780,546**	
For the year ended 31 December 2012							
2010-2012	1 March 2010	1,501,718	–	(650,176)	(851,542)	–	8.40[1]
2010-2012	14 May 2010	247,844	–	(118,097)	(129,747)	–	8.32[1]
2011-2013	1 March 2011	1,492,983	–	–	(132,138)	1,360,845	8.94
2011-2013	4 May 2011	247,844	–	–	–	247,844	9.11
2012-2014	1 March 2012	–	1,530,530	–	(61,500)	1,469,030	8.77
2012-2014	15 May 2012	–	247,844	–	–	247,844	9.89
		3,490,389	1,778,374	(768,273)	(1,174,927)	3,325,563	

1 Represents fair values of vested shares.

Executive Salary Sacrifice Share Plan

The Executive Salary Sacrifice Share Plan provides Senior Executives with the opportunity to sacrifice earned cash incentives into shares in the Company. The trustee of the Plan acquires shares to the value of the sacrificed amount and holds those shares for the benefit of the participant until the shares are withdrawn.

The sacrificed amount is contributed towards the Plan for the acquisition of shares by the trustee. The trustee holds these shares for the benefit of participants in proportion to their benefits sacrificed.

23. EMPLOYEE OWNERSHIP PLANS (CONTINUED)

Executive Salary Sacrifice Share Plan (continued)

For Australian senior managers not participating in the Executive Post-tax Share Purchase Plan (detailed in the remuneration report found in the Directors' Report), a portion of the incentive is deferred, with 20% of the pre-tax actual incentive paid (up to target – and 100% of over target) to a maximum of $5,000 sacrificed into CCA shares. These shares are required to be held in trust for a period of 17 months, or until the executive leaves the employment of CCA. For executives outside of Australia, there is no deferral into shares.

As the shares are purchased from earned cash incentives, dividends are payable to the participants of the Plan. Dividends are not forfeited.

As at the end of the financial year, the number of restricted shares in the Plan was 117,715 (2012: 268,528).

Executive Retention Share Plan

Key Senior Executives are invited to participate in the Executive Retention Share Plan (ERSP). The Group Managing Director is not eligible to participate without shareholder approval and was not invited to participate in the Plan. The ERSP complements the LTISRP and offers an award of shares at the end of a two or three year period with no performance hurdles attached, provided the executive is still employed by the Company. This Plan vested for two participants in 2013 and two participants had unvested shares at the end of the financial year.

All shares in relation to this Plan have been purchased on market and the costs are amortised over the vesting period. Forfeited shares are utilised by the Employees Share Plan. Dividends are payable to participants of the Plan on both vested and unvested shares. For shares issued in 2013, dividends reinvested via the DRP are forfeited if the underlying shares are forfeited.

As at the end of the financial year, the number of shares in all issues of the Plan, both vested and unvested, was 150,257 (2012: 345,779).

Executive Post-tax Share Purchase Plan

For STIP awards from 2012 onwards for a group of approximately 30 Senior Executives, including all KMP Senior Executives, 15% of any pre-tax actual incentive is deducted from their post-tax incentive payment and allocated to an Executive Post-tax Share Purchase Plan for the purpose of acquiring shares in the Company. For Australian executives at the top marginal tax rate, this will equate to approximately 28% of their post-tax incentive being deducted from the short term incentive award in order to purchase shares in the Company. The shares are purchased on market and trading of these shares is restricted for 12 months, irrespective of whether the executive is employed by CCA during this holding period. This assists in increasing the shareholding by Senior Executives and better aligning the executives to the Company.

The shares will transfer to the executive at the end of the 12 month holding period, except if the executive's employment is terminated for cause (or if the executive has already left CCA's employment, had breached the Company's Code of Business Conduct and that would have resulted in the same outcome), in which case all shares will be forfeited.

The shares are also subject to an exercise of discretion by the Board relating to forfeiture and release and additional limited forfeiture conditions apply, including not taking up employment with a material competitor, supplier or customer of the Company during the 12 month holding period.

As the shares are purchased from earned cash incentives, dividends are payable to the participants of the Plan. Dividends are not forfeited.

As at the end of the financial year, the number of restricted shares in the Plan was 71,446 (2012: nil).

Non-Executive Directors Share Plan

The Non-Executive Directors Share Plan was suspended in September 2009.

The Plan is administered by a trustee which acquired (and holds in trust) shares for the benefit of participants, until the participant ceases to be a Director of CCA. Dividends are payable to participants of the Plan.

As at the end of the financial year, there were five Non-Executive Directors participating in the Plan and the number of shares in the Plan was 292,767 (2012: 292,767).

Non-Executive Directors' Retirement Share Trust

The Non-Executive Directors' Retirement Share Trust holds shares in the Company purchased pursuant to applicable Non-Executive Directors' Retirement Allowance Agreements. The participating Directors are entitled to receive dividends or other distributions relating to the shares; however, each applicable Non-Executive Director has agreed to reinvest all dividends receivable on the relevant shares under the DRP. All consequent shares will be held by the trustee of the Non Executive Directors' Retirement Share Trust and the Directors have agreed that they will not require the trustee to transfer those shares to them until the time of their retirement.

The Trust is administered by a trustee which acquired (and holds in trust) shares for the benefit of participants until the participant ceases to be a Director of CCA.

As at the end of the financial year, there are two applicable Non-Executive Directors participating in the Trust and the number of shares in the Trust was 124,844 (2012: 119,348).

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	Refer Note	2013 $M	2012 $M
24. DIVIDENDS			
a) Summary of dividends appropriated during the financial year			
Prior year final dividend[1]		**243.9**	231.7
Prior year final special dividend[2]		**26.7**	–
Current year interim dividend[3]		**183.3**	182.7
Current year interim special dividend[4]		**19.1**	–
Total dividends appropriated		**473.0**	414.4
Dividends satisfied by issue of shares under the Dividend Reinvestment Plan	6b)	**(21.7)**	(31.8)
Dividends paid as per the statement of cash flows		**451.3**	382.6
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 –			
Current year final dividend[5]		**244.3**	243.9
Current year special dividend[6]		–	26.7
Total		**244.3**	270.6
c) Franking credits			
Balance of the franking account at the end of the financial year		**0.5**	32.3
Franking credits which will arise from payment of income tax provided for in the financial statements		**41.1**	29.1
Total franking credits		**41.6**	61.4

1 Paid at 32.0¢ per share franked to 75% (2012: 30.5¢ per share franked to 100%).
2 Paid at 3.5¢ per share unfranked (2012: nil).
3 Paid at 24.0¢ per share franked to 75% (2012: 24.0¢ per share franked to 100%).
4 Paid at 2.5¢ per share unfranked (2012: nil).
5 Declared at 32.0¢ per share franked to 75% (2012: 32.0¢ per share franked to 75%).
6 Nil (2012: 3.5¢ per share unfranked).

	¢	¢
25. EARNINGS PER SHARE (EPS)		
Basic and diluted EPS	**10.5**	60.1
Before significant items –		
Basic and diluted EPS	**65.9**	73.1

The following reflects the share and earnings information used in the calculation of basic and diluted EPS –

	No. M	No. M
Weighted average number of ordinary shares on issue used to calculate basic and diluted EPS	**763.2**	761.1
	$M	$M
Earnings used to calculate basic and diluted EPS –		
Profit after income tax attributable to members of the Company	**79.9**	457.8
Adjustment for significant items[1]	**422.9**	98.5
Earnings used to calculate basic and diluted EPS before significant items	**502.8**	556.3

1 Amounts classified as significant items consist of a net loss of $465.4 million before income tax and an income tax benefit of $42.5 million, or $422.9 million loss after income tax for 2013 (2012: a net loss of $134.5 million before income tax and an income tax benefit of $36.0 million, or $98.5 million loss after income tax). Refer to Notes 4c) and 5 respectively for further details.

	2013 $M	2012 $M
26. COMMITMENTS		
a) Capital expenditure commitments		
Estimated aggregate amount of contracts for purchase of property, plant and equipment not provided for, payable –		
within one year	**93.4**	97.1
later than one year but not later than five years	**2.5**	14.3
	95.9	111.4
b) Operating lease commitments		
Lease commitments for non-cancellable operating leases with terms of more than one year, payable –		
within one year	**72.3**	70.4
later than one year but not later than five years	**175.6**	164.7
later than five years	**106.8**	111.9
	354.7	347.0

The Group has entered into commercial non-cancellable operating leases on certain properties, motor vehicles and other items of plant and equipment. Leases vary in contract period depending on the asset involved. Renewal terms are included in certain contracts, whereby renewal is at the option of the specific entity that holds the lease. On renewal, the terms of the leases are usually renegotiated.

27. CONTINGENCIES

	2013 $M	2012 $M
Contingent liabilities existed at the end of the financial year in respect of –		
termination payments under employment contracts[1]	**3.6**	10.2
other guarantees	**0.5**	0.7
	4.1	10.9

1 Refer to the remuneration report found in the Directors' Report for further details.

The Directors are of the opinion that provisions are not required in respect of the matters disclosed above, as it is not probable that a future sacrifice of economic benefits will be required.

28. AUDITORS' REMUNERATION

	2013 $M	2012 $M
Amounts received, or due and receivable, by –		
CCA auditor, Ernst & Young (Australia) for –		
audit or half year review of the financial reports	**1.600**	1.600
other services –		
assurance related	**0.350**	0.215
tax compliance	**0.086**	0.005
	0.436	0.220
	2.036	1.820
Member firms of Ernst & Young in relation to subsidiaries of CCA for –		
audit or half year review of the financial reports	**0.584**	0.479
other services –		
assurance related	**0.089**	–
tax compliance	**0.009**	0.005
	0.098	0.005
	0.682	0.484
Other firms in relation to subsidiaries of CCA for –		
audit or half year review of the financial reports	**0.040**	0.090
other services –		
assurance related	**0.028**	0.160
tax compliance	**0.067**	0.019
	0.095	0.179
	0.135	0.269
Total auditors' remuneration	**2.853**	2.573

29. BUSINESS COMBINATIONS

There were no material acquisitions or disposals of entities or businesses during the financial year. For the financial year ended 31 December 2012, the Group made the following acquisitions –

	Acquisition date	Total purchase consideration (net) $M
Majority share of Paradise Beverages (Fiji) Ltd	7 September 2012	57.9
Other acquisitions	–	58.1
		116.0

30. KEY MANAGEMENT PERSONNEL DISCLOSURES

a) Total remuneration for KMP

Remuneration by category	**2013 $**	2012 $
Short term	**9,606,819**	12,675,639
Post employment	**1,360,497**	2,004,354
Share based payments	**1,040,625**	2,831,558
	12,007,941	17,511,551

Further details are contained in the remuneration report found in the Directors' Report.

b) Shareholdings of individuals while acting in the capacity of KMP

2013 Number of ordinary shares held	**Opening balance[1]**	**Additions[2]**	**Issued/ awarded as remuneration[3]**	**Other movements[4]**	**Closing balance**
Directors in office at the end of the financial year					
D.M. Gonski, AC	**393,380**	**13,968**	–	–	**407,348**
I.R. Atlas	**5,000**	–	–	–	**5,000**
C.M. Brenner	**14,083**	**649**	–	–	**14,732**
T.J. Davis[5]	**524,071**	**25,380**	**118,097**	**(350,000)**	**317,548**
A.G. Froggatt[6]	**38,928**	–	–	**(19,777)**	**19,151**
M. Jansen	**10,173**	–	–	–	**10,173**
G.J. Kelly	**22,460**	**81**	–	–	**22,541**
W.M. King, AO	**55,516**	**388**	–	–	**55,904**
D.E. Meiklejohn, AM	**25,497**	–	–	–	**25,497**
Executives					
G. Adams[7]	**31,439**	**1,398**	**9,343**	**(42,180)**	–
K. Gunduz[8]	–	**57**	–	–	**57**
P.N. Kelly[9]	**61,989**	**1,780**	–	–	**63,769**
J. Murphy	**1,565**	**2,903**	**6,540**	–	**11,008**
B. O'Connell[10]	–	**587**	–	–	**587**
N.I. O'Sullivan	**63,578**	**34,002**	**14,762**	**(30,000)**	**82,342**
V. Pinneri[11]	**5,977**	**420**	**7,474**	**(13,871)**	–
E. Rey[12]	**1,588**	**1,328**	–	**(2,916)**	–
W.G. White	**82,407**	**80,926**	**35,901**	**(50,000)**	**149,234**

1 Includes existing balances of shares on appointment to KMP roles.
2 Includes the purchase of shares and shares issued under DRP and various employee ownership plans. Additions to shareholdings were at arm's length.
3 Shares awarded under the 2010-2012 LTISRP.
4 Includes shares sold and reductions due to cessation of individuals in KMP roles.
5 The closing balance includes beneficial interest in 223,944 vested LTISRP shares held by the Trustee, which are subject to the conditions of the Plan.
6 Opening balance includes indirect interest in 19,777 shares as an executor of a will. Opening and closing balances comprise 19,151 shares under an enduring power of attorney.
7 Ceased to be KMP on 7 April 2013, resigned on 30 June 2013.
8 Appointed as KMP on 1 November 2013.
9 Appointed as KMP on 1 April 2013.
10 Appointed as KMP on 8 April 2013.
11 Ceased to be KMP on 31 March 2013.
12 Ceased to be KMP on 31 October 2013.

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30. KEY MANAGEMENT PERSONNEL DISCLOSURES (CONTINUED)

b) Shareholdings of individuals while acting in the capacity of KMP (continued)

2012 Number of ordinary shares held	Opening balance[1]	Additions[2]	Issued/ awarded as remuneration[3]	Other movements[4]	Closing balance
Directors in office at the end of the financial year					
D.M. Gonski, AC	380,288	13,092	–	–	393,380
I.R. Atlas	–	5,000	–	–	5,000
C.M. Brenner	13,492	591	–	–	14,083
T.J. Davis[5]	528,593	14,652	190,826	(210,000)	524,071
A.G. Froggatt[6]	49,000	–	–	(10,072)	38,928
M. Jansen	10,173	–	–	–	10,173
G.J. Kelly	22,387	73	–	–	22,460
W.M. King, AO	55,162	354	–	–	55,516
D.E. Meiklejohn, AM	25,275	222	–	–	25,497
Executives					
G. Adams	33,608	2,734	15,097	(20,000)	31,439
J. Murphy[7]	417	1,148	–	–	1,565
N.I. O'Sullivan	91,507	6,067	23,098	(57,094)	63,578
V. Pinneri	6,168	1,812	7,548	(9,551)	5,977
E. Rey	468	1,120	–	–	1,588
W.G. White	146,275	13,659	58,010	(135,537)	82,407

1 Includes existing balances of shares on appointment to KMP roles.
2 Includes the purchase of shares and shares issued under DRP and various employee ownership plans. Additions to shareholdings were at arm's length.
3 Shares awarded under the 2009-2011 LTISRP.
4 Includes shares sold and reductions due to cessation of individuals in KMP roles.
5 The closing balance includes beneficial interest in 373,344 shares held by the LTISRP, which are subject to the conditions of the Plan.
6 Indirect interest in 19,777 shares as an executor of a will and in 19,151 shares under an enduring power of attorney.
7 Appointed to KMP role on 1 July 2012.

c) LTISRP awards to individuals while acting in the capacity of KMP

Details of share rights provided as remuneration and subsequent vesting, together with terms and conditions of the share rights, can be found in the remuneration report on pages 45 to 47.

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30. KEY MANAGEMENT PERSONNEL DISCLOSURES (CONTINUED)

c) LTISRP awards to individuals while acting in the capacity of KMP (continued)

Movements in share rights under LTISRP during the financial year were as follows –

Number of share rights held[1]	Opening balance[2]	Granted	Vested	Other movements[3]	Closing balance
2013					
Director in office at the end of the financial year					
T.J. Davis	**495,688**	–	–	**(275,381)**	**220,307**
Executives					
G. Adams	**31,542**	–	–	**(31,542)**	–
P.N. Kelly	**52,942**	**24,304**	–	**(26,471)**	**50,775**
J. Murphy	**58,647**	**33,575**	–	**(22,078)**	**70,144**
B. O'Connell	–	**15,686**	–	–	**15,686**
N.I. O'Sullivan	**115,294**	**69,330**	–	**(52,353)**	**132,271**
V. Pinneri	**50,980**	**23,404**	–	**(74,384)**	–
E. Rey	**61,993**	**33,333**	–	**(95,326)**	–
W.G. White	**177,353**	**93,669**	–	**(75,343)**	**195,679**
2012					
Director in office at the end of the financial year					
T.J. Davis	495,688	247,844	(118,097)	(129,747)	495,688
Executives					
G. Adams	35,379	15,771	(9,343)	(10,265)	31,542
J. Murphy	35,804	36,569	(6,540)	(7,186)	58,647
N.I. O'Sullivan	83,333	62,941	(14,762)	(16,218)	115,294
V. Pinneri	41,176	25,490	(7,474)	(8,212)	50,980
E. Rey	26,471	35,522	–	–	61,993
W.G. White	150,686	102,010	(35,901)	(39,442)	177,353

1 Numbers are quoted on the basis of maximum potential vesting.
2 Includes existing balances of share rights on appointment to KMP roles.
3 Includes share rights lapsed, forfeited, reductions due to cessation of individuals in KMP roles and pro-rata adjustments per plan rules.

d) Loans to KMP

Neither CCA nor any other Group company has loans with KMP.

e) Other transactions of KMP and their personally related entities

Neither CCA nor any other Group company was party to any other transactions with KMP (including their personally related entities).

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31. DERIVATIVES AND NET DEBT RECONCILIATION

	Refer Note	2013 $M	2012 $M
a) Derivatives as per the statement of financial position			
Derivative assets – current	32b)	**(24.0)**	(9.5)
Derivative assets – non-current	32b)	**(51.3)**	(50.4)
Derivative liabilities – current	32b)	**25.1**	42.2
Derivative liabilities – non-current	32b)	**159.2**	254.9
Total net derivative liabilities		**109.0**	237.2
Net derivative liabilities comprises –			
debt related		**76.8**	173.3
non-debt related		**32.2**	63.9
Total net derivative liabilities		**109.0**	237.2

CCA presents derivative assets and liabilities on a gross basis. Certain derivative assets and liabilities are subject to enforceable master netting arrangements with individual counterparties if they were subject to default. As at 31 December 2013, if these netting arrangements were to be applied to the derivative portfolio, derivative assets and liabilities are reduced by $72.8 million respectively (2012: $59.9 million decrease).

	Refer Note	2013 $M	2012 $M
b) Net debt reconciliation			
Cash assets	6	**(1,425.9)**	(1,178.0)
Long term deposits		**–**	(150.0)
Net derivative liabilities – debt related		**76.8**	173.3
Interest bearing liabilities – current	16	**731.0**	351.4
Interest bearing liabilities – non-current	16	**2,377.4**	2,435.8
Total net debt		**1,759.3**	1,632.5

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32. CAPITAL AND FINANCIAL RISK MANAGEMENT

Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising returns to shareholders through the optimisation of net debt and total equity balances.

The capital structure of Group entities is monitored using the gearing ratio. This ratio is calculated as net debt divided by total equity. Net debt is calculated as total interest bearing liabilities and debt related derivatives less cash assets and long term deposits. Total capital employed is calculated as net debt plus total equity.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return equity to shareholders, issue new shares or sell assets to reduce debt. The Group continuously reviews the capital structure to ensure –

- sufficient finance for the business is maintained at a reasonable cost;
- sufficient funds are available for the business to implement its capital expenditure and business acquisition strategies;
- distributions to shareholders are maintained within stated dividend policy requirements; and
- where excess funds arise with respect to the funds required to enact the Group's business strategies, consideration is given to possible returns of equity to shareholders.

CCA has a dividend payout policy of 70% to 80% of net profit, subject to the ongoing cash needs of the business.

The table below details the calculation of the Group's gearing ratio –

	Refer Note	**2013 $M**	2012 $M
Net debt	31	**1,759.3**	1,632.5
Total equity		**1,739.8**	2,063.5
Total capital employed		**3,499.1**	3,696.0
		%	%
Gearing ratio		**101.1**	79.1

Financial risk management

The Group's principal financial instruments, other than derivatives, comprise cash, short and long term deposits, bank loans and capital markets issues. The main purpose of financial instruments is to manage liquidity and hedge the Group's exposure to financial risks namely –

- interest rate risk;
- foreign currency risk;
- commodity price risk;
- credit risk; and
- liquidity risk.

The Group uses derivatives in accordance with Board approved policies to reduce the Group's exposure to adverse fluctuations in interest rates, foreign exchange rates and certain raw material commodity prices. These derivatives create an obligation or a right that effectively transfers one or more of the risks associated with an underlying financial instrument, asset or obligation. Derivative financial instruments that the Group uses to hedge risks such as interest rate, foreign currency and commodity price movements include –

- interest rate swaps;
- foreign currency contracts;
- cross currency swaps;
- futures contracts (commodity);
- commodity swaps; and
- option contracts (interest rate, currency and commodity).

The Group's risk management activities are carried out centrally by CCA's Group Treasury function which is governed by a Board approved Treasury Policy.

32. CAPITAL AND FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial risk management (continued)

a) Risk factors

i) Interest rate risk

Interest rate risk arises from interest bearing financial assets and liabilities that the Group utilises. Non-derivative interest bearing financial instruments are predominantly short term liquid assets and long term debt issued at fixed rates which exposes the Group to fair value interest rate risk. The Group's borrowings which have a variable interest rate give rise to cash flow interest rate risk.

The Group's risk management policy for interest rate risk seeks to minimise the effects of interest rate movements on its asset and liability portfolio through active management of the exposures. The policy prescribes that the duration of the portfolio must be three years plus or minus two years and it is usual practice for the next 12 months floating rate exposures to be largely fixed or capped up to a maximum 85% of the forecast exposure.

The Group maintains a mix of offshore and local currency fixed rate and variable rate debt, as well as a mix of long term and short term debt. The Group primarily enters into interest rate swap, interest rate option and cross currency swap agreements to manage these risks. The Group hedges the interest rate and currency risk on all foreign currency borrowings by entering into cross currency swaps, which have the economic effect of converting foreign currency borrowings to local currency borrowings. The derivative contracts are carried at fair value, being the market value as quoted in an active market.

The derivative financial instruments and details of hedging activities contained in section b) of this Note provide further information in this area. At balance date, the Group had the following mix of financial assets and financial liabilities exposed to floating and fixed interest rate risk –

	Refer Note	Average floating interest rate p.a. %	Floating rate $M	Fixed rate $M	Non-interest bearing $M	Total $M
As at 31 December 2013						
Financial assets						
Cash assets	6	**3.3**	**1,100.1**	**325.8**	–	**1,425.9**
Trade and other receivables	7	–	–	–	**965.9**	**965.9**
Derivative assets	31	–	–	–	**75.3**	**75.3**
			1,100.1	**325.8**	**1,041.2**	**2,467.1**
Financial liabilities						
Trade and other payables	15	–	–	–	**805.0**	**805.0**
Bonds	16	**4.2**	**522.2**	**2,312.5**	–	**2,834.7**
Loans	16	–	–	**3.3**	–	**3.3**
Bank loans	16	**3.1**	**116.6**	**152.1**	–	**268.7**
Bank overdrafts	16	–	–	**1.5**	–	**1.5**
Finance lease	16	–	–	**0.2**	–	**0.2**
Derivative liabilities	31	–	–	–	**184.3**	**184.3**
			638.8	**2,469.6**	**989.3**	**4,097.7**
As at 31 December 2012						
Financial assets						
Cash assets	6	3.5	998.0	180.0	–	1,178.0
Long term deposits		3.5	150.0	–	–	150.0
Trade and other receivables	7	–	–	–	963.1	963.1
Derivative assets	31	–	–	–	59.9	59.9
Other financial assets	9	–	–	–	24.4	24.4
			1,148.0	180.0	1,047.4	2,375.4
Financial liabilities						
Trade and other payables	15	–	–	–	808.3	808.3
Bonds	16	3.4	809.7	1,748.6	–	2,558.3
Loans	16	–	–	4.2	–	4.2
Bank loans	16	3.1	140.4	83.6	–	224.0
Bank overdrafts	16	–	–	0.7	–	0.7
Derivative liabilities	31	–	–	–	297.1	297.1
			950.1	1,837.1	1,105.4	3,892.6

32. CAPITAL AND FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial risk management (continued)

a) Risk factors (continued)

i) Interest rate risk (continued)

Sensitivity analysis

The sensitivity analysis on interest rate risk below shows the effect on net profit and equity after income tax if interest rates at balance date had been 10% higher or lower with all other variables held constant, taking into account underlying exposures and related hedges. Concurrent movements in interest rates in the yield curves are assumed.

A sensitivity of 10% has been selected as this is considered a reasonable possible change over the financial year based on historical interest rate movements and also given the current level of both short term and long term Australian interest rates. In 2013, 86.5% (2012: 88.0%) of the Group's debt was effectively held in Australian Dollars. This includes Australian Dollar denominated debt and foreign currency denominated debt which has been swapped into Australian Dollars using cross currency swaps.

Based on the sensitivity analysis, if interest rates were 10% higher/lower, the impact on the Group during the year would be –

	Net profit		Equity (cash flow hedging reserve) As at 31 December	
	2013 $M	2012 $M	**2013 $M**	2012 $M
If interest rates were 10% higher with all other variables held constant – increase/(decrease)	**0.4**	0.5	**9.6**	10.5
If interest rates were 10% lower with all other variables held constant – increase/(decrease)	**(0.5)**	(0.6)	**(9.7)**	(10.6)

ii) Foreign currency risk

Foreign currency risk refers to the risk that the value or the cash flows arising from a financial commitment, or recognised asset or liability will fluctuate due to changes in foreign currency rates. The Group's foreign currency exchange risk arises primarily from –

- firm commitments and/or highly probable forecast transactions for receipts and payments settled in foreign currencies and prices dependent on foreign currencies respectively;
- borrowings denominated in foreign currency; and
- translation of the financial statements of CCA's foreign subsidiaries.

The Group's risk management policy for foreign exchange is to be able to hedge forecast cost of goods sold related to transactions for up to four years into the future before requiring executive management approval. Foreign currency denominated capital expenditure is generally hedged upon the realisation of firm commitments. The policy only permits hedging of the Group's underlying foreign exchange exposures. The policy prescribes minimum and maximum hedging parameters linked to actual and forecast transactions involving foreign currencies.

Forward foreign exchange and options contracts are used to hedge a portion of the Group's anticipated non-debt related foreign currency risks. These contracts have maturities of less than four years after the reporting date and consequently the net fair value of the gains and losses on these contracts will be transferred from the cash flow hedging reserve to the income statement at various dates during the period when the underlying exposure impacts earnings. The derivative contracts are carried at fair value, being the market value as quoted in an active market.

The Group formally assesses both at inception and at least monthly thereafter, whether the financial instruments that are used in hedging transactions are effective at offsetting changes in either the fair value or cash flows of the related underlying exposure. Because of the high degree of effectiveness between the hedging instrument and the underlying exposure being hedged, fluctuations in the value of the derivative financial instruments are generally offset by changes in the fair values or cash flows of the underlying exposures being hedged. Any ineffective portion of a financial instrument's change in fair value is immediately recognised in the income statement and this is mainly attributable to financial instruments in a fair value hedge relationship. Also refer to section b) of this Note for further details.

32. CAPITAL AND FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial risk management (continued)

a) Risk factors (continued)

ii) Foreign currency risk (continued)

The Group's exposure to foreign currency risk at the reporting date was as follows (all amounts are in Australian Dollars equivalents) –

	United States Dollars $M	New Zealand Dollars $M	Fijian Dollars $M	Indonesian Rupiah $M	Papua New Guinean Kina $M	Other $M	Total $M
As at 31 December 2013							
Financial assets							
Cash assets	**1.8**	**44.9**	**8.4**	**2.7**	**40.6**	**7.9**	**106.3**
Trade and other receivables	–	**99.4**	**10.7**	**80.9**	**23.8**	**7.4**	**222.2**
Derivatives financial instruments							
interest rate derivative contracts	–	**1.0**	–	–	–	–	**1.0**
foreign exchange derivative contracts[1]	**1,250.0**	**0.5**	–	–	–	**167.9**	**1,418.4**
	1,251.8	**145.8**	**19.1**	**83.6**	**64.4**	**183.2**	**1,747.9**
Financial liabilities							
Trade and other payables	**8.1**	**40.5**	**6.9**	**110.3**	**31.1**	**4.1**	**201.0**
Interest bearing liabilities[1]	**813.8**	**138.2**	–	**176.5**	–	**139.0**	**1,267.5**
Derivative financial instruments							
foreign exchange derivative contracts	–	**195.9**	**3.2**	**55.2**	**12.6**	**4.4**	**271.3**
commodity derivative contracts	**25.7**	–	–	–	–	–	**25.7**
	847.6	**374.6**	**10.1**	**342.0**	**43.7**	**147.5**	**1,765.5**
As at ended 31 December 2012							
Financial assets							
Cash assets	1.2	21.9	5.7	5.4	54.6	0.9	89.7
Trade and other receivables	2.2	82.1	9.7	73.2	32.1	9.3	208.6
Derivatives financial instruments							
interest rate derivative contracts	–	160.1	–	–	–	–	160.1
foreign exchange derivative contracts[1]	1,072.0	5.9	–	–	–	304.1	1,382.0
commodity derivative contracts	3.2	–	–	–	–	–	3.2
	1,078.6	270.0	15.4	78.6	86.7	314.3	1,843.6
Financial liabilities							
Trade and other payables	9.1	42.7	5.1	78.4	59.2	4.9	199.4
Interest bearing liabilities[1]	698.3	124.1	0.7	139.4	–	268.3	1,230.8
Derivative financial instruments							
interest rate derivative contracts	–	161.7	–	–	–	–	161.7
foreign exchange derivative contracts	8.4	158.2	3.9	44.5	23.6	11.2	249.8
commodity derivative contracts	3.4	–	–	–	–	–	3.4
	719.2	486.7	9.7	262.3	82.8	284.4	1,845.1

1 Other comprises mainly of Japanese Yen.

32. CAPITAL AND FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial risk management (continued)

a) Risk factors (continued)

ii) Foreign currency risk (continued)

Sensitivity analysis

The sensitivity analysis on foreign currency risk below shows the effect on net profit and equity after income tax as at balance date from a 10% favourable/adverse movement in exchange rates at that date on a total derivative portfolio basis with all other variables held constant, taking into account all underlying exposures and related hedges.

A sensitivity of 10% has been selected as this is considered reasonable given the current level of exchange rates and the volatility observed both on a historical basis and market expectations for future movement.

The foreign currency risk from the Group's long term borrowings denominated in foreign currency has no significant impact on profit from foreign currency movements as they are hedged into local currency. The table below shows the sensitivities for the movements in exchange rates.

	Net profit		Equity (cash flow hedging reserve) As at 31 December	
	2013 $M	2012 $M	**2013 $M**	2012 $M
If the Australian dollar appreciated by 10% with all other variables held constant – increase/(decrease)	**(2.3)**	(0.2)	**(18.5)**	(16.7)
If the Australian dollar depreciated by 10% with all other variables held constant – increase/(decrease)	**(5.9)**	1.3	**30.6**	22.3

Translation risk

The financial statements for each of CCA's foreign operations are prepared in local currency. For the purpose of preparing the Group's consolidated financial information, each foreign operation's financial statements are translated into Australian Dollars using the applicable foreign exchange rates as at the reporting date or the monthly average for the reporting period. A translation risk therefore exists on translating the financial statements of CCA's foreign operations into Australian Dollars for the purpose of reporting the Group's consolidated financial information. As a result, volatility in foreign exchange rates can impact the Group's net assets, net profit and the foreign currency translation reserve.

In regards to translation risk, the table below presents the impact on net profit and equity after income tax as at balance date from a 10% favourable/adverse movement in exchange rates for the financial year, and as at balance date on the net assets of CCA's foreign operations with all other variables held constant –

	Net profit		Equity (foreign currency translation reserve) As at 31 December	
	2013 $M	2012 $M	**2013 $M**	2012 $M
If the Australian dollar appreciated by 10% with all other variables held constant – increase/(decrease)	**(11.3)**	(11.8)	**(71.3)**	(55.9)
If the Australian dollar depreciated by 10% with all other variables held constant – increase/(decrease)	**13.7**	14.4	**87.2**	68.2

32. CAPITAL AND FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial risk management (continued)

a) Risk factors (continued)

iii) Commodity price risk

Commodity price risk is the risk arising from volatility in commodity prices in relation to certain raw materials (mainly sugar and aluminium) used in the business.

The Group's risk management policy for commodity price risk is to be able to hedge forecast transactions for up to four years into the future before requiring executive management approval. The Treasury Policy permits hedging of price and volume exposure arising from the raw materials used in the Group's manufacturing of finished goods. The Policy also prescribes minimum and maximum hedging parameters linked to the forecast purchase transactions.

The Group enters into futures, swaps and option contracts to hedge commodity price risk with the objective of obtaining lower raw material prices and a more stable and predictable commodity price outcome. The derivative contracts are carried at fair value, being the market value as quoted in an active market or derived using valuation techniques where no active market exists.

Sensitivity analysis

The sensitivity analysis on commodity price risk table below shows the effect on net profit and equity after income tax as at balance date from a 10% favourable/adverse movement in commodity prices at that date on a total derivative portfolio basis with all other variables held constant. The table does not show the sensitivity to the Group's total underlying commodities exposure or the impact of changes in volumes that may arise from an increase or decrease in commodity prices.

A sensitivity of 10% has been selected as this is considered reasonable given the current level of commodity prices and the volatility observed both on a historical basis and market expectations for future movement.

	Net profit		Equity (cash flow hedging reserve) As at 31 December	
	2013 $M	2012 $M	**2013 $M**	2012 $M
If there was a 10% increase in commodity prices with all other variables held constant – increase/(decrease)	**–**	0.3	**21.4**	15.9
If there was a 10% decrease in commodity prices with all other variables held constant – increase/(decrease)	**–**	–	**(21.4)**	(16.1)

iv) Credit risk

Credit risk is the risk that a contracting entity will not fulfil its obligations under the terms of a financial instrument and will cause the Group to make a financial loss. The Group has exposure to credit risk on all financial assets included in the Group's statement of financial position. To help manage this risk, the Group –

- has a policy for establishing credit limits for the entities it deals with;
- may require collateral where appropriate; and
- manages exposures to individual entities it either transacts with or enters into derivative contracts with (through a system of credit limits).

The Group is exposed to credit risk on derivative financial instruments. For credit purposes, there is only a credit risk where the contracting entity is liable to pay the Group in the event of a closeout. The Group has policies that set limits as to the amount of credit exposure to each financial institution. New derivatives and cash transactions are limited to financial institutions that meet minimum credit rating criteria in accordance with the Group's policy requirements.

Customer credit risk is managed by each business unit subject to established policy, procedures and controls relating to customer risk management. Credit limits are set for each customer and these are regularly monitored. Outstanding receivables are regularly monitored and the requirement for impairment is analysed each reporting period.

The Group's credit risk is mainly concentrated across a number of customers and financial institutions. The Group does not have any significant credit risk exposure to a single or group of customer(s) or individual institution(s). Approximately 74.6% (2012: 68.1%) of the trade receivables balance as at balance date is reflected by the total of each operation's top five customers.

32. CAPITAL AND FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial risk management (continued)

a) Risk factors (continued)

iv) Credit risk (continued)

The financial assets that are exposed to credit risk are detailed in the table below –

	Refer Note	**2013 $M**	2012 $M
Cash assets	6	**1,425.9**	1,178.0
Long term deposits		**–**	150.0
Trade and other receivables	7	**965.9**	963.1
Derivative assets	31	**75.3**	59.9
Other financial assets	9	**–**	24.4
Total CCA Group		**2,467.1**	2,375.4

v) Liquidity risk

Liquidity risk is associated with ensuring that there are sufficient funds available to meet the Group's financial commitments as and when they fall due and planning for any unforeseen events which may curtail cash flows.

Liquidity risk is measured by comparing projected debt levels against total committed facilities, where the projected net debt levels take the following into account –

- cash assets;
- existing debt;
- budgeted free cash flows generated by business operations; and
- any proposed acquisitions or divestments.

To help reduce this risk, the Group –

- has a liquidity policy which targets a minimum level of committed facilities relative to net debt;
- has readily accessible funding arrangements in place;
- generally utilises instruments that are tradeable in liquid markets; and
- staggers maturities of financial instruments.

The Group monitors rolling forecasts of liquidity reserves on the basis of expected cash flow. The objective is to maintain a balance between continuity of funding and flexibility through the use of liquid instruments, borrowings and committed available credit lines.

32. CAPITAL AND FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial risk management (continued)

a) Risk factors (continued)

v) Liquidity risk (continued)

The contractual cash flows of the Group's financial liabilities are shown in the table below. The contractual amounts represent the future undiscounted principal and interest cash flows and therefore do not equate to the carrying values. The expected timing of cash outflows are set out below –

	Refer Note	Carrying value $M	Total contractual cash outflows $M	Expected timing of contractual cash outflows: Less than 1 year $M	1 to 2 year(s) $M	2 to 5 years $M	Over 5 years $M
As at 31 December 2013							
Financial liabilities							
Trade and other payables	15	**805.0**	**805.0**	**804.2**	**0.8**	–	–
Interest bearing liabilities	16	**3,108.4**	**3,570.4**	**924.1**	**380.0**	**1,440.2**	**826.1**
Derivative financial instruments							
interest rate derivative contracts[1&2]		**71.7**	**61.3**	**21.9**	**14.1**	**18.4**	**6.9**
foreign exchange derivative contracts[3]		**84.8**	**214.4**	**(0.9)**	**4.3**	**76.1**	**134.9**
commodity derivative contracts		**27.8**	**27.8**	**15.0**	**9.6**	**3.2**	–
		4,097.7	**4,678.9**	**1,764.3**	**408.8**	**1,537.9**	**967.9**
As at 31 December 2012							
Financial liabilities							
Trade and other payables	15	808.3	808.3	806.3	2.0	–	–
Interest bearing liabilities	16	2,787.2	3,214.8	455.4	739.2	1,240.0	780.2
Derivative financial instruments							
interest rate derivative contracts[1&2]		85.0	84.0	35.6	22.7	22.4	3.3
foreign exchange derivative contracts[3]		198.3	342.1	28.5	83.8	122.8	107.0
commodity derivative contracts		13.8	3.8	3.5	0.3	–	–
		3,892.6	4,453.0	1,329.3	848.0	1,385.2	890.5

1 For floating rate instruments, the amount disclosed is determined by reference to the interest rate at the last repricing date.
2 Net amount for interest rate swaps for which net cash flows are exchanged.
3 Contractual amounts represent gross cash flows to be exchanged.

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32. CAPITAL AND FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial risk management (continued)

a) Risk factors (continued)

vi) Fair value

As noted in Note 1 Summary of Significant Accounting Policies, derivative financial instruments are initially recognised in the statement of financial position at cost and subsequently remeasured to their fair value.

The valuation techniques applied by the Group are consistent with those applied in prior year financial reports. The valuation technique used to measure the various financial instruments namely foreign currency contracts, commodity contracts and interest rate contracts are measured based on mark-to-market observable spot exchange rates, commodity prices and interest rate yield curves. This method records any change in fair value of a derivative, in the financial statement.

The financial instruments that are not measured at fair value in the financial statements are bonds that have been accounted for at amortised cost. The bonds at amortised cost have a carrying value of $2,834.7 million (2012: $2,558.3 million) and a fair value of $2,890.8 million (2012: $2,724.9 million).

The carrying amounts and estimated fair value of all the Group's financial assets and liabilities recognised in the financial statements are as follows –

	Refer Note	2013 $M	2012 $M
Financial assets			
Cash assets	6	**1,425.9**	1,178.0
Long term deposits		**–**	150.0
Trade and other receivables	7	**965.9**	963.1
Derivatives – fair value through the income statement	31	**–**	5.2
Derivatives – hedge accounted through equity	31	**75.3**	54.7
Other financial assets	9	**–**	24.4
Total financial assets		**2,467.1**	2,375.4
Financial liabilities			
Trade and other payables	15	**805.0**	808.3
Interest bearing liabilities			
Bonds – fair value through the income statement[1]	16	**139.0**	280.3
Bonds – at amortised cost[2]	16	**2,695.7**	2,278.0
Loans – at amortised cost	16	**3.3**	4.2
Bank loans – at amortised cost	16	**268.7**	224.0
Bank overdrafts	16	**1.5**	0.7
Finance lease	16	**0.2**	–
Derivatives – fair value through the income statement	31	**13.1**	5.5
Derivatives – hedge accounted through equity	31	**171.2**	291.6
Total financial liabilities		**4,097.7**	3,892.6

1 Represents bonds with effective fair value hedge relationships.
2 Includes bonds carried at historical cost and bonds with effective cash flow hedge relationships.

32. CAPITAL AND FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial risk management (continued)

a) Risk factors (continued)

vi) Fair value (continued)

The above mentioned financial assets and financial liabilities remeasurement is based on quoted market prices. For financial instruments not quoted in active markets, the Group uses valuation techniques such as present value, comparison to similar instruments for which market observable prices exist and other relevant models used by market participants. These valuation techniques use both observable and unobservable market inputs.

Certain long dated derivative contracts where there are no observable forward prices in the market are classified as Level 2 as the unobservable inputs are not considered significant to the overall value of the contract.

The Group uses two different methods in estimating the fair value of a financial instrument. The methods comprise –

- Level 1 – the fair value is calculated using quoted prices in active markets; and
- Level 2 – the fair value is estimated using inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).

There were no transfers between Level 1 and 2, and no financial instruments were measured at Level 3 (where fair value is measured using unobservable inputs for the asset or liability) for the periods presented in this report.

The fair value as well as the methods used to estimate the fair value of the financial instruments are summarised in the table below –

	Valuation technique		
	Quoted market price (Level 1) $M	Market observable inputs (Level 2) $M	Total $M
As at 31 December 2013			
Derivative assets			
Derivatives – hedge accounted through equity	**23.5**	**51.8**	**75.3**
Total derivative assets	**23.5**	**51.8**	**75.3**
Derivative liabilities			
Derivatives – fair value through the income statement	**–**	**13.1**	**13.1**
Derivatives – hedge accounted through equity	**4.4**	**166.8**	**171.2**
Total derivative liabilities	**4.4**	**179.9**	**184.3**
As at 31 December 2012			
Derivative assets			
Derivatives – fair value through the income statement	–	5.2	5.2
Derivatives – hedge accounted through equity	1.0	53.7	54.7
Total derivative assets	1.0	58.9	59.9
Derivative liabilities			
Derivatives – fair value through the income statement	–	5.5	5.5
Derivatives – hedge accounted through equity	24.8	266.8	291.6
Total derivative liabilities	24.8	272.3	297.1

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32. CAPITAL AND FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial risk management (continued)

b) Hedge accounting

The Group's hedging strategy seeks to actively manage its exposures to interest rates, foreign exchange and commodities. This is achieved through a process of identifying, recording and communicating all financial exposures and risk in the Group which forms the basis for any decision to implement risk management strategies.

The following table provides details of the Group's derivative financial instruments and hedges that are used for financial risk management –

	Refer Note	2013 $M	2012 $M
Derivative assets – current			
The fair values of derivative financial instruments (debt related) at the end of the financial year designated as cash flow hedges are –			
foreign exchange derivative contracts		**3.4**	–
Total derivative assets – current (debt related)		**3.4**	–
The fair values of derivative financial instruments (non-debt related) at the end of the financial year designated as cash flow hedges are –			
interest rate derivative contracts		**2.5**	–
foreign exchange derivative contracts		**18.0**	0.9
commodity derivative contracts		**0.1**	3.4
The fair values of derivative financial instruments (non-debt related) at the end of the financial year designated as fair value hedges are –			
interest rate derivative contracts		–	5.1
foreign exchange derivative contracts		–	0.1
Total derivative assets – current (non-debt related)		**20.6**	9.5
Total derivative assets – current	31a)	**24.0**	9.5
Derivative assets – non-current			
The fair values of derivative financial instruments (non-debt related) at the end of the financial year designated as cash flow hedges are –			
interest rate derivative contracts		**43.0**	45.3
foreign exchange derivative contracts		**8.1**	0.1
commodity derivative contracts		**0.2**	5.0
Total derivative assets – non-current (non-debt related)		**51.3**	50.4
Total derivative assets – non-current	31a)	**51.3**	50.4

32. CAPITAL AND FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial risk management (continued)

b) Hedge accounting (continued)

	Refer Note	2013 $M	2012 $M
Derivative liabilities – current			
The fair values of derivative financial instruments (debt related) at the end of the financial year designated as cash flow hedges are –			
foreign exchange derivative contracts		–	3.1
Total derivative liabilities – current (debt related)		–	3.1
The fair values of derivative financial instruments (non-debt related) at the end of the financial year designated as cash flow hedges are –			
interest rate derivative contracts		**7.1**	6.0
foreign exchange derivative contracts		**3.3**	17.2
commodity derivative contracts		**14.5**	10.4
The fair values of derivative financial instruments (non-debt related) at the end of the financial year designated as fair value hedges are –			
interest rate derivative contracts		–	5.3
foreign exchange derivative contracts		**0.2**	0.2
Total derivative liabilities – current (non-debt related)		**25.1**	39.1
Total derivative liabilities – current	31a)	**25.1**	42.2
Derivative liabilities – non-current			
The fair values of derivative financial instruments (debt related) at the end of the financial year designated as cash flow hedges are –			
foreign exchange derivative contracts		**67.3**	170.2
The fair values of derivative financial instruments (debt related) at the end of the financial year designated as fair value hedges are –			
foreign exchange derivative contracts		**12.9**	–
Total derivative liabilities – non-current (debt related)		**80.2**	170.2
The fair values of derivative financial instruments (non-debt related) at the end of the financial year designated as cash flow hedges are –			
interest rate derivative contracts		**64.6**	73.7
foreign exchange derivative contracts		**1.1**	7.6
commodity derivative contracts		**13.3**	3.4
Total derivative liabilities – non-current (non-debt related)		**79.0**	84.7
Total derivative liabilities – non-current	31a)	**159.2**	254.9

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33. RELATED PARTIES

Parent entity

Coca-Cola Amatil Limited is the parent entity of the Group.

Key management personnel

Disclosures relating to KMP are set out in Note 30, and in the Directors' Report.

Related entities

The Coca-Cola Company (TCCC) through its subsidiary, Coca-Cola Holdings (Overseas) Limited, holds 29.2% (2012: 29.3%) of the Company's fully paid ordinary shares.

CCA has a 50% interest in Australian Beer Company. Refer to Note 10 for further details.

Transactions with related parties

	2013 $M	2012 $M
Reimbursements and other revenues from –		
Entities with significant influence over the Group		
TCCC and its subsidiaries[1&2]	**20.9**	58.1
Joint venture entity		
Service fee[3]	–	0.2
Finance income	–	0.1
Purchases and other expenses from –		
Entities with significant influence over the Group		
TCCC and its subsidiaries[4]	**746.9**	772.9
Other related parties	**16.8**	16.9
Amounts owed by –		
Entities with significant influence over the Group		
TCCC and its subsidiaries	**34.1**	27.4
Amounts owed to –		
Entities with significant influence over the Group		
TCCC and its subsidiaries	**102.1**	98.4
Other related parties	**1.8**	1.0

1 Under a series of arrangements, the Group participates with certain subsidiaries of TCCC under which they jointly contribute to the development of the market in the territories in which the Group operates. These arrangements include a regular shared marketing expenses program, under which the Group contributes to certain TCCC incurred marketing expenditure and TCCC contributes to certain marketing expenditure incurred by the Group. Certain subsidiaries of TCCC provide marketing support to the Group, which is in addition to the usual contribution to shared marketing initiatives. This is designed to assist the Group with the necessary development of certain territories. Amounts received are either accounted for as a credit to revenue or as a reduction to expense, as appropriate.

2 The comparative amount includes the $24.2 million received from TCCC in relation to the Cascade related transactions (which was classified as significant items).

3 The comparative amount represents the services provided to Pacific Beverages under certain agreements and arrangements agreed between CCA and Pacific Beverages. The sale of CCA's 50% interest in Pacific Beverages to SABMiller was completed on 13 January 2012. Refer to Note 9 for further details.

4 Represents purchases of concentrates and beverage base for Coca-Cola trademarked products, and finished goods.

Terms and conditions of transactions with related parties

All of the above transactions were conducted under normal commercial terms and conditions.

Outstanding balances at year end are unsecured and settlement occurs in cash.

There have been no guarantees provided or received for any related party receivables. For the financial year ended 31 December 2013, the Group has not raised any allowance for doubtful receivables relating to amounts owed by related parties (2012: nil).

34. CCA ENTITY DISCLOSURES

The financial information disclosed in this Note relates to the Company.

	CCA Entity	
	2013 $M	(Restated)[1] 2012 $M
a) Financial position		
Current assets	**1,428.7**	1,114.6
Non-current assets	**4,594.5**	4,533.5
Total assets	**6,023.2**	5,648.1
Current liabilities	**1,227.2**	779.8
Non-current liabilities	**2,118.2**	2,357.7
Total liabilities	**3,345.4**	3,137.5
Net assets	**2,677.8**	2,510.6
Equity		
Share capital	**2,271.7**	2,250.0
Reserves		
share based remuneration	**8.6**	20.5
cash flow hedging	**(28.1)**	(46.1)
actuarial valuation	**19.3**	2.6
other	**(15.4)**	(16.7)
Total reserves	**(15.6)**	(39.7)
Retained earnings	**421.7**	300.3
Total equity	**2,677.8**	2,510.6
b) Financial performance		
Profit after income tax	**594.4**	110.2
Total comprehensive income	**629.1**	91.4
c) Guarantees		
Subsidiaries bonds and bank loans[2]	**415.9**	356.7
d) Contingencies		
Contingent liabilities existed at the end of the financial year in respect of termination payments under employment contracts[3]	**3.6**	10.2

1 Restated due to the adoption of the revised AASB 119 Employee Benefits which became applicable on 1 January 2013.
2 No liability has been recognised in relation to these guarantees as the fair value of the guarantees is immaterial.
3 Refer to the remuneration report found in the Directors' Report for further details.

35. DEED OF CROSS GUARANTEE

Coca-Cola Amatil Limited and certain subsidiaries as indicated in Note 36 have entered into a Deed of Cross Guarantee which provides that all parties to the Deed will guarantee to each creditor, payment in full of any debt of each company participating in the Deed on winding-up of that company. In addition, as a result of ASIC Class Order No. 98/1418, subsidiaries are relieved from the requirement to prepare financial statements.

Consolidated statement of financial position for the closed group	2013 $M	(Restated)[1] 2012 $M
Current assets		
Cash assets	**1,321.9**	1,089.3
Trade and other receivables	**745.9**	765.7
Inventories	**480.0**	513.4
Prepayments	**62.7**	76.0
Derivatives	**20.6**	9.1
Total current assets	**2,631.1**	2,453.5
Non-current assets		
Long term deposits	–	150.0
Other receivables	**6.2**	2.4
Investments in securities	**659.9**	592.2
Investment in joint venture entity	**26.4**	–
Investments in bottlers' agreements	**691.9**	691.9
Property, plant and equipment	**1,242.6**	1,281.6
Intangible assets	**226.0**	554.9
Prepayments	**15.8**	19.3
Defined benefit superannuation plans	**17.9**	1.6
Derivatives	**40.7**	45.5
Other financial assets	–	24.4
Total non-current assets	**2,927.4**	3,363.8
Total assets	**5,558.5**	5,817.3
Current liabilities		
Trade and other payables	**663.9**	672.3
Interest bearing liabilities	**704.9**	295.0
Current tax liabilities	**41.1**	29.1
Provisions	**50.3**	62.1
Accrued charges	**359.3**	351.7
Derivatives	**25.0**	39.2
Total current liabilities	**1,844.5**	1,449.4
Non-current liabilities		
Other payables	**0.8**	1.2
Interest bearing liabilities	**1,985.9**	2,135.0
Provisions	**13.7**	13.1
Deferred tax liabilities	**103.2**	93.8
Derivatives	**144.1**	253.8
Total non-current liabilities	**2,247.7**	2,496.9
Total liabilities	**4,092.2**	3,946.3
Net assets	**1,466.3**	1,871.0
Equity		
Share capital	**2,271.7**	2,250.0
Shares held by equity compensation plans	**(16.0)**	(17.4)
Reserves	**1.2**	(21.9)
Accumulated losses	**(790.6)**	(339.7)
Total equity	**1,466.3**	1,871.0
Consolidated income statement for the closed group[2]		
Profit before income tax	**137.5**	497.6
Income tax expense	**(115.4)**	(140.4)
Profit after income tax	**22.1**	357.2
Accumulated losses at the beginning of the financial year	**(339.7)**	(282.5)
Dividends appropriated	**(473.0)**	(414.4)
Accumulated losses at the end of the financial year	**(790.6)**	(339.7)

1 Restated due to the adoption of the revised AASB 119 Employee Benefits which became applicable on 1 January 2013.
2 Total comprehensive income for the financial year was $56.8 million (2012: $338.4 million) represented by profit after income tax of $22.1 million (2012: $357.2 million) adjusted for movements in the cash flow hedging reserve of $18.0 million increase (2012: $21.4 million decrease) and increases in the actuarial valuation reserve of $16.7 million (2012: $2.6 million).

36. INVESTMENTS IN SUBSIDIARIES

	Footnote	Country of incorporation	Equity holding[1] 2013 %	2012 %
Coca-Cola Amatil Limited	1	Australia		
Subsidiaries				
AIST Pty Ltd	1	Australia	**100**	100
Amatil Investments (Singapore) Pte Ltd		Singapore	**100**	100
Coca-Cola Amatil (Fiji) Ltd		Fiji	**100**	100
Paradise Beverages (Fiji) Ltd		Fiji	**89.6**	89.6
Samoa Breweries Ltd		Samoa	**93.9**	93.9
PT Coca-Cola Bottling Indonesia	2	Indonesia	**100**	100
PT Coca-Cola Distribution Indonesia		Indonesia	**100**	100
Associated Nominees Pty Ltd	3	Australia	**100**	100
Associated Products & Distribution Proprietary	1	Australia	**100**	100
Coca-Cola Amatil (PNG) Ltd		Papua New Guinea	**100**	100
CCA PST Pty Limited	3	Australia	**100**	100
CCA Superannuation Pty Ltd	3	Australia	**100**	100
C-C Bottlers Limited	1	Australia	**100**	100
Beverage Bottlers (Sales) Ltd	1	Australia	**100**	100
CCKBC Holdings Ltd (in liquidation)		Cyprus	**100**	100
Coca-Cola Amatil (Aust) Pty Ltd	1	Australia	**100**	100
Apand Pty Ltd		Australia	**100**	100
Baymar Pty Ltd		Australia	**100**	100
Beverage Bottlers (NQ) Pty Ltd		Australia	**100**	100
Beverage Bottlers (Qld) Ltd	1	Australia	**100**	100
Can Recycling (S.A.) Pty Ltd	1	Australia	**100**	100
Coca-Cola Amatil (Holdings) Pty Limited		Australia	**100**	100
Crusta Fruit Juices Proprietary Limited	1	Australia	**100**	100
Quenchy Crusta Sales Pty Ltd		Australia	**100**	100
Quirks Australia Pty Ltd	1	Australia	**100**	100
Coca-Cola Holdings NZ Ltd		New Zealand	**100**	100
Coca-Cola Amatil (N.Z.) Limited		New Zealand	**100**	100
Kovok Spirits Limited		New Zealand	**100**	100
Vending Management Services Ltd		New Zealand	**100**	100
Johns River Pty Ltd		Australia	**100**	100
Matila Nominees Pty Limited	4	Australia	**100**	100
Neverfail Springwater Limited	1&5	Australia	**100**	100
Neverfail Cooler Company Pty Limited		Australia	**100**	100
Purna Pty Ltd		Australia	**100**	100
Neverfail Bottled Water Co Pty Limited	1&6	Australia	**100**	100
Neverfail SA Pty Limited		Australia	**100**	100
Piccadilly Distribution Services Pty Ltd		Australia	**100**	100
Neverfail Springwater Co Pty Ltd	1	Australia	**100**	100
Neverfail Springwater (Vic) Pty Limited	1	Australia	**100**	100
Neverfail WA Pty Limited	1	Australia	**100**	100
Piccadilly Natural Springs Pty Ltd		Australia	**100**	100
Real Oz Water Supply Co (Qld) Pty Limited		Australia	**100**	100
Neverfail Springwater Co (Qld) Pty Limited	1	Australia	**100**	100
Pacbev Pty Ltd	1	Australia	**100**	100
CCA Bayswater Pty Ltd	1	Australia	**100**	100

Refer to the following page for footnote details.

SPC Ardmona Ltd - Non Confidential

36. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

	Footnote	Country of incorporation	Equity holding[1] 2013 %	2012 %
Subsidiaries (continued)				
SPC Ardmona Limited	1&7	Australia	**100**	100
Ardmona Foods Limited	1	Australia	**100**	100
Australian Canned Fruit (I.M.O.) Pty Ltd		Australia	**100**	100
Digital Signal Processing Systems Pty Ltd		Australia	**100**	100
Goulburn Valley Canners Pty Ltd		Australia	**100**	100
Goulburn Valley Food Canneries Proprietary Limited		Australia	**100**	100
Henry Jones Foods Pty Ltd		Australia	**100**	100
Hallco No. 39 Pty Ltd		Australia	**100**	100
SPC Ardmona (Netherlands) BV		Netherlands	**100**	100
SPC Ardmona (Germany) GmbH (in liquidation)		Germany	**100**	100
SPC Ardmona (Spain), S.L.U.		Spain	**100**	100
SPC Ardmona Operations Limited	1	Australia	**100**	100
Austral International Trading Company Pty Ltd	1	Australia	**100**	100
Cherry Berry Fine Foods Pty Ltd		Australia	**100**	100
SPC Nature's Finest Ltd		United Kingdom	**100**	100

Names inset indicate that shares are held by the company immediately above the inset.
The above companies carry on business in their respective countries of incorporation.
1 The proportion of ownership interest is equal to the proportion of voting power held.

Footnotes
1 These companies are parties to a Deed of Cross Guarantee as detailed in Note 35 and are eligible for the benefit of ASIC Class Order No. 98/1418.
2 CCA holds 4.84% of the shares in this company.
3 Associated Nominees Pty Ltd, CCA PST Pty Limited and CCA Superannuation Pty Ltd were trustees of in-house CCA superannuation funds. These superannuation funds were transferred to the AMP SignatureSuper Master Trust in 2007.
4 Matila Nominees Pty Limited is the trustee company for the Group's employee ownership plans.
5 Neverfail Springwater Limited holds 40.7% of the shareholding in Neverfail Bottled Water Co Pty Limited.
6 Neverfail Bottled Water Co Pty Limited holds 1.5% of the shareholding in Neverfail Springwater (Vic) Pty Limited.
7 SPC Ardmona Limited holds 50% of the shares in Australian Canned Fruit (I.M.O.) Pty Ltd.

37. 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, with the exception of the following –

SPC Ardmona

On 13 February 2014, a $100 million co-investment between CCA and the Victorian Government to revitalise the SPCA business was announced. CCA will invest $78 million and the Victorian Government will invest $22 million for investment in innovation and efficiency measures for SPCA over the next three years.

SPC Ardmona Ltd - Non Confidential

DIRECTORS' DECLARATION

COCA-COLA AMATIL LIMITED AND ITS SUBSIDIARIES

In accordance with a resolution of the Directors of Coca-Cola Amatil Limited dated 18 February 2014, we state that –

In the opinion of the Directors –

a) the financial statements, notes and the additional disclosures included in the Directors' Report designated as audited, of the consolidated entity, are in accordance with the Corporations Act 2001, including –

   i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2013, and of its performance for the year ended on that date; and

   ii) complying with Australian Accounting Standards and the Corporations Regulations 2001; and

b) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 1b);

c) at the date of this declaration, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and

d) at the date of this declaration, there are reasonable grounds to believe that the Company and the wholly owned subsidiaries identified in Note 36 to the financial statements as being parties to a Deed of Cross Guarantee with Matila Nominees Pty Limited as trustee, will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the Deed.

This declaration has been made after receiving the declarations required to be made to Directors by the Group Managing Director and Group Chief Financial Officer, in accordance with section 295A of the Corporations Act 2001 for the financial year ended 31 December 2013.

On behalf of the Directors

David M. Gonski, AC
Chairman
Sydney
18 February 2014

Terry J. Davis
Group Managing Director
Sydney
18 February 2014

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF COCA-COLA AMATIL LIMITED

Report on the financial report

We have audited the accompanying financial report of Coca-Cola Amatil Limited (the Company), which comprises the statement of financial position as at 31 December 2013, the income statement, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal controls as the directors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1b), the directors also state, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit we have complied with the independence requirements of the Corporations Act 2001. We have given to the directors of the Company a written Auditor's Independence Declaration, a copy of which is included in the directors' report.

Opinion

In our opinion:

a. the financial report of Coca-Cola Amatil Limited is in accordance with the Corporations Act 2001, including:
   i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 and of its performance for the year ended on that date; and
   ii) complying with Australian Accounting Standards and the Corporations Regulations 2001; and

b. the financial report also complies with International Financial Reporting Standards as disclosed in Note 1b).

Report on the remuneration report

We have audited the Remuneration Report included in pages 27 to 57 of the directors' report for the year ended 31 December 2013. The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Coca-Cola Amatil Limited for the year ended 31 December 2013, complies with section 300A of the Corporations Act 2001.

Ernst & Young

Ernst & Young

M Wright

Michael Wright
Partner
Sydney
18 February 2014

SHAREHOLDER INFORMATION

Additional information required by Australian Securities Exchange Listing Rules is as follows. This information is current as at 3 March 2014.

DISTRIBUTION SCHEDULE OF SHAREHOLDERS

	Holders No.	Ordinary Shares No
1 – 1,000	45,572	19,685,622
1,001 – 5,000	30,533	68,754,600
5,001 – 10,000	3,792	27,124,499
10,001 – 100,000	1,839	39,512,130
100,001 and over	116	608,513,398
Total	**81,852**	**763,590,249**

There were 4,608 holders of less than a marketable parcel of 35 ordinary shares.

SUBSTANTIAL SHAREHOLDERS

The names of substantial shareholders of the Company's ordinary shares (holding not less than 5%) who have notified the Company in accordance with section 671B of the Corporations Act 2001 are –

Coca-Cola Holdings (Overseas) Limited[1]	223,049,276
The Bank of New York Mellon Corporation	38,001,166

Top Twenty Registered Shareholders	Ordinary Shares No.	%
Coca-Cola Holdings (Overseas) Limited	223,049,276	29.21%
HSBC Custody Nominees (Australia) Limited	133,183,610	17.44%
J P Morgan Nominees Australia Limited	83,735,459	10.97%
National Nominees Limited	78,080,559	10.23%
Citicorp Nominees Pty Limited	25,782,288	3.38%
BNP Paribas Noms Pty Limited	9,327,833	1.22%
Matila Nominees Pty Limited	7,385,150	0.97%
Australian Foundation Investment Company Limited	5,160,000	0.68%
HSBC Custody Nominees (Australia) Limited	3,428,160	0.45%
Questor Financial Services Limited	3,367,404	0.44%
Argo Investments Limited	2,700,733	0.35%
AMP Life Limited	1,805,497	0.24%
Milton Corporation Limited	1,447,184	0.19%
The Senior Master of the Supreme Court (Common Fund No.3 A/C)	1,402,045	0.18%
Jikinta Investments Pty Limited	1,381,331	0.18%
Custodial Services Limited	1,320,748	0.17%
Djerriwarrh Investments Ltd	1,219,658	0.16%
ANZ Executors & Trustee Company	1,171,513	0.15%
BKI Investment Company Limited	1,046,000	0.14%
Navigator Australia Ltd (MLC Investment Sett A/C)	994,068	0.13%
TOTAL	**586,988,516**	**76.87%**

1 Major holdings of The Coca-Cola Company

BUSINESS ACTIVITIES

CCA is one of the largest bottlers of non-alcoholic ready-to-drink beverages in the Asia-Pacific region and one of the world's five major Coca-Cola bottlers. CCA operates in six countries - Australia, New Zealand, Indonesia, Papua New Guinea, Fiji and Samoa. CCA's diversified portfolio of products includes carbonated soft drinks, spring water, sports and energy drinks, fruit juices, iced tea, flavoured milk, coffee, tea and SPC Ardmona and Goulburn Valley packaged ready-to-eat fruit and vegetable snacks and products.

CCA produces the Australian market's number one cola brand, Coca-Cola, the number one bottled water brand, Mount Franklin and the number one sports beverage, Powerade isotonic, and is market leader in non-sugar colas with diet Coke and Coca-Cola Zero. Low and no-sugar beverages are a high growth part of the CCA portfolio growing at more than three times the rate of sugar-sweetened beverages in 2013.

CCA sells and distributes a range of Beam Global premium spirits including Jim Beam, Canadian Club, Makers Mark and The Macallan. CCA also manufactures and distributes the best-selling ready-to-drink alcoholic beverages, Jim Beam & Cola. CCA owns breweries in Fiji and Samoa and a distillery in Fiji, making Fiji Bitter, Vonu and Vailima beer and Bounty Rum. In December 2013, CCA re-entered the premium beer and cider market in Australia with a range of premium beers and ciders including Coors, Blue Moon, Samuel Adams and Rekorderlig Cider as well as ARVO, Alehouse and Pressman's Cider from the Australian Beer Company, CCA's JV with Casella.

CCA employs 15,000 people across the Group and has access to 270 million consumers though more than 600,000 active customers.

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ANNUAL GENERAL MEETING

CCA's Annual General Meeting will be held on Tuesday, 13 May 2014 in the Auditorium, Australian Securities Exchange, Exchange Centre, 20 Bridge Street, Sydney at 10:00am.

CCA is committed to improving the efficiency of its Annual General Meetings and encourages participation of shareholders through:

- the prior collection of shareholder questions for answering during the meeting. Questions can be submitted by completing the relevant form accompanying the Notice of Meeting, by going online at www.linkmarketservices.com.au or by emailing CCA at investors@ccamatil.com;
- providing a process to ensure that shareholders are considerate of each other's right to participate;
- providing an opportunity after each Annual General Meeting to discuss matters with the Board and management; and
- posting copies of the speeches delivered at the meeting to the website after delivery.

VOTING RIGHTS

Shareholders are encouraged to attend the Annual General Meeting, however, when this is not possible, they are encouraged to vote online at www.linkmarketservices.com.au or lodge a direct vote or appoint a proxy using the Shareholder Voting Form to register their vote. Every member present personally or by proxy, attorney or representative shall, on a show of hands, have one vote and, on a poll, have one vote for every share held.

LISTINGS

CCA shares are quoted under the symbol CCL on Australian Securities Exchange (ASX). The securities of the Company are traded on ASX on the issuer sponsored sub-register or under CHESS (Clearing House Electronic Sub-register System).

CCA ordinary shares are traded in the United States in the form of American Depositary Receipts (ADRs) issued by The Bank of New York Mellon as Depositary. The ADRs trade over-the-counter under the symbol CCLAY.

ANNUAL REPORTS

The CCA Annual Report is available at CCA's website www.ccamatil.com. Printed copies of Annual Reports are only mailed to those shareholders who elect to receive a printed copy. CCA encourages shareholders to receive notification of all shareholder communications by email and have internet access to documents including Company Announcements, Dividend Statements and Notices of Shareholder Meetings. In this way, shareholders receive prompt information and have the convenience and security of electronic delivery, which is not only cost effective but environmentally friendly.

COMPANY PUBLICATIONS

Other than the Annual Report, CCA publishes Shareholder News, a newsletter posted on CCA's website together with CCA's Fact Book.

Shareholders are encouraged to access shareholder communications and information online. This has the advantage of receiving prompt information together with the convenience and security of electronic delivery.

SHARE BUY-BACK

The Company is not currently undertaking an on-market share buy-back.

WEBSITE

All material contained in this report is also available on CCA's website. In addition, earnings announcements to ASX, media releases, presentations by senior management and dividend history are also published on the website. The address is www.ccamatil.com.au.

DIVIDENDS PAID

In 2013, CCA paid ordinary dividends franked to 75% and unfranked special dividends. The whole of the unfranked portion of the ordinary dividends and the special dividends in 2013 were declared to be conduit foreign income and paid out of CCA's conduit foreign income account. CCA has a payout policy of 70%-80% of net profit, subject to the ongoing cash needs of the business.

DIRECT DEPOSIT OF DIVIDENDS

As previously advised to shareholders, commencing with the final dividend payment in April 2012, CCA introduced a system of mandatory direct crediting of dividends in Australia. Commencing with the final dividend payment in April 2014, the same mandatory direct crediting was introduced in New Zealand, and cheques will only be paid to non New Zealand overseas shareholders without an Australian or New Zealand financial institution account, or in exceptional circumstances.

If you are an Australian or New Zealand resident shareholder, any CCA dividends will be paid directly into your bank account on the dividend payment date. Your Dividend Payment Statement will be sent by mail or emailed to you on that date.

If you are an Australian or New Zealand shareholder and have not provided your Australian or New Zealand bank account details, you will not receive your dividend until you do so. You can provide your bank account details by contacting the share registry, Link Market Services.

DIVIDEND REINVESTMENT PLAN

Participation in the Dividend Reinvestment Plan (DRP) is optional and available to all shareholders, except those who are resident in the United States, or in any place in which, in the opinion of the Directors, participation in the Plan is or would be illegal or impracticable. Shareholders may elect to participate for all or only some of their shares. Shares under the DRP were purchased on market for the 2013 interim and final dividends at the market price of CCA ordinary shares calculated at each dividend payment, being the weighted average price of all ordinary CCA shares sold on ASX during the 10 trading days commencing on the second trading day after the record date for the dividend. There is no brokerage, stamp duty or other transaction costs payable by participants. The DRP discount was reduced from 2.0% to nil, with effect from the 2010 interim dividend payment.

The DRP rules may be modified, suspended or terminated by the Directors at any time by way of an announcement to the ASX and placed on CCA's website. Changes will be effective on the date of the announcement. For additional information and an application form, please contact our share registry, Link Market Services on tel:+61 1300 554 474.

TAX FILE NUMBERS

Australian tax payers who do not provide details of their tax file number will have dividends subjected to the top marginal personal tax rate plus Medicare levy. It may be in the interests of shareholders to ensure that tax file numbers have been supplied to the share registry. Forms are available from the share registry should you wish to notify the registry of your tax file number or tax exemption details.

CHANGE OF ADDRESS

It is important for shareholders to notify the share registry in writing promptly of any change of address. As a security measure, the old address should also be quoted as well as your shareholder reference number (SRN). You may also update your details online at www.linkmarketservices.com.au.

COMPANY DIRECTORIES

CHAIRMAN

David Gonski, AC

CORPORATE OFFICE

Alison Watkins
Group Managing Director

Nessa O'Sullivan
Group Chief Financial Officer

George Forster
General Counsel and Company Secretary

Libbi Wilson
Group HR Director

Barry Simpson
Group Information Officer

Sally Loane
Director, Media & Public Affairs

Kristina Devon
Head of Investor Relations

SENIOR OPERATIONS MANAGEMENT

John Murphy
Managing Director, Australian Beverages

Stuart Comino
Chief Financial Officer, Australian Beverages

Barry O'Connell
Managing Director, New Zealand & Fiji

Steve Paddis
Chief Financial Officer, New Zealand

Kadir Gunduz
Managing Director, Indonesia & PNG

Joaquin Gil
Finance Director, Indonesia

Jaime Martinez
General Manager, PNG

Colin Sands
Chief Financial Officer, PNG

Steven Jowell
General Manager,
Fiji Non-Alcoholic Beverages

Neil Searancke
Chief Financial Officer,
Fiji Non-Alcoholic Beverages

Tony Scanlan
General Manager, Fiji Paradise Beverages

Vinish Singh
Chief Financial Officer,
Fiji Paradise Beverages

Peter Kelly
Managing Director, SPCA

James Harvey
Chief Financial Officer, SPCA

REGISTERED OFFICE

Coca-Cola Amatil Limited
Coca-Cola Place
L14, 40 Mount Street
North Sydney NSW 2060
Ph: +61 132 653

New Zealand
The Oasis, Mt Wellington, Auckland
Ph: +64 9 970 8000

Indonesia
Wisma Pondok Indah 2, 14th Floor
Jalan Sultan Iskanda Muda Kav. V-TA,
Pondok Indah
Jakarta 12310, Indonesia
Ph: +62 21 8832 2222

Papua New Guinea
Erica Street Lae, Morobe Province
Ph: 675 472 1033

Fiji - Non-Alcoholic Beverages
Ratu Dovi Road, Laucala Beach Estate
Ph: +679 394 333

Fiji - Paradise Beverages
122-164 Foster Road, Walu Bay, Suva, Fiji
Ph: +679 3315811

SPC Ardmona
50 Camberwell Road
Hawthorn East VIC 3123
Ph: +61 3 9861 8900

AUDITOR

Ernst & Young
Ernst & Young Centre
680 George Street
Sydney NSW 2000

SHARE REGISTRY AND OTHER ENQUIRIES

For enquiries about CCA Shares:

Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235

Ph: 61 1300 554 474
Fx: 61 2 9287 0303

Email: cca@linkmarketservices.com.au
Website: www.linkmarketservices.com.au

For enquiries about American Depository Receipts (ADR):

BNY Mellon Share owner Services
P.O. Box 358016
Pittsburgh, PA 15252-8016

Toll Free (domestic): 1 888 BNY ADRS
Or (1-888-269-2377)
International: 1 201 680 6825

Email: shrrelations@bnymellon.com
Website: www.bnymellon.com/shareowner

For enquiries about the operations of the company:

Investor Relations
Coca-Cola Place
L14, 40 Mount Street
North Sydney NSW 2060

Ph: 61 2 9259 6520

Email: investors@ccamatil.com
Website: www.ccamatil.com

CALENDAR OF EVENTS 2014

DATE	EVENT
Tuesday, 18 February	2013 full year results announcement
Friday, 21 February	Ex-dividend date (final dividend)
Thursday, 27 February	Record date for dividend entitlements
Tuesday, 1 April	2013 final ordinary dividend paid
Tuesday, 13 May	Annual General Meeting
Tuesday, 19 August	2014 half year results announcement
Tuesday, 26 August	Ex-dividend date (interim dividend)
Thursday, 28 August	Record date for dividend entitlements
Tuesday, 7 October	2014 interim ordinary dividend paid

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For more information on Coca-Cola Amatil please visit our website at

WWW.CCAMATIL.COM

COCA-COLA AMATIL

Coca-Cola Amatil Limited
ABN 26 004 139 397
www.ccamatil.com

COCA-COLA AMATIL

A.B.N. 26 004 139 397

2014
Financial Results

For the half year ended 30 June 2014
Incorporating the requirements of ASX Appendix 4D

CCA will host a presentation to analysts and media on 20 August 2014 at 10:00 a.m., 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

For further information, please contact:

Analysts – Kristina Devon +61 2 9259 6185
Media – Sally Loane +61 2 9259 6797

COCA-COLA AMATIL

ASX Appendix 4D
ASX Listing Rule 4.2A.3

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

Half Year Results
For the half year ended 30 June 2014
compared to the prior half year ended 30 June 2013

RESULTS FOR ANNOUNCEMENT TO THE MARKET

	Up/down	Movement		30 June 2014
Group results				
Trading revenue ($M)	up	0.5%	to	2,336.2
Total revenue ($M)[1]	up	0.8%	to	2,381.8
Earnings before interest, tax and significant items ($M)[2&3]	down	15.3%	to	316.7
Earnings before interest and tax ($M)[2&3]	**down**	**12.2%**	**to**	**316.7**
Earnings before interest, tax, depreciation, amortisation and significant items ($M)[2&5]	down	10.1%	to	448.1
Earnings before interest, tax, depreciation and amortisation ($M)[2&5]	**down**	**7.6%**	**to**	**448.1**
Profit after income tax attributable to members (before significant items)($M)[2]	down	19.0%	to	182.3
Profit after income tax attributable to members ($M)[2]	**down**	**15.6%**	**to**	**182.3**
Net profit for the period attributable to members ($M)[2]	**down**	**15.6%**	**to**	**182.3**

Group performance measures				
Earnings per share (before significant items)[2,4&5]	down	19.0%	to	23.9¢
Earnings per share[2,4&5]	**down**	**15.5%**	**to**	**23.9¢**
Free cash flow ($M)[5]	up	141.5	to	125.9
Return on invested capital[5]	down	1.7 points	to	14.5%
Capital expenditure to trading revenue[5]	down	2.5 points	to	5.6%
EBIT interest cover (before significant items)[2]	down	0.9 times	to	5.2 times

Dividends per share[6]	
2014 interim dividend (franked to 75%)	**20.0¢**
2013 interim dividend (franked to 75%), paid on 1 October 2013	24.0¢
2013 interim special dividend (unfranked), paid on 1 October 2013	2.5¢
2013 final dividend (franked to 75%), paid on 1 April 2014	32.0¢
Ex-dividend date for the 2014 interim dividend	**Tuesday, 26 August 2014**
Record date for determining entitlement to the 2014 interim dividend	**Thursday, 28 August 2014**

1 Includes trading revenue, other revenue and finance income, refer to Note 3 of the half year financial report for further details.

2 There are no significant items for the half year ended 30 June 2014. 30 June 2013 included amounts classified as significant items which consisted of a net loss of $13.2 million before income tax and an income tax benefit of $4.0 million, or $9.2 million loss after income tax. Refer to Notes 4b) and 5 respectively of the half year 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 half year financial report in their understanding of the financial performance of the Group.

3 Refer to Note 2 of the half year financial report for further details.

4 Earnings per share is based on a weighted average number of ordinary shares of 763.6 million (2013: 762.8 million).

5 Refer to Note 6 of the half year financial report for further details.

6 Refer to Note 11 of the half year financial report for further details.

COCA-COLA AMATIL

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HIGHLIGHTS OF 2014 INTERIM RESULT

$A million	H1 2014	H1 2013	Change
Trading revenue	2,336.2	2,323.6	*0.5%*
EBITDA (before significant items)	448.1	498.3	*(10.1%)*
Depreciation & amortisation	131.4	124.4	*5.6%*
EBIT (before significant items)	316.7	373.9	*(15.3%)*
Net finance costs	(60.5)	(61.7)	*(1.9%)*
Taxation expense (before significant items)	(73.6)	(87.0)	*(15.4%)*
Non-controlling interests	(0.3)	(0.1)	
Net profit (before significant items)	182.3	225.1	*(19.0%)*
Significant items (after tax)	-	(9.2)	
Net profit (reported)	182.3	215.9	*(15.6%)*
EPS (before significant items) (cents)	23.9	29.5	*(19.0%)*
EPS (cents)	23.9	28.3	*(15.5%)*
Interim dividend per share (cents)	20.0	24.0	*(16.7%)*
Interim special dividend (cents per share)	-	2.5	
Total interim dividends per share (cents)	20.0	26.5	*(24.5%)*
Return on invested capital (before significant items)	14.5%	16.2%	*(1.7) pts*

FINANCIAL RESULTS COMMENTARY

First half earnings are in line with guidance provided on 11 April 2014. Cash flow generation was strong, supporting the payment of an interim dividend of 20.0 cents per share representing a payout ratio of 83.8%, which is above the stated target payout ratio of 70-80%. Key points:

- Earnings before interest, tax, depreciation and amortisation (EBITDA) declined by 10.1% over the prior comparative period to $448.1 million, before significant items.
- Earnings before interest and tax (EBIT) declined by 15.3% to $316.7 million, before significant items.
- Net profit after tax declined by 19.0%, before significant items, and by 15.6% to $182.3 million, after significant items;
- The strong free cash flow generation and the continued strength of the balance sheet has supported the payment of an interim ordinary dividend of 20.0 cents franked at 75%. The interim dividend represents a payout of 83.8% of net profit and is above CCA's 70-80% target payout ratio. The interim ordinary dividend declined by 16.7% when compared to the interim ordinary dividend of 24.0 cents per share last year. An interim special dividend of 2.5 cents per share (unfranked) was also paid last year.

COCA-COLA AMATIL

OPERATIONAL RESULTS COMMENTARY

CCA's Group Managing Director, Ms Alison Watkins said, "It is clear that CCA is facing a number of immediate challenges, particularly in the Australian beverage and Indonesian markets. In mid-April we provided a trading update to the market outlining that we expected first half 2014 Group EBIT before significant items to decline by around 15% over the prior comparable period."

Key points:

- **Difficult trading conditions in the Australian business resulted in a 14.1% decline in Australian beverage earnings.** Trading conditions were challenging across all channels. Volumes and earnings in operational accounts declined as we experienced a continued shift to national chains and quick service restaurants. This decline was exacerbated by reduced promotional activity to the channel, a decline in sales headcount and reduction in outlet call frequency during 2013 which resulted in below required service standards, issues which are being actively addressed. In the grocery channel, whilst volumes grew by 3.7%, this was a weak result in the context of the business cycling a 14.5% volume decline in the first half of last year. Promotional activity yielded disappointing results and rate realisation continued to be under pressure due to weaker consumer demand, aggressive competitor pricing and private label activity in both water and flavoured carbonated beverages;

- **While the Indonesian business delivered strong volume growth and market share gains in key categories, rapid cost inflation, currency depreciation and increased competition impacted segment earnings.** The Indonesia & PNG region delivered volume growth of 22.2% and EBIT of $5.2 million, compared with $31.4 million last year. As the beverage market in Indonesia continues to grow strongly, the competitive environment has intensified, limiting price increases with CCA also experiencing a mix shift to lower margin packs as the business increased the ranging of lower priced offerings. The decline in the Indonesian Rupiah increased input costs by $19 million. The PNG business experienced strong growth in volumes and earnings;

- **New Zealand & Fiji earnings increased by 12.0% in Australian dollars with earnings flat in local currency terms.** New Zealand experienced a poor, weather-affected start to the year with overall non-alcoholic ready-to-drink category volume declines partly offset by improved momentum and a return to growth in the second quarter. Strong share gains were made in juice, water and energy categories offset by declines in the carbonated beverage category and aggressive competitor activity in the sports category;

- **Alcoholic beverage earnings delivered a modest decline in earnings** as a result of the impact a decline in the dark spirits category on Beam earnings. Canadian Club continued to perform well with double-digit volume increases and ongoing strong momentum of the category. The business experienced a slower than expected return to beer and cider due to delays in ranging in some customers and increased competition in the cider category;

- **Strong cash flow generation resulted in a decline in net debt.** Free cash flow generation was strong and increased by $141.5 million to $125.9 million largely due to reduced capital expenditure and strong working capital management. Net debt declined by $34 million to $1.89 billion.

- **Continued strength of the balance sheet and financial ratios supports an interim ordinary dividend payout ratio of 83.8% which is above CCA's 70-80% target payout ratio.** The interim ordinary dividend of 20.0 cents is franked at 75% and represents a decline of 16.7% on the interim ordinary dividend last year.

COCA-COLA AMATIL

STRATEGIC REVIEW UPDATE

At the AGM in May, CCA announced it had commenced a strategic review of the business as market conditions across the Group become more competitive and growth becomes increasingly difficult to achieve. Ms Watkins said, "CCA has access to some of the most-enjoyed beverage brands globally and has established a strong competitive position across our franchise territories as a result of multi-year investments in marketing, IT and production and distribution infrastructure investment.

"It is however clear that the beverage landscape, particularly in Australia and New Zealand, has been evolving over the past five years with increased competition from existing players, greater penetration of value and private label products, a shift toward "better for you" products and the continued consolidation of the customer base in both grocery and national accounts. As a business we have been slow to adapt to these changes in market conditions and shifting consumer trends.

"In response, we commenced a full strategic review with the objective of restoring CCA to sustainable earnings growth. This process commenced with the strengthening of the senior leadership team for the Group which I believe establishes the right team to take us forward. The initial focus of the strategic review has been the Australian beverage business, the most material contributor of earnings to the Group, with reviews of all businesses to be completed by the end of October.

"The review process we have embarked on across the Group is comprehensive, structured and well-resourced and has confirmed our significant strengths and clarified our competitive advantages. It has highlighted the consequences to earnings of a focus on short-term tactical decisions without consideration of the longer-term challenges. I believe we now have a clear understanding of what structural changes we need to make.

"For the Australian beverage business the imperative is to:

- **Strengthen our brand portfolio** and improve brand equity of the existing portfolio to broaden and increase our appeal to a wider range of consumers and, going forward, to deliver an increased range of low and no calorie offerings;
- **Optimise our revenue management** by rebalancing and optimising price, pack architecture by channel and strengthening our promotional management and business intelligence capability;
- **Redesign the route to market model** to better cater to the needs of each of our customer groups and better leverage our significant investment in customer service technology to reduce the cost to serve our high margin operational account business without compromising service levels; and
- **Right-size the cost base**. Recognising that price increases will be more difficult to achieve going forward, we need to actively reduce our cost base to strengthen our competitive position, enabling us to reinvest in our brands and to grow our earnings.

"We have made significant progress with plans being developed to drive revenue growth, strengthen our route to market while reducing our cost base. We have clear category and brand plans in place to strengthen our leadership in carbonated beverages as well as a strategy to increase our presence in non-carbonated and high-potential categories. Central to our long-term brand strategy is the commitment to developing a greater range of "better for you" beverage options and we are working closely with The Coca-Cola Company (TCCC) to increase our brand investment to build long-term brand equity.

"To support our revenue growth plans, we need to ensure we have a more competitive cost base. We are targeting savings of over $100 million over the next three years with the implementation of initiatives to drive around 50% of these savings already underway and the balance in detailed planning stage with implementation expected to commence during the second half of this year. The savings will be primarily driven from improved procurement, streamlined support costs and driving greater efficiencies from the significant investment made in our supply chain over the past five years. We also intend to invest in higher levels of marketing and innovation in order to build a stronger competitive position in the market and thereby provide a more sustainable earnings base from which to deliver earnings growth in future years.

"In Indonesia, after six years of strong revenue and earnings growth we are experiencing substantial cost inflation at a time of intensified competitor activity with a larger number of players vying for a position in the fast-growing beverage market with a population of over 240 million people. We are working closely with TCCC to ensure that we have the right plan to deliver growth in both volumes and returns over the next five years and expect to be in a position to provide a further update in October.

"In alcoholic beverages, I confirm our commitment to building a strong licensed channel business driven by our non-alcoholic beverages capability and complimented with alcoholic beverage partnerships and company-owned brands in spirits, beer and cider. As we continue our review and establish our expectations for the longer-term, we must acknowledge the rapid pace of change in the alcoholic beverage categories in which we compete and we expect this will lead us to establish an updated set of annual targets and timeframes for returns reflecting our revised growth plan. We remain very confident of our relevance to customers and ability to strengthen our position in the licensed channel over time.

"For SPCA we have reviewed our plans following the council decision to not close the public road that splits our site in Shepparton and are pleased to confirm we have commenced the $100 million investment program, albeit with changes to our original plan.

"Rewarding shareholders with a high dividend payout ratio has always been an important imperative for the Board and the dividend policy will be reviewed as part of the strategic review process. The outlook for the dividend policy will be made with reference to the earnings outlook and in the context of the strong balance sheet and cash flow generating capacity of the Australian and New Zealand businesses as well as the reduced capital needs of these businesses over the next few years."

COCA-COLA AMATIL

2014 TRADING OUTLOOK

In April CCA advised the market that it expected trading conditions to remain challenging for the balance of the year. Ms Watkins said, "The expected trading conditions have continued and indeed since the Federal Budget in May we have experienced further deterioration and evidence of consumer promotional fatigue consistent with weaker consumer sentiment.

"The Australian business will be challenged in the second half by stronger grocery comparatives relative to the first half, a continuation of difficult pricing conditions and we are targeting to finish the year with lower levels of inventory in the trade. In addition, in conjunction with our partner The Coca-Cola Company, we will increase the level of brand marketing investment to strengthen our brand equity to deliver ongoing volume growth.

"We have made significant progress with the review of the Australian business with revenue generating and cost savings initiatives expected to begin to deliver benefits during 2015.

"We expect the Indonesian business to continue to deliver strong volume growth as the beverage market continues to grow rapidly, however we expect pricing and profitability will continue to be under pressure with the increased levels of competition in the market and ongoing cost pressures. We are currently developing joint growth plans for the market with our partner The Coca Cola Company and will provide further details in October.

"Alcoholic beverages are expected to deliver a decline in full year earnings driven by an expectation of continued weakness in the dark spirits category, partly offset by contributions from our Paradise Beverages business.

"While it's too early for full year guidance, we expect earnings for 2014 to be materially below 2013. Second half earnings however should exceed the first half, before significant items.

"Finally, this is a difficult year for our employees and shareholders. We are making some hard decisions and implementing a range of positive changes that will provide a foundation for sustainable growth in the years to come. CCA is a great company with very strong foundations. Highly capable, accountable leaders will be central to our success and I know through this journey we will provide them with exciting new challenges and opportunities to grow, as well as the satisfaction of achieving results."

Capital Expenditure

Group capital expenditure is still expected to reduce to around $320 million in 2014 with approximately 50% of Group capex to be invested in Indonesia & PNG to increase production capacity and cold drink cooler penetration. Guidance for capex for 2015 and 2016 will be provided on completion of the strategic review.

October analyst briefing

CCA will host an analyst briefing to present the full results of the strategic review on October 30 in Sydney.

Trading update

A trading update will be provided during the fourth quarter.

DETAILED FINANCIAL COMMENTARY

CASH FLOW

$A million	**H1 2014**	**H1 2013**	*$ Change*
EBIT	**316.7**	**360.7**	*(44.0)*
Depreciation & amortisation	**131.4**	**124.4**	*7.0*
Change in working capital	**(29.5)**	**(88.5)**	*59.0*
Net interest paid	**(71.2)**	**(72.9)**	*1.7*
Taxation paid	**(109.5)**	**(89.2)**	*(20.3)*
Other items	**18.7**	**(67.8)**	*86.5*
Operating cash flow	**256.6**	**166.7**	*89.9*
Capital expenditure	**(131.0)**	**(187.4)**	*56.4*
Proceeds from sale of trademarks, PPE & other	**0.3**	**5.1**	*(4.8)*
Free cash flow	**125.9**	**(15.6)**	*141.5*

The business delivered free cash flow of $125.9 million, a $141.5 million increase on last year despite a reduction in earnings. The increase in operating cash flow of $89.9 million was driven by reductions in working capital and other items.

The $59.0 million improvement in changes in working capital was driven by reductions in finished goods inventories in Australian beverages and SPCA.

Other items increased by $86.5 million to $18.7 million and reflect the reversal of adverse timing impacts from last year.

The $20.3 million increase in taxation payments reflects the movement from quarterly to monthly payments to the Australian Taxation Office.

The increase in free cash flow includes a reduction of $56.4 million in capital expenditure reflecting the lower capital needs of the business as the major Project Zero efficiency and vertical integration investment programme has been completed.

COCA-COLA AMATIL

CAPITAL EMPLOYED

$A million	H1 2014	H1 2013	$ Change
Working capital	**841.9**	**931.2**	*(89.3)*
Property, plant & equipment	**2,007.5**	**2,072.2**	*(64.7)*
IBAs & intangible assets	**1,271.8**	**1,550.2**	*(278.4)*
Current & deferred tax balances	**(193.7)**	**(208.1)**	*14.4*
Derivatives – non-debt	**(6.4)**	**(54.3)**	*47.9*
Other net liabilities	**(358.9)**	**(278.2)**	*(80.7)*
Capital employed	**3,562.2**	**4,013.0**	*(450.8)*
Return on invested capital (before significant items)	**14.5%**	**16.2%**	*(1.7) pts*

Capital employed decreased by $450.8 million to $3.56 billion largely due to the 2013 significant item write-offs of SPCA and reduced working capital across the Group. The return on invested capital of 14.5% (before significant items) remains well above CCA's cost of capital.

The decrease in capital employed was largely driven by the $380 million after tax write down of the SPCA intangibles, inventories and other assets in 2013. It also includes an $80 million reduction in capital employed driven by the movement in exchange rates from 30 June 2013 to 30 June 2014, largely due to the 22% devaluation of the Indonesian rupiah against the Australian dollar.

Working Capital reduced by $89.3 million primarily driven by improved inventory management in Australia, SPCA and Indonesia.

Non-debt derivative liabilities decreased by $47.9 million reflecting the market valuations of commodity contracts, foreign exchange contracts and the interest rate portion of cross currency swaps.

NET DEBT & INTEREST COVER

$A million	H1 2014	H1 2013	*$ Change*
Net debt			
Interest bearing liabilities	**2,878.5**	**3,028.1**	*(149.6)*
Debt related derivatives – liabilities	**119.7**	**99.1**	*20.6*
Long term deposits	**(100.0)**	**(300.0)**	*200.0*
Cash assets	**(1,012.4)**	**(907.2)**	*(105.2)*
Net Debt	**1,885.8**	**1,920.0**	*(34.2)*
EBIT interest cover (before significant items)	**5.2x**	**6.1x**	*(0.9)x*

The balance sheet remains in a very strong position. Net debt decreased by $34.2 million to $1.89 billion.

Long-term deposits and cash assets have increased by $94.8 million to $1.11 billion as a result of favourable borrowing terms which have enabled the pre-funding of all future debt maturities to March 2016. The funds raised have been placed on deposit and are earning interest income in excess of the related borrowing costs.

DEBT MATURITY PROFILE

The following table summarises CCA's drawn facility maturity profile as at 30 June 2014.

Maturity profile of drawn debt facilities					
Facility maturity year (Dec)	**2015**	**2016**	**2017**	**2018**	**2019+**
% of total	24.3%*	17.6%	14.8%	13.9%	29.4%

* Fully funded

CCA had total available debt facilities of approximately $3.04 billion with an average maturity of 3.9 years as at 30 June 2014 with all debt maturities until March 2016 fully funded.

CAPITAL EXPENDITURE

$A million	H1 2014	H1 2013	Change
Australia *	**68.0**	**113.0**	(45.0)
New Zealand & Fiji *	**11.9**	**9.1**	2.8
Indonesia & PNG *	**51.1**	**65.3**	(14.2)
Capital expenditure	**131.0**	**187.4**	(56.4)
Capital expenditure / trading revenue	**5.6%**	**8.1%**	*(2.5) pts*
Capital expenditure / depreciation & amortisation	**1.0x**	**1.5x**	*(0.5)x*

* Geographic breakdown

Capital expenditure reduced by $56.4 million to $131.0 million, or 5.6% of trading revenue as the business cycles the completion of the major blowfill investments in Australia in 2013.

In Australia, the Project Zero blowfill investment was completed and a new state of the art aseptic production line was installed, providing CCA with a strong innovation capability in emerging and high growth categories such as dairy. This investment has supported the launch of Barista Bros iced coffee in June.

The major investments in Indonesia for the half included the installation of one production line and upgrading of three others, the completion of a new distribution centre and the placement of 26,000 cold drink coolers.

INTERIM DIVIDEND

Cents per share	H1 2014	H1 2013	Change
Interim ordinary dividend	**20.0**	**24.0**	*(16.7%)*
Franking %	***75%***	***75%***	
Payout ratio (before significant items)	***83.8%***	***81.4%***	*2.4 pts*
Interim special dividend (unfranked)	-	**2.5**	
Total interim dividends	**20.0**	**26.5**	*(24.5%)*

The strong free cash flow generation and the continued strength of the balance sheet has supported the payment of an interim ordinary dividend of 20.0 cents franked at 75%. The interim dividend represents a payout of 83.8% of net profit and is above CCA's 70-80% target payout ratio. The interim ordinary dividend declined by 16.7% when compared to the interim ordinary dividend of 24.0 cents per share last year. An interim special dividend of 2.5 cents per share (unfranked) was also paid last year.

The Record Date for determining dividend entitlements is 28 August 2014 and the interim dividend will be paid on 7 October 2014.

For the interim dividend, shares will be acquired on-market and transferred to participants to satisfy any shares to be issued under the DRP.

DETAILED OPERATIONS REVIEW

AUSTRALIA

$A million	H1 2014	H1 2013	*Change*
Trading revenue	**1,364.0**	**1,371.5**	*(0.5%)*
Revenue per unit case	$8.66	$8.75	*(1.0%)*
Volume (million unit cases)	157.5	156.8	*0.4%*
EBIT (before significant items)	**226.5**	**263.6**	*(14.1%)*
EBIT margin (before significant items)	**16.6%**	**19.2%**	*(2.6) pts*

Australian beverage EBIT declined by 14.1% on volume growth of 0.4% with difficult trading conditions across all channels.

The decline in high margin operational accounts has been an ongoing challenge as national account chains and quick service restaurants continue to grow rapidly. The business has moderated this impact over the years with strong growth in national accounts and growing volumes per outlet and market share increases in operational accounts driven by the successful cooler rollout programme. The 6% volume decline in operational accounts in the first half was driven by this continued adverse mix shift, reduced promotional activity to the channel, the impact of a reduction in the salesforce that occurred progressively throughout 2013 and a reduction in outlet call frequency. In addition, activity in the channel has been further impacted by historically low levels of consumer sentiment and spending. The reduction in earnings arising from this volume decline was material due to the high fixed cost to service operational accounts.

All of these issues are being actively addressed and are a key focus of the strategic review which is currently underway. In the short-term we are engaging in some tactical activities to regain sales from lapsed or low volume customers which are showing some early signs of success. Over the medium-term we are reviewing our pricing and service by channel.

In the grocery channel, whilst volumes grew by 3.7%, this was a weak result in the context of the business cycling a 14.5% volume decline in the first half of last year. Promotional activity yielded disappointing results and rate realisation continued to be under pressure due to weaker consumer demand, aggressive competitor pricing and private label activity in both water and flavoured carbonated beverages.

The business maintained share in carbonated beverages with the category delivering flat growth for the half. In sports drinks, CCA grew share by 3.6 points driven by product innovation backed by a strong marketing campaign. Energy drink share increased 6.4 points driven by new product launches while share declined by three points in the high-growth water category. Value water has been the stand out growth category in the grocery channel, a category CCA does not have an offering in.

Overall price realisation was down 1% and was insufficient to recover cost increases of over 2%.

NEW ZEALAND & FIJI

$A million	H1 2014	H1 2013	*Change*
Trading revenue	**227.5**	**202.2**	*12.5%*
Revenue per unit case	$8.10	$7.05	*14.9%*
Volume (million unit cases)	28.1	28.7	*(2.1%)*
EBIT	**38.2**	**34.1**	*12.0%*
EBIT margin	**16.8%**	**16.9%**	*(0.1) pts*

In Australian dollars, New Zealand & Fiji delivered 12.0% earnings growth driven primarily by the currency benefit on translation from the appreciation of the New Zealand dollar. Local currency regional EBIT was flat.

New Zealand

The New Zealand business delivered a flat local currency earnings result and a decline in volumes of around 2%. The business experienced a poor, weather-affected start to the year with overall non-alcoholic ready-to-drink category volume declines partly offset by improved momentum and a return to growth in the second quarter.

The juice, water and energy categories continue to perform well with each recording double-digit volume growth with strong share gains. Juice share increased by five points and water and energy were both up four points as a result of strong growth of new products including the Keri Pulpy juice range, the continued success of Lift Plus Green and the relaunch of the Kiwi Blue Water range. Aggressive competitor activity in the sports category moderated mid-year as one of the key competitors driving a value strategy went into receivership.

The petroleum channel volume grew by over 13% with strong energy offerings in both Lift plus and Mother energy driving strong volume growth.

Volumes in the grocery channel declined as a result of weaker trading across the carbonated beverage category due to poor weather and heavier stock in trade carrying over from a strong December. In addition, the category was affected by a high level of competitor discounting and anti-sugar sentiment. Juice, water and energy gains helped to offset some of this carbonated beverage volume decline.

Margins were maintained despite the fall in volumes as a result of improved price realisation, favourable product and channel mix and indirect cost savings.

Fiji

The Fiji business delivered solid volume and earnings growth driven by steady economic growth conditions and a strong focus on ranging, availability and pack price architecture.

INDONESIA & PNG

$A million	H1 2014	H1 2013	*Change*
Trading revenue	**432.5**	**432.3**	-
Revenue per unit case	$4.41	$5.38	*(18.0%)*
Volume (million unit cases)	98.1	80.3	*22.2%*
EBIT	**5.2**	**31.4**	*(83.4%)*
EBIT margin	**1.2%**	**7.3%**	*(6.1) pts*

The Indonesian & PNG region delivered 22.2% volume growth with earnings in Australian dollars declining by 83.4% to $5.2 million. Indonesia recorded a small loss as rapid cost inflation, currency depreciation and increased competition impacted earnings while PNG earnings increased as economic conditions improved.

Indonesia

The Indonesian commercial beverage market continues to grow strongly with CCA's business delivering over 22% volume growth with market share gains across key categories. Cost inflation has however been significant with underlying cost of goods sold increasing by over 7% due to the 20% depreciation of the Rupiah in 2013 as well as legislated material increases in wages and fuel costs. The decline in the Indonesian Rupiah increased input costs by $19 million.

While the business did implement price increases across many categories, including juice, tea, water and some carbonated beverages in cans, there has been a noticeable intensification of the competitive landscape which limited the ability of the business to fully recover cost increases through pricing. Rate per case realisation was also materially impacted by a mix shift into lower margin products including water, cups and multi-serve carbonated beverages, a continuation of trends the business had experienced in the second half of 2013.

The pricing initiatives and improved market execution and point of sale activity resulted in carbonated beverages in PET bottles growing by around 50%. As a result, volume share of the sparkling market has improved by more than five points to an average of over 55% for the past six months, with June share reaching 60%.

Water delivered growth of 40% and tea grew 7% while carbonated beverages in returnable glass bottles continued to decline driven by consumer preference for PET bottle and can products.

The business experienced a strong Ramadhan trading period with June volumes growing around 24% with strong growth across all categories in both the general trade and foodstores driven by pricing initiatives and strong in-store execution.

PNG

The PNG business experienced a return to both volume and earnings growth driven by strong growth in PET carbonated beverages, a result of a revised pack strategy implemented in the second half of 2013.

ALCOHOL, FOOD & SERVICES

$A million	H1 2014	H1 2013	*Change*
Trading revenue	**312.2**	**317.6**	*(1.7%)*
EBIT	**46.8**	**44.8**	*4.5%*

Alcohol, Food & Services earnings increased by 4.5% largely driven by an improvement in SPC Ardmona results.

Alcoholic beverages
Alcoholic beverage EBIT growth was below expectations due to the impact of a decline in the dark spirits category on the Beam business and a slower than expected start in beer and cider. Canadian Club continued to perform well with double-digit volume increases and ongoing strong momentum of the category. Beer and cider volumes were lower than expected due to delays in ranging in some customers and the delayed launch of Samuel Adams, Fiji Bitter and Vonu. Marketing spend was also higher than expected during the launch phase of the new beer and cider portfolio.

SPC Ardmona
SPCA delivered a small loss, an improvement in performance over last year, on improved revenues and strong customer and consumer support. The business delivered share gains in fruit and tomato categories. Grocery retailers have increased support for Australian Made with the business securing a five year support package with Woolworths.

SPCA introduced new fruit products with healthier formulations including SPC fruit in coconut water, as well as new branding and packaging to better leverage the strength and recognition of the SPC brand across the SPCA brand portfolio which includes Goulburn Valley and IXL.

COCA-COLA AMATIL

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The information contained in this Report is to be read in conjunction with the last annual report and any announcements to the market by Coca-Cola Amatil Limited during the period.

The Directors submit hereunder their Report on Coca-Cola Amatil Limited and its subsidiaries (Group) for the half year ended 30 June 2014.

DIRECTORS

The names of the Directors of Coca-Cola Amatil Limited (Company or CCA) in office during the half year and/or until the date of this Report are –

David Michael Gonski, AC
Ilana Rachel Atlas
Catherine Michelle Brenner
Terry James Davis[1]
Anthony Grant Froggatt
Martin Jansen
Geoffrey James Kelly[2]
Wallace Macarthur King, AO
David Edward Meiklejohn, AM
Krishnakumar Thirumalai[3]
Alison Mary Watkins[4]

1 Retired on 3 March 2014 from the Board.
2 Retired 18 February 2014.
3 Appointed 14 March 2014.
4 Appointed 3 March 2014.

REVIEW OF OPERATIONS

The Group's net profit attributable to members of the Company for the half year was $182.3 million, compared to $215.9 million for the corresponding period in 2013. There are no significant items for the half year ended 30 June 2014. The net profit in 2013 included a net significant item loss of $9.2 million after income tax, relating to restructuring expenses attributable to the Australian beverage business. Refer to Note 4b) for further details of significant items.

The Group's trading revenue for the half year was $2,336.2 million, compared with $2,323.6 million for the corresponding period in 2013. The Group's earnings before interest and tax (EBIT) and significant items for the half year were $316.7 million, compared with $373.9 million for the corresponding period in 2013.

Further details of the operations of the Group during the half year are set out in the attached financial report.

AUDITOR'S INDEPENDENCE DECLARATION

We have obtained the following independence declaration from the Company's auditor, Ernst & Young –

EY
Building a better working world

Ernst & Young
680 George Street
Sydney NSW 2000 Australia
GPO Box 2646 Sydney NSW 2001

Tel: +61 2 9248 5555
Fax: +61 2 9248 5959
ey.com/au

AUDITOR'S INDEPENDENCE DECLARATION TO THE DIRECTORS OF COCA-COLA AMATIL LIMITED

In relation to our review of the financial report of Coca-Cola Amatil Limited for the half year ended 30 June 2014, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

Ernst & Young

Michael Wright
Partner
Sydney
20 August 2014

ROUNDING OFF

The Company is of a kind referred to in the Australian Securities and Investments Commission Class Order No. 98/100 and in accordance with this Class Order, amounts in the financial statements and this Report have been rounded off to the nearest tenth of a million dollars.

Signed in accordance with a resolution of the Directors.

David M. Gonski, AC
Chairman
Sydney
20 August 2014

Alison M. Watkins
Group Managing Director
Sydney
20 August 2014

INCOME STATEMENT

Coca-Cola Amatil Limited and its subsidiaries

For the half year ended 30 June 2014

COCA-COLA AMATIL

	Refer Note	30 June 2014 $M	30 June 2013 $M
Revenue, excluding finance income			
Trading revenue		**2,336.2**	2,323.6
Other revenue		**27.4**	22.1
	3	**2,363.6**	2,345.7
Expenses, excluding finance costs			
Cost of goods sold		**(1,341.3)**	(1,296.3)
Selling		**(325.9)**	(317.6)
Warehousing and distribution		**(196.2)**	(193.6)
Administration and other[1]		**(183.4)**	(177.5)
		(2,046.8)	(1,985.0)
Share of net loss of joint venture entity accounted for using the equity method		**(0.1)**	–
Earnings before interest and tax		**316.7**	360.7
Net finance costs			
Finance income	3	**18.2**	18.2
Finance costs	4	**(78.7)**	(79.9)
		(60.5)	(61.7)
Profit before income tax		**256.2**	299.0
Income tax expense[1]	5	**(73.6)**	(83.0)
Profit after income tax		**182.6**	216.0
Profit after income tax attributable to non-controlling interests		**(0.3)**	(0.1)
Profit after income tax attributable to members of the Company		**182.3**	215.9

1 2013 included amounts classified as significant items. Refer to Notes 4b) and 5 respectively for further details.

		¢	¢
Earnings per share (EPS) for profit attributable to members of the Company			
Basic and diluted EPS	6	**23.9**	28.3

STATEMENT OF COMPREHENSIVE INCOME

Coca-Cola Amatil Limited and its subsidiaries

For the half year ended 30 June 2014

COCA-COLA AMATIL

	30 June 2014 $M	30 June 2013 $M
Profit after income tax	**182.6**	216.0
Other comprehensive income		
Items to be reclassified to the income statement in subsequent periods –		
Foreign exchange differences on translation of foreign operations	**(12.4)**	60.8
Cash flow hedges	**25.3**	8.3
Income tax effect relating to cash flow hedges	**(8.0)**	(2.7)
	4.9	66.4
Items not to be reclassified to the income statement in subsequent periods –		
Actuarial valuation reserve	**(8.6)**	12.1
Income tax effect	**2.4**	(3.6)
	(6.2)	8.5
Other comprehensive income, after income tax	**(1.3)**	74.9
Total comprehensive income	**181.3**	290.9
Total comprehensive income attributable to non-controlling interests	**(0.3)**	(0.2)
Total comprehensive income attributable to members of the Company	**181.0**	290.7

STATEMENT OF FINANCIAL POSITION

Coca-Cola Amatil Limited and its subsidiaries

As at 30 June 2014

COCA-COLA AMATIL

	Refer Note	30 June 2014 $M	31 December 2013 $M	30 June 2013 $M
Current assets				
Cash assets		**1,012.4**	1,425.9	907.2
Trade and other receivables		**755.9**	958.7	749.4
Inventories		**721.1**	657.9	798.4
Prepayments		**76.5**	87.1	92.7
Current tax assets		**13.1**	4.7	1.6
Derivatives	7	**6.9**	24.0	16.6
Total current assets		**2,585.9**	3,158.3	2,565.9
Non-current assets				
Long term deposits		**100.0**	–	300.0
Other receivables		**5.3**	7.2	6.4
Investment in joint venture entity	8	**26.3**	26.4	–
Investments in bottlers' agreements		**933.0**	931.8	919.3
Property, plant and equipment		**2,007.5**	2,062.2	2,072.2
Intangible assets		**338.8**	333.0	630.9
Prepayments		**22.4**	20.3	25.3
Defined benefit superannuation plan		**10.5**	17.9	10.0
Derivatives	7	**58.4**	51.3	52.3
Other financial assets	9	**–**	–	24.4
Total non-current assets		**3,502.2**	3,450.1	4,040.8
Total assets		**6,088.1**	6,608.4	6,606.7
Current liabilities				
Trade and other payables		**635.1**	804.2	616.6
Interest bearing liabilities		**436.6**	731.0	378.6
Current tax liabilities		**20.7**	53.8	36.9
Provisions		**67.8**	68.6	64.9
Accrued charges		**381.7**	430.1	313.5
Derivatives	7	**37.5**	25.1	37.3
Total current liabilities		**1,579.4**	2,112.8	1,447.8
Non-current liabilities				
Other payables		**0.6**	0.8	1.2
Interest bearing liabilities		**2,441.9**	2,377.4	2,649.5
Provisions		**15.3**	14.8	13.7
Deferred tax liabilities		**186.1**	173.1	172.8
Defined benefit superannuation plan		**34.5**	30.5	43.7
Derivatives	7	**153.9**	159.2	185.0
Total non-current liabilities		**2,832.3**	2,755.8	3,065.9
Total liabilities		**4,411.7**	4,868.6	4,513.7
Net assets		**1,676.4**	1,739.8	2,093.0
Equity				
Share capital	10	**2,271.7**	2,271.7	2,271.7
Shares held by equity compensation plans		**(16.4)**	(16.0)	(15.0)
Reserves		**(83.9)**	(82.6)	(68.0)
Accumulated losses		**(501.5)**	(439.5)	(101.1)
Equity attributable to members of the Company		**1,669.9**	1,733.6	2,087.6
Non-controlling interests		**6.5**	6.2	5.4
Total equity		**1,676.4**	1,739.8	2,093.0

Notes appearing on pages 24 to 37 to be read as part of the financial statements.

STATEMENT OF CASH FLOWS

Coca-Cola Amatil Limited and its subsidiaries

For the half year ended 30 June 2014

COCA-COLA AMATIL

	Refer Note	30 June 2014 $M	30 June 2013 $M
Inflows/(outflows)			
Cash flows from operating activities			
Receipts from customers		**2,929.6**	2,930.0
Payments to suppliers and employees		**(2,492.3)**	(2,601.2)
Interest income received		**13.3**	14.6
Interest and other finance costs paid		**(84.5)**	(87.5)
Income taxes paid		**(109.5)**	(89.2)
Net cash flows from operating activities		**256.6**	166.7
Cash flows from investing activities			
Proceeds from disposal of property, plant and equipment		**0.3**	5.1
Payments for –			
investments in long term deposits		**(100.0)**	(150.0)
investment in joint venture entity		**(1.1)**	–
additions of property, plant and equipment		**(124.5)**	(179.8)
additions of software development assets		**(6.5)**	(7.6)
acquisition of business		**(13.4)**	–
Net cash flows used in investing activities		(245.2)	(332.3)
Cash flows from financing activities			
Proceeds from borrowings		**179.5**	446.2
Borrowings repaid		**(364.3)**	(308.5)
Dividends paid		**(244.3)**	(248.9)
Net cash flows used in financing activities		**(429.1)**	(111.2)
Net decrease in cash and cash equivalents		**(417.7)**	(276.8)
Cash and cash equivalents held at the beginning of the half year		**1,424.4**	1,177.3
Effects of exchange rate changes on cash and cash equivalents		**3.2**	5.5
Cash and cash equivalents held at the end of the half year	12	**1,009.9**	906.0

STATEMENT OF CHANGES IN EQUITY

Coca-Cola Amatil Limited and its subsidiaries

For the half year ended 30 June 2014

COCA-COLA AMATIL

	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
		Equity attributable to members of the Company						
At 1 January 2014		**2,271.7**	**(16.0)**	**(82.6)**	**(439.5)**	**1,733.6**	**6.2**	**1,739.8**
Profit		**–**	**–**	**–**	**182.3**	**182.3**	**0.3**	**182.6**
Other comprehensive income		**–**	**–**	**(1.3)**	**–**	**(1.3)**	**–**	**(1.3)**
Total comprehensive income		**–**	**–**	**(1.3)**	**182.3**	**181.0**	**0.3**	**181.3**
Transactions with equity holders –								
Share based remuneration obligations		**–**	**(0.4)**	**–**	**–**	**(0.4)**	**–**	**(0.4)**
Dividends appropriated	11	**–**	**–**	**–**	**(244.3)**	**(244.3)**	**–**	**(244.3)**
Total transactions with equity holders		**–**	**(0.4)**	**–**	**(244.3)**	**(244.7)**	**–**	**(244.7)**
At 30 June 2014		**2,271.7**	**(16.4)**	**(83.9)**	**(501.5)**	**1,669.9**	**6.5**	**1,676.4**
At 1 January 2013		2,250.0	(17.4)	(127.9)	(46.4)	2,058.3	5.2	2,063.5
Profit		–	–	–	215.9	215.9	0.1	216.0
Other comprehensive income		–	–	74.8	–	74.8	0.1	74.9
Total comprehensive income		–	–	74.8	215.9	290.7	0.2	290.9
Transactions with equity holders –								
Movements in ordinary shares	10	21.7	–	–	–	21.7	–	21.7
Share based remuneration obligations		–	2.4	(14.9)	–	(12.5)	–	(12.5)
Dividends appropriated	11	–	–	–	(270.6)	(270.6)	–	(270.6)
Total transactions with equity holders		21.7	2.4	(14.9)	(270.6)	(261.4)	–	(261.4)
At 30 June 2013		2,271.7	(15.0)	(68.0)	(101.1)	2,087.6	5.4	2,093.0

Notes appearing on pages 24 to 37 to be read as part of the financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of financial report preparation

This half year financial report is a general purpose financial report which has been prepared in accordance with the requirements of the Corporations Act 2001, Accounting Standard AASB 134 "Interim Financial Reporting" and other mandatory professional reporting requirements.

This half year financial report does not include all notes of the type normally included within the annual financial report. As a result it should be read in conjunction with the 31 December 2013 annual financial report of CCA, together with any public announcements made by CCA during the half year ended 30 June 2014.

This half year 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 half year financial report is presented in Australian Dollars.

b) Statement of compliance

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the Group's 2013 annual financial report, except for the impact of the Standards and Interpretations described below.

The Group has adopted all consequential amendments to Australian Accounting Standards which became applicable on 1 January 2014. The Group has early adopted all of the requirements in AASB 9 Financial Instruments, refer to Note 1e) for further details. There is no material impact on the Group's 30 June 2014 half year financial report in relation to adoption of the above standards and interpretations.

Other than discussed above, 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 half year ended 30 June 2014. 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.

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 for the Group 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. There has been no material change to the key estimates and assumptions disclosed in the last annual report. 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

e) Impact of early adoption of AASB 9 Financial Instruments

The Group applied all of the requirements in AASB 9 Financial Instruments as amended on November 2013 with a date of initial application of 1 January 2014. As a result, the Group recognises changes in fair value of the time value of an option (transaction and time-period related), which were previously recognised in the income statement as finance costs, and now as a separate component in equity. Further, changes in the basis spread are now recognised in equity. As the adoption of AASB 9 does not have any material impact on the Group's comparative financial information, comparatives have not been restated.

COCA-COLA AMATIL

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 debt, net finance costs and income taxes on a Group basis and these measures are therefore not reported internally at a segment level. Segment results are evaluated on an earnings before interest, tax and significant items basis. Segment net assets are evaluated on a capital employed basis. Capital employed represents total assets and liabilities, excluding those assets and liabilities relating to net debt. Net debt comprises cash assets, long term deposits, debt related derivative assets and liabilities and interest bearing liabilities. Segment information as provided to CCA's Group Managing Director is disclosed in this Note.

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.

	30 June 2014 $M	30 June 2013 $M	**30 June 2014 $M**	30 June 2013 $M
	Trading revenue[1]		**Segment results (Earnings before interest, tax and significant items)**	
Non-Alcohol Beverage business				
Australia	**1,364.0**	1,371.5	**226.5**	263.6
New Zealand & Fiji	**227.5**	202.2	**38.2**	34.1
Indonesia & PNG	**432.5**	432.3	**5.2**	31.4
Alcohol, Food & Services business	**312.2**	317.6	**46.8**	44.8
Total CCA Group	**2,336.2**	2,323.6	**316.7**	373.9

Refer to the following page for footnote details.

2. SEGMENT REPORTING (CONTINUED)

	30 June 2014 $M	30 June 2013 $M
The reconciliation of segment results to CCA Group profit after income tax is shown below –		
	CCA Group	
Segment results (Earnings before interest, tax and significant items)	**316.7**	373.9
Significant items[2]	**–**	(13.2)
Earnings before interest and tax	**316.7**	360.7
Net finance costs[3]	**(60.5)**	(61.7)
Profit before income tax	**256.2**	299.0
Income tax expense[3]	**(73.6)**	(83.0)
Profit after income tax	**182.6**	216.0
Profit after income tax attributable to non-controlling interests	**(0.3)**	(0.1)
Profit after income tax attributable to members of the Company	**182.3**	215.9
	Segment capital employed	
Non-Alcohol Beverage business		
Australia	**1,507.4**	1,613.4
New Zealand & Fiji	**485.7**	463.1
Indonesia & PNG	**444.6**	463.1
Alcohol, Food & Services business[4]	**1,124.5**	1,449.0
Total operating segments	**3,562.2**	3,988.6
Other financial assets	**–**	24.4
Total CCA Group	**3,562.2**	4,013.0
The reconciliation of segment capital employed to CCA Group net assets is shown below –		
	CCA Group	
Segment capital employed[4]	**3,562.2**	4,013.0
Net debt[3]	**(1,885.8)**	(1,920.0)
Net assets	**1,676.4**	2,093.0
The reconciliation of CCA net assets to total assets and liabilities is shown below –		
Total assets	**6,088.1**	6,606.7
Total liabilities	**(4,411.7)**	(4,513.7)
Net assets	**1,676.4**	2,093.0

1 Details of the Group's trading revenue can be found in Note 3.
2 Refer to Note 4b) for further details of significant items.
3 Net debt, net finance costs and income taxes are managed on a Group basis and are not reported internally at a segment level.
4 Refer to the Group's 2013 annual financial report for details of impairment charges in relation to the SPC Ardmona business.

3. REVENUE

	30 June 2014 $M	30 June 2013 $M
Trading revenue		
Sales of products	**2,296.8**	2,283.5
Rental of equipment and processing fees	**39.4**	40.1
Total trading revenue	**2,336.2**	2,323.6
Other revenue		
Rendering of services	**13.9**	11.7
Miscellaneous rental and sundry income	**13.5**	10.4
Total other revenue	**27.4**	22.1
Total revenue, excluding finance income	**2,363.6**	2,345.7
Interest income from –		
cash in banks and term deposits	**17.8**	18.1
defined benefit superannuation plans	**0.4**	0.1
Total finance income	**18.2**	18.2
Total revenue	**2,381.8**	2,363.9

4. FINANCE COSTS AND SIGNIFICANT ITEMS

	30 June 2014 $M	30 June 2013 $M
a) Finance costs		
Profit before income tax includes the following specific expenses –		
Interest costs on –		
interest bearing liabilities	**78.2**	79.8
defined benefit superannuation plans	**1.4**	1.3
Other finance losses	**0.2**	0.4
Total finance costs	**79.8**	81.5
Amounts capitalised	**(1.1)**	(1.6)
Total finance costs expensed	**78.7**	79.9
b) Significant items		
Profit before income tax includes the following specific expenses –		
In 2013, CCA carried out a review of its Australian beverages business. As a result, CCA recognised restructuring expenses comprised mainly of write downs of plant and equipment, and management restructuring costs.	**–**	13.2

5. INCOME TAX EXPENSE

	30 June 2014	30 June 2013
a) Income tax expense		
	$M	$M
Current tax expense	**66.9**	69.4
Deferred tax expense	**6.2**	13.2
Adjustments to current tax of prior periods	**0.5**	0.4
Total income tax expense	**73.6**	83.0
Total income tax expense includes –		
Income tax benefit on significant items[1]	–	(4.0)

1 Refer to Note 4b) for further details.

b) Reconciliation of CCA's applicable (Australian) tax rate to the effective tax rate

	%	%
Applicable (Australian) tax rate	**30.0**	30.0
Non-allowable expenses	**1.6**	0.8
Overseas tax rates differential	**(0.6)**	(0.9)
Overseas withholding tax	**(2.3)**	(2.1)
Effective tax rate	**28.7**	27.8
Effective tax rate (before significant items)	28.7	27.9

6. OTHER PERFORMANCE MEASURES

	30 June 2014	30 June 2013
a) Net tangible asset backing per ordinary share		
	$	$
Excluding investments in bottlers' agreements (IBAs)	**0.52**	0.70
Including IBAs	**1.74**	1.91
b) Earnings per share (EPS)		
	¢	¢
Basic and diluted EPS	**23.9**	28.3
Before significant items – Basic and diluted EPS	**23.9**	29.5
The weighted average number of ordinary shares used to calculate EPS was –		
	M	M
Basic and diluted EPS	**763.6**	762.8
Earnings used to calculate basic and diluted EPS –		
	$M	$M
Profit after income tax attributable to members of the Company	**182.3**	215.9
Adjustments for significant items[1]	**–**	9.2
Earnings used calculate basic and diluted EPS before significant items	**182.3**	225.1
c) Earnings before interest, tax, depreciation and amortisation (EBITDA)		
	$M	$M
Earnings before interest and tax	**316.7**	360.7
Depreciation and amortisation	**131.4**	124.4
EBITDA	**448.1**	485.1
Adjustments for significant items[1]	**–**	13.2
EBITDA before significant items	**448.1**	498.3

1 Amounts classified as significant items consisted of a net loss of $13.2 million before income tax and an income tax benefit of $4.0 million, or $9.2 million loss after income tax. Refer to Notes 4b) and 5 for further details.

6. OTHER PERFORMANCE MEASURES (CONTINUED)

	30 June 2014	30 June 2013
d) Free cash flow (FCF)		
FCF is calculated as the sum of cash flows from operating and investing activities, excluding cash flows dealing with investment in the joint venture entity, acquisition of business and investments in long term deposits.		
	$M	$M
FCF	**125.9**	(15.6)
	%	%
e) Return on invested capital (ROIC)		
ROIC is calculated on a moving annual total basis 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 twelve month period ending 30 June. EBIAT is derived by deducting from EBIT (before significant items) the applicable tax using the before significant items effective tax rate.		
ROIC	**14.5**	16.2
f) Capital expenditure (capex) compared to trading revenue		
Capex is defined as payments for additions of property, plant and equipment and software development assets.		
Capex to trading revenue	**5.6**	8.1

7. DERIVATIVES AND NET DEBT RECONCILIATION

	30 June 2014 $M	31 December 2013 $M	30 June 2013 $M
a) Derivatives as per the statement of financial position			
Derivative assets – current	**(6.9)**	(24.0)	(16.6)
Derivative assets – non-current	**(58.4)**	(51.3)	(52.3)
Derivative liabilities – current	**37.5**	25.1	37.3
Derivative liabilities – non-current	**153.9**	159.2	185.0
Total net derivative liabilities	**126.1**	109.0	153.4
Net derivative liabilities comprises –			
debt related	**119.7**	76.8	99.1
non-debt related	**6.4**	32.2	54.3
Total net derivative liabilities	**126.1**	109.0	153.4
b) Net debt reconciliation			
Cash assets	**(1,012.4)**	(1,425.9)	(907.2)
Long term deposits	**(100.0)**	–	(300.0)
Net derivative liabilities – debt related	**119.7**	76.8	99.1
Interest bearing liabilities – current	**436.6**	731.0	378.6
Interest bearing liabilities – non-current	**2,441.9**	2,377.4	2,649.5
Total net debt	**1,885.8**	1,759.3	1,920.0

8. INVESTMENT IN JOINT VENTURE ENTITY

	30 June 2014 $M	31 December 2013 $M	30 June 2013 $M
Carrying amount of investment in Australian Beer Company Pty Ltd	**26.3**	26.4	–

The Company has a 50% interest in Australian Beer Company. On 17 December 2013, the loan to Australian Beer Company was converted into a 50% interest in the company. The principal activity of Australian Beer Company is the manufacture of alcohol beverages.

9. OTHER FINANCIAL ASSETS

Non-current
In August 2012, CCA lent $24.4 million to Australian Beer Company Pty Ltd (Australian Beer Company), then part of the Casella group. The loan was converted into an equity interest in Australian Beer Company after the expiration, on 16 December 2013, of CCA's restraint on selling beer in Australia.

Convertible notes	–	–	24.4

10. SHARE CAPITAL

	Refer Note	**30 June 2014**	31 December 2013	30 June 2013
		$M	$M	$M
Fully paid ordinary shares				
Balance at the beginning of the period		**2,271.7**	2,250.0	2,250.0
Issued in respect of the Dividend Reinvestment Plan	12	**–**	21.7	21.7
Balance at the end of the period		**2,271.7**	2,271.7	2,271.7

	No.	No.	No.
Fully paid ordinary shares			
Balance at the beginning of the period	**763,590,249**	762,133,414	762,133,414
Issued in respect of Dividend Reinvestment Plan	**–**	1,456,835	1,456,835
Balance at the end of the period	**763,590,249**	763,590,249	763,590,249

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.

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 third trading day after the record date for the dividend. The ex-dividend and record dates for the dividend entitlement are 26 and 28 August 2014, respectively.

For the 2014 interim dividend, shares will be acquired on market and transferred to participants to satisfy any shares to be provided under this Plan.

The last date for receipt of Election Notices under this Plan is 29 August 2014.

11. DIVIDENDS APPROPRIATED AND PROPOSED

a) Summary of dividends appropriated during the half year

	30 June 2014		30 June 2013	
	¢	$M	¢	$M
Prior year final dividend[1]	**32.0**	**244.3**	32.0	243.9
Prior year final special dividend (unfranked)[2]	–	–	3.5	26.7
Total		**244.3**	35.5	270.6

1 Franked to 75% and paid on 1 April 2014 (2013: Franked to 75% and paid on 2 April 2013).
2 Paid on 2 April 2013.

b) Dividend declared and not recognised as a liability

Since the end of the half year, the Directors have declared the following dividend on ordinary shares –

	Rate per share ¢	Amount $M	Date payable
2014 interim dividend (franked to 75%)	**20.0**	**152.7**	7 October 2014

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

12. STATEMENT OF CASH FLOWS INFORMATION

	Refer Note	30 June 2014 $M	30 June 2013 $M
a) Cash and cash equivalents			
Cash on hand and in banks		**336.0**	215.4
Short term deposits		**676.4**	691.8
Bank overdrafts		**(2.5)**	(1.2)
Total cash and cash equivalents		**1,009.9**	906.0
b) Non-cash investing and financing activities			
Dividends satisfied by the issue of shares under the Dividend Reinvestment Plan	10	–	21.7

13. FAIR VALUE MEASUREMENT

Derivative financial assets and financial liabilities are recognised at fair value as at the reporting date. The financial instruments that are not measured at fair value are bonds that have been accounted for at amortised cost. The bonds at amortised cost have a carrying value of $2,640.5 million (31 December 2013: $2,834.7 million and 30 June 2013: $2,747.1 million), and a fair value of $2,861.3 million (31 December 2013: $2,890.8 million and 30 June 2013: $2,836.1 million).

Derivative financial instruments are initially recognised in the statement of financial position at cost and subsequently remeasured to their fair value. Accordingly, there is no difference between the carrying value and fair value of derivative financial instruments at reporting date.

The remeasurement is based on quoted market prices. The Group uses two different methods in estimating the fair value of a financial instrument. The methods comprise –

- Level 1 – the fair value is calculated using quoted prices in active markets; and
- Level 2 – the fair value is estimated using inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).

The valuation techniques applied by the Group are consistent with those applied and disclosed in the Group's 2013 annual financial report. There were no transfers between Level 1 and 2, and no financial instruments were measured at Level 3 (where fair value is measured using unobservable inputs for the asset or liability) for the periods presented in this report.

14. EVENTS AFTER THE BALANCE DATE

No matters or circumstances have arisen since the end of the half 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.

COCA-COLA AMATIL

The Directors declare that the consolidated financial statements and notes, set out on pages 19 to 37 –

a) are in accordance with the Corporations Act 2001;
b) comply with Accounting Standard AASB 134 "Interim Financial Reporting" and the Corporations Regulations 2001;
c) give a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the half year ended 30 June 2014; and
d) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

The Directors have received and considered the certification from the Group Managing Director and Group Chief Financial Officer supporting the financial statements and statutory report for the half year ended 30 June 2014.

This declaration is made in accordance with a resolution of the Directors pursuant to section 303(5) of the Corporations Act 2001, dated 20 August 2014.

On behalf of the Directors

David M. Gonski, AC	**Alison M. Watkins**
Chairman	Group Managing Director
Sydney	Sydney
20 August 2014	20 August 2014

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INDEPENDENT REVIEW REPORT TO THE MEMBERS OF COCA-COLA AMATIL LIMITED

Report on the Half Year Financial Report

We have reviewed the accompanying half year financial report of Coca-Cola Amatil Limited (the "Company"), which comprises the statement of financial position as at 30 June 2014, the income statement and statement of comprehensive income, statement of changes in equity and statement of cash flows for the half year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the Company and the entities it controlled at the half year end or from time to time during the half year.

Directors' responsibility for the half year financial report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal controls as the directors determine are necessary to enable the preparation of the half year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and its performance for the half year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Coca-Cola Amatil Limited and the entities it controlled during the half year, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Building a better
working world

Independence

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001. We have given to the directors of the Company a written Auditor's Independence Declaration, a copy of which is included in the Directors' Report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half year financial report of Coca-Cola Amatil Limited is not in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the half year ended on that date; and

(ii) complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

Ernst & Young

Michael Wright
Partner
Sydney
20 August 2014

Non Confidential Attachment B 4.2 to SPC Ardmona Anti dumping application for Prepared or preserved tomato products exported by La Doria S.p.A and Feger di Gerardo Ferraioli SpA

Supporting documentary on market situation

1. The market situation is defined as

   '*… the presence of a factor or composite factors which collectively operate to cause a degree of distortion in the market that renders arm's lengths transactions in the ordinary course of trade in that market unsuitable for use in determining normal values'* .

2. The SEF and the Termination report for the case Preserved and prepared tomatoes (217 notes)

   'governments can [also] directly influence domestic prices through instruments that indirectly impact on the supply of the subject goods, or the supply or price of imports used in the production of the subject goods.

   Where such a market situation exists, normal value cannot be established on the basis of domestic sales. Instead, the normal value may be determined on the basis of a cost construction or third country sales.

   Therefore, a determination as to whether there is a market situation has a potential consequence for the assessment of normal value and dumping margin.'

3. The ADC concluded in the last investigation (217) that

   'Circumstances of the investigation are not sufficient to support a finding that these payments operate in a manner that distorts competitive market conditions…'

4. The ADC will be aware that the commentary supplied by the European Commission /Government of Italy in response to the market situation issue did not explain the history of payments and the amount allocated to tomato growers. For example coupled payments continued until 2007 following the F&V reform in that year and were then phased out from 2008 to 2010. Indeed the ADC's conclusions on the market situation may well have been different if its assessment had been modified by information readily available to interested parties. It is suggested that the government to government expectation of co-operation was not met.

5. **SPC Ardmona is of the view that the analysis of the market situation requires reconsideration.**

SPC Ardmona contests that:

- **Substantial payments are being made to the tomato growers in Italy under the current Common Agriculture policy.**
- **These payments are significant in proportion to the total price paid by the processor for the raw tomatoes and affect the selling price of the canned tomatoes in Italy such that the price paid or payable is not applicable.**
- **These payments influence the supply and price of raw tomatoes to the processed tomato industry in Italy.**
- **The effect of payments is further supported by entry prices/ external tariffs and quotas on imports of raw tomatoes from third–party countries further distorting the cost of raw material.**
- **In addition to the above, various support programs are offered to growers through Producer organizations.**
- **In absence of the above, the prices of raw tomatoes would have been higher than the historical and current prices paid by the tomato processors; this in turn would impact the normal value of canned tomatoes.**

6. The Anti-Dumping Commission's discussion paper on the **Market Situation** (s. 269TAC (2) (a) (ii)) states the following in regard to sufficiency of evidence.

'Customs considers the evidence to support claims of a market situation':

- ***does not need to be conclusive*** *or irrefutable; but*
- ***must be relevant****, and reasonably reliable, and unless rebutted, would be* ***reasonably supportive*** *of a finding that domestic selling prices are unsuitable for normal value.*

Evidence is:

- ***'relevant'****: where it has a direct bearing on the matter in hand and is logically persuasive;*
- ***'reasonably reliable'****: where it has the tendency, as a matter of logic and experience, to make the proposition for which it is advanced more likely than the proposition would be if that evidence did not exist; and*
- ***'supportive':*** *where it is found to be reasonably capable of supporting the inferences necessary for a positive finding*.'

7. <u>Market situation test</u>: ***'****Governments can subsidize producers by providing direct financial subsidies or low-price inputs in order to maintain selling prices of a product at certain levels'****.***

SPC Ardmona contests that the direct payments made to tomato growers in Italy under CAP have significant impact on the prices of

raw tomatoes used for processing and therefore on the canned tomato prices.

8. Under CAP EU member states are allowed to provide payments to F&V growers.

9. Italy is a member state and in 2013 received €4370 million in Pillar 1 payments and €1441 million in Pillar 2 payments.

10. The very purpose of these payments as stated in the policy is:

- *'Payments are made to ensure a safety net for farmers in the form of a basic income support, decoupled from production, stabilising their income stemming from sales on the markets, which are subject to volatility. In order to maximise their profits, producers must respond to market signals, so that they produce goods that are demanded by consumers. Direct payments also contribute, in combination with cross compliance, to providing basic public goods delivered through sustainable farming'*.[1]
- *Direct payments help ensure that farming can be maintained throughout the EU by providing a steady income for farmers. In this way, they support the long-term viability of farms and cushion them against price fluctuations.* [2]
- CAP also '*increasingly helps farmers to strengthen their bargaining position vis-à-vis other players in the food change*'.[3]
- The EU helps farmers by encouraging:

  a. '*The formation of producer organisations*';
  b. *'Other forms of cooperation giving farmers leverage and competitiveness in the market'*; and
  c. *'The creation of mutual funds and insurance schemes allowing better response to market instability or fast-falling prices'*.[4]

11. The Producer Organisations (POs) and Producer Organisation Associations (POAs), which implement and manage the operational programmes and concentrate the supply and marketing of their members' products, are the backbone of the Common Market Organisation for the fruit and vegetable products sector[5]

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[1] http://ec.europa.eu/agriculture/direct-support/direct-payments/index_en.htm
[2] http://europa.eu/rapid/press-release_MEMO-13-631_en.htm
[3] http://ec.europa.eu/agriculture/cap-overview/2012_en.pdf
[4] http://ec.europa.eu/agriculture/cap-overview/2012_en.pdf
[5] EVALUATION OF NATIONAL STRATEGY FOR SUSTAINABLE OPERATIONAL PROGRAMMES IN THE FRUIT AND VEGETABLE SECTOR (2012)

12. With the latest reform, the vast majority of CAP legislation will be defined under four consecutive Regulations:

- 1305/2013: Rural payments
- 1306/2013: Horizontal" issues such as funding and controls
- 1307/2013: Direct payments for farmers
- 1308/2013 :Market measures
- 1310/2013: Transitional provisions for above

Regulation (EC) No 1307/2013 governs the direct payments to be made to Fruit & Vegetable growers in member states from 17th December 2013.

13. However, Article 21(2) of 1307/2013 allows for payments to be made under Regulation (EC) 73/2009 during the transition period until 31st December 2014.

'Payment entitlements obtained under the single payment scheme in accordance with Regulation (EC) No 1782/2003 and with Regulation (EC) No 73/2009 shall expire on 31 December 2014'

Therefore, for the investigation period and the injury years, Regulation (EC) No 73/2009 was applicable.

14. Title III of the regulation 73/2009 describes '**The Single Payment Scheme** (SPS)' method by which farmers receive direct payments.

15. The Single Payment Scheme (SPS) is *'scheme by which farmers receive a decoupled single payment.*

Prior to the 2003 reform, a farmer could receive a number of specific direct payments, each one associated with a particular line of production of crop and livestock.

The 2003 reform incorporated these specific direct payments into a single payment and decoupled this payment from production of crops and livestock.[6]

16. According to Article 54(1) of the Title III of the regulation (EC) 73/2009, member states had an option to phase the decoupling of payments set by the national ceiling over a transition period :

'Member States may retain, until 31 December 2011, up to 50% of the component of the national ceilings referred to in Article 40 corresponding to support for the production of tomatoes'.[7]

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[6] http://ec.europa.eu/agriculture/glossary/index_en.htm#single-payment-scheme

[7] EC Reg(73/2009) Article 54(1)

17. Italy chose to decouple the payments over a 3 year transition period, with coupled payments being paid at 50 per cent of the national ceiling until the end of 2010[8]'.

18. That is to say that during the three-year transition period (2008-2010), 50% of the subsidy was in the coupled form while the other 50% of the national ceiling moved to the single payment scheme.[9]

19. National ceilings referred to in the Article 40 are found in Annex X of EC 73/2009

20. For Italy, the national ceiling for tomatoes is €183,967 per calendar year

31.1.2009 EN Official Journal of the European Union L 30/79

ANNEX X

Components of the national ceilings referred to in Article 54

1. The component of the national ceilings referred to in Article 54(1) corresponding to tomatoes shall be as follows:

Member State	Amount (EUR million per calendar year)
Bulgaria	5,394
Czech Republic	0,414
Greece	35,733
Spain	56,233
France	8,033
Italy	183,967
Cyprus	0,274
Malta	0,932
Hungary	4,512
Romania	1,738
Poland	6,715
Portugal	33,333
Slovakia	1,018

Source: Annex X of Regulations (EC) No 73/2009

21. Therefore for the period 2008-2010, tomato farmers received incomes as follows

a) Payments entitled under (SPS) which were distributed to farmers who received historical payments in the reference period of 2004-2006

[8] The Common Agricultural Policy after the Fischler Reform, An Impact Assessment of the CAP Reform Health Check on the Italian Tomato Sector
[9] The Common Agricultural Policy after the Fischler Reform, An Impact Assessment of the CAP Reform Health Check on the Italian Tomato Sector.

b) The other 50%, coupled payment which was subjected to the condition that farmers be members of a producer organisation and have a contract for processing.'[10].
c) An amount that was negotiated by the POs for the industry taking into account the price prepared to be paid by the processor.

22. The table below highlights the subsidy paid to the tomato farmers as reported by Tomato News July- Aug 2008: EU synthetic analysis of decoupling

CMO Fruits & Vegetables Implementation in the EU Members States	Spain	Italy	Portugal	Greece	France
Coupled aid	50%	50%	50%	30%	50%
Decoupled aid	50%	50%	50%	70%	50%
transition period (years)	3	3	4	3	4
Reference years	2004 2005 2006	2004 2005 2006	2004 2005 2006	2001 to 2005	2004 2005 2006
Contracts with PO	Non Obligatory	Obligatory	Obligatory	Obligatory	Obligatory
	Spain	Italy	Portugal	Greece	France
Other criteria Min. delivery to processors	35 metric tons per hectare	70 % of historical production per Regions	60 metric T per hectare	Two levels per hectare: level 1: 40 metric T, level 2 : 70 metric T	non limitations
Coupled aid 2008/2009 - Estimated aid per hectare and metric tonne	Spain	Italy	Portugal	Greece	France
Total budget (€ million)	56,233	183,967	33,333	35,733	8,033
Estimated Surface - 2008 - Hectares	24 875	75 000	14 000	10 000	1 600
Estimated DECOUPLED AID - 2008 (€ per Hectare)	1 130	1 226	1 190	1 400 and 900	2 510
Estimated YIELD - 2008 (metric tons per Hectare)	63,56	72,2	78,5	67,4	74,6
Coupled aid budget (€ million)	28,117	91,9835	16,6665	10,7199	4,0165
Indicative COUPLED AID - 2008	1 100	1 300	1 450	1 450	2 200
Estimated COUPLED AID - 2008 (€ per metric ton)	17,8	17	15,2	19,4 and 14,5	33,7

23. Tomato News estimated that the payments received by the farmers during 2008-2010 period was €34/ Tonne (€17/T+ €1226/72.2)

24. SPC Ardmona estimates that the subsidy paid in 2010 was up to 46% of the raw prices paid by the processors:

a) The SPS payment for tomatoes was established for the period 2010 by Minister of Agriculture (Food and Forestry), Italy was €1182.1534 / ha[11]
b) Total tonnes produced in 2010 =5080KT[12] (Refer Attachment B4.2.1)
c) Total hectares planted in 2010= 70,600 Ha (Refer chart 26.b)
d) Tonnes Per hectare estimated = 72T/ha (calculation based on above=b/c)

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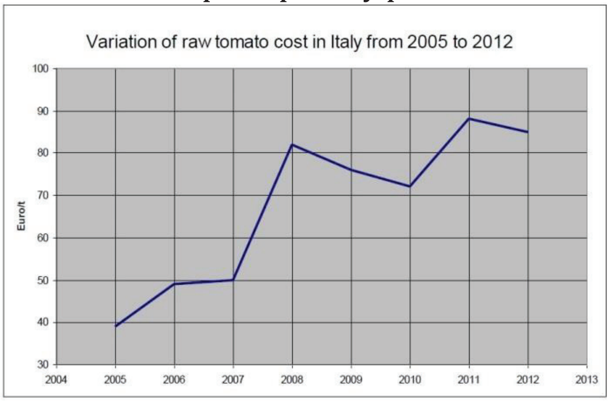
[10] The Common Agricultural Policy after the Fischler Reform, An Impact Assessment of the CAP Reform Health Check on the Italian Tomato Sector.
[11] Fixing for 2010 the definitive aid for tomatoes for processing, ORDER no. 4606 of June 27, 2011

[12] WPTC world tomato production estimate 5th Sept 2014

e) Therefore SPS payment per tonne = €16.418/T (SPS payment of €1182.1534 per Ha as in (a) above divided by tonnes per Ha as in (d)above)

f) Therefore total subsidy paid per tonne of raw tomatoes (incl coupled payment) = €33.4/T which is €17/T (coupled payment)+€16.4/T (SPS payment calculated in (e) above)

g) Raw tomatoes price paid by processor in 2010= €72t as shown



(Source: World Tomato Congress 2012, Beijing)

h) Therefore estimated subsidy as percentage of Raw prices paid = 46% (total subsidy of €33.4/T calculated in (f) above divided by raw tomato price paid by the processor (g) above)

25. Period calendar years 2011 – 2014, the payments are in 100% decoupled form under the Single Payment Scheme.

a) A single annual payment is given to the farmer based on the value of the payment entitlements held by the farmer.
b) Payment entitlements are, in essence, a conditional right to being paid EU income support. They may be separated from land and traded independently.[13]
c) The farmer must activate these payment entitlements and declare an equivalent number of eligible hectares in a yearly application in order to claim the single payment.[14]
d) The amount €91.984M for tomatoes, which was previously coupled, was integrated into the SPS from 2011[15]
e) The national ceiling for the payment was still $183M[16].It is understood that the amount shown in Annex X of 73/2009 has been continued through the transition period.

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[13] EU Court of Auditors Report, 2011 special report no.5

[14] 'Factsheet, Single Payment Scheme' European Commission Rural and Agricultural Development

[15] Annex1- EU court of Auditors report on 'Has the Commission effectively managed the integration of coupled support to the Single payment Scheme?' 2014

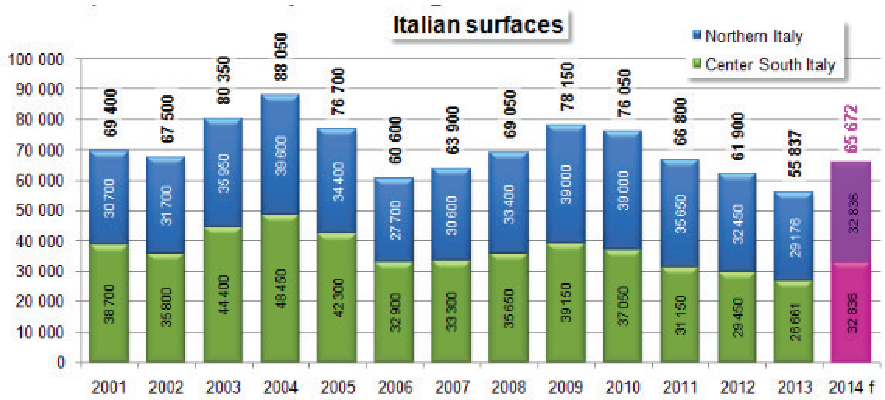
[16] GAIN report 2011 – Italy tomatoes

f) The estimated subsidy per hectare with 100% decoupling can be estimated to be around €2,350 per ha.[17]

26. **SPC Ardmona estimates that the subsidy paid in 2013 was up to 37% of the raw prices paid by the processors**

a) During 2013, the production of tomatoes for processing in Italy was 4.08 million tonnes.[18]
b) The total tomato plantation in hectares for the 2013 tomato season was 55,837.[19] (based on the Information published by Tomato News Italy: the north/south distribution of planted surfaces' Tomato News [March 2014])

Chart 26.b



Source: Taken from 'Italy: the north/south distribution of planted surfaces' Tomato News (March 2014)

c) Therefore the tonnes per hectare for 2013 was 73T/ha (based on (a) divided by (b) above)
d) The subsidy per tonne based on above can be estimated to be €32/tonne. (based on Payment per ha established on 25(f) above divided by (c)above)
e) Price paid by processors for raw tomatoes range between €85-86 per kilogram dependent on the brix content.[20]
f) Therefore, subsidy as a percentage of raw prices for 2013 was 37%. (based on subsidy established in (d)above divided by raw prices in (e) above)
g) That is to suggest that up to 37% of the raw tonne price is being distorted by single payment scheme.

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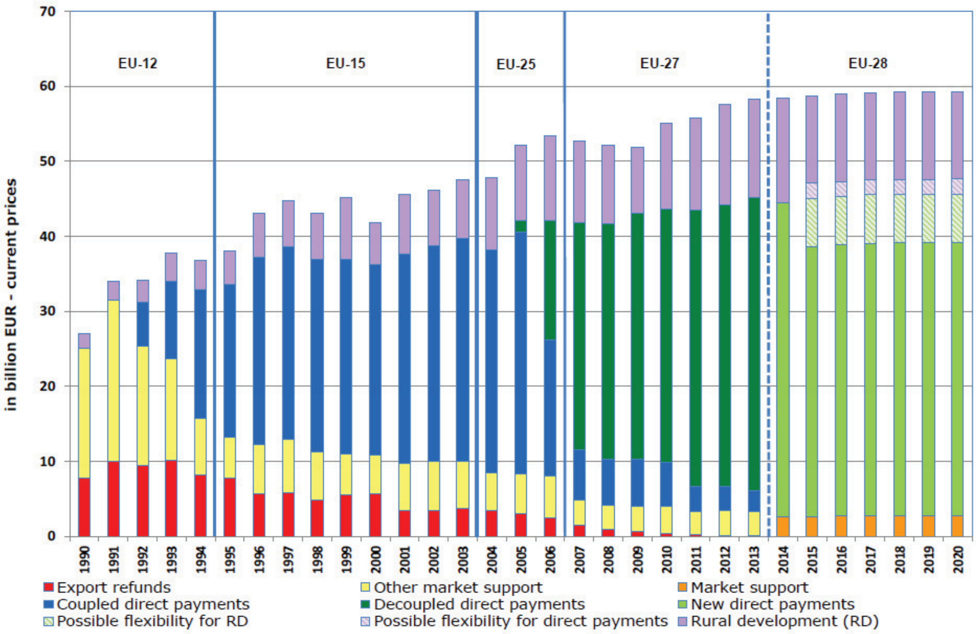
[17] 'EU: what will decoupling look like?' Tomato News (October 2007)
[18] WPTC World Production estimate as of 5 September 2014
[19] 'Italy: the north/south distribution of planted surfaces' Tomato News (March 2014)
[20] 'Italy: Satisfaction expressed over price agreement at EUR 92 per tonne' Tomato News (February 2014)

27. From the calendar year 2015, new regulations as identified earlier in paragraph 12 will be applicable.

28. The new CAP maintains the two pillars, but increases the links between them by enabling Member States to better target spending to their specific priorities.[21]

29. Overall CAP expenditure is expected to be similar to historical levels with direct payments constituting the biggest proportion. The chart below highlights the CAP expenditure by calendar year.



Source: DG Agriculture and Rural Development

a) Financial framework and funding explanation can be found in the attached document (Multiannual Financial Framework 2014-2020 and the financing of the CAP)[22]
b) The Single Payment Scheme will be transformed into a **Basic Payment Scheme** from 2015.[23] The Basic Payment Scheme is operated on the basis of payment entitlements allocated to farmers in the first year of application of the scheme and activated each year by farmers.
c) Eligibility for the Basic Payment Scheme is a precondition for farmers to receive other direct payments such as the green direct payment, the redistributive payment, the payment for areas with natural or other specific constraint and the payment for young farmers.
d) CAP 2013 reform also allocated further Euro 11.2 million to processed tomatoes under S68 of 73/2009 calling for specific support.

[21] http://ec.europa.eu/agriculture/policy-perspectives/policy-briefs/05_en.pdf
[22] http://ec.europa.eu/agriculture/cap-funding/budget/index_en.htm
[23] http://ec.europa.eu/agriculture/glossary/index_en.htm#basic-payment-scheme

e) La Doria's statement in 2014 half annual report acknowledges the subsidy payment : ' ***the <u>partial return of coupled aid</u> to <u>support the competitively and sustainability of the Italian tomato sector</u>. The coupled subsidy which will be granted to farmers (in addition to the current decoupled subsidy which will be reduced with the entry into force of the new measures) is estimated at €160/ha'***[24].

30. **The information presented above points to the evidence that the payments made to the growers have been material in the past and will continue to form the basis of income support to the farmer in the future.**

    If the above payments were not in place, the prices of raw tomatoes would have been higher than current.

31. **Historical payments from previous years are of relevance as the inventory from previous seasons was still impacting the stability of the market and its prices.**

32. Raw tomatoes form a substantial proportion (in the range of XX to XX percent) (confidential) of the cost to manufacture/ cost of goods of the canned tomatoes.

33. Therefore, **the direct payments to tomato growers could impact up to XX- XX percent (confidential) of the cost of goods of the canned tomatoes (excluding profit)**

34. The above observation is consistent with various reports analysing impact of CAP on tomato growers

    a) '*The reform has been particularly relevant for the processed tomato sector (in Italy), where the subsidies represented about 50% of the entire producers revenue*[25]*'. (stated in reference to tomato grower)*
    b) '*Recently, however, the subsidy has been half the grower's price, or to put it another way, once the costs are accounted for (fertilizer, labour), any profit that the growers make for the labour, is the subsidy itself.*[26]

35. This issue of domestic aid affecting suitability of domestic selling prices was considered in the Federal Court and on appeal in Minister for Small Business, Construction and Customs v La Doria di Diodata Ferraioli SPA (1994) 33 ALD 35. The court supported the finding that the provision of a

[24] La Doria Annual report 2014 June. [It is understood that €160/Ha is one part of the total payment]
[25] An impact of assessment of the future CAP reform on the Italian Tomato Sector –F.Afrini, M. Donati, G. Petriccione, R.Solazzo, 2008
[26] 'Pomodoro- History of tomato in Italy by David Gentilcore, 2010

production aid made domestic sales of those goods unsuitable for establishing normal values under s. 269TAC(2)(a)(ii).

36. **<u>Market situation test</u>: The Government can regulate or control production levels or the number of producers or sellers permitted to the market in order to affect domestic prices.**

37. **SPC Ardmona alleges that the subsidies have had an impact on supply of raw tomatoes in Italy.**

38. This is acknowledged by industry participants:

LaDoria statement in 2011 Annual report

'… *The key role played by the* ***2011 introduction of the European Horticultural Reform (OCM) which <u>resulted in a decrease in tomato production.</u>***

The <u>reform aimed at avoiding excessive production</u>, which was the main cause of the final canned tomato price pressure.

<u>As from 2012, market conditions have significantly improved for the group and are reflected in the final tomato product sales price increase and higher volumes both in Italy and abroad</u>.

This should lead to a significant increase in the group's profitability and overall to a more balanced market context, <u>in terms of supply and demand'[27]'</u>

39. La Doria was also the subject of an analyst's report (March 2014) which concluded:

'… the key role played by the 2011 introduction of the European Horticultural Reform (OCM) which resulted in a decrease in tomato production. The reform aimed at avoiding excessive production, which was the main cause of the final canned tomato price pressure. As from 2012, market conditions have significantly improved for the group and are reflected in the final tomato product sales price increase and higher volumes both in Italy and abroad. This should lead to a significant increase in the group's profitability and overall to a more balanced market context, in terms of supply and demand[28]."

These comments imply that the direct payments have had an influence on the supply and pricing of raw tomatoes, and the pricing

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[27] www.gruppoladoria/com/public/LaDoria030314.pdf

[28] *Source:* (http://www.gruppoladoria.com/public/LaDoria030314.pdf

of the finished products and eventually the impact on processor's overall profitability.

40. The above observations however **contradict** La Doria's comments during the verification process of the last investigation (217) where it claimed

'La Doria also advised that it was unaware of whether or how the tomato growers, which it stated were unrelated to La Doria, benefit from such a program[29].'

Role of the policy in influencing the supply was also acknowledged during the 'Evaluation of the of the National strategy for sustainable operational programs in the fruit and vegetable sector' in the report published by the Ministry of Food and Forestry policies, Rome.

'In the specific case of canned tomatoes, partial aid linked to cultivation, which was continued to 2010, prompted a drive to make substantial investment, with a production peak in 2009.[30]'

41. Market situation test: G*overnments can control import and export levels through licensing, quotas, duties or taxes to maintain domestic prices at certain levels.*

42. The Common Agriculture Policy's subsidies are complemented by external tariffs and quotas on imports from third–party countries[31].

43. The main instrument of the EU import regime for fresh Fruit and Vegetables (F&V) is certainly the Entry Price System (EPS). The rationale of this non-tariff barrier is to allow imports of F&V assuring EU market supply while avoiding that "abnormally" low price imports could create "disturbances of Community markets". [32]

44. That is, if the high entry prices/external tariffs were not in place, increased competition from imports would drive down the raw tomato prices. This would make income/price support difficult to maintain.

45. Italy has high import tariff/entry price on raw tomatoes for processing. According to the European Commission Taxation and Customs Union's TARIC Database, raw tomatoes under Code 0702, have the following tariffs:

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[29] Page 55 of the 'Verification report - La Doria S.P.A in , Investigation 217

[30] Evaluation of NATIONAL STRATEGY FOR SUSTAINABLE OPERATIONAL PROGRAMMES IN THE FRUIT AND VEGETABLE SECTOR (2012)- MINISTRY OF AGRICULTURAL, FOOD AND ORESTRY POLICIES DEPARTMENT OF EUROPEAN AND INTERNATIONAL RURAL DEVELOPMENT POLICIES – Rome 2012

[31] Making EU's farm policy work for growth and environment Feb 2012; www.openeurope.org.uk

[32] The entry price threshold in EU agriculture:deterrent or barrier?,Santeramo Fabio Gaetano1, Cioffi Antonio

a) 0702000099 /Tomatoes, fresh or chilled, other' originating from Australia have a third country duty and a standard import value.

SECTION II **VEGETABLE PRODUCTS**

CHAPTER 7 **EDIBLE VEGETABLES AND CERTAIN ROOTS AND TUBERS**

0702 **Tomatoes, fresh or chilled** (TN084) (TN701)

0702 00 00 07 ▼ - Cherry tomatoes (PN001)

0702 00 00 99 ▼ - Other (PN001)

ERGA OMNES (ERGA OMNES)

→| Third country duty (01-11-2014 - 20-12-2014) (PB001) R1001/13

[Hide conditions]

V1	Import price must be equal to or greater than the entry price (see components) **62.60 EUR / 100 kg**	Apply the amount of the action (see components) **8.80 %**
V2	Import price must be equal to or greater than the entry price (see components) **61.30 EUR / 100 kg**	Apply the amount of the action (see components) **8.80 % + 1.30 EUR / 100 kg**
V3	Import price must be equal to or greater than the entry price (see components) **60.10 EUR / 100 kg**	Apply the amount of the action (see components) **8.80 % + 2.50 EUR / 100 kg**
V4	Import price must be equal to or greater than the entry price (see components) **58.80 EUR / 100 kg**	Apply the amount of the action (see components) **8.80 % + 3.80 EUR / 100 kg**
V5	Import price must be equal to or greater than the entry price (see components) **57.60 EUR / 100 kg**	Apply the amount of the action (see components) **8.80 % + 5.00 EUR / 100 kg**
V6	Import price must be equal to or greater than the entry price (see components) **0 EUR / 100 kg**	Apply the amount of the action (see components) **8.80 % + 29.80 EUR / 100 kg**

[Specific Help]

→| Standard import value (01-11-2014 -) : **64.90 EUR / 100 kg** C0235/14

Excluding: Albania (AL) , Morocco (MA) , Former Yugoslav Republic of Macedonia (MK)

Taken from European Commission Taxation and Customs Union, TARIC Database[33]

46. These high tariff rates form an integral part of shielding Italian farmers from the effect of global competition thereby limiting the normal market conditions.

47. Italy has a high entry price on canned tomatoes. According to TARIC, processed tomatoes under Code 2002 have the following tariffs:

a) 20021010 'Tomatoes prepared or preserved otherwise than by vinegar or acetic acid, Peeled' originating from Australia have a third country duty of 14.40%

b) 20021090 'Tomatoes prepared or preserved otherwise than by vinegar or acetic acid, other' originating from Australia have a third country duty of 14.40%.

[33]http://ec.europa.eu/taxation_customs/dds2/taric/measures.jsp?Lang=en&SimDate=20141102&Area=AU&Taric=0702&LangDescr=en

SECTION IV	**PREPARED FOODSTUFFS; BEVERAGES, SPIRITS AND VINEGAR; TOBACCO AND MANUFACTURED TOBACCO SUBSTITUTES**	
CHAPTER 20	**PREPARATIONS OF VEGETABLES, FRUIT, NUTS OR OTHER PARTS OF PLANTS**	
2002	**Tomatoes prepared or preserved otherwise than by vinegar or acetic acid** (TN084) (TN701)	
2002 10	**- Tomatoes, whole or in pieces**	
2002 10 10 ▼	- - Peeled	
ERGA OMNES (ERGA OMNES)		
	Third country duty (01-01-2005 -) : **14.40 %**	R2204/99
		Top
2002 10 90 ▼	- - Other	
ERGA OMNES (ERGA OMNES)		
	Third country duty (01-01-2005 -) : **14.40 %**	R2204/99

Taken from European Commission Taxation and Customs Union, TARIC Database[34]

48. That is, if the high entry prices/external tariffs were not in place, increased competition from imports would drive down the raw tomato prices. This would make income/price support difficult to maintain.

49. Other Government programs likely to cause impact

a) In addition to direct payments, growers also benefit from EU funding for operational programs of their Producer Organisations. Program activities generally involve research and development, agricultural practices, quality, marketing, and promotion[35].

b) Support in the fruit and vegetables sector is structured through Producer Organizations, which may set up a fund to finance operational programmes approved by member States. The member States are required to establish national strategies, which define the objectives of the programmes (based on a list of objectives defined by the EU regime for fruit and vegetables) and the nature of the actions that are eligible for support under these programmes. Recognition of a producer organization is based on a number of factors including: that membership is voluntary; that the organization contributes towards the aims of the EU regime for fruit and vegetables; and based on evidence of its ability to provide services to its members. Among the eligible actions that producer organizations may choose to implement under operational programmes are: crisis prevention and management measures such as market withdrawal (where products are withdrawn from the market); non-harvesting (where no commercial produce is taken); and green harvesting (total harvesting of non-marketable products before normal harvesting). Crisis prevention and management also include promotion and communication, training, harvest insurance, and support for the

[34] http://ec.europa.eu/taxation_customs/dds2/taric/measures.jsp?Lang=en&SimDate=20141102&Area=AU&Taric=2002&LangDescr=en

[35] From USITC: Mixtures conditions of competition between US and principal foreign supplier industries December 2007.

administrative cost of setting up mutual funds.16 In addition, they may also implement measures related to planning of production, improvement and maintenance of product quality, marketing and promotion, training and environmental actions. Producer organizations' operational funds are 50% financed from the EU budget (in some cases 60%). In 2011, the EU provided a total of over €1 billion in support of the fruit and vegetables sector, including €786 million for operational funds for producer organizations and €195 million for assistance to producer groups for preliminary recognition as producer organizations.[36]

a) CAP also allocates roughly €50 million annually to support the promotion of EU farm products. This assistance is provided to producer organisations. [37]
b) Promotional activities '*can include advertising campaigns in the press, on television, on radio or on the Internet; point-of-sale promotions; public relations campaigns; participation in exhibitions and fairs; and a range of other activities. 'The campaigns can run inside the EU, or beyond its borders with the objective of opening up new markets for EU farmers'.* These campaigns include fresh fruit and vegetables as well as processed fruit and vegetables.[38]
c) In the fruit and vegetable sectors, Producer Organisations have the possibility to integrate crisis prevention measures within their operational programmes, covering actions such as market withdrawal, harvest insurance, the setting up of mutual funds etc. The maximum EU support normally limited to 4.1% of the Producer Organisation's turnover is increased to 4.6% if the amount in excess of 4.1% of the turnover is used solely for the financing of the crisis management/prevention measures.

50. Other factors that may impact normal value: Reported news of illegal labour in tomato farms obviously reduces costs and would impact the normal value for the finished product.

a) http://www.theecologist.org/News/news_analysis/1750915/migrant_workers_face_severe_exploitation_in_italys_farm_sector.html
b) http://www.theecologist.org/News/news_analysis/1033179/scandal_of_the_tomato_slaves_harvesting_crop_exported_to_uk.html

51. How does this impact the normal value?

a) SPC Ardmona alleges that reasonably *reliable, supportive and relevant* information has been provided to suggest that the domestic prices and supply of raw tomatoes in Italy have been influenced by government policies and programs.

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[36] WTO Trade policy review 28 May2013, page 117
[37] http://ec.europa.eu/agriculture/promotion/documents/brochure_en.pdf
[38] http://ec.europa.eu/agriculture/promotion/documents/brochure_en.pdf

b) Therefore according to S269TAC(2)(a)(ii), normal values should be established based on constructed cost method.

c) Benchmarking raw tomato prices with other countries to establish constructed cost would be incorrect.

d) Differences in scale, operating conditions, subsidies and other government programs would be influencing raw tomato prices in these countries.

e) Attachment B.4.2.1 shows the estimated production by country.

f) An appropriate method would therefore be to calculate the impact of subsidy and other payments under various programs influencing prices in Italy and building these into the costs to establish constructed cost for normal value calculations.

g) SPC Ardmona's estimates the impact of the subsidy payment over the years ranges from 37%- 44% of the raw prices. Therefore the normal value cannot be established based on price paid or payable.